

DECLARATION OF RESTRICTIONS, EASEMENTS,
COVENANTS, CONDITIONS, ASSESSMENTS,
AND LIENS FOR "THE RIDGES"

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DECLARATION OF RESTRICTIONS, EASEMENTS, COVENANTS, CONDITIONS, ASSESSMENTS, AND LIENS FOR "THE RIDGES"

THIS DECLARATION of Restrictions, Easements, Covenants, Conditions, Assessments and Liens (hereinafter referred to as "this Declaration") made by and between GolfTenn, LLC (hereinafter referred to as "Developer"), and any and all person, firms or corporations hereafter acquiring any of the Single-Family Lots and Units in the within described property.

W I T N E S S E I H:

WHEREAS, Developer, together with CCS Land, LLC, who joins in the execution of this Declaration to agree to the same, are the owners of that certain tract of real property hereinafter described (the "Property"), and Developer desires to establish a general plan and uniform scheme of development and improvement of the Property and to create on a portion thereof a residential subdivision with open spaces; and

WHEREAS, it is in the best interest of Developer, as well as to the benefit, interest, and advantage of each and every person or other entity hereafter acquiring any of the Single-Family Lots or Units within the Property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the same be established, fixed, set forth and declared to be covenants running with the land with respect to such Single-Family Lots or Units; and

WHEREAS, Developer desires to provide for the preservation and enhancement of the property values and amenities within the Property to contribute to the personal and general health, safety and welfare of the Lot and Unit Owners and residents and to maintain the Property and improvements thereon, and to this end wishes to subject the Property to the restrictions, easements, covenants, conditions, assessments, liens and other provisions hereinafter set forth; and

WHEREAS, the Developer desires to make provisions concerning the maintenance and ownership of the open spaces located therein; and

WHEREAS, the Developer has deemed it desirable, for the efficient preservation of the values and amenities in said development, and to fulfill the foregoing objects, purposes, and requirements, to create an entity to which should be delegated and assigned the powers of maintaining and administering the open spaces, administering and enforcing the restrictions, easements, covenants, conditions, assessments and liens, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Developer has caused to be incorporated under the laws of the State of Tennessee, a nonprofit corporation known as The Ridges Property Owners' Association for the purpose of exercising the aforementioned powers;

NOW, THEREFORE, for and in consideration of the foregoing premises, and the terms, conditions and restrictions hereinafter set forth, Developer declares that the Property is, and shall be held, transferred, sold, conveyed and occupied, subject to the following restrictions, easements, covenants, conditions, assessments and liens, all of which are to be construed as covenants running with the land, which shall inure to the benefit of each Lot and Unit Owner, and which shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, whether pursuant to a deed or contract of any kind (including, without limitation, a deed in lieu of foreclosure, a trustee's deed or an installment contract or deed), the exercise of any right or remedy contained in a deed of trust, mortgage or other security instrument or proceeding whatsoever. Every person hereafter acquiring any right, title or interest in any Single Family Lot or Unit within the Property made subject to this Declaration, by acceptance of a deed, lease or contract to any interest in or to the Property, or any portion thereof, shall take such right, title or interest subject to this Declaration and to the terms and conditions hereof, and shall be deemed to have assented to same.

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ARTICLE I DEFINITIONS

The following words, when used herein, shall have the following meanings:

- 1.01 "ASSOCIATION" means The Ridges Property Owners' Association, a Tennessee nonprofit corporation, its successors and assigns, which has as its members all Lot Owners and Unit Owners. (The Association's Charter is recorded on Roll 83, Image 1225, in the Washington County Register of Deeds' Office at Jonesborough, Tennessee, and the By-Laws are attached hereto as Exhibit A).
1.02 "BOARD" means the Association's Board of Directors.
1.03 "CONSUMER PRICE INDEX" or "CPI" means the Consumer Price Index for all Urban Consumers, U.S. City Average (1967 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics.
1.04 "DECLARATION" means this instrument and any subsequent amendments or supplements hereto.
1.05 "DEVELOPER" means GolfTenn, LLC, its successors and assigns.
1.06 "GOLF AND COUNTRY CLUB" means The Ridges Golf and Country Club facilities developed by the Developer as a private membership club on property adjacent to the Property.
1.07 "IMPROVEMENT" means any building, structure, fence, wall or addition thereto constructed or placed on Lot.
1.08 "LOT" or "SINGLE-FAMILY LOT" means any numbered lot within the Property designated by the Developer as a Single-Family Lot, meaning only one residence, designed to house a single family, shall be

constructed thereon, as shown on the Plat(s) (as hereinafter defined).

- 1.09 "LOT OWNER" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.
1.10 "OPEN AREA" means all real property and improvements thereon owned or leased by the Association, or in which it holds possession or use rights, for the common use and enjoyment of the Lot Owners or Unit Owners as set forth on the Plat.
1.11 "PLAT" means the subdivision plats of The Ridges as approved by the Johnson City Regional Planning Commission and as recorded in the Register's Office for Washington County, Tennessee, and which depict the boundaries of Single-Family Lots.
1.12 "PROPERTY" means the real property known as "The Ridges" consisting of 556.4358 acres shown as Parcel 1 on the Plat Map recorded in Plat Book 13, Page 80 of the Washington County, Tennessee, Register of Deeds' Office, and such adjacent parcels as Developer may develop as part of the overall plan for The Ridges, less and except the portion of the same set aside for the Golf and Country Club.
1.13 "UNIT" means a condominium unit or other dwelling, (however designated, such as a "zero lot line residence", a "patio home", or a "cluster home") other than dwellings constructed on Lots, developed within the Property in areas designated for such development.
1.14 "UNIT OWNER" means the record owner, whether one or more persons or entities, of fee simple title to any Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

**ARTICLE II
PROPERTY SUBJECT TO AND
EXCLUDED FROM DECLARATION**

2.01 PROPERTY SUBJECT TO DECLARATION. Developer hereby declares that all the Property shall be held, sold and conveyed subject to the restrictions, easements, covenants, conditions, assessments and liens of this Declaration, which are for the purpose of protecting the value and desirability of the Property, and which shall run with the land and be binding on and inure to the benefit of all parties having any right, title or interest in the Property or any part thereof, and their heirs, devisees, executors, administrators, successors, and assigns.

2.02 GOLF AND COUNTRY CLUB PROPERTY EXCLUDED FROM DECLARATION. The Golf and Country Club is, and shall be, excluded from this Declaration and shall be owned and operated independent of this Declaration and the Association, and shall be governed by its own Charter, Bylaws, Rules, Regulations and Requirements. Neither the Association nor any Lot or Unit Owner or other person holding any right, title or interest in and to the Property or a portion thereof shall have any right or privilege in and to the Golf and Country Club or the amenities contained therein, including but not limited to, any purported right to enter upon or use the Golf and Country Club facilities. The Golf and Country Club is not subject to the terms of this Declaration. There shall be no limitations or restrictions on its use or operation other than those provided by its own governing documents and the applicable laws and ordinances.

2.03 UNITS PARTIALLY EXCLUDED FROM DECLARATION. The tracts designated for Unit development shall be excluded from the restrictions imposed by the Articles VI and VII of this Declaration, it being the intention of the Developer to impose similar restrictions on such tracts as they are developed. Notwithstanding the foregoing, the Units and Unit Owners are subject to the terms and entitled to the benefit of this Declaration to the extent set forth herein.

**ARTICLE III
PROPERTY RIGHTS IN OPEN AREA**

3.01 OWNERS' EASEMENTS OF USE AND ENJOYMENT. Every Lot and Unit Owner shall have a right and easement of use and enjoyment in and to the Open Area, which may be one or more noncontiguous areas or parcels, which easement rights shall be appurtenant to, and shall pass with, the title to every Lot and Unit, subject to (i) this Declaration and any other applicable covenants; (ii) any restrictions or limitations contained in any deed conveying the Open Area to the Association; and (iii) the following conditions or rights of the Association:

- (a) **Rules/Fees.** To adopt rules regulating the use and enjoyment of the Open Area, including but not limited to, rules requiring registration of and limitation of the number of guests who may use the Open Area; and to charge reasonable guest fees for the use of any recreational facility situated upon the Open Area;
- (b) **Suspension.** To suspend the voting rights and right to use of the Open Area or recreational facilities by a Lot Owner or Unit Owner for any period during which any assessment against the Lot or Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of this Declaration or its Bylaws or published rules and regulations by a Lot Owner or Unit Owner;
- (c) **Public Transfer.** To dedicate or transfer all or any part of the Open Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by two-thirds (2/3) of each class of members of the Association;
- (d) **Permit Use by Others.** To permit use of the Open Area by persons other than Lot Owners or Unit Owners, their families, tenants, social invites and contract purchasers upon payment of use fees established by the Association; and
- (e) **Mortgage or Pledge as Security.** To mortgage, pledge or hypothecate any or all of the Open Area as security for money borrowed or debts incurred.

3.02 DELEGATION OF USE. Any Lot Owner or Unit Owner may delegate, in accordance with the Associations By-Laws, the Lot Owner's or Unit Owner's right of enjoyment to the Open Area and facilities to the members of Lot Owner's or Unit Owner's family, tenants, social invites or contract purchasers subject to the Association's reasonable rules and regulations. Any Lot Owner or Unit Owner who leases his or her Lot or residential unit thereon shall be deemed to have assigned all such rights to the Lessee for the lease term.

**ARTICLE IV
ASSOCIATION FUNCTION/MEMBERSHIP**

4.01 FUNCTION OF ASSOCIATION. The Association shall be the entity responsible for management, maintenance, operation and control of the Open Areas, together with those matters which by the terms of this Declaration, any supplemental declaration or other applicable covenants, contract or agreement become the responsibility of the Association. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Property as its Board may adopt. The Association shall perform its functions in accordance with this Declaration, its Charter and Bylaws and the laws of the state of Tennessee.

4.02 MEMBERSHIP REQUIRED. Every Lot Owner and Unit Owner shall be a member of the Association. If a Lot or Unit is owned by more than one person, all co-owners may share the privileges of such membership, subject to reasonable regulation by the Association's Board and subject to the restrictions on voting set forth herein and all such co-owners the Associations Charter and Bylaws, shall be jointly and severally obligated to perform the responsibilities of Lot Owners and Unit Owners. The membership rights and privileges of a Lot Owner or Unit Owner who is a natural person may be exercised by such Owner or such Owner's spouse. The membership rights and privileges of a Lot Owner or Unit Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner or trustee or by the individual designated from time to time by the Lot Owner or Unit Owner in a written instrument provided to the Association. This membership requirement shall be a perpetual burden or charge against each Lot or Unit.

4.03 VOTING. Voting shall be in accordance with the provisions as set forth in the Charter and By-Laws of the Association.

**ARTICLE V
COVENANT TO PAY MAINTENANCE ASSESSMENTS**

5.01 PERSONAL OBLIGATION FOR ASSESSMENTS AND CREATION OF THE LIEN. Each Lot Owner and Unit Owner, other than the Developer, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay various assessments as set forth in the Association By-Laws. The initial, annual, and special assessments, together with interest and all costs of collection, including, but not being limited to, reasonable attorney's fees, shall also be the personal obligation of the Lot Owner and Unit Owner at the date of the assessment. The personal obligation for delinquent assessments shall not pass to a Lot Owner's or Unit Owner's successors in title unless expressly assumed by them but the lien shall continue. The initial, annual and special assessments, together with interest and all costs of collection, including, but not being limited to, reasonable which each assessment is made.

5.02 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment in order to pay for, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Open Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Association members who are voting in person or by proxy at a meeting duly called for this purpose.

5.03 EFFECT OF NON-PAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall be subject to a reasonable late charge in an amount to be established by the Board of Directors and shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Lot Owner or Unit Owner personally obligated to pay the same, and foreclose the lien against the Lot or Unit, which foreclosure shall be in the same manner as is provided by TCA § 35-5-101, et seq. for foreclosure of deeds of trust, with the President and Vice-President of the Association, whoever he or she may be at the time of the foreclosure action, being hereby designated as the Trustee to conduct such sale and so serve. Each Lot Owner and each Unit Owner is hereby deemed to have conveyed to the President and the Vice-President of the Association his or her interest in the Lot or Unit for purposes of securing these liens simultaneously with their acquisition of title. As such officers are elected, they shall be deemed to be successor trustees under these trust provisions. As each assessment lien is paid in full, the conveyance shall be deemed to be void as to such assessment, but shall, nevertheless,

continue as to future assessments so long as such Lots or Units are subject to this Declaration. No Lot Owner or Unit Owner may disclaim or otherwise escape liability for the assessments provided for herein by non-use of the Open Area.

5.04 SUBORDINATION OF THE LIEN TO CERTAIN MORTGAGES. The lien of the assessments on any Lot or Unit provided for herein shall be subordinate to the lien of any mortgage or deed of trust now or hereafter placed on the Lot or Unit and held by a bona fide holder. The sale or transfer of any Lot or Unit pursuant to a bona fide mortgage or deed of trust foreclosure or any bona fide proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such foreclosure sale or transfer shall relieve such Lot or Unit from liability for any assessments thereafter becoming due or from the lien thereof or relieve the transferring Owner from his personal liability for the unpaid assessments at the time of such transfer.

**ARTICLE VI
ARCHITECTURAL CONTROL**

6.01 APPROVAL OF DEVELOPMENT. No structure shall be placed, erected or installed upon any Lot and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with this Article and approval of the Architectural Control Committee. Notwithstanding, the Architectural Control Committee may exempt certain activities from the application and approval requirements of this Article or other design guidelines adopted by the Architectural Control Committee, provided such activities are undertaken in strict compliance with the requirements of any resolution providing for such exemption.

Before commencing the construction, reconstruction, remodeling, alteration, or addition of any building or structure, fence, wall, driveway, path or other improvement of any nature, the Lot Owner shall first submit its building plans, specifications, site and landscape plans, drainage plans, and an elevation sketch (collectively the "Plans") to the Architectural Control Committee (as hereinafter defined) for its written approval. The Plans shall include all materials for driveways, patios, decks, walls, fences, swimming pools, tennis courts, and landscaping. In the event the Architectural Control Committee shall fail to approve or disapprove in writing the Plans within thirty (30) days after they have been received by the Architectural Control Committee, such approval shall be deemed to have been given and this covenant shall be deemed to have been complied with.

Any Lot Owner may remodel, paint or redecorate the interior of structures on his or her Lot without approval. However, modifications to the interior of screen porches, decks and similar portions of a structure visible from outside the structure on the Lot shall be subject to approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

Neither this Article nor other design guidelines hereafter adopted shall apply to the activities of the Developer nor to improvements to the Open Area by or on behalf of the Association.

This Article may not be amended without the Developer's written consent so long as the Developer owns any property subject to this Declaration or subject to annexation to this Declaration.

The Architectural Control Committee may establish and charge reasonable fees for review of applications for approval of Plans hereunder and may require such fees, as well as costs of review by architects, engineers or other professionals, to be paid in full prior to review of any application.

Approval of plans for any work done or proposed or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar Plans or other matters subsequently or additionally submitted for approval.

In reviewing each submission, the Architectural Control Committee may consider the quality of workmanship and design, harmony of external design with existing structures and location in relation to surrounding structures, topography and finished grade elevation among other matters.

6.02 CONFORMANCE AND GUIDELINES.

(a) **Conformance Required.** Plans for all Lot improvements and construction activities must conform to (1) the requirements and standards contained in The Ridges Architectural Guidelines of Section 6.02(b), (2) other or additional design guidelines adopted by the Architectural Control Committee and made available to Lot Owners prior to the start of construction and which shall be hereafter recorded in the Washington County, Tennessee, Register of Deeds' Office at Jonesborough, Tennessee, and (3) any other requirements of this Declaration.

Design guidelines adopted hereafter, or amendments to the Section 6.02(b) guidelines, shall apply to construction and modifications commenced after the date of adoption or amendment only, and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. The Architectural Control Committee shall make all design guidelines available to Lot Owners and builders who seek to engage in development or construction within the Property. All Lot Owners and builders shall conduct their activities in accordance with the design guidelines set forth herein or as subsequently adopted by the Architectural Control Committee and made available to Lot Owners and builders. In the Developer's discretion, other or additional design guidelines may be recorded in the Washington County, Tennessee, Register of Deeds' Office at Jonesborough, Tennessee, in which event the recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the design guidelines was in effect at any particular date.

The Architectural Control Committee shall be the sole judge or arbiter of conformance or non-conformance of all improvement plans. Further, the Architectural Control Committee may approve or disapprove plans when the Architectural Control Committee, in its sole discretion, determines that the proposed improvements or any feature of the Plans are not architecturally or aesthetically compatible with the surrounding structures and topography or the intent of this Declaration or the design guidelines.

(b) **Architectural Guidelines.**

(i) **Dwelling quality and size.** All dwellings shall be of high quality workmanship and materials. The floor area of the main structure, exclusive of open porches, decks, unheated areas, and garages, shall be not less than 2,500 square feet for single-story houses and not less than 2,800 square feet for multi-story houses.

(ii) **Exterior materials.** The exterior of all houses shall be constructed of brick, natural stone, natural wood, a stucco finish such as Dryvit® or a similar material approved by the Architectural Control Committee. No aluminum (whether vinyl coated or painted) or vinyl siding shall be used on any house on a Lot except for soffit, fascia or other such trim work. No houses shall be constructed of logs or log-type timbers.

(iii) **Garages required.** Every house shall be required to have an attached garage of sufficient size for at least two (2) full size automobiles.

(iv) **Garages Attached.** All garages must be attached to a dwelling and its garage doors must not face the street, except if (1) a lot is less than 115' feet wide at the street, (2) the Lot is a corner lot, or (3) exceptional topographical conditions exist, the Architectural Control Committee may, by express written waiver, in its discretion, authorize garage doors that face the street. All garage doors must be equipped with electric powered garage door openers.

(v) **Paved Driveways.** All driveways shall be paved within 180 days of the date the occupancy permit is granted. Paving must be by asphalt, concrete, stone, brick or other similar hard surface. Loose, gravel driveways are not permitted.

(vi) **Roofs.** No tin or aluminum roofs shall be used on any house.

(vii) **Colors.** All exterior colors must be approved by the Architectural Control Committee. No bright or garish colors will be allowed.

(viii) **Mailboxes.** All mailboxes shall conform to the standard plans and specifications adopted by the Architectural Control Committee.

(ix) *Satellite dishes.* No satellite receiving dishes greater than eighteen inches (18") in diameter shall be placed on a Lot. Dishes 18" in diameter or less may be placed on a Lot, if they are affixed to the main house or the attached garage and are not on the front or the front one-half of a side. They shall be placed adjacent to an inside corner or at another similar, less obtrusive location.

(x) *Fences.* All fences, which term shall be deemed to include rock, stone or brick walls, must be approved by the Architectural Control Committee. No wire or chain link fences will be approved. Privacy fences adjacent and connected to, and extending no more than four feet (4') beyond the sides of, the house, such as to enclose a patio or hot tub or spa area, may be approved if it is constructed of the same materials as the house, or complimentary materials which are suitable for exterior materials for a house, pursuant to Section 6.02(b)(1) above. Fences within 5' of the Golfer's easement described in Section 8.03 and essentially parallel to the rear lot line of lots adjoining the golf course shall be no higher than three (3) feet.

(xi) *No antennas.* No external antennas of any type shall be allowed on any Lot because cable television and radio service is available by underground cable and satellite dishes up to 18" in diameter may be affixed to houses, which should afford any mass media communications reasonably required by a Lot Owner.

6.03 INSPECTION REQUIRED. If the Architectural Control Committee approves the Plans, the actual construction in accordance with the Plans shall be the responsibility of the Lot Owner, provided, however, upon completion of the improvements, and prior to occupancy, the Lot Owner shall notify the Association, who shall have ten (10) days thereafter within which to have the improvements inspected by the Architectural Control Committee to insure that the construction was completed in accordance with the Plans approved by the Architectural Control Committee prior to construction. If the Architectural Control Committee shall fail to approve or disapprove in writing the completed improvements within ten (10) days after receipt of notice from the Owner that the improvements are completed, such approval shall not be required and these covenants will be deemed to have been complied with.

6.04 UNAPPROVED CHANGES. In the event an Owner has made changes from the original Plans approved by the Architectural Control Committee and such changes were not previously approved by the Architectural Control Committee, occupancy of the subject improvements shall be delayed until either approval of the changes is granted or the necessary corrections have been made to bring the improvements into compliance with the approved Plans.

6.05 CONSEQUENCES OF FAILURE TO COMPLY. If any Lot Owner shall fail to complete improvements according to the approved plans or to maintain the improvements situated upon the Lot in a manner satisfactory to the Architectural Control Committee, the Association may, upon the vote of two-thirds (2/3) of the Board of Directors, and after ten (10) days' written notice to the Lot Owner, and in the event of the Lot Owner's continued failure to commence the correction of the matter in issue, enter upon said Lot and remove the non-conforming improvements erected thereon to substantially the same condition as previously existed. The cost of such removal shall be added to and become an additional annual assessment to the Lot Owner, which assessment shall be a lien on the Lot and bear interest at the rate of ten percent (10%) per annum from the date the expense is incurred until paid in full. This assessment, however, is not subject to the dollar amount limitations of annual assessments.

Any contractor, subcontractor, agent, employee or other invitee of a Lot Owner who fails to comply with the terms and provisions of this Article and any design guidelines adopted and made available or recorded by the Architectural Control Committee may be excluded by the Association from the Property, subject to the notice and hearing procedures contained in the Association's Bylaws. In such event, neither the Association, its officers or directors nor the Architectural Control Committee shall be held liable to any person for exercising the right to exclude such persons granted by this paragraph.

In addition to the foregoing remedy of removal and assessment, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article, other design guidelines adopted and made available or recorded by the Architectural Control Committee and the decisions of the Architectural Control Committee.

All Improvements commenced on a Lot shall be prosecuted diligently to completion (ie, issuance of an occupancy permit and completion of the work depicted on the plans) and the exterior of any Improvements shall be completed within 24 months of commencement, unless an exception is granted in writing by the Architectural Control Committee. If an Improvement is commenced and construction is then abandoned for 90 days, or construction of the exterior of any improvement is not completed within the 24 month period, after notice and hearing as provided in the bylaws, then the Association may impose a fine of up to \$500 per day on the Lot Owner until construction is resumed unless the Lot Owner can prove to the satisfaction of the Board that such abandonment is clearly due to circumstances beyond the Lot Owners control and is for reasons other than the Lot Owners financial inability to complete the Improvements. Such charges shall be an assessment and lien as provided for in the Association's Bylaws.

6.06 WAIVERS. In addition to the approval of Plans and other matters herein set forth, the Architectural Control Committee shall have the right to waive minor violations and allow minor variances, where the same resulted unintentionally or without gross carelessness on the part of any Lot Owner and are not materially harmful to the surrounding Lots or the Property. If such waiver is granted in writing, then, thereafter, such matters so waived shall no longer be deemed a violation of these restrictions.

6.07 APPROVAL IS NO WARRANTY. The approval of the Architectural Control Committee of the Plans and completed improvements as required above is not intended to be an approval of the structural stability, integrity or design of a completed improvement or of the safety of any component therein, but is required solely for the purpose of insuring compliance with the covenants contained in this Declaration and further, to insure the harmonious and orderly architectural development and improvement of the Property. Notice is hereby given to any future occupant of any such completed improvement, and all invitees, business guests and other persons who may from time to time enter or go on or about such completed improvements, that no permission or approval granted by Developer or the Architectural Control Committee with respect to construction pursuant to this Declaration shall constitute or be construed as an approval by them of the structural stability, integrity, soundness, or design of any building, structure or other improvement nor for ensuing compliance with building codes and other governmental requirements. No liability shall accrue for any injuries, damages or loss arising out of or resulting from the manner or quality of approved construction on or modification to any Lot to the Developer, the Association, their officers, directors, agents or employees, or the Architectural Control Committee in the event that any such construction shall subsequently prove to be defective.

6.08 ARCHITECTURAL CONTROL COMMITTEE. The Architectural Control Committee shall consist of three (3) members, initially appointed by Developer. Developer is hereby empowered to appoint their successors should a vacancy occur, and Developer may remove members and replace them at its sole discretion until termination of the Developer's Class B membership, at which time the authority to appoint the Architectural Control Committee shall automatically be vested in the Association.

ARTICLE VII RESTRICTIONS ON LOT USE

7.01 PLAN OF DEVELOPMENT. Developer has established a general plan of development for the Property as a master planned community to enhance all Lot Owners' quality of life and collective interests, the aesthetics and environment within the Property and the vitality of and sense of community within the Property, all subject to the Association's and its members' ability to respond to changes and circumstances, conditions, needs and desires within the community and to regulate and control the Open Area. The Property is subject to the land development, architectural and design provisions set forth in this Article VII, the other provisions of this Declaration governing individual conduct and uses of or actions upon the Property and the guidelines, rules and restrictions promulgated pursuant to this Declaration or the Association's Bylaws, all of which establish affirmative and negative covenants, easements and restrictions on the Property.

All provisions of this Declaration and the Association's Bylaws and rules shall apply to all Lot Owners, occupants, tenants, guests and invitees of any Lot Owner. Any lease on any Lot shall provide that the lessee and all occupants of the leased Lot shall be bound by the terms of this Declaration, and the Association's Bylaws and Rules.

7.02 LAND USE AND BUILDING TYPE. Initial use restrictions applicable to all Lots are described below. In accordance with the Board's duty to exercise sound business judgment and reasonableness on behalf of the Association and its members, the Board may adopt rules which further limit the use of Lots. The Board shall send notice by mail to all Lot Owners concerning any such proposed action at least ten (10) business days prior to the Board meeting at which such action is to be considered. Association members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

At least thirty (30) days prior to the effective date of any action taken under this section, the Board shall send a copy of the rule(s) adopted to each Lot Owner. The Association shall provide, without cost, a copy of the use restrictions then in effect ("Use Restrictions and Rules") to any requesting Lot or Unit Owner, Association member or any person holding a deed of trust, mortgage or other security instrument in any Lot or Unit.

All owners and occupants of Lots are hereby given notice that use of their Lots is limited by the rules set forth herein and as they may be further limited hereunder. Each Lot Owner, by acceptance of a deed, acknowledges and agrees that the use, enjoyment and marketability of his, her or its Lot can be affected by this provision and that his, her or its use may be further limited from time to time. No rule or action by the Association or Board shall unreasonably impede the Developer's right to develop in accordance with its master plan and recorded survey plans for the Property or otherwise.

(a) **Residential.** No Lot shall be used except for single-family residential purposes; provided, however, this shall not preclude the temporary use of a house for a showcase model home or a temporary real estate sales office.

(b) **One Dwelling.** No building shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family dwelling.

7.03 BUILDING LOCATION; RESUBDIVISION.

(a) **Set Back Lines.** No building (including its eaves, steps, decks, walls, or open porches) shall be located on any Lot nearer to the front or rear lot lines than 25' feet or nearer to any side lot line than 7½ feet. No building, structure, or fence shall be closer than 40 feet to a back lot line that adjoins property of the Golf and Country Club, except that, if a Lot has a depth of less than 120 feet, at any point, then (1) decks, (2) patios and (3) such other structures as the Architectural Control Committee shall approve in writing, may be constructed within the rearmost 40 feet restricted area, but in no case closer than 25 feet to the rear lot line. Notwithstanding the foregoing, buildings and other structures may be located as close as 25 feet to the rear lot line of Lot 13, Magnolia Ridge Drive. All plantings, including shrubs and trees, (other than grass, which must be neatly cut and trimmed, or flowers) within this 40 foot, or 25 foot, rear lot line setback area must be approved by the Architectural Control Committee.

(b) **Re-Subdivision.** No Lot or Lots shall again be subdivided, re-subdivided, altered, or changed, so as to provide less area in any Lot than the area established by the Plat. It is permissible, however, for two or more Lot Owners to divide a Lot, or two or more Lots, between or among themselves so as to create a lesser number of larger Lots, provided such re-subdivision is approved by the Architectural Control Committee.

7.04 RIDGES CLUB DRIVE/BOONE'S CREEK ROAD RESTRICTIONS.

(a) **No Curb Cuts.** Under no circumstances shall any Lot have a curb cut, driveway or other access directly to Ridges Club Drive or Boone's Creek Road. No driveways may enter Lots from Ridges Club Drive or Boone's Creek Road.

(b) **No Houses to Face Ridges Club Drive.** All houses must face streets other than Ridges Club Drive.

7.05 NUISANCES. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

7.06 TEMPORARY AND INCOMPLETE STRUCTURES. No temporary structure or incomplete structure may be used, temporarily or permanently, as a residence. No tent, shack, outbuilding, barn, camper, travel trailer, mobile home, basement, or dwelling not substantially completed may be used for overnight lodging. Contractors may, however, place temporary structures on lot during the construction. Such structures may be staffed with security personnel at any time.

7.07 SIGNS. No signs of any kind shall be displayed to the public view on any lot except professionally lettered builder's or real estate broker's signs in good taste and not exceeding 24" x 30" in size.

7.08 LIVESTOCK AND POULTRY. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided they are (1) confined to the Lots of their owners by leash or fence, (2) not kept for any commercial purpose, or (3) not kept in such numbers as to become a nuisance. Note that ownership of a Lot affords no right to go upon the adjacent golf course, and an unauthorized entry by you or your pets would constitute a trespass.

7.09 GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and shall be concealed underground or screened by a fence, hedge, or wall from the view of neighbors or the public.

7.10 OTHER PROHIBITED OR RESTRICTED ACTIVITIES.

(a) **Cut No Trees.** Other than the trimming of dead or diseased limbs, Lot Owners shall not cut any Dogwood tree of any diameter or any other trees with a diameter of 8" or greater measured 2' above the average height of the ground at the base of each tree on a Lot without the consent of the Architectural Control Committee. Violation of this covenant shall be subject to a liquidated damage sum of One Thousand Dollars (\$1,000.00) per inch, measured as hereinabove specified, for each tree; Five Hundred Dollars (\$500.00) for each shrub; and Five Thousand Dollars (\$5,000.00) for each Dogwood tree, removed without authorization, except that the maximum liquidated damage shall not exceed Ten Thousand Dollars (\$10,000.00) for any Lot. The recovery of such liquidated damage, which recovery shall not be deemed the exclusive remedy, shall inure to the benefit of the Association, who shall also be entitled to injunctive relief.

(b) **Unlicensed Vehicles.** No currently unlicensed motor vehicle may be kept on any Lot. Moreover, no Lot Owner shall permit any motor vehicles (operable or inoperable) owned by such Lot Owner, or by any person occupying a dwelling, or by any person on the premises as guest or invitee, to remain parked on the public streets in the subdivision for more than 48 continuous hours.

(c) **No Relocated Houses.** No previously existing house may be placed or erected on any Lot.

(d) **No Auto Service.** Automobiles may not be assembled, disassembled or serviced in view on any Lot.

(e) **No Mobile Homes, etc.** No mobile home or house trailer may be stored or kept on any Lot. No boat, jet ski, motor home, trailer, motorcycle, automotive parts, building materials, garden or lawn equipment, or other items determined by the Architectural Control Committee to be "unsightly", may be kept on any Lot except in a garage.

(f) **Garage Doors Closed.** Lot Owners shall keep garage doors closed except when open for entry and exit.

(g) **No Clothes Lines.** No "clothes lines" or other devices for drying clothes in the open air shall be allowed on any Lot. No clothes shall be air dried on any Lot.

(h) **Decorations.** Decorations exhibited on the lawn or on the outside of any house, such as Christmas decorations, shall not be allowed to remain for an unreasonably long time, nor shall the number, extent, or size of such decorations be unreasonably large so as to constitute a nuisance or irritant to neighbors, in the sole opinion of the Architectural Control Committee. Should the Architectural Control Committee direct an Owner to remove decorations, failure to do so shall constitute a separate violation of these Restrictions each day they remain.

7.11 REQUIRED MAINTENANCE; ASSOCIATION'S RIGHTS. Lots shall be kept clean and mowed, and all dwellings shall be kept neatly painted and in good repair. The Association shall have the right to enter upon any Lot for the purpose of cutting grass, cleaning up such Lot, or painting, repairing and maintaining the dwelling thereon, if same be reasonably required, and to charge the expense thereof as a additional annual assessment to the Lot Owner, which assessment shall be a lien on the Lot and bear interest at the rate of ten percent (10%) per annum from the date the expense is incurred until paid in full. This assessment is not subject to the dollar amount limitations of annual assessments.

7.12 **WATER SUPPLY; SEWAGE DISPOSAL.** No dwelling on any Lot shall be occupied and used unless the same be connected with, and served with, water and sewer from the water and sewer services from the water supply and sanitary sewer mains provided in this subdivision.

7.13 **SIGHT DISTANCE AT INTERSECTIONS.** On corner Lots adjoining two streets, no fence, wall, hedge, planting, or opaque structure exceeding a height of two and one-half (2 ½) feet above the elevation of the centerline at the intersection of the streets shall be erected, placed, or maintained within the triangular area formed by the Lot lines abutting such streets and a straight line joining such Lot lines at points that are forty (40) feet distant from the intersection of such Lot lines. In the cases of a rounded corner at intersecting streets, such measurement shall be made from the point of intersection of the tangents of the curve constituting the rounded corner.

**ARTICLE VIII
EASEMENTS**

8.01 **ROADWAY CONSTRUCTION AND SLOPE EASEMENTS.** Easements are hereby reserved for the benefit of the Developer, its successors and assigns, to construct all streets, roads, alleys, or other public ways as now, or hereafter may be shown on the Plat, at such grades or elevations as Developer, in its sole discretion, may deem proper; and, for the purpose of constructing such streets, roads, alleys or public ways, Developer shall have a temporary, during construction, twenty (20) foot wide construction easement along the right-of-way lines of all streets. Developer additionally shall have a perpetual slope easement, not exceeding twenty (20) feet in width, upon and along each Lot adjoining any street, for the construction of proper bank slopes in accordance with the specifications of the governmental body or agency having jurisdiction over the construction of public roads; and no Lot Owner shall have any right of action or claim for damages against anyone on account of the grade or elevation at which such road, street, alley or public way may hereafter be constructed, or on account of the bank slopes constructed within the limits of said twenty (20) foot easement, which slopes shall be maintained at the grade specified by the construction plans approved by the Johnson City Regional Planning Commission.

8.02 **UTILITY AND DRAINAGE EASEMENTS.** Easements are hereby reserved for the benefit of the Developer, its successors, and assigns, for installation and maintenance of utilities and drainage facilities as shown on the Plat and as otherwise shown by the public records. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of, or obstruct or retard the flow of, water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Lot Owner, except for those improvements for which a public authority or utility company is responsible.

8.03 **GOLFER'S EASEMENTS.** Easements are hereby reserved for the benefit of the Developer, its successors and assigns, and specifically including but not being limited to The Golf and County Club and its members and members' guests, for a right-of-way and perpetual easement across the portion of all Lots that adjoin the golf course for a distance of forty (40) feet from the back Lot line (the Lot line that adjoins the golf course), except that such distance shall be only 25' if the Lot depth is less than 120' at any point, said easement being for the pedestrian use of registered golf course players and their caddies in retrieving an out-of-bounds ball. In the exercise of the easement reserved and granted by this Section, golf course players and their caddies shall not be entitled to enter upon such portions of any Lot with a golf car or other vehicle, nor shall the golf course players or their caddies spend an unreasonable amount of time, i.e., in excess of five (5) minutes, on any such Lot or otherwise commit a nuisance. Included within this easement is an easement for light, air and view over the forty (40) foot, or twenty-five (25) foot strip, as the case may be. The maintenance of any obstruction within this easement area shall constitute a violation.

**ARTICLE IX
GENERAL PROVISIONS**

9.01 **ENFORCEMENT.** The Association, or any Lot or Unit Owner, or the Developer shall have the right to enforce, by any proceeding at law or in equity, including injunctive relief, all restrictions, easements, covenants, conditions, assessments and liens now or hereafter imposed by the provisions of this Declaration, including the right to levy fines of up to \$50.00 per occurrence (each day's

violation being considered a separate occurrence) for each violation. Failure by the Association, the Developer or any Lot or Unit Owner to enforce any restriction, easement, covenant, condition, assessment and lien herein contained shall in no event be deemed a waiver of the right to do so thereafter.

9.02 **COSTS AND ATTORNEYS FEES.** If the Association, the Developer, or any Lot or Unit Owner is successful, or partially successful, by final judicial decree or judgment, in enforcing any restriction, easement, covenant, condition, assessment or lien against a Lot or Unit Owner or the Lot or Unit, he, she or it shall be entitled to recover all costs, including attorneys' fees, in connection with such enforcement effort, all of which shall constitute further additional annual assessments, bearing interest at ten percent (10%) per annum, against the offending or delinquent Lot or Unit Owner and shall constitute a lien against the Lot. This assessment is not subject to the dollar amount limitations of annual assessments.

9.03 **JUDICIAL MODIFICATION.** Any restriction, easement, covenant, condition, assessment or lien, which is found to be unenforceable by a final judicial order, decree, or judgment of a court of competent jurisdiction, shall be modified by the Court to the least extent possible so that the same, as judicially modified, shall be enforceable rather than declared to be invalid.

9.04 **SEVERABILITY.** Judicial invalidation of any one of these restrictions, easements, covenants, conditions, assessments or liens shall in no way affect any other provisions which shall remain in full force and effect.

9.05 **AMENDMENT.** The restrictions, easements, covenants, conditions, assessments and liens of this Declaration shall run with and bind the land for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by 75% of the Lot and Unit Owners provides otherwise.

In addition to amendments made by the Developer, this Declaration may be amended during the first forty (40) year period by an instrument signed by not less than ninety percent (90%) of the Lot and Unit Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot and Unit Owners.

Any amendment, with all necessary signatures, must be recorded in the Register of Deeds' Office for Washington County, Tennessee, at Jonesborough. Until termination of the Class B membership in the Association, Developer may unilaterally amend this Declaration for any purpose. Thereafter, Developer may unilaterally amend this Declaration if such amendment is necessary to (i) bring any provision into compliance with any applicable government, statute, rule, regulation or judicial determination; (ii) enable any reputable title insurance company to issue title insurance coverage on a Unit or Lot; (iii) enable any institutional or governmental lender, purchaser or guarantor of mortgage loan to make, purchase or guarantee mortgage loans on the Units or Lots; (iv) enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units or Lots; or (v) satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Unit or Lot unless the Unit or Lot Owner shall consent thereto in writing. So long as Developer owns any portion of the Property or other property annexed hereto for development as part of the Property, even if its Class B membership in the Association has terminated, it may unilaterally amend this Declaration for any other purpose provided the amendment has no material adverse effect upon any right of any Unit or Lot Owner. Any such amendment can affect any one Lot or Unit or any number of Lots or Units, in the Developer's discretion.

If any Unit or Lot Owner consents to any amendment to this Declaration or the Association's Bylaws, it will be conclusively presumed that such Unit or Lot Owner has the authority to consent, and no contrary provision or any mortgage or contract between the Unit or Lot Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke or modify any right or privilege of the Developer without the written consent of the Developer or the assignee of such right or privilege.

9.06 **BINDING EFFECT.** This Declaration shall be binding upon and inure to the benefit of all persons having any right, title or interest in the Property, or any portion thereof, their heirs, successors, successors-in-title and assigns.

ARTICLE X
DEVELOPER'S RIGHTS

10.01 ANNEXATION. Until all real property which is within the bounds of Boone's Creek Road, Highland Church Road, Bugaboo Springs Road and Hairetown Road, the "Possible Annexation Property", has been subjected to this Declaration, or December 31, 2004, whichever is earlier, Developer may, from time to time, unilaterally subject all or any portion of the Possible Annexation Property to the provisions of this Declaration. Such annexation shall be accomplished by filing a Supplemental Declaration annexing such property in the Washington County, Tennessee, Register of Deeds' Office. The Supplemental Declaration shall not require the consent of Association members, but shall require the consent of any owner of real property being annexed hereto if other than Developer. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided herein. Nothing in this Declaration shall be construed to require the Developer or any successor to annex or develop any of the Possible Annexation Property in any manner whatsoever.

10.02 WITHDRAWAL OF PROPERTY. The Developer reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Article XII without prior notice and without the consent of any person, for the purpose of removing property then owned by the Developer, its affiliates or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Developer's Plans for the Property, provided such withdrawal is not unequivocally contrary to the overall uniform scheme of development for the Property. Such declaration of withdrawal shall not require the consent of lot owners, unit owners or the Association. Any such withdrawal shall be effective upon the filing of such declaration of withdrawal except as otherwise provided therein. The withdrawal may be accomplished in stages by successive declarations or in one declaration of withdrawal.

10.03 ADDITIONAL COVENANTS AND EASEMENTS. The Developer may unilaterally subject any portion of the property submitted to this Declaration initially or by Supplemental Declaration to additional covenants and easements, including covenants obligating the Association to maintain and insure such portion of the property on behalf of the Lot Owners and Unit Owners and obligating such Lot Owners and Unit Owners to pay the cost incurred by the Association through Lot or Unit assessments. Any such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the annexation of the property and shall require the written consent of the owner(s) of such property, if other than the Developer. In addition, any Supplemental Declarations annexing additional property may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to such additional property to reflect the different character and intended use of such property.

10.04 AMENDMENT. This Article shall not be amended without the prior written consent of Developer so long as the Developer owns any portion of the Property or any other property subsequently subjected hereto by Supplemental Declaration.

10.05 TRANSFER OF RIGHTS. Any or all of the special rights and obligations of the Developer set forth in this Declaration or the Association's Bylaws may be transferred to other persons, provided that the transfer shall not reduce an obligation or enlarge a right beyond that contained in this Declaration or the Bylaws. Upon such transfer, and to the extent thereof, Developer shall be relieved from all liabilities, obligations and duties hereunder. If Developer ceases to exist and has not made such a transfer, a successor Developer may be appointed by the Association. No such transfer or appointment shall be effective unless it is in a written instrument signed by the Developer or the Association duly recorded in the Washington County, Tennessee, Register of Deeds Office.

10.06 OTHER ACTIVITIES. So long as the Developer owns any portion of the Property or has a right to annex additional property, the Developer and builders authorized by Developer may maintain and carry on upon portions of the Property such facilities and activities as, in the sole opinion of the Developer, may be reasonably required, convenient, or incidental to the development or sale of Lots or Units, including, but not limited to, business offices, signs, model units and sales offices. The Developer and authorized builders shall have easements for access to and use of such facilities.

10.07 DEVELOPER REVIEW AND CONSENT. No person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Property without Developer's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Developer and recorded in the public records.

10.08 DEVELOPERS RIGHT TO COMPLETE DEVELOPMENT.

No provision of this Declaration shall be construed to prevent or limit Developers rights to: (a) complete the development; (b) construct or alter Improvements on any property owned by the Developer within such boundaries; (c) maintain model homes or offices for construction, sales, or leasing purposes; (d) post signs incidental to the development, construction, promotion, marketing, sale and leasing of property in such boundaries; or (e) excavate, cut, fill or grade any property owned by Developer. Developer shall not be required to seek or obtain the approval of the Architectural Control Committee or of the Association for any such activity.

IN WITNESS WHEREOF, the undersigned have executed this Declaration this 1st day of

May, 1996.

GOLFTENN, LLC

BY: Robert T. Summers
ROBERT T. SUMMERS
Chief Manager

CCS LAND, LLC

BY: Dan A. Cross
DAN A. CROSS
Governor

BY: Betty Susong Jenkins
BETTY SUSONG JENKINS
Governor

BY: Clyde W. Carter
CLYDE W. CARTER
Governor

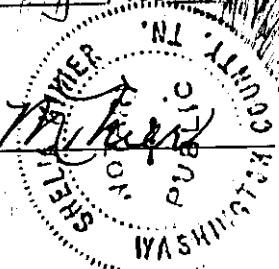
STATE OF TENNESSEE
COUNTY OF WASHINGTON

ACKNOWLEDGMENT

Personally appeared before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, ROBERT T. SUMMERS, with whom I am personally acquainted or who was proved on the basis of satisfactory evidence to me to be the person who executed the foregoing instrument and who, being by me duly sworn, acknowledged, under oath, that he is the Chief Manager of GOLFTENN, LLC, the within named bargainer, a Tennessee limited liability company; that he is authorized and empowered by the Board of Governors of said limited liability company to execute the foregoing instrument on behalf of and as the act and deed of said limited liability company; that he did so execute this instrument by signing the name of said limited liability company by himself as such officer, and that he did so for the purposes therein contained as the free act and deed of said limited liability company.

WITNESS my hand and notarial seal this the 1st day of May, 1996

Shelia M. [Signature]
NOTARY PUBLIC



My Commission Expires:

4-27-97

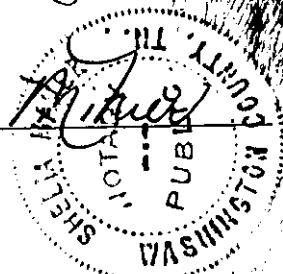
STATE OF TENNESSEE
COUNTY OF WASHINGTON

ACKNOWLEDGMENT

Personally appeared before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, DAN A. CROSS, BETTY SUSONG JENKINS, and CLYDE W. CARTER, with whom I am personally acquainted or who were proved on the basis of satisfactory evidence to me to be the persons who executed the foregoing instrument and who, being by me duly sworn, acknowledged, under oath, that they are Governors of CCS LAND, LLC, the within named bargainer, a Tennessee limited liability company; that they are authorized and empowered by the Board of Governors of said limited liability company to execute the foregoing instrument on behalf of and as the act and deed of said limited liability company; that they did so execute this instrument by signing the name of said limited liability company by themselves as such officers, and that they did so for the purposes therein contained as the free act and deed of said limited liability company.

WITNESS my hand and notarial seal this the 1st day of May, 1996

Shelia M. [Signature]
NOTARY PUBLIC



My Commission Expires:

4-27-97

BY-LAWS
OF
THE RIDGES PROPERTY OWNERS' ASSOCIATION
(A Tennessee Nonprofit Corporation)

Prepared By:

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Attorney/CPA
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FAX (423) 926-3991

BY-LAWS
OF
THE RIDGES PROPERTY OWNERS' ASSOCIATION
(A Tennessee Nonprofit Corporation)

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BY-LAWS
OF
THE RIDGES PROPERTY OWNERS' ASSOCIATION
(A Tennessee Nonprofit Corporation)

**ARTICLE I
DEFINITIONS**

The following words, when used herein, shall have the following meanings:

1.01 "Association" means The Ridges Property Owners' Association, a Tennessee nonprofit corporation, its successors and assigns, which has as its members all owners of Lots, condominium units and other dwellings in the Property.

1.02 "Board" means the Association's Board of Directors.

1.03 "Consumer Price Index" or "CPI" means the Consumer Price Index for all Urban Consumers, U.S. City Average (1967 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics.

1.04 "Declaration" means the Declaration of Restrictions, Easements, Covenants, Conditions, Assessments, and Liens for "The Ridges", and any subsequent amendments or supplements thereto.

1.05 "Developer" means GolfTenn, LLC, its successors and assigns.

1.06 "Golf and Country Club" means The Ridges Golf and Country Club facilities developed by the Developer as a private membership club on property adjacent to the Property.

1.07 "Lot" or "Single-Family Lot" means any numbered lot within the Property designated by the Developer as a Single-Family Lot, meaning only one residence, designed to house a single family, shall be constructed thereon, as shown on the Plat(s) (as hereinafter defined).

1.08 "Lot Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

1.09 "Open Area" means all real property and improvements thereon owned or leased by the Association, or in which it holds possession or use rights, for the common use and enjoyment of the Lot Owners or Unit Owners as set forth on the Plat.

1.10 "Plat" means the subdivision plats of The Ridges as approved by the Johnson City Regional Planning Commission and as recorded in the Register's Office for Washington County, Tennessee, and which depict the boundaries of Single-Family Lots.

1.11 "Property" means the real property known as "The Ridges" and consisting of 556.4358 acres shown as Parcel 1 on the Plat Map recorded in Plat Book 13, Page 80 of the Washington County, Tennessee, Register of Deeds' Office, and such adjacent parcels as Developer may develop as part of the overall plan for The Ridges, less and except the portion of the same set aside for the Golf and Country Club.

1.12 "Unit" means a condominium unit or other dwelling, (however designated, such as a "zero lot line residence", a "patio home", or a "cluster home") other than dwellings constructed on Lots, developed within the Property in areas designated for such development.

1.13 "Unit Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

**ARTICLE II
FUNCTION OF ASSOCIATION**

The Association shall be the entity responsible for management, maintenance, operation and control of the Open Areas, together with those matters which by the terms of the Declaration, any supplemental declaration or other applicable covenants, contract or agreement become the responsibility of the Association. The Association shall be the primary entity responsible for enforcement of the Declaration and such reasonable rules regulating use of the Property as its Board may adopt. The Association shall perform its functions in accordance with the Declaration, its Charter and Bylaws and the laws of the state of Tennessee.

**ARTICLE III
OFFICES**

The principal office of The Ridges Property Owners' Association, hereinafter referred to as the Association, shall be located at the place designated in the corporate Charter, which is 200 East Unaka Avenue, Johnson City, Washington County, Tennessee, 37601-4697. The Association may have such other offices, either within or without the State of Tennessee, as the Board may designate or as the business of the Association may from time to time require. TCA § 48-51-201(27) and 48-52-102(a)(6).

**ARTICLE IV
MEMBERS; VOTING**

4.01 MEMBERSHIP REQUIRED. Every Lot Owner and Unit Owner shall be a member of the Association. If a Lot or Unit is owned by more than one person, all co-owners may share the privileges of such membership, subject to reasonable regulation by the Association's Board and subject to the restrictions on voting set forth in Section 4.02 hereof, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Lot Owners and Unit Owners. The membership rights and privileges of a Lot Owner or Unit Owner who is a natural person may be exercised by such Owner or such Owner's spouse. The membership rights and privileges of a Lot Owner or Unit Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner or trustee or by the individual designated from time to time by the Lot Owner or Unit Owner in a written instrument provided to the Association. This membership requirement shall be a perpetual burden or charge against each Lot.

4.02 VOTING. The Association shall have two classes of voting membership:

(a) *Class A.* Class A members shall be all Lot Owners or Unit Owners, with the exception of the Developer, and shall be entitled to one vote for each Lot or Unit owned. When more than one person holds an ownership interest in any Lot or Unit, all such persons shall be members. The one vote for such Lot or Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot or Unit. Should the Owners not be able to unanimously agree on how the vote shall be cast, the Association shall ignore the vote.

(b) *Class B.* The Class B member shall be the Developer who shall be entitled to four (4) votes for each Lot and Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(i) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(ii) When, in its discretion, the Developer so determines and declares in a recorded instrument, or

(iii) On January 1, 2006.

**ARTICLE V
COVENANT TO PAY MAINTENANCE ASSESSMENTS**

5.01 PERSONAL OBLIGATION FOR ASSESSMENTS AND CREATION OF THE LIEN. Each Lot Owner and Unit Owner, other than the Developer, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) an initial assessment of Twenty-Five Dollars (\$25.00) to be paid at closing of the purchase of a Lot or Unit; (2) annual assessments; and (3) special assessments for capital improvements, all of such assessments to be established and collected as herein provided. Developer, for each Lot or Unit owned, hereby covenants to pay annual and special assessments to the Association. The initial, annual, and special assessments, together with interest and all costs of collection, including, but not limited to, reasonable attorney's fees incurred by the Association, shall also be the personal obligation of the Lot Owner and Unit Owner at the date of the assessment. The personal obligation for delinquent assessments shall not pass to a Lot Owner's or Unit Owner's successors in title unless expressly assumed by them but the lien shall continue. The initial, annual and special assessments, together with interest and all costs of collection, including, but not being limited to, reasonable attorney's fees, shall be a charge on the Lot or Unit and shall be a continuing lien from the date of assessment by the Association until paid upon the Lot or Unit against which each assessment is made.

5.02 PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively as follows:

- (a) *Promote Welfare.* To promote the recreation, health, safety, and welfare of the Lot Owners and Unit Owners;
- (b) *Maintain Open Area.* To provide for the maintenance of the Open Area;
- (c) *Pay Fees.* To pay the fees of a management agent the Association may employ to manage the affairs of the Association; and
- (d) *Pay Expenses.* To pay other reasonable and necessary expenses of the Association.

5.03 MAXIMUM ANNUAL ASSESSMENTS.

(a) *Until January 1, 1998.* Until January 1, 1998, the maximum annual assessment shall be One Hundred Dollars (\$100.00) per Lot or Unit, payable in full or in such installments as the Board may determine, except there shall be no limit on special assessments against a particular Lot Owner and Lot or Unit Owner and Unit for maintenance of that Lot or Unit.

(b) *After January 1, 1998.* On and after January 1, 1998, the maximum annual assessment for Lots and Units may be increased by the Board, and without a vote of the Association membership, each year only by an amount which is not more than the percentage increase in the Consumer Price Index during the previous year (using the July index of each year as the index to be compared) multiplied by the maximum assessment for the previous year. Annual assessments need not be the same for Lots and Units after January 1, 1998.

5.04 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment in order to pay for, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Open Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Association members who are voting in person or by proxy at a meeting duly called for this purpose.

5.05 NOTICE AND QUORUM - ACTION AUTHORIZED UNDER 5.03 AND 5.04. Written notice of a meeting called for the purpose of taking any action authorized under 5.03 and 5.04 of this Article or Section 6.05 of the Declaration shall be sent, pursuant to the Tennessee Nonprofit

Corporation Act, TCA § 48-51-101, et seq., to all members (determined as of a date set by the Board which date is not less than ten (10) days nor more than two (2) months in advance of the meeting. At the first such meeting of members called, the presence of members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, but at least ten percent (10%) of the votes entitled to be cast. No such subsequent meeting shall be more than sixty (60) days following the preceding meeting.

5.06 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments provided for herein shall commence on January 1, 1997, and shall be for the calendar year. The Board shall fix the amount of the annual calendar year assessment against each Lot or Unit by December 1 of the preceding year. Written notice of the annual assessment shall be sent to every Lot Owner or Unit Owner subject thereto. The due date or dates shall be established by the Board.

5.07 CERTIFICATION OF PAYMENT. The Association shall, upon demand, and upon receipt of a reasonable charge, therefor, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot or Unit have been paid and, if not, the amount due thereon. A properly executed certificate of the Association as to the status of assessments on a Lot or Unit is binding upon the Association as of the date of its issuance.

5.08 EFFECT OF NON-PAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall be subject to a reasonable late charge in an amount to be established by the Board and shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Lot Owner or Unit Owner personally obligated to pay the same, and foreclose the lien against the Lot or Unit, or both, which foreclosure shall be in the same manner as is provided by TCA § 35-5-101, et seq. for foreclosure of deeds of trust, with the President and Vice-President of the Association, whoever he or she may be at the time of the foreclosure action, being hereby designated as the Trustee to conduct such sale and so serve. Each Lot Owner and each Unit Owner is hereby deemed to have conveyed to the President and the Vice-President of the Association his or her interest in the Lot or Unit for purposes of securing these liens simultaneously with their acquisition of title. As such officers are elected, they shall be deemed to be successor trustees under these trust provisions. As each assessment lien is paid in full, the conveyance shall be deemed to be void as to such assessment, but shall, nevertheless, continue as to future assessments so long as such Lots or Units are subject to the Declaration. No Lot Owner or Unit Owner may disclaim or otherwise escape liability for the assessments provided for herein by non-use of the Common Area.

5.09 SUBORDINATION OF THE LIEN TO CERTAIN MORTGAGES. The lien of the assessments on any Lot or Unit provided for herein shall be subordinate to the lien of any mortgage or deed of trust now or hereafter placed on the Lot or Unit and held by a bona fide holder. The sale or transfer of any Lot or Unit pursuant to a bona fide mortgage or deed of trust foreclosure or any bona fide proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such foreclosure sale or transfer shall relieve such Lot or Unit from liability for any assessments thereafter becoming due or from the lien thereof or relieve the transferring Owner from his, her, or its personal liability for the unpaid assessments at the time of such transfer.

**ARTICLE VI
BOARD OF DIRECTORS**

6.01 GENERAL POWERS. All corporate powers shall be exercised by, or under the authority of, the Board. The business and affairs of the Association shall be managed under the direction of the Board. TCA § 48-58-101.

6.02 NUMBER, TENURE AND QUALIFICATIONS. The number of directors of the Association shall be three (3) until such time as the Class B membership is terminated. Thereafter, there shall be seven (7) directors. Directors must be natural persons who are 18 years of age or older but need not be residents of the state.

6.03 RESIGNATION. A director may resign at any time by delivering written notice to the chairman, if the Board elects a chairman, the president or the secretary. The resignation shall be effective when it is delivered unless the notice specifies a later effective date. TCA § 48-58-107.

6.04 REMOVAL OF DIRECTOR. The members may remove a director with or without cause. "Cause" may be determined by the members but it must be a substantial matter affecting the directors ability to serve effectively. A director may be removed only at a meeting called for the purpose of removing the director and the meeting notice must state that the purpose, or one of the purposes, of the meeting is the removal of the director. TCA § 48-58-108.

6.05 VACANCY. If a vacancy occurs on the Board, including a vacancy resulting from an increase in the number of directors or a vacancy resulting from a removal of a director, the directors may fill the vacancy. Even if the directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. TCA § 48-58-111.

6.06 COMPENSATION. The Board and officers shall serve without compensation, but shall be entitled to reimbursement of reasonable expenses incurred in the performance of their duties. TCA § 48-58-112.

6.07 REGULAR MEETINGS. A regular meeting of the directors, shall be held without notice other than this by-law on the third (3rd) Tuesday of February in each year at 7:00 o'clock P. M. at the principal office of the Association. The directors may provide, by resolution, the date, time and place for the holding of additional regular meetings without notice other than such resolution. Meetings may be held either in or out of Tennessee. TCA §§ 48-58-201 and 203.

6.08 SPECIAL MEETINGS. Special meetings of the directors, may be called by the chairman, if a chairman has been elected, the president or any two (2) directors. The person or persons authorized to call special meetings of the directors may fix the date and time for said special meeting but the place shall be at the principal office of the Association. TCA § 48-58-201.

6.09 NOTICE.

(a) *Special Meetings.* Special meetings of the Board must be preceded by at least ten (10) days notice to each director of the date, time, place, and purpose of the meeting.

(b) *Adjourned Meetings.* Notice of an adjourned meeting need not 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 one (1) month in any one (1) adjournment. TCA § 48-58-203.

6.10 WAIVER OF NOTICE. A director may waive any notice required before or after the date and time stated in the notice. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records. A director's attendance at, or participation in, a meeting waives any required notice of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. TCA § 48-58-204.

6.11 TELEPHONE CONFERENCE MEETINGS. The Board may permit any or all directors to participate in a regular or special meeting by any means of communication by which all directors participating may simultaneously hear each other during the meeting. The entire meeting may be conducted through such means. A director participating in a meeting by this means is deemed to be present in person at the meeting. TCA § 48-58-201.

6.12 QUORUM AND VOTING.

(a) *Quorum.* A quorum of the Board consists of a majority of the directors in office immediately before a meeting begins. In no event may the bylaws authorize a quorum of fewer than the greater of (i) one third (1/3) of the number of directors in office or (ii) two (2) directors.

(b) *Voting.* If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present constitutes the act of the Board. A director who is present at a meeting when corporate action is taken is deemed to have assented to the action unless:

(i) he objects at the beginning of the meeting, or promptly upon his arrival, to holding the meeting or transacting business at the meeting; or

(ii) he dissents or abstains from the action taken which dissent or abstention is entered in the minutes of the meeting; or

(iii) he delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the secretary immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. TCA § 48-58-205.

6.13 COMMITTEES. The Board may create one or more committees, which may consist of one or more members. All committees serve at the pleasure of the Board. Each committee may exercise the authority of the Board as authorized by the Board except that a committee may not take action prohibited by TCA § 48-58-206(e) which deals with (1) distributions, (2) dissolution, merger, sale, pledge or transfer of substantially all of the Association's assets, (3) removal of directors or filling vacancies; and (4) adopting, amending or repealing the charter or bylaws. TCA § 48-58-206.

6.14 INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at a Board meeting may be taken without a meeting. If all directors consent to taking such action without a meeting, the affirmative vote of the number of directors that would be necessary to authorize or take such action at a meeting is the act of the Board. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken. Such action is effective when the last director signs the consent, unless the consent specifies a different effective date. TCA § 48-58-202.

6.15 GENERAL STANDARDS OF CONDUCT. A director shall discharge his or her duties as a director, including his or her duties as a member of a committee, in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interest of the Association. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(a) One or more officers or employees of the Association whom the director reasonably believes to be reliable and competent in the matters presented;

(b) Legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or

(c) A committee of the Board of which he is not a member if the director reasonably believes the committee merits confidence. TCA § 48-58-301.

6.16 STANDING RULES (POLICIES). A standing rule or policy of the Board is defined as a definite course or method of action selected to guide and determine present and future decisions of the Association. Officers shall follow all standing rules or policies in carrying out their duties in conducting the business and affairs of the Association. Standing rules or policies may be enacted only when approved at two consecutive meetings of the Board. Thereafter, changes in, additions to, or deletions from, standing rules or policies may be accomplished only by

affirmative vote of two consecutive meetings of the Board. The Board may suspend, for a set period of time not exceeding thirty (30) days, any standing rule or policy, but only upon three-fourths (3/4) vote of those present.

**ARTICLE VII
OFFICERS**

7.01 NUMBER. The officers of the Association shall be a president and a secretary, each of whom shall be appointed by the Board. The directors may, but are not required to appoint a chairman, a vice-president and a treasurer. They may appoint a combined secretary-treasurer. Such other officers and assistant officers as may be deemed necessary may be appointed by the directors. TCA § 48-58-401.

7.02 APPOINTMENT AND TERM OF OFFICE. The officers of the Association to be appointed by the directors shall be appointed annually at the annual meeting of the directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until he shall resign or shall have been removed in the manner hereinafter provided.

The Board may authorize any duly appointed officer to appoint one or more officers or assistant officers. The appointment of an officer does not itself create contract rights. TCA § 48-58-401 and 405.

7.03 REMOVAL. Any officer or agent appointed by the directors may be removed by the directors whenever in their judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. TCA § 48-58-404 and 405.

7.04 RESIGNATION. An officer may resign at any time by delivering notice to the president or secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Board accepts the later effective date, the Board may fill the pending vacancy before the effective date if it provides that the successor does not take office until the effective date. An officer's resignation does not affect the Association's contract rights, if any, with the officer. TCA § 48-58-404 and 405.

7.05 CHAIRMAN. The chairman, if someone other than the president, shall preside at all meetings of the directors. The chairman shall have such duties as the Board may, from time to time, designate. TCA § 48-58-402.

7.06 PRESIDENT. The president shall be the chief executive officer of the Association and, subject to the control of the directors, shall in general supervise and control all of the business and affairs of the Association. The president shall, when present, preside at all meetings of the directors unless someone other than the president is elected as chairman of the Board in which case the Chairman shall preside. The president may sign, with the secretary or any other proper officer of the Association thereunto authorized by the directors, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the directors or by these bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the directors from time to time. TCA § 48-58-402.

7.07 VICE-PRESIDENT. In the absence of the president or in the event of his or her death, inability or refusal to act, the vice-president shall perform the duties of the president, and when so acting, shall have all the powers of, and be subject to, all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned to him or her by the president or by the directors. TCA § 48-58-402.

7.08 SECRETARY. The secretary shall keep the minutes of the directors' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these bylaws or as required, be custodian of the corporate records and of the

seal of the Association and keep a register of the post office address of each director which shall be furnished to the secretary by such director, and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the president or by the directors. TCA § 48-58-402.

7.09 TREASURER. If required by the directors, the treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the directors shall determine. The treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with these bylaws and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him or her by the president or by the directors. TCA § 48-58-402.

7.10 STANDARD OF CONDUCT.

(a) An officer with discretionary authority shall discharge all duties under that authority:

- (1) In good faith;
- (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (3) In a manner the officer reasonably believes to be in the best interests of the corporation.

(b) In discharging such duties, an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

- (1) One (1) or more officers or employees of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented; or
- (2) Legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

(c) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.

(d) An officer is not liable for any action taken as an officer or any failure to take any action, if the officer performed the duties of office in compliance with this section. TCA § 48-58-403.

**ARTICLE VIII
INSURANCE**

8.01 OPEN AREA. The Association acting through its Board or duly authorized agent shall keep in force and maintain such liability and other insurance as it shall deem necessary relating to the Open Area. The Association may also insure any other property, whether real or personal, owned by the Association, against such hazards as may be deemed desirable by the Association. Premiums for all insurance carried by the Association shall be part of the expenses covered by the annual assessments of the Association.

8.02 LOTS AND UNITS. Insurance against damage by fire or other casualty to the improvements on any Lot or any Unit, liability insurance with respect to occurrences on any Lot or Unit, and other insurance relating to each Lot or Unit shall be the responsibility of the individual Lot Owners and Unit Owners.

8.03 FIDELITY BONDS.

(a) *Association Agents.* Fidelity bonds may be maintained by the Association for all officers, directors, and employees of the Association and all other persons handling, or responsible for, funds of, or administered by, the Association. Further, in the event the Association delegates some or all of the responsibility for the handling

of funds to a management agent, a fidelity bond shall be maintained by such agent or the Association for officers, employees, and agents of such management agent handling or responsible for funds of, or administered on behalf of, the Association.

(b) **Bond Amount.** The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board but shall not be less than the estimated maximum amount of funds, including reserved funds, reasonably anticipated to be in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bond be less than a sum equal to three (3) months' aggregate annual assessment on all Lots and Units plus reserve funds.

(c) **Bond Requirements.** All such fidelity bonds shall:

(i) Name the Association as an obligee;

(ii) Contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and

(iii) Shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

(d) **Premiums a Common Expense.** Premiums on all insurance and such fidelity bonds (except premiums on fidelity bonds maintained by a management agent for its officers, employees, and agents) shall be paid by the Association as a common expense.

ARTICLE IX NOTICES TO MORTGAGEES

Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor of any deed of trust lien on any property located in the subject development and the Lot or Unit number or address, any such lien holder or eligible insurer or guarantor shall be entitled to timely written notice from the Association of any delinquency in the payment of assessments or charges owed by an Owner on a Lot or Unit subject to a deed of trust lien held, insured, or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days.

ARTICLE X CONTRACTS, LOANS, CHECKS AND DEPOSITS

10.01 **CONTRACTS.** The directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of, and on behalf of, the Association, and such authority may be general or confined to specific instances.

10.02 **LOANS.** No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the directors. Such authority may be general or confined to specific instances.

10.03 **CHECKS, DRAFTS, ETC.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the directors.

10.04 **DEPOSITS.** All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such Bank as may be determined by the Board from time to time.

ARTICLE XI FISCAL YEAR

The fiscal year of the Association shall begin on the 1st day of January of each year.

ARTICLE XII SEAL

The directors shall provide a corporate seal which shall be circular in form and shall have inscribed therein the name of the Association, the state of incorporation, year of incorporation and the words, "Corporate Seal". TCA § 48-53-102(2).

ARTICLE XIII AMENDMENT OF BYLAWS BY BOARD

The Board may amend or repeal the Association's bylaws except as set forth in TCA § 48-60-202(a).

ARTICLE XIV AMENDMENT OF BYLAWS BY MEMBERS

The Association's members may amend or repeal the Association's bylaws even though the bylaws may also be amended or repealed by its Board. An amendment to the bylaws shall be approved by members by two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less; provided, however, an amendment to the bylaws which relates solely to the annual assessments required to be paid by all members and which establishes or changes a specific amount for such annual assessments, shall be approved by a majority of the members present and voting. TCA § 48-60-202(b).

State of Tennessee, County of WASHINGTON
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MAY 1996 at 10:45 AM. (RECH 107668)
Recorded in official records film
Roll 89 Image 2825-2843
State Tax \$.00 Clerks Fee \$.00.
Recording \$ 76.00, Total \$ 76.00.
Register of Deeds CHARLES BEARD
Deputy Register JACKIE BROYLES