BENTLEY PARK

THE MASTER DECLARATION OF

PROTECTIVE COVENANTS AND RESTRICTIONS

ARTICLE I

DEFINITIONS

Section 1. When used in this declaration, unless the context shall prohibit or otherwise require, the following words, shall have all the following meanings, and all definitions shall be applicable to the singular and plural forms of such terms.

(a) "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Bentley Park Homeowners' Association, Inc., as amended from time to time.

(b) "Assessment" shall mean and refer to an owner's share of common expenses or other charges from time to time assessed against any owner by the association in the manner herein provided.

(c) "Association" shall mean and refer to the Bentley Park Homeowners' Association, Inc., a Tennessee non-profit corporation.

(d) "Bentley Park" shall mean or refer to the certain residential community located in the City of Cleveland, and Bradley County, State of Tennessee, together with such additions as may be designated by declarant by a supplementary declaration, as provided in this declaration.

(e) "Board of Directors" or "Board" shall mean and refer to the board of directors of the association, which is the governing body of the association.

(f) "By-Laws" shall mean or refer to the by-laws of the association as such may be amended from time to time.

(g) "Common Areas" shall mean and refer to all real and personal property now or hereafter owned by the association for the common use and enjoyment of the owners. Included within the common areas are the maintenance areas, roads, streets, parking lots, walkways, sidewalks, lakes, the recreational area, street lighting, and signage. The designation of any land and/or improvements as common areas shall not mean or imply that the public at large acquires any easement of use or enjoyment therein.

(h) "Common Expenses" shall mean and refer to all expenditures lawfully made, or incurred by, or on behalf of the association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration.

(i) "Community" shall mean and refer to that certain real property described in this document attached hereto, and such additions thereto as may be made by declarant (or his mortgagee or transferee as provided in the declaration) by supplementary declaration of all or any portion of the

real property described in this document attached hereto, and (ii) such additions thereto as may be made by the association by supplementary declaration of other real property.

(j) "Declarant" shall mean and refer to Haskell Industries, Haskell R. Matheny or his assigns.

(k) "Declaration" shall mean and refer to this Master Declaration of Covenants and Restrictions for Bentley Park Homeowners' Association, Inc., and all amendments thereof filed for record in the records of the Bradley County Register of Deeds Office, Bradley County, Tennessee.

(1) "Design Review Board" shall mean and refer to the committee which shall be appointed by the association's board of directors to approve exterior and structural improvements, additions, and changes within the Development as provided in this document.

(m) "Development," with an initial capital letter, shall mean and refer to the Property and all improvements located or constructed thereon, and any portion of the additional property submitted to the provisions hereof pursuant to those provided in this document.

(n) "Dwelling," with an initial capital letter, shall mean and refer to any improved property intended for use as a single-family detached dwelling home, located within the Development.

(o) "Foreclosure" shall mean and refer to, without limitation, the judicial foreclosure of a mortgage or the conveyance of secured property by a deed in lieu of a judicial foreclosure.

(p) "Institutional Mortgage" shall be deemed to mean a mortgage held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or government purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.

(q) "Living Space" shall mean and refer to enclosed, covered, and heated areas within a Dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics, and basements.

(r) "Lot" shall mean and refer to any unimproved portion of the Property upon which it is intended that a Dwelling shall be constructed. A parcel of land shall be deemed unimproved and thus considered to be a lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to permit habitation thereof. Upon such completion, such parcel and the improvements thereon shall collectively be considered to be a Dwelling for purposes of this declaration.

(s) "Majority" means more than fifty (50%) percent.

(t) "Mortgage" means any mortgage, deed to secure debt, security deed, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(u) “Mortgagee,” with an initial capital letter, shall mean and refer to the holder of a mortgage.

(v) "Occupant" shall mean and refer to any person, including, without limitation, any owner or any guest, invitee, tenant, or family member of an owner, occupying or otherwise using a Dwelling within the Development.

(w) "Owner" shall mean or refer to the record owner, whether one or more persons, of the fee simple title to any unit located within the community, excluding, however, any person holding such interest merely as security for the performance or satisfaction of any obligation.

(x) "Person" shall mean and refer to a natural person, corporation, partnership, association, trust, or other legal entity, or any combination thereof.

(y) "Property," with an initial capital letter, shall mean and refer to those tracts or parcels of land described in this document together with all improvements thereon, including the common areas, roads, utility systems, drainage systems, and other improvements serving the lots and Dwellings and as set out on the recorded plat for Bentley Park in the Register of Deeds Office, Bradley County, Tennessee, in Plat Book ____Page_____.

(z) "Unit" shall mean any plot of land located within the community which constitutes a single dwelling site designated on any plat of survey recorded in the office of the Register of Deeds of Bradley County, including specifically, but without limited the generality thereof, single-family residences constructed in clusters.

(aa) "Articles" shall mean or refer to the "Articles of Incorporation of the Association," as said Articles are amended from time to time.

(bb) "Board" shall mean or refer to the board of directors of the association.

(cc) "Primary Lot" — This is the principal lot owned by a member of the BPHA. If multiple lots are owned by the same owner(s), the owner, subject to Board ratification, may designate which lot will be considered the principal lot. In the event the primary lot is sold with the owner maintaining ownership of one or more secondary lots, one of the secondary lots will be re-categorized as a primary lot effective on the date of the sale. (Amended May 31, 2012)

(dd) "Secondary Lot" — This is a second lot or any one of the multiple lots owned by a member of BPHA that have not been categorized as Primary, Exempt, or Joined lot. (Amended May 31, 2012)

(ee) "Exempt Lot" — An exempt lot is one that was sold by the original developer with the clear understanding that the lot was not subject to the payment of dues by the purchaser for as long as he owned the lot and did not improve the lot. This exemption is specified in the Bentley Park deed of transfer. The exemption expires on the date that the property is transferred to another owner or on the date that construction begins on the property. The Board will determine the effective date and the new category for the formerly exempt lot. (Amended May 31, 2012)

(ff) "Joined Lot" — This is a lot that has been improved in a manner that makes it incapable of being sold except in conjunction with the sale of an adjacent lot to the same buyer. This is usually found where the home and outbuildings extend into the boundary

of a second or third lot. This type of lot shall be considered a joined lot whether or not the lots have been recognized as a single parcel by the Bradley County government. Once the lots are classified as joined by the BPHA, the lots may not be reclassified unless approved by the Bentley Park Board of Directors and a majority of the Bentley Park property owners. (Amended May 31, 2012)

(gg) In "Good Standing" shall mean that I) the member's unit(s) are current in the payment of assessments levied by the Board; (ii) the member has maintained voting privileges; and (iii) the member's unit(s) is in compliance with the Association's Restrictive Covenants.

ARTICLE II

DEVELOPMENT

Section 1.Development of Property. Except as otherwise set forth in this document, all lots within the Development shall be and are hereby restricted exclusively to single-family residential use and shall be subject to the standards and restrictions set forth in this document hereof. Declarant shall have the right, but not he obligation, for so long as declarant owns any lot or Dwelling primarily for the purpose of sale, to make improvements and changes to all common areas and to all lots or Dwellings owned by declarant, including, without limitation, (i) installation and maintenance of any improvements in and to the common areas; (ii) changes in the location of the boundaries of any lots or Dwellings owned by declarant or of the common areas, (iii) installation and maintenance of any water, sewer, and other utility systems and facilities, and (iv) installation of security and/or refuse facilities.

Section 2. Development of Additional Property.
Declarant hereby reserves the option, to be exercised in his sole discretion, to submit from time to time additional property to the provisions of this declaration and thereby to cause the additional property to become part of the Property. This option may be exercised by declarant in accordance with the following rights, conditions, and limitations, which are the only conditions and limitations on such option to add all or any portion of the additional property to the Development.

(a) The option may be exercised from time to time during a period of fifteen (15) years from date of this declaration; provided, however, that declarant reserves the right to terminate such option at any time prior to the expiration of such fifteen (15) year period by executing and filing an agreement evidencing such termination in the Register's Office of Bradley County, Tennessee; and, except for such termination by declarant, no other circumstances will terminate such option prior to the expiration of such fifteen (15) year period.

(b) Additional property may be added to the Development at different times, and there are no limitations fixing the boundaries of those portions or regulating the order, sequence, or location in which any of such portions may be added to the Development.

(c) If additional property is added to the Development, declarant reserves the right to designate the areas, if any, to be added to the Development in connection therewith.

(d) Should the option to add the additional property not be exercised within the term specified herein or be terminated by declarant, such option shall in all respects expire and be of no further force and effect.

(e) The option reserved by declarant to cause all or any portion of additional property to become part of the Development shall in no way be construed to impose upon declarant

any obligation to add all or any portion of the additional property to the Development or to construct thereon any improvements of any nature whatsoever.

ARTICLE III

BENTLEY PARK HOMEOWNERS' ASSOCIATION

Section 1. Organization. The association is a nonprofit Tennessee corporation charged with the duties and invested with the powers prescribed by law and set forth in the articles of incorporation, the by-laws, and this declaration. Neither the articles of incorporation nor by-laws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this declaration. In the event of any such inconsistency, the provision of this declaration shall prevail. The board of directors of the association and such officers as the board may elect or appoint shall conduct the affairs of the association in accordance with this declaration, the articles and the by-laws, as the same may be amended from time to time.

Section 2. Membership. Each owner of a building site, including declarant, shall be a member of the association, and shall be entitled to one membership for each building site owned. Ownership of a lot shall be the sole qualification for membership in the association. An owner's membership shall be appurtenant to, and may not be separated from, any lot giving rise to the membership and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon the transfer of title to said building site. Any attempt to make a prohibited transfer shall be null and void. Any transfer of title to a building site shall operate automatically to transfer the membership in the association appurtenant thereto, to the new owner.

Section 3. **Voting Rights.**The association shall have two classes of voting membership.

CLASS A. Class A members shall be all owners with the exception of declarant and shall be entitled to one vote for each building site owned. When more than one person is the owner of a building site, all such persons shall be members. The vote for such building site shall be exercised as they determine among themselves, but in no event shall more than one vote be cast as a unit, and fractional votes will not be allowed. If any owner or owners cast a vote representing a certain building site, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other owners of the same site.

CLASS B. Class B membership shall be the declarant, his successors and assigns but not homeowner, who shall be entitled to ten (10) votes for each building site owned. Class B memberships shall cease and be converted to Class A membership on the happening of one (1) of the following events, whichever occurs first:

(i) When the total outstanding votes in Class A membership equals or exceeds total outstanding votes in Class B membership;

(ii) Twelve (12) years from and after the date or recordation of this declaration (However, the Class B membership of declarant is reinstated whenever additional land becomes available subject to the provisions of this declaration pursuant to the annexation provisions of this declaration pursuant to the annexation provisions contained herein.);

(iii) Whenever the declarant, by written instrument, terminates and relinquishes Class B status and agrees to accept Class A status for each building site then owned.

Section 4. Duties of the Association. In addition to the powers delegated to the association by the articles herein provided and without limiting the generality thereof, the association shall have the obligation to perform each of the following duties:

(i) To operate, maintain, and otherwise manage or provide for the maintenance and management of the common areas;

(ii) To pay all real and personal property taxes and assessments separately levied upon or assessed against the association and/or property owned by the association;

(iii) To procure any fire or extended coverage insurance, vandalism and malicious mischief and liability insurance, fidelity coverage, workers' compensation insurance;

(iv) To make, establish, promulgate, and/or repeal any association rules and regulations necessary to enforce any of the provisions of this declaration;

(v) To commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this declaration and to enforce by mandatory injunction or otherwise all the provisions thereof;

(vi) To grant and convey to any third party easements and right-of-ways in, or, over and under the common area for the purpose of constructing, erecting, operating, or maintaining any improvements or facilities;

(vii) To employ the services of any person or corporation as manager, together with the employees as may be directed by the board of directors, and to perform the business obligations and duties of the association and enter into contracts for such purposes. (Any such management contract may be terminated by either party upon sixty (60) days written notice prior to the date of termination.); and

(viii) To maintain, repair, or replace all the landscaped portions and improvements, signs or lights thereon of Bentley Park as shown as perimeter landscaped easements on the record plat for Bentley Park, the entrances and exits and improvements, signs or lights thereon to Bentley Park, and any screening landscaping along the roads or exits and entrances of Bentley Park.

Section 5. Personal Liability. No member of the board of directors, and committee of the association, any officer of the association, or the declarant shall be personally liable for any act or failure to act or omission while serving in such capacity except for actual fraud, theft, or the commission of any other criminal act as defined by the criminal code for the State of Tennessee and not otherwise.

ARTICLE IV

DISSOLUTION

The association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the association, other than incident to a merger or consolidation, the assets of the association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the association was created. In the event that such dedication is refused, such assets shall be granted, conveyed, and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE V

MEETINGS OF THE ASSOCIATION

Section 1. Annual Meeting. The annual meeting of the association, except for the first annual meeting, shall be held on the first Thursday of the second calendar month following the close of the association's fiscal year or as determined by the homeowners' association and its board of directors. The first annual meeting shall be held within one year from the date of incorporation of the association. In the event the date of the annual meeting falls on a legal holiday, the annual meeting will be held on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the association may be called at any time by either the president or board of directors or upon written request by one-fourth (1/4) of **all** votes of Class A membership entitled to vote. Upon receipt of such call, the secretary shall send out notices to all members of the association.

Section 3. Notice of Meetings. A written or printed notice of every meeting of the association stating whether it is an annual meeting or special meeting; the authority for the call of the meeting; the place, day, and hour thereof; and the purpose for the meeting shall be given to the secretary by the person or persons calling the meeting at least fifteen (15) days before such meeting. Such notice shall be given to each member in any of the following ways: (1) by leaving the notice with him personally, (2) by leaving the notice at the residence or usual place of business of such member, or (3) by mailing it, postage prepaid, addressed to such member at his address as it appears on the records of the association.

Section 4. Waiver of Notice. The presence of all members, in person or by proxy at any meeting shall render the same a valid meeting, unless any member shall, at the opening of such meeting, object to the holding of same for noncompliance with the provisions of this article.

Section S. Quorum. At any meeting of the association, members present or by proxy, entitled to cast one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action not prohibited by the articles, declaration or these by-laws. If such a quorum shall not be present or represented at any meeting, the members entitled to vote at such meeting shall have the power to adjourn from time to time, until a quorum shall be present or represented by proxy. At any subsequent meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting originally called.

Section 6. Voting. Any person, firm, corporation, trust, or other legal entity or a combination thereof owning any building site shall be a member of the association and either in person or by proxy be entitled to one (1) vote for each dues paying building site except for a BPHA recognized joined lot which shall have two (2) votes . The authority or proxy given by a member to another person to represent such member at meetings of the association shall be in writing, signed by such member or members and shall be filed with the secretary of the association. Every proxy, unless limited by its terms, shall be deemed valid until revoked in writing; however, the said proxy shall automatically cease upon conveyance by a member of his building site. (Amended May 31, 2012)

ARTICLE VI

BOARD OF DIRECTORS

Section 1. Number. The affairs of the association shall be managed by a board of directors who may or may not be members of the association. The initial number of directors shall be three (3) and shall serve as directors until the first annual meeting of the association. From and after this first annual meeting of the association, the number of directors shall be five (5). The number of directors may be changed by amendment of these by-laws.

Section 2. Term. At the first annual meeting of the association, the members shall elect two (2) directors for a term of one (1) year and three (3) directors for a term of two (2) years. At each annual meeting thereafter, the successors to the directors whose terms have expired shall be elected for a term of two (2) years. However, the directors shall hold office until their successors have been elected and qualified.

Section 3. Removal. At any regular meeting or special meeting duly called, any one or more of the elected directors may be removed with or without cause, by a majority vote of the association other than the original developer. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No compensation shall be paid to any director for his services performed or rendered to the association. However, any director may be reimbursed for actual expenses incurred in the performance of his duties and responsibilities.

Section 5. Additional Rights. The directors shall have the right to take any action without a called meeting which could be taken by them by obtaining the written approval of all directors. Any such action shall have the same force and effect as though taken at a duly called meeting of the directors.

ARTICLE VII

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the board of directors shall be held monthly, without notice, at such time and place as shall be determined, from time to time, by a majority of directors. If the monthly meeting falls upon a legal holiday, that meeting shall be held at the same place and time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the board may be called by the president or by two directors on at least three (3) days' notice to each director, given personally or by mail, addressed to his residence, or by telephone, which notice shall state the time, place, and purpose of the meeting. Before or at any special meeting of the board, any director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to giving of such notice. Attendance by a director at any special meeting of the board shall be a waiver of notice by him of the time and place thereof.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The board of directors of the association shall have power to perform the following:

(i) Adopt and publish rules, regulations, and penalties governing the association and the personal conduct of members and their guests;
(ii) Suspend the voting rights and right to use the common area during any period a member shall be in default of any assessment levied by the association. (The board may also suspend after appropriate notice and hearing such rights for a period not to exceed sixty (60) days from any infraction of published rules and regulations.);
(iii) Notwithstanding those powers and duties, reserved to the membership under these bylaws, articles, or declaration, the board may exercise on behalf of the association all powers, duties and authority vested in or delegated to it;
(iv) Declare the membership on the board to be vacant if any member of the board shall be absent from three (3) consecutive regular meetings; and
(v) Employ a manager or other such employees as deemed necessary and reasonable by the board.

Section 2. Duties. The board of directors of the association shall have the duty to perform the following:

(i) Keep a complete record of all corporate acts and affairs and inform members of said acts and affairs at the annual meeting or at any special meeting when such information is requested in writing by one-fourth (1/4) of the Class A members;
(ii) Procure and maintain adequate liability and hazard insurance on the common area;
(iii) Cause the common area to be maintained; and
(iv) As more fully described in the declaration, fix the amount of annual assessment against each building site at least thirty (30) days in advance of each assessment to every owner and at least thirty (30) days in advance of each annual assessment period; and
(v) Assume such authority and perform such duties as the board may determine.

Section 3. Duties of Officers. The duties of the officers of the association are as follows:

(i) PRESIDENT. The president shall be the chief executive officer of the association. He shall preside at all meetings of the association and the board and shall have all the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from time to time.
(ii) VICE-PRESIDENT. The vice-president shall take the place of the president and perform his duties whenever the president is absent or unable to act. If neither the president nor vice-president is able to act, the board of directors shall appoint some other member of the board of directors to do so on an interim basis. The vice-president shall also perform such other duties as shall from time to time be imposed by the board.
(iii) TREASURER. The treasurer shall have the responsibility to receive and deposit all monies of the association, sign all checks and promissory notes, and prepare an annual budget and a statement of income and expenditures, and to present such budget or statement at the memberships' regular annual meeting.

(iv) SECRETARY. The secretary shall attend and keep the minutes of all meetings of the board and of the association, shall give all notices provided by these by-laws and shall have other powers and duties as may be incidental to the office of secretary, as given by these by-laws or assigned from time to time by the board.

ARTICLE IX
COMMITTEES

The association shall appoint a Design Review Board pursuant to the declaration as provided in these by-laws. The Design Review Board shall have the responsibility for enforcing architectural control and use restriction set forth in the declaration. In addition, the board shall appoint other committees as deemed appropriate to perform the duties and responsibilities of the association.

ARTICLE X

ASSESSMENTS

Section 1. Purpose of Assessments. The assessments provided for herein shall be used for the purpose of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the owners and occupants of units in the community and in particular for the acquisition, improvement, maintenance, and operation of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the common areas, including but not limited to the payment of taxes and insurance thereon and repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management, and supervision thereof, as well as for the establishment and maintenance of one or more reasonable reserve funds for such purposes as to cover unforeseen contingencies or deficiencies, or for emergency expenditures or such other matters as may be authorized from time to time by the board of directors.

Section 2. Capital Fund. A capital fund may be established at the discretion of the board of directors of the association for the purpose of making future capital expenditures or major repairs not covered by insurance.

Section 3. Annual Assessments. Subject to the provisions provided in this document, the, annual assessment payable to the association for common expenses and capital contributions shall be as follows:

(a) The annual assessment which shall be payable to the association shall be per unit.

(b) The annual assessment payable to the association for common expenses may be determined as follows:

(i) **Common Expenses.** Subject to the provisions of subsection (iii) below, not later than December 1st of the calendar year, the board of directors of the association shall estimate and prepare a budget for the ensuing calendar year for the total of all common expenses which shall be paid by annual assessments. If said estimated sum proves inadequate for any reason then, subject to the provisions of subsection (iii) below, the board of directors of the association may levy at any time in the calendar year a further assessment for common expenses. If for any reason an annual budget is not made as required hereby, the annual assessment for the ensuing calendar year shall remain the same as for the previous calendar year.

(ii) **Capital Contributions.** In addition to the amount which shall be paid for common expenses as provided in subsection (i) above, but subject to the provisions of subsection (iii) below, a capital fund assessment may be established by a two-thirds (2/3) majority of Class A voting shares and approval by declarant during the ensuing calendar year for capital purposes. If, for any reason, the board of directors of the association does not make a determination as to the amount of capital which shall be contributed during the ensuing year, then that portion of the annual calendar year shall remain the same as for the previous calendar year.

(iii) **Cost of Living Limitation.** Not later than December 15th of the previous calendar year, the board of directors of the association shall furnish such proposed budget for common expenses and for capital contributions, if any, for the ensuing calendar year to all unit owners subject to assessment as herein provided. If the aggregate amount thereof (that is, for both common expenses and capital contributions) does not exceed percentage-wide (the "Base Amount") the percentage increase in the cost of living during the preceding six (6) months of the current year to the immediately preceding September 1st, as measured by the Tennessee Consumer Price Index for Urban Wage Earners and Clerical Workers, all items, published by the Bureau of Labor Statistics, U.S. Department of Labor, then such proposed budget may be adopted by the board of directors as the budget of the association for the ensuing calendar year without a vote of the membership of the association; provided, however, if such proposed budget exceeds such percentage increase, then such budget shall not be adopted as the budget of the association for the ensuing calendar year unless the same is approved by at least (i) a majority of the votes which the Class A members present, or represented by proxy, are entitled to cast at a meeting duly called and held for such purpose, and (ii) by the Class B member of the association, so long as such membership shall exist.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the board of directors of the association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon or within the common areas, including fixtures and personal property related thereto. Except as provided in this document, any such special assessment shall be approved (i) by at least a majority of the votes which the Class A members of the association present, or presented by proxy, are entitled to cast at a meeting duly called and held for such purpose, and (ii) by the Class B member of the association, so long as such membership shall exist.

Section 5. Uniform Rate of Assessment. Except as otherwise provided in this document, annual assessments must be fixed at a uniform rate by lot categories, (as defined in Article 1, section 1) for all units and may be collected on a calendar year basis or in such other reasonable

manner as may be determined by the board of directors of the association. *(Amended May 31, 2012)*

Section 6. Assessments: Dues Dates.

(a) The annual assessments payable to the association, as provided by in Article X of this document, shall be established on a calendar year basis and shall commence as to each unit as of the first day of the next month following the month in which any one of the following shall first occur: as to units which are plots of land for single dwelling sites, (i) such unit is conveyed by declarant, or (ii) a residence constructed on the unit is first occupied. The date of the commencement of the annual assessment as to a particular unit, as determined aforesaid, is hereinafter sometimes referred to as "the commencement date." Thereafter, all payment shall be on an annual calendar year basis. The first annual assessment payable to the association shall be adjusted according to the number of months remaining in the calendar year as of the commencement date. Unless otherwise provided by the board of directors of the association, such prorated assessment shall be paid on the commencement date. The association's board of directors shall fix the amount of the annual assessment payable to the association against each unit and send written notice of same to every owner subject thereto in advance of each annual assessment period. Unless otherwise provided by the association's board of directors, and subject to the foregoing provisions of this section, the annual assessment for each unit shall become due and payable to the association on the first day of February and shall be paid to the association when due without further notice from the association.

(b) The special assessment payable to the association, as provided for in this document, shall be due on the date(s) specified by the association's board of directors.

(c) The association shall, upon demand at any time, furnish to any owner liable for any such assessment a certificate in writing signed by either the president or treasurer of the association, or by the manager of the association, if any, setting forth whether the same has been paid. A reasonable charge, as determined by the association, may be made for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessment, or portion thereof, not paid when due shall be delinquent. If the same is not paid within thirty (30) days after the due date, then a late charge equal to ten (10%) percent of the amount thereof or $5.00, whichever is greater, shall also be due and payable to the association. Any assessment or portion thereof not paid when due shall bear interest from the date of delinquency until paid at the maximum legal rate. The board of directors of the association may suspend the voting rights of the unit owner and right to use the recreational facilities situated on the common area during the period in which any assessment or portion thereof remains unpaid and may bring an action at law against the unit owner or owners personally obligated to pay the same or foreclose its lien against such owner's unit, in which event late charges, interest, costs, and attorney's fees in an amount equal to the greater of $500.00 or fifteen (15%) percent of the past due amount plus assessment or portion thereof which is past due. All payments on account shall be applied first to late charges, then interest, and then to the assessment lien first due. All late charges and interest collected shall be credited to the common expense fund. Each unit owner, by his acceptance of a deed or other conveyance to a unit, invests in the association the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien against his unit in the same manner as other liens

for the improvement of real property. The lien provided for in this document shall be in favor of the association and shall be for the benefit of all unit owners. Any legal action brought by the association to enforce such lien against such unit shall be commenced within one (1) year from the time the assessment, or portion thereof, became due. Failure to bring such an action within such time shall cause the lien to be extinguished as to such assessment, or portion thereof, more than one (1) year past due, but shall not bar an action by the association against the unit owner(s) obligated to pay the same in accordance with the provisions hereof. The association shall have the power to bid on the unit at any judicial or foreclosure sale and to acquire, hold, lease, encumber, and convey the same. No unit owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common property and facilities located thereon or abandonment of the unit.

Section 8. Priority of Lien. The lien of the assessments provided for in this document shall be prior and superior to all other liens except only (a) ad valorem taxes and (b) all sums unpaid on first mortgage, if any, filed of record in the office of the Register of Deeds of Bradley County. The sale and transfer of any unit shall not affect the assessment lien; provided, however, that the sale or transfer of any unit which is subject to a first mortgage pursuant to the judicial sale or foreclosure thereof, or pursuant to any proceeding in lieu of foreclosure, shall extinguish the lien of such assessments as to the payments thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve the acquirer of title, the successors-in-title, and assigns thereof from liability for any assessment thereafter becoming due or the unit from the lien thereof. Provided, however, the association may at any time, either before or after a first mortgage is placed on a unit, waive, relinquish or quitclaim in whole or in part the right of the association to assessments provided for herein with respect to such unit coming due during the period while such unit is or may be held for liquidation by the first mortgagee pursuant to such sale or transfer.

Section 9. Exempt Property. Notwithstanding the commencement date otherwise established in this document, all units made subject to this declaration shall be exempt from the assessments created herein until conveyed by declarant to another unit owner, provided, however, that all units made subject to this declaration and not so conveyed by declarant shall be and become subject to such assessments as of the beginning of the calendar year next following the calendar year in which the Class B membership of the association shall terminate and cease to exist. Thereupon, such assessments shall be applicable to all units conveyed by the declarant prior thereto, provided, further, notwithstanding the foregoing, any unit owned by declarant and rented by declarant shall become subject to all assessments (on a prorated basis if during a calendar year) as of the date the unit is so rented. Every grantee of any interest in any property located in the community, by acceptance of a deed or other conveyance of such interest, agrees that any units owned by declarant shall be exempt from said assessments as herein set forth.

ARTICLE XI

ADMINISTRATION

Section 1. Responsibility for Administration. The maintenance, repair, replacement, and operation of the common areas and facilities located thereon shall be the responsibility of the association. Such administration shall be governed by this declaration and the articles of incorporation and by-laws of the association, as amended from time to time. The powers and

duties of the association shall be those set forth in said documents together with those reasonably implied to affect their respective purposes, and shall be exercised in the manner provided therein. The association shall accept such conveyances of common areas as are made from time to time to the association by the declarant.

Section 2. Management Agreements. The association's board of directors has the right to employ a manager for the administration and operation of the property subject to the association's jurisdiction. Such manager may be the declarant. The employment agreement may provide that, during his tenure, such manager shall be authorized and responsible for exercising all powers and performing all duties specifically and exclusively assigned or reserved to the officers, directors, or members of the association by this declaration and the association's articles of incorporation or by-laws. The manager may be an individual, corporation, or other legal entity, as the board of directors shall determine. The board of directors may require that such manager be bonded in such amount as the board of directors may require. The cost of acquiring any such bond shall be an expense of administration, payable from the common expense fund. Each unit owner hereby agrees to be bound by the terms and conditions of all management agreements entered into as hereinabove provided.

Section 3. Limitation of Liability: Indemnification. Notwithstanding the duty of the association to maintain, repair, and replace the common areas and facilities, the association shall not be liable for injury or damage caused by a latent condition of such property and facilities nor for injury or damage caused by the elements, nor for injury to its members or other persons, nor shall any officer or director of the association be liable to any of its members for injury or damage caused by such officer or director in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer or director. Each officer or director of the association shall be indemnified by the association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been such an officer or director, whether or not he is such an officer or director at the time such expenses and liabilities are incurred, except in such cases wherein the officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, provided, however, in the event of a settlement, the indemnification shall apply only when the board of directors approves such settlement and reimbursement as being in the best interests of the association.

ARTICLE XII

PROPERTY RIGHTS

Section 1. General. Each lot and dwelling shall for all purposes constitute real property which shall be owned in fee simple and which, subject to the provisions of this declaration, may be conveyed, transferred, and encumbered the same as any other real property. Each owner shall be entitled to the exclusive ownership and possession of his lot or dwelling, subject to the provisions of this declaration, including without limitation, the provisions provided in this document. If any chutes, flues, ducts, conduits, wires, pipes, plumbing, or any other apparatus of facilities for the furnishing of utilities or other services to a lot or dwelling lie partially within and partially outside of the designated boundaries of the lot or dwelling in question, any portions thereof which serve more than one lot or dwelling, or any portion of the common areas, shall be deemed to be a part of the common areas. The ownership of each lot or dwelling shall

include, and there shall pass with each lot and dwelling as an appurtenance thereto, whether or not separately described, all of the right and interest in and to the common areas as established hereunder, which shall include, but not be limited to, membership in the association. Each owner shall automatically become a member of the association and shall remain a member thereof until such time as his membership in the association shall automatically pass to his successor-in-title to his lot or dwelling, and upon such transfer, such former owner shall simultaneously transfer and endorse to this successor-in-title any certificates or other evidences of his membership in the association. Lots shall not be subdivided, and, except as provided in this document, the boundaries between lots shall not be relocated, unless the relocation thereof is made with the consent of at least a majority of the owners in the development and of declarant, so long as declarant owns a lot or dwelling primarily for the purpose of sale or has the unexpired option to add the additional property for any portion thereof to the development. Notwithstanding the foregoing, nothing herein shall prohibit the combination of two or more lots into a larger parcel in order to create a single dwelling site larger than one lot.

Section 2. Owner's Right of Enjoyment. Subject to the provisions of this declaration and the rules, regulations, fees, and charges from time to time established by the board of directors in accordance with the by-laws and the terms hereof, every owner, his family, tenants, and guests shall have a non-exclusive right, privilege, and easement of use and enjoyment in and to the common areas, such easement to be appurtenant to and to pass and run with title to each lot and dwelling, subject to the following provisions:

(a) The right of the association to borrow money (i) for the purpose of improving the common areas, or any portion thereof, (ii) for acquiring additional common areas, (iii) for constructing, repairing, maintaining or improving any facilities located or to be located within the common areas, or (iv) for providing the services authorized herein, and for giving as security for the payment of any such loan a security deed or other security instrument conveying all or any portion of the common areas; provided, however, that the lien and encumbrance of any such security instrument given by the association shall be subject and subordinate to any and all privileges herein reserved or established for the benefit of declarant, any owner, or the holder of any mortgage, irrespective of when such mortgage is executed or given;

(b) The rights and easements reserved to declarant as provided in this document;

(c) The right of the association to grant and accept easements as provided in this document and dedicate or transfer fee simple title to all or any portion of the common areas to City of Cleveland, Tennessee, or to any other public agency or authority, public service district, public or private utility, or other person, provided that any transfer of the fee simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the association and by declarant, for so long as declarant owns any lot or dwelling primarily for the purpose of sale or has the unexpired option to add the additional property or any portion thereof to the Development.

(d) The rights and easements reserved as provided in this document for the benefit of the association, its trustees, officers, agents, and employees.

(e) The rights and easements reserved as provided in this document for the benefit of the association, its trustees, officers, agents, and employees.

(f) The rights of the holder (and its successors and assigns) of any mortgage which is prior in right or superior to the rights, interest, options, licenses, easements, and privileges herein reserved or established.

Section 3. Recreational Facilities. Subject to the terms and provisions of this declaration and the rules, regulations, fees, and charges from time to time established by the board of directors, every owner and his family, tenants, and guests shall have the nonexclusive right, privilege, and easement of access to and the use and enjoyment of the recreational area and such other recreational facilities and amenities as are now or hereafter located in the common areas. An owner may assign to the tenant of his lot or dwelling such owner's rights of access to and use of said recreational facilities so that such tenant, his family and guest shall be entitled to the access to the use and enjoyment of the recreational facilities on the same basis as an owner and his family and guests.

Section 4. Access. All owners, by accepting title to lots or dwellings conveyed subject to this declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such lot or dwelling and acknowledge and agree that such access, ingress, and egress shall be limited to roads, sidewalks, walkways, and trails located within the development from time to time, provided that pedestrian and vehicular access to and from all lots and dwellings shall be provided at all times. There is reserved unto declarant, the association, and their respective successors and assigns the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Development.

Section 5. Easement for Declarant. During the period that declarant owns any lot, or declarant owns any lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the additional property or any portion thereof to the development, declarant shall have an alienable and transferable right and easement on, over, through, under, and across the common areas for the purpose of constructing Dwellings and other improvements in and to the lots and the additional property and for installing, maintaining, repairing, and replacing such other improvements to the Property (including any portions of the common areas) as are contemplated by this declaration or as declarant desires, in his sole discretion, including, without limitation, any improvements or changes permitted and described in this document and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event shall declarant have the obligation to do any of the foregoing. In addition to the other rights and easements set forth herein and regardless of whether declarant at that time retains ownership of a dwelling or lot or has the right to submit the additional property or any portion thereof to the development, declarant shall have an alienable, transferable, and perpetual right and easement to have access, ingress, and egress to the common areas and improvements thereon for such purposes as declarant deems appropriate, provided that declarant shall not exercise such right so as to interfere unreasonably with the rights of owners in the Development to the use of the common areas.

Section 6. Changes in Boundaries; Additions to Common Areas. Declarant expressly reserves for himself and his successors and assigns the right to change and realign the boundaries of the common areas, any lots or dwellings owned by declarant, and the area between adjacent lots and/or Dwellings owned by declarant. In addition, declarant reserves the right, but shall not have the obligation, to convey to the association at any time and from time to time any portion of the additional property, such real property to be conveyed to the

association as an addition to the common areas and subject to the title exceptions set forth as provided in this document. In addition, declarant reserves for himself, his affiliates, successors, and assigns the right, but shall not have the obligation, to convey by quitclaim deed to the association at any time and from time to time, as an addition to the common areas, such other portion of the development owned by declarant as he, in his sole discretion, shall choose.

Section 7. Easement for Utilities and Public Services.

(a) There is hereby reserved for the benefit of declarant, the association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from Bradley County, Tennessee, or any other public authority or agency, public service district, public or private utility, or other person, upon, over, under, and across (i) all of the common areas, and (ii) those portions of all lots and all Dwellings as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining, and using master television antenna and/or cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers, drainage systems, and retention ponds and facilities for the development or any portion thereof, and that such easement shall not reasonably affect the ability to develop, market, or assess the value of any such lot or Dwelling. Such easements may be granted or accepted by declarant, its successors or assigns, or by the board of directors, provided, however, that for so long as declarant owns any lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the additional property or any portion thereof to the Development, the board of directors must obtain the written consent of declarant prior to granting and accepting any such easements. To the extent possible, all utility lines and facilities serving the Development and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Development so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities; (ii) to cut and remove any trees, bushes, or shrubbery; (iii) to grade, excavate, or fill; or to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems; provided, however, that such utility company or other supplier or servicer shall take reasonable actions to repair any damage caused by such utility company or other supplier or servicer during the exercise of any rights conveyed under any easement granted hereunder.

(b) Declarant hereby grants to City of Cleveland, Tennessee, or such other governmental authority or agency as shall from time to time have jurisdiction over the Development with respect to law enforcement and fire protection, the perpetual, non-exclusive right and easement upon, over, and across all of the common areas for purposes of performing such duties and activities related to law enforcement and fire protection in the Development as shall be required or appropriate from time to time by such governmental authorities under applicable law.

Section 8. Easements for Walks, Trails, Signs, and Perimeter Wall. There is hereby reserved for the benefit of declarant, the association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement upon over, and across (i) those strips of land ten (10) feet in width located along and adjacent to those exterior boundaries located adjacent to streets and roads for all lots and all Dwellings, such strips to be bounded by such exterior boundaries adjacent to streets and roads and by lines in the interior of such lots and Dwellings which are ten (10) feet from and parallel to such exterior boundaries, for the installation, maintenance, and use of sidewalks, traffic directional signs, and related

improvements, provided that declarant shall have no obligation to construct any such improvements. There is further reserved for the benefit of declarant, the association, and their respective successors and assigns, the alienable, transferable and perpetual right and easement upon, over, and across those strips of land ten (10) feet in width located along those boundaries of all lots and Dwellings that constitute part of the perimeter boundary of the Development, such easement to be for the purpose of constructing, installing, replacing, repairing and maintaining a perimeter wall, or natural boundary of trees around the perimeter boundary of the development, provided that declarant shall have no obligation to construct any such perimeter wall or fence.

Section 9. Easements for the Association. There is hereby reserved a general right and easement for the benefit of the association, its directors, officers, agents, and employees, including, but not limited to, any manager employed by the association and any employees of such manager, to enter upon any lot or Dwelling or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the owner or occupant of the lot or Dwelling directly affected thereby.

Section 10. Sales and Construction Office. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of declarant and his successors and assigns the alienable and transferable right and easement in and to the property for the maintenance of signs, sales offices, construction offices, business offices, and model Dwellings, together with such other facilities as in the sole opinion of declarant may be reasonably required, convenient, or incidental to the completion, improvement, and/or sale of lots, Dwellings, common areas, or the additional property, for so long as declarant owns any lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the additional property or any portion thereof to the development.

Section 11. Easements for Additional Property. There is hereby reserved for declarant, and his successors, assigns, and successors-in-title to the additional property (if said rights are granted by declarant to such successors, assigns, and successors-in-title), for the benefit of and as an appurtenance to the additional property and as a burden upon the property, perpetual, non-exclusive rights and easements for (i) pedestrian and vehicular ingress, egress, and parking, across, within, and on all road, sidewalks, trails, and parking facilities, from time to time located within the common areas or within easements serving the common areas; (ii) installation, maintenance, repair, replacement, and use within the common areas and those portions of lots or Dwellings encumbered pursuant to Section 7 of this Article XII hereof security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, and electrical, gas, telephone, water, sewer, and master television antenna and/or cable system lines; and (iii) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Property or any improvements from time to time located thereon.

Section 12. Maintenance Easement. There is hereby reserved for the benefit of declarant, the association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any lot and upon unimproved portions of any Dwelling for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the Development,

provided that such easements shall not impose any duty or obligation upon declarant or the association to perform any such actions.

Section 13. Environmental Easement. There is hereby reserved for the benefit of declarant, the association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all lots and all unimproved portions of Dwellings for the purpose of taking action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the board of directors or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides.

Section 14. No Partition. There shall be no judicial partition of the Dwelling or any part thereof, nor shall any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this declaration.

ARTICLE XIII

DESIGN REVIEW BOARD RESTRICTIONS

(a) In order to preserve the natural setting and beauty of the community, to establish and preserve a harmonious and aesthetically pleasing design for the community, and to protect and promote the value of the property, the lots, Dwellings, and common areas, and all improvements located therein or thereon shall be subject to the restrictions set forth as provided in this document. Every grantee of any interest in the Property, by acceptance of a deed or other conveyance of such interest, agrees to be bound by the provisions of this document.

(b) The association shall establish the Design Review Board which shall consist of up to three (3) members, and provided that prior to the termination of declarant's right to appoint and remove officers and trustees of the association, such members do not have to be owners. The regular term of office for each member shall be one year, coinciding with the fiscal year of the association. Any member appointed by the board may be removed with or without cause by the association at any time by written notice to such appointee, and a successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member. Notwithstanding the foregoing to the contrary, any member appointed to the Design Review Board by the association shall be subject to the prior approval of declarant until that date which is one (1) year from and after the date on which declarant's right to appoint and remove officers and trustees of the association is terminated. The Design Review Board shall elect a chairman and he, or in his absence, the vice chairman, shall be the presiding officer at its meetings. The Design Review Board shall meet at least once in each calendar month, as well as upon call of the chairman; and all meetings shall be held at such places as may be designated by the chairman. Two (2) members shall constitute a quorum for the transaction of business. The Design Review Board is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the Design Review Board in performing its functions set forth herein. Each member of the

Design Review Board may be paid a stipend or honorarium as from time to time determined by the board.

(c) (i) No improvements of any nature whatsoever shall be constructed, altered, added to, or maintained upon any part of the Property, except (i) for Dwellings and improvements which are constructed by declarant, (ii) such improvements as are approved by the Design Review Board in accordance with this document.

(ii) The Design Review Board is hereby authorized to promulgate from time to time written architectural standards, policies, and guidelines (the Design Review Guidelines) governing the construction, location, landscaping, and design of improvements; the contents of submissions of plans; and specifications and other information required to evidence compliance with and obtain approval as provided in this document. Any such standards published by the Design Review Board shall be binding and enforceable on all owners with respect to all improvements in the community requiring the approval of the Design Review Board.

(d) (i) No construction or improvements on any lots, Dwellings, or common areas shall be undertaken or conducted on Sundays, except for (i) construction activities of declarant; (ii) emergency situations involving the potential loss, injury, or damage to person or property; and

(ii) Dwellings may not be temporarily or permanently occupied until the exteriors thereof and the (landscaping of the lot on which the dwelling is located have been completed. No temporary house, shack, tent, barn, or other outbuilding shall be permitted on any lot, Dwelling, or within any common area at any time, except for temporary structures for social functions as may be permitted by rules and regulations promulgated by the board, nor shall any stable, poultry house or yard, rabbit hutch, or other similar yard structure be constructed or allowed to remain on any lot or Dwelling or within any common area. Construction of all Dwellings shall be completed within one (1) year of the commencement date of said construction unless an extension is granted by the Design Review Board. During the continuance of construction by an owner, such owner shall require contractors to maintain the lot, Dwelling, or common area in a reasonably clean and uncluttered condition; and, to the extent possible, all construction trash and debris must be kept within refuse containers. Upon completion of construction, such owner shall cause contractors to remove immediately all equipment, tools, and construction material and debris from the lot or Dwelling on which such construction has been completed.

(e) To preserve the architectural and aesthetic appearance of the Development, no construction or improvements of any nature whatsoever shall be commenced or maintained by any owner, other than declarant, with respect to the construction or affecting the exterior appearance of any Dwelling or with respect to any other portion of the property, including without limitation, the construction or installation of sidewalks, driveways, parking lots, mail boxes, decks, patios, courtyards, swimming pools, tennis courts, greenhouses, playhouses, awnings, walls, fences, exterior lights, garages, guest or servants quarters, or other outbuildings, nor shall any exterior addition to or change or alteration therein be made (including, without limitation, painting or staining of any exterior surface) unless and until two (2) copies of the plans and specifications and related data (including, if required by the Design Review Board, a survey showing the location of trees of six (6) inches in diameter at a height of four (4) feet and other significant vegetation on such lot or Dwelling showing the nature, color, type, shape, height, materials, and location of the same shall have been submitted to and approved in writing

by the Design Review Board as to the compliance of such plans and specifications with such standards as may be published by the committee from time to time including the harmony of exterior design, location, and appearance in relation to surrounding structures and topography. One copy of such plans, specifications, and related data so submitted shall be retained **in** the records of the Design Review Board, and other copy shall be returned to the owner marked "approved," or "approved as noted," or "disapproved." The Design Review Board may charge a review fee. Notwithstanding the foregoing, an owner may make interior improvements and alterations within his Dwelling that do not affect the exterior appearance, without the necessity of approval or review by the Design Review Board. The Design Review Board shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable to the association. In connection with approval rights and to prevent excessive drainage or surface water run-off and in order to comply with any restrictions imposed from time to time on the Development, or portions thereof, the Design Review Board shall have the right to establish a maximum percentage of a lot or Dwelling which can be cleared or graded and a maximum percentage of a lot or Dwelling which may be covered by Dwellings, buildings, structures, or other improvements, which standards shall be promulgated on the basis of topography, percolation rate of the soil, soil types and conditions, vegetation cover, and other environmental factors. Following approval of any plans and specifications by the Design Review Board, representatives of the Design Review Board shall have the right during reasonable hours to enter upon and inspect any lot or Dwelling, or other improvements with respect to which construction is under way, to determine whether or not the plans and specifications therefore have been approved and are being complied with. In the event the Design Review Board shall determine that such plans and specifications have not been approved or are not being complied with, the Design Review Board shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications. In the event the Design Review Board fails to approve or disapprove in writing any proposed plans and specifications within thirty (30) days, such plans and specifications will be deemed to have been expressly approved, provided the proposed improvements are generally in harmony with the scheme of the development as set forth in this declaration. Upon approval of plans and specifications, no further approval as provided in this document shall be required with respect thereto, unless such construction has not substantially commenced within six (6) months of the approval of such plans and specifications (e.g. clearing and grading, pouring of footings, etc.) or unless such plans and specifications are materially altered or changed. Refusal of approval of plans and specifications may be based by the Design Review Board upon any ground which is consistent with the objects and purposes of this declaration, including purely aesthetic considerations.

(f) To preserve the aesthetic appearance of the Development by any owner other than the declarant, no lot may be altered unless and until the plans therefore have been submitted to and approved in writing by the Design Review Board. The provisions of this regarding time for approval of plans, right to inspect, right to enjoin and/or require removal, etc. shall also be applicable to any proposed landscaping, clearing, grading, excavation, or filling. Such plans shall include a calculation of the ratio of the area to be covered by grass lawns versus the area to be left in a natural state, and the Design Review Board shall be entitled to promulgate standards with respect to such ratios. Furthermore, no hedge or shrubbery planting or tree which obstructs sight-lines of streets and roadways within the development shall be placed or permitted to remain on any lot or Dwelling, which such hedge or shrubbery planting or tree interferes with traffic sight-lines, including sight-lines at the intersection of a driveway and a road or street in the development. All of the landscaping of lots and Dwellings must be completed within thirty (30) days after completion of dwelling.

(g) No approval of plans and specifications and no publication of standards shall be construed as representing or implying that such plans, specifications, or standards

will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any Dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither declarant, the association, nor the Design Review Board shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this document, if any loss or damages to any person arises out of the approval or disapproval of any plans or specification, or if any loss or damage arises from noncompliance of such plans and specifications with any governmental ordinances and regulations, nor any defects in construction which are pursuant to such plans and specifications.

(h) All Dwellings and other structures shall be constructed in compliance with any and all applicable state, county, and municipal zoning and building restrictions and any applicable regulations and restrictions. All grading, clearing, construction of impervious surfaces, building, and other construction activity performed on lots or Dwellings are subject to the rules, regulations, guidelines and restrictions, filed with the Bradley County, Tennessee, Register's Office and/or the standards promulgated by the Design Review Board. The square footage of impervious surface and cleared land on a lot or Dwelling shall not exceed the square footage of such allocated to such lot or Dwelling by the Design Review Board, which allocated amount has been previously fixed and determined. Prior to any such grading, clearing, construction of impervious surface, building, or other construction activity, the owner of any lot or Dwelling which is subject to such rules, regulations, guidelines, or restrictions shall make such filings, including without limitation, the filing of a site plan with City of Cleveland, Tennessee, and obtain such authorization and permits as are required there under, and, further, shall receive the prior written approval of the Design Review Board. Any owner that performs any grading, clearing, construction of impervious surface, or other construction activity in violation of the above or the rules, regulations, guidelines, or restrictions shall be liable to declarant for any damages incurred by declarant arising out of such violations; and declarant hereby expressly reserves the right to sue any such owner for monetary damages and for specific performance of the above covenants and restrictions. In addition, the Design Review Board is authorized to promulgate from time to time as part of the standards described in this document restrictions applicable to the Development, including, without limitation, restrictions relating to height or footage of living space in each Dwelling. No exterior portion of any building, structure, or other improvement (except sidewalks and driveways) located on or with respect to any lot or Dwelling shall be located other than as permitted by the applicable set-back line restrictions as set forth in the standards; provided that the Design Review Board shall be empowered to grant variances with respect to such set-back line restrictions in its sole and absolute discretion. To assure that Dwellings and other structures will be located so that the maximum view, privacy, and breeze will be available to each Dwelling or structure, Dwellings and structures will be located with regard to the topography of each lot or Dwelling, taking into consideration the location of trees and vegetation and other aesthetic and environmental considerations, as well as the precise site and location of any other Dwellings or structures within the Development. In addition, all residential structures constructed on a lot shall (i) have a minimum first floor elevation of one foot above the one hundred year flood plain. The level of the one hundred year flood as designated on official Bradley County flood plain maps, on file with the Bradley County Planning Department; (ii) be designed and constructed in compliance with the requirements of the City of Cleveland Building Code related to construction in flood hazard areas, if any are applicable.

(i) Each owner of a lot or Dwelling shall provide visually-screened areas to serve as service yards in which garbage, receptacles, fuel tanks, wood piles, gas and electric meters, air conditioning equipment, and vehicles, materials, supplies, and equipment which are stored outside by owners be placed or stored in order to conceal them

from view from roads and adjacent properties. Any such visual barrier shall be at least six (6) feet high and may consist of either fencing or landscaping and planting which is approved by the Design Review Board in accordance with the terms of this document.

(j) Except as otherwise permitted by this declaration, each lot and Dwelling shall be used for residential purposes only, and no trade or business of any kind may be carried on therein. No more than one (1) Dwelling shall be located on any lot. The use of a portion of a Dwelling as an office by an owner or his tenant shall not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic. The use of a Dwelling or a portion thereof for business meetings, entertainment, or the enjoyment of business of the owner's employees, trustees, agents, clients, or customers shall not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic. Lease or rental of a Dwelling for residential purposes shall also not be considered to be a violation of this covenant so long as the lease (i) is for not less than the entire Dwelling and all improvements thereon, (ii) is for a term of at least six (6) months, and (iii) is otherwise in compliance with rules and regulations as may be promulgated and published from time to time by the board of directors. Any lessee or tenant shall in all respects be subject to the terms and conditions of this declaration and the rules and regulations adopted hereunder. Notwithstanding any provision in this document to the contrary, declarant, its successors or assigns, if the right is so transferred by declarant, shall have the perpetual right to designate in writing to the association from time to time Dwellings in the Development which may be leased for such period of time as declarant shall determine.
(J continued) Any proposed lease or rental of a Dwelling must be approved by the Board Prior to the execution of the lease or rental agreement.

(k) No chain link fences shall be permitted within the development, except With regard to maintenance areas within the common areas, tennis courts approved by the Design Review Board, and those fences erected by declarant. Further, no foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades, or other purpose, nor shall any window-mounting heating or air-conditioning units be permitted. Except within screened service yards, outside clotheslines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed, or maintained nor shall any clothing, rugs, or other items be hung on any railing, fence, hedge, or wall. When not in use, all garage doors shall be kept closed. No projections of any type shall be placed or permitted to remain above the roof of any improvements except approved chimneys or vent stacks.

(I) Except as may be required by legal proceeding, no signs or advertising posters of any kind shall be maintained or permitted within any windows, on the exterior of any improvements located within the Development, or elsewhere on any portion of the Property, without express written permission of the Design Review Board. The approval of any signs and posters, including, without limitations, name and address signs, shall be upon such conditions as may be from time to time determined by the Design Review Board and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions as provided in this document shall not apply to declarant. In addition, the board of directors, on behalf of the association, shall have the right to erect reasonable and appropriate signs on any portion of the common area.

(m) No television antenna, radio receiver, satellite dish, or other similar device shall be attached to or installed on any portion of the Development, unless contained entirely within the interior of a building or other structure, nor shall

radio or television signals, nor any other form of electromagnetic radiation, be permitted to originate from any lot or Dwelling, which may unreasonably interfere with the reception of television or radio signals within the Development; provided, however, that declarant and the association shall not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Development, and should cable television reception not be otherwise available, then an owner may make written application to the Design Review Board for permission to install a television antenna.

(n) In the event that either declarant or the association shall install a central security system within the Development, with the capability of providing security services to each Dwelling within the Development, then an owner shall be entitled to install or maintain any alternative security systems within a Dwelling, provided, however, nothing contained herein shall be construed to obligate either declarant or the association to install such a central security system, and provided further, in the event of such an installation, neither declarant nor the association shall be liable for any loss or losses due to theft, burglary, or damage, or any injury to persons or property caused by persons gaining access to the Development.

(o) No private water wells may be drilled or maintained and no septic tanks or similar sewerage facilities may be installed or maintained on any lot or Dwelling, except for wells maintained solely for irrigation purposes. All such irrigation wells must receive the prior written approval of the Design Review Board.

(p) No animals, livestock, birds, or poultry of any kind shall be raised, bred, or kept by any owner upon any portion of the Development, provided that generally recognized house pets may be kept in Dwellings, or in walled areas not visible from the street which Dwelling fronts; subject to rules and regulations adopted by the association, through its board of directors, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the common areas. Pets shall be under leash at all times when walked or exercised in any portion of the common areas, and no pet shall be permitted to leave its excrement on any portion of the common areas, and the owner of such pet shall immediately remove the same. Upon the written request of any owner, the board of directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this document, a particular pet is a generally recognized house pet or such pet is a nuisance, and the board shall have the right to require the owner of a particular pet to remove such pet from the Development if such pet is found to be a nuisance or to be in violation of these restrictions. The board of directors shall have the further right to fine any owner (in an amount not to exceed $50.00 per violation) for the violation of these pet restrictions by such owner or any occupant of his lot or Dwelling, and an owner shall be liable to the association for the cost of repair of any damage to the common areas caused by the pet of such owner or of any occupant of such owner's lot or Dwelling. Any such fine or cost of repair shall be added to and become a part of that portion of any assessment next coming due to which such lot or Dwelling and its owner are subject.

(q) No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon any portion of the Development, nor shall any nuisance or odors be permitted to exist or operate upon or arise from the Development, so as to render any portion thereof unsanitary, unsightly, offensive or detrimental to persons using or occupying any other portions of the Development. Noxious or offensive activities shall

not be carried on in any lot or Dwelling, or in any part of the common areas, and each owner, his family tenants, guest, invitees, servants, and agents shall refrain from any act or use of a lot or Dwelling, or of the common areas which could cause disorderly, unsightly or unkempt conditions or which could cause embarrassment, discomfort, annoyance or nuisance to the occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation. Without limiting the generality of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security and fire alarm devices used exclusively for such purposes, shall be located, used or placed within the Development. Any owner, or his family, tenants, guests, invitees, servants, or agents who dumps or places any trash or debris upon any portion of the Development shall be liable to the association for the actual costs of removal thereof or the sum of $150.00, whichever is greater, and such sum shall be added to and become a part of that portion of any assessment next becoming due to which such owner and his lot or Dwelling are subject.

(r) Each owner shall provide for parking of at least two (2) automobiles in garages, equipped with automatic garage doors, prior to occupancy of the Dwellings owned or maintained by such owner. All automobiles owned or used by owners or occupants other than temporary guests and visitors shall be parked in garages to the extent that garage space is available, and garages shall not be used for storage or otherwise so that they become unavailable for parking cars therein. The board of directors of the association shall have the authority to promulgate rules and regulations to govern or prohibit the outside storage or parking upon any lot or Dwelling, or within any portion of the common areas (other than areas provided therefore with the common areas, if any) of any mobile home, trailer (with or without wheels), motor home, tractor, truck (other than pick-up trucks), commercial vehicles of any type, camper, motorized camper or trailer, boat or other watercraft, boat, trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices. Furthermore, although no expressly prohibited hereby, the board of directors may at any time prohibit mobile homes, motor homes, campers, trailers of any kind, motorcycles, motorized bicycles, motorized go-carts, and other similar vehicles, or any of them from being kept, placed, stored, maintained, or operated upon any portion of the Development if in the opinion of the board of directors such prohibition shall be in the best interests of the Development. No owners or other occupants of any portion of the Development shall repair or restore any vehicle of any kind upon or within any lot, Dwelling, or within any portion of the common areas, except (i) within enclosed garages or workshops or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Declarant hereby reserves the right (without any obligation to do so) to designate a portion of the common areas as a parking area for boat trailers, motor homes, and similar vehicles.

(s) Notwithstanding any provisions or restrictions contained in this declaration to the contrary, it shall be expressly permissible for declarant and its agents, employees, successors, and assigns to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of lots and/or Dwellings or the developing of lots, Dwellings, common areas, and the additional property, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model Dwellings, all as may be approved by declarant from time to time, provided that the location of any construction trailers of any assignees of declarant's rights as provided under this document shall be subject to declarant's approval. The right to maintain and carry on such facilities and activities shall

include specifically the right to use Dwellings for model residences, and to use any Dwellings as an office for the sale of lots and/or Dwellings and for related activities.

(t) No lots or Dwellings may be sold under any timesharing, time-interval, or similar right-to-use programs.

(u) All vehicular traffic on the private streets and roads in the Development shall be subject to the provisions of the laws of the State of Tennessee and Bradley County concerning operation of motor vehicles on public streets. The association is hereby authorized to promulgate, administer, and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including reasonable safety measures and speed limits and including modifications of those in force on public streets, within the same by establishing such enforcement procedures as it deems appropriate, including levying fines for the violations thereof. In the event of a conflict between such provisions of the laws of the State of Tennessee and Bradley County the rules and regulations of the association shall govern. Only drivers licensed to operate motor vehicles by the State of Tennessee or by any other state in the United States may operate any type of motor vehicle within the Development. All vehicles of any kind and nature which are operated on the streets in the Development shall be operated in a careful, prudent, safe, and quite manner and with due consideration for the rights of all residents of the Development.

ARTICLE XIV

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The association's board of directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements constructed on the common areas against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The board of directors of the association or its manager shall also obtain a public liability policy covering the common areas and facilities thereon for the hazards of premises operation or actions arising out of bodily injury, property damage, false arrest, invasion of privacy and libel and slander caused by the negligence of the association or any of its agents, which public liability policy shall be at least $1,000,000.00 single limit as respects the hazards enumerated herein. Premiums for all such insurance shall be common expenses paid by the association. Such insurance shall be governed by the following provisions:

(a) All policies shall be written with a company licensed to do business in the State of Tennessee.

(b) Exclusive authority to negotiate and accept settlement under policies hereafter in force on the common areas shall be vested in the association's board of directors.

(c) The association's board of directors or its manager shall conduct an annual insurance review which shall include a replacement cost appraisal, without respect to depreciation, of all insurance improvements constructed on the common areas.

(d) The association's board of directors or its manager shall be required to make every reasonable effort to secure insurance policies that will provide for the following: (i) a waiver of subordination by the insurer as to any claims against the association, its board of directors, its manager, or its members and their respective families, tenants, agents and

guests, with respect to property coverage, except for arson and fraud; (ii) a waiver by the insurer of its right to repair or reconstruct instead of paying cash; (iii) that the policies cannot be cancelled, invalidated or suspended on account of the conduct of any one or more members or on account of the conduct of any directors, officers or employees of the association or its manager without prior demand in writing delivered to the association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the association, its agent, mortgagee or any member.

Section 2. Insurance Trustee. Allcasualty insurance policies purchased by the association shall provide that proceeds covering property losses shall be paid to an insurance trustee, which shall be the association, or a bank or other financial institution having trust powers with offices in Tennessee, as may from time to time be approved by the board of directors of the association, which insurance trustee is herein sometimes referred to as the "Depository." In the event that the association shall act as insurance trustee, then the provisions of this declaration which by their context contemplate the "Depository" as a party separate from the association shall not apply.

Section 3. Damage and Destruction.

(a) Immediately after any damage or destruction by fire or other casualty to all or any part of the common areas and facilities, the association's board of directors or its manager shall proceed with the filing and adjustment of all claims arising under such insurance obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty. Subject to subsections (b) and (c) hereof, all such damage or destruction shall be repaired or reconstructed as soon as practicable after any such casualty shall occur.

(b) In the event such damage or destruction is not covered by insurance or the insurance proceeds paid to the association are not sufficient to defray the cost of such repair or reconstruction, then, without a vote of the Class A members, the association's board of directors may levy a special assessment in a total amount of not more than $500.00 per unit to provide funds for such repair or reconstruction. In the event the aforementioned special assessment in the total amount of $500.00 and the insurance proceeds paid to the Depository, if any, are not sufficient to defray the cost of such repair or reconstruction, then, subject to approval by the association membership, as provided in this document, the association's board of directors may levy a special assessment of not more than the amount so approved by the membership to provide funds for such repair or reconstruction. Unless the estimated cost to repair or reconstruct is $5,000.00 or less, the proceeds from insurance and special assessment, if any, shall be deposited with the Depository and disbursed as hereinafter provided.

(c) In the event that the insurance proceeds and assessments, if any, paid to the Depository are in excess of the Depository's expenses and cost of repair or reconstruction, such excess shall be disbursed to the association as hereinafter provided.

(d) Any such damage or destruction to the common areas and facilities shall be repaired or reconstructed unless a special assessment requiring Class A membership approval shall be required and the Class A members of the association shall fail to approve the same within sixty (60) days after the casualty in which event the damaged or destroyed area or areas shall not be repaired or reconstructed, but rather shall be cleaned up and maintained in a neat and attractive condition. If, for any reason, the amount of the insurance proceeds to be paid as a result of such damage or destruction or reliable and detailed estimates of the cost of repair or reconstruction is not made available to the association within thirty

(30) days after the casualty, then said sixty-day period shall be extended correspondingly until such information shall be made available to the association. In all cases, the Depository may rely upon a certificate signed by the president and secretary of the association, to determine whether damage or destruction is to be repair or reconstructed.

Section 4. Disbursement of Proceeds.

(a) If the damage or destruction is not to be repaired, then, after paying or making provision for the expense of the Depository, the net proceeds of any insurance paid to the Depository shall be disbursed to the association to pay for the cost of cleaning up the common areas and for such other purpose as the board of directors of the association shall determine.

(b) If the damage or destruction for which the insurance proceeds are paid to the Depository is to be repaired or reconstructed, then, after paying or making provision for the expenses of the Depository, the remaining proceeds shall be disbursed to defray the cost of such repairs or reconstruction as herein provided. Any proceeds remaining after defraying such costs shall be disbursed to the association for such purposes as the board of directors of the association shall determine.

(i) Minor Damage. If the amount of the estimated reconstruction and repair is $5,000.00 or less, then the capital fund shall be disbursed in payment of such costs upon the order of the association: provided, however, that upon written request to the Depository by the holder of any mortgage affecting that portion of the common areas being repair or reconstructed, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage. Under the latter circumstances any special assessments collected by the association for repair or reconstruction shall also be deposited with the Depository and disbursed in the same manner.

(ii) Major Damage. If the amount of the estimated cost of reconstruction and repair is more than $5,000.00, then a special assessment shall be collected whose amount must be voted on by a majority of Class A votes and approved by declarant. The construction fund shall be disbursed in payment of such costs in the manner required by the board of directors of the association and upon approval of a registered architect or licensed professional engineer selected and employed by the board of directors of the association to supervise the work, or upon approval of a builder selected and employed by the board of directors of the association to supervise or perform the work provided such builder is approved by the holder of any mortgage affecting that portion of the common areas being repaired or reconstructed.

(iii) Certificate. Notwithstanding the provisions herein, the Depository shall not be required to determine whether or not sums paid by unit owners upon assessment shall be deposited by the association with the Depository, nor to determine whether the disbursements from the construction fund are to be upon the order of the association or upon approval of any third party, nor whether a disbursement is to be made from the construction fund, nor to determine any other fact or matter relating to its duties hereunder. Instead, the Depository may rely upon a certificate of the association made by its president and secretary or manager, if any, as to any or all such matters and stating the name of the payee and the amount to be paid; provided that when the holder of any mortgage encumbering that portion of the common areas which is being repaired or reconstructed shall specifically request the Depository to do so in

writing, the approval of a registered architect, licensed professional engineer or approved builder shall be first obtained by the association.

ARTICLE XV

AMENDMENTS

Notwithstanding anything herein to the contrary, the board of directors of the association may alter, amend, add to, delete or modify any or all of the conditions, requirements, limitations and stipulations as set out herein.