Instrument: 19990709001130
Book and Page: GI 5396 624
Data Processing F $2.00
Misc Recording Fe $8.00
Total Fees: $10.00
User: KLYNN
Date: 09-JUL-1999
Time: 12:45:04 P
Contact: Pam Hurst, Register
Hamilton County Tennessee

OWNER SEND TAX BILLS TO:
George W. Luttrell, JR
P.O. Box 1268
Hixson, TN 37343
THE DRAFTSMAN OF THIS DEED IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION SET OUT IN THIS BLOCK

MAP PARCEL NO. Part of 033-110

PREPARED BY:
CHARLES O. HON III, ATTORNEY
617 WALNUT STREET
CHATTANOOGA, TENNESSEE 37402

AMENDMENT TO
DECLARATION OF COVENANTS AND RESTRICTIONS FOR EMERALD POINT AT EMERALD BAY LOTS 22,32-37,41-59, AND 78

QL THIS DECLARATION made this 8th day of July, 1999, by GEORGE W. LUTTRELL, JR. (herein "Developer").

WITNESSETH:

WHEREAS, Developer, pursuant to the powers granted him in the Restrictions of record in Book 5266, Page 234, in the Register's Office of Hamilton County, Tennessee, (the "Declaration") hereby amends said Restrictions to add the following:

ARTICLE II
PROPERTIES, COMMON PROPERTIES AND IMPROVEMENTS THEREON

2.01 Property. The covenants and restrictions set forth in the Declaration shall **also** apply to following described property:

TRACT 1
Lots 22 - 78, Emerald Bay Subdivision, of record in Plat Book 60, Pages 55-58, in the Register's Office of Hamilton County, Tennessee and in a plat(s) to be recorded in said Register's Office.

For prior title see Deed of record in Book 4967, Page 903, in the Register's Office of Hamilton County, Tennessee.

TRACT 2
Lots 1 - 21 and 79 - 103, Emerald Bay Subdivision, of record in Plat Book 60, Page 140 in the Register's Office of Hamilton County, Tennessee and in a plat(s) to be recorded in said Register's Office.

For prior title see Deed of record in Book 4967, Page 903, in the Register's Office of Hamilton County, Tennessee.

ARTICLE III
COVENANTS, USES AND RESTRICTIONS

3.4 Minimum Square Footage. The property described in **Tract 2**, above, in Section 2.01 of this Amendment shall be subject to the following square footage restrictions:

(i) A single-level home shall contain not less than 2,600 square feet with a basement garage, 2,200 square feet with a main level two car garage, 2,100 square feet with a main level three car garage; and

(ii) A story and half level home shall contain not less than 2,600 square feet with a main level two car garage, One Hundred square feet may be deducted for each additional (main level) garage stall up to four stalls; and

(iii) A two-level home shall contain not less than 2,800 square feet. 1,300 minimum first level, with a main level two car garage, 1,200 square feet with a main level three car garage.

IN WITNESS WHEREOF, the Developer has executed this Declaration on the date first above written.

By ________________________
GEORGE W. LUTTRELL, JR.

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

On this 8th day of July, 1999 ~~1998~~ NB before me personally appeared GEORGE W. LUTTRELL, JR., to me known (or proved to me on the basis of satisfactory evidence) to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

WITNESS my hand and Seal.

____
Notary Public
My Commission Expires: August 3, 1999

Instrument: 1999011100412
Book and Page: GI 5266 234
Data Processing F $2.00
Misc Recording Fe $228.00
Total Fees: $230.00
User: KSPRUIELL
Date: 11-JAN-1999
Time: 04:07:12 P
Contact: Pam Hurst, Register
Hamilton County Tennessee

Prepared By: Title Guaranty & Trust Co
617 Walnut St
Chatt TN 37402

DECLARATION OF COVENANTS AND RESTRICTIONS FOR EMERALD POINT AT EMERALD BAY LOTS 22, 32-~~THROUGH~~ 37, 41-59, 78

THIS DECLARATION made this 11TH day of JANUARY, 1999, by GEORGE LUTTRELL, (herein "Developer").

BFL

W I T N E S S E T H:

WHEREAS, Developer, as owner of certain real property located in Hamilton County, Tennessee, as more particularly described in Exhibit A attached hereto (herein "Property"), desires to create thereon a development known as Emerald Point at Emerald Bay"); and

WHEREAS, Developer desires to provide for the preservation of the land values and home values when and as the Property is improved and desires to subject the Development to certain covenants, restrictions, easements, affirmative obligations, charges and liens, as hereinafter set forth, each and all of which are hereby declared to be for the benefit of the Development and each and every owner of any and all parts thereof; and

WHEREAS, Developer has deemed it desirable, for the efficient preservation of the values and amenities in the Development, to create an entity to which should be delegated and assigned the power and authority of holding title to and maintaining and administering the Common Properties (as hereinafter defined) and administering and enforcing the covenants and restrictions governing the same and collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement, as hereinafter created; and

WHEREAS, Developer may cause, at Developer's sole discretion, to be incorporated under the laws of the State of Tennessee, EMERALD POINT AT EMERALD BAY HOMEOWNERS' ASSOCIATION, INC., a Tennessee nonprofit corporation, for the purpose of exercising the above functions and those which are more fully set out hereafter;

NOW, THEREFORE, the Developer subjects the real property described in Article II, and such additions thereto as may hereafter be made, to the terms of this Declaration and declares that the same is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens (sometimes referred to as the "Covenants") hereinafter set forth. These Covenants shall touch and concern and run with the Property and each Lot thereof.

ARTICLE I
DEFINITIONS

The following words and terms, when used in this Declaration, or any Supplemental Declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

1.01 Architectural Review Committee. "Architectural Review Committee" shall mean and refer to that Committee formed and operated in the manner described in Section 4.01 hereof.

1.02 Association. "Association" shall mean EMERALD POINT AT EMERALD BAY HOMEOWNERS' ASSOCIATION, INC., a Tennessee nonprofit corporation.

1.03 Board of Directors or Board. "Board of Directors" or "Board" shall mean the governing body of the Association established and elected pursuant to this Declaration.

1.04 Bylaws. "Bylaws" shall mean the Bylaws of the Association, when the Developer, at his sole discretion, forms the Association. The initial text of the Bylaws is set forth in Exhibit B attached hereto and made a part hereof.

1.05 Common Expense. "Common Expense" shall mean and include (a) expenses of administration, maintenance, repair or replacement of the Common Properties; (b) expenses agreed upon as Common Expenses by the Association; (c) expenses declared Common Expenses by the provisions of this Declaration; and (d) all other sums assessed by the Board of Directors pursuant to the provisions of this Declaration.

1.06 Common Properties. "Common Properties" shall mean and refer to those tracts of land and any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties." The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as a "Common Property.". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners, persons occupying Dwelling Units or accommodations of Owners on a guest or tenant basis, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association; provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such Lease. The Common Properties may include but not be limited to streets, street lights, entrance and street signs, pool, pool house, parks, ponds, medians in roadways, maintenance easement areas, and landscaping easement areas.

1.07 Covenants. "Covenants" shall mean the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens set forth in this Declaration.

1.08 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions for Emerald POINT AT EMERALD BAY and any Supplemental Declaration filed pursuant to the terms hereof.

1.09 Developer. "Developer" shall mean GEORGE LOTTRELL, his successors and assigns.

1.10 Dwelling Unit. "Dwelling Unit" shall mean any building situated upon the Properties designated and intended for use and occupancy by a single family.

1.11 First Mortgage. "First Mortgage" shall mean a recorded Mortgage with priority over other Mortgages.

1.12 First Mortgagee. "First Mortgagee" shall mean a beneficiary, creditor or holder of a First Mortgage.

1.13 Lot or Lots. "Lot" or "Lots" shall mean and refer to any improved or unimproved parcel of land located within the Property which is intended for use as a site for a single-family detached Dwelling Unit as shown upon any recorded final subdivision map of any part of the Property, with the exception of the Common Properties.

1.14 Manager. "Manager" shall mean a person or firm appointed or employed by the Board to manage the daily affairs of the Association in accordance with instructions and directions of the Board.

1.15 Member or Members. "Member" or "Members" shall mean any or all Owner or Owners.

1.16 Mortgage. "Mortgage" shall mean a deed of trust as well as a Mortgage.

1.17 Mortgagee. "Mortgagee" shall mean a beneficiary, creditor, or holder of a deed of trust, as well as a holder of a Mortgage.

1.18 Owner. "Owner" shall mean and refer to the Owner as shown by the real estate records in the office of the Recorder, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot, situated upon the Property, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the Mortgagee or holder of a security deed, its successors or assigns, unless and until such Mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. In the event that there is recorded in the office of the Recorder, a long-term contract of sale covering any Lot within the Property, the Owner of such Lot shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond twelve (12) months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property. The Developer may be an Owner.

1.19 Property. The "Property" shall mean and refer to the real property described in Section 2.01 hereof, and additions

thereto, which is subjected to this Declaration or any supplemental declaration under the provisions hereof.

1.20 Record or To Record. "Record" or "To Record" shall mean to record pursuant to the laws of the State of Tennessee relating to the recordation of deeds and other instruments conveying or affecting title to real property.

1.21 Recorder. "Recorder" shall mean and refer to the Register of Deeds of Hamilton County, Tennessee.

ARTICLE II
PROPERTIES, COMMON PROPERTIES AND IMPROVEMENTS THEREON

2.01 Property. The covenants and restrictions set forth in this Declaration, as amended from time to time, are hereby imposed upon the real property located in Hamilton County, Tennessee and more particularly described on Exhibit A attached hereto and additions or amendments thereto, which shall hereafter be held, transferred, sold, conveyed, used, leased, occupied and mortgaged or otherwise encumbered subject to the Declaration. Additionally, any easements on any real property retained by or granted to the Developer or the Association for the purpose of erection and maintenance of streets, entrance signs or street lights, or landscaping and maintenance thereof, shall also be considered Property and subject to these Covenants. Every person who is or shall be a record Owner shall be deemed by the taking of such record title to agree to all the terms and provisions of this Declaration.

2.02 Association. The Developer may at his sole discretion cause the Association to be formed and incorporated under the laws of Tennessee for the purpose of carrying on one or more of the functions of a homeowners' association including, but not limited to, exercising all the powers and privileges and performing all the duties and obligations set forth in this Declaration. Every person who is an Owner is and shall be a Member of the Association, if said Association is formed, as more particularly set forth in the By-laws of the Association, which are to serve as the By-laws of the Association if Developer forms said Association.

2.03 Additions to Property. Additional lands may become subject to, but not limited to, this Declaration in the following manner:

(a) Additions. The Developer, his, heirs, successors, and assigns, shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional properties in future stages of the Development beyond those described in Exhibit A so long as they are contiguous with then existing portions of the Development. For purposes of this paragraph, contiguity shall not be defeated or denied where the only impediment to actual "touching" is a separation caused by a road, right-of-way or easement, and such shall be deemed contiguous. The additions authorized under this Section shall be made by filing a

Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of this Declaration to such additional property after which it shall fall within the definition of Property as herein set forth.

The Supplementary Declaration may increase or decrease the minimum square foot requirements for a Dwelling Unit and contain such other complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Developer, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on the Property as described in Section 2.01 above.

(b) Other Additions. Upon approval in writing of the Association, when Developer forms the Association, pursuant to seventy-five percent (75%) of the vote of those present in person or by proxy at a duly called meeting, the Owner of any property (other than Developer) who desires to add it to the plan of these Covenants and to subject it to the jurisdiction of the Association, may file or record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of the Declaration to such additional property.

The Supplementary Declaration may contain such complementary additions and/or modification of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Association, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modification shall have no effect on the Property described in Section 2.01 above.

(c) Separate Associations. For any additional property subjected to this Declaration pursuant to the provisions of this Section, there may be established by the Developer an additional association limited to the Owners and/or residents of such additional property in order to promote their social welfare, including their health, safety, education, culture, comfort, and convenience, to elect representatives on the Board of the Association, to receive from the Association a portion, as determined by the Board of Directors of the Association, of the annual assessments levied pursuant hereto and use such funds for

its general purposes, and to make and enforce rules and regulations of supplementary covenants and restrictions, if any, applicable to such additional lands.

2.04 Mergers. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration.

2.05 Common Properties and Improvements Thereon. The Developer will install initially the streets and one or more entrance signs to the Development. The streets and signs shall become part of the Common Properties if the Developer conveys them to the Association, at which time the Association shall become responsible for the operation, maintenance, repair and replacement of the streets and signs. Alternatively, the Developer may transfer and convey the streets to Hamilton County and dedicate them as public streets. The Developer may also landscape the entrance areas (whether privately or publicly owned) and other areas where it may or may not have reserved an easement. These areas shall become Common Properties if conveyed to the Association and the Association shall then become responsible for maintenance of the landscaped areas. Additionally, the Developer will install a pool, a pool house, one or more ponds, street lights and/or street signs which likewise will become Common Properties if conveyed to the Association. The Developer and the Association may add additional Common Properties from time to time as they see fit. The Common Properties shall remain permanently as streets and open space except as improved, and there shall be no subdivision of same, except as otherwise provided herein. No building, structure or facility shall be placed, installed, erected, or constructed in or on the Common Properties unless it is purely incidental to one or more of the uses above specified. The Developer may reserve to himself or his designees the exclusive use of the pool house as a sales office and any other areas as storage areas or construction yards as may be reasonably required, convenient or incidental to the sale of Lots and/or the construction improvements on the Common Properties.

ARTICLE III
COVENANTS, USES AND RESTRICTIONS

3.01 Application. It is expressly stipulated that the Restrictive Covenants and conditions set forth in this Article III apply solely to the Property described in Exhibit A, which Property is intended for use as single-family residential Lots only. These Restrictive Covenants and Conditions are not intended to apply to any other lots, tracts or parcels of land in the area or vicinity, owned by the Developer. Specifically, the Developer, his heirs, successors or assigns, reserve the right to use or convey such other lots, tracts and parcels with different restrictions.

3.02 Residential Use.

A. All of the Lots in the Development shall be, and be known and described as, residential lots, and no structure shall be erected, altered, placed or permitted to remain on any Lot other than as provided in these Covenants and Restrictions and in supplements hereto, or except as provided for in a deed of conveyance from the Developer.

B. "Residential," refers to a mode of occupancy, as used in contradistinction to "business" or "commercial" or "mercantile" activity and, except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant Lots as well as to buildings constructed thereon.

C. No Lot may be used as a means of service to business establishments or adjacent property, including but not limited to supplementary facilities or an intentional passageway or entrance into a business or another tract of land, whether or not a part of the Property, unless specifically consented to by Developer or the Board in writing.

3.03 No Multi-Family Residences, Business, Trucks. No residence shall be designed, patterned, constructed or maintained to serve, or for the use of more than one single family, and no residence shall be used as a multiple family Dwelling Unit at any time, nor used in whole or in part for any business service or activity, or for any commercial purpose; nor shall any Lot be used for business purposes, or for trucks or other equipment inconsistent with ordinary residential uses. No panel, commercial or tractor trucks shall be habitually parked in driveways or overnight on streets in front of any of the Lots.

Nothing contained herein shall prohibit the Developer or the Association from permitting, maintaining, or operating concessions or vending machines on the Common Properties.

3.04 Minimum Square Footage. No single-family detached Dwelling Unit shall be erected or permitted to remain in the Property unless it has the number of square feet of enclosed living area measured from the exterior walls, exclusive of open porches or screened porches, carports, garages or basements, set forth in this section. For the purposes of this section, stated square footage shall mean the minimum floor area required, and floor area shall mean the finished and heated living area contained within the residence, exclusive of open porches, garages, and steps. In the case of any question as to whether a sufficient number of square feet of enclosed living area have been provided, the decision of the Developer or the Architectural Review Committee shall be final. The minimum number of square feet required may vary from phase to phase. The minimum number of square feet for each phase shall be set forth on the recorded plat for each phase. The minimum number of square feet required in each phase is as follows:

(i) A single-level home shall contain not less than 2,800 square feet with a basement garage, 2,400 square feet with a main level two car garage, 2,300 square feet with a main level three car garage; and

(ii) A story and half level home shall contain not less than 2,800 square feet with a main level two car garage, One Hundred square feet may be deducted for each additional (main level) garage stall up to four stalls; and

(iii) A two-level home shall contain not less than 3,000 square feet. 1,500 minimum first level, with a main level two car garage, 1,400 square feet with a main level three car garage.

3.05 Set-backs. No building shall be erected on any Lot nearer than the Architectural Review Committee may, in its discretion, establish for each Lot, which may not be consistent from Lot to Lot. For the purposes of this covenant, steps and open porches shall not be considered as a part of the building, providing, however, this shall not be construed to permit any portion of the building on the Lot to encroach upon another Lot. No provision of this paragraph shall be construed to permit any structure to be constructed and erected upon any Lot that does not conform to the zoning laws and regulations applicable

thereto; provided, however, that for good cause shown, an Owner may petition the Developer or the Architectural Review Committee for a variance from such set-back requirements. If the Developer or the Architectural Review Committee grants such petition, the Developer or the Association will not oppose such Owner's attempt to obtain a variance from applicable zoning laws and regulations.

3.06 Rearrangement of Lot Lines. Not more than one Dwelling Unit shall be erected or maintained on any one Lot. With the written approval of the Developer or the Board, contiguous Lots may be combined if the Lots have the same Owner, for the purpose of erecting an approved Dwelling Unit thereon; however, the assessments provided for herein will continue to be based upon the number of original Lots purchased. Except as provided in Section 3.40, Lots may not be resubdivided so as to create a smaller area than originally deeded to a Lot Owner and as shown on the subdivision plat.

3.07 Temporary Structures. No part of any Lot shall be used for residential purposes until a completed Dwelling Unit, conforming fully to the provisions of these Restrictive Covenants, shall have been erected thereon. The intent of this section is to prevent the use thereon of a garage, incomplete structure, trailer, barn, tent, outbuilding or other structure as temporary living quarters before or pending the erection of a permanent building. No structure of temporary character, including trailers and similar structures, shall be erected or permitted to remain on any Lot except during the period of construction. No house may be moved from another location to any Lot in this Development.

Neither the foregoing nor any other section of this Declaration shall prevent the Developer or any builder approved by the Developer from constructing a house for use as a model home that may contain office-type furniture and be used for conducting the business of either selling that house or other houses within the Development, nor shall the foregoing or any other section of this Declaration prevent the Developer from designating a Lot or Lots from time to time for the temporary placement of a trailer or other suitable structure for use as an office and/or sales center by the Developer and/or approved builders at the sole discretion of the Developer.

3.08 Rainwater Drainage. All side and rear property lines are dedicated drainage easements and may be used for drainage. Each Lot must be graded so as not to obstruct these easements. All drainage should be directed to these easements,

and these easements must be graded so water flows to the street or to an adjoining drainage easement.

3.09 Utility Easement. A perpetual easement is reserved on each Lot, as shown on the recorded plat, for the construction and maintenance of utilities such as electricity, gas, water, sewerage, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.

3.10 Frontal Appearance. All Dwelling Units shall have conventional and acceptable frontal appearance from the main street fronting said Lots which shall be subject to the approval of the Developer or Architectural Review Committee as provided in Section 4.01 C.

3.11 Building Requirements. All buildings or structures of any kind constructed on any Lot shall have full masonry foundations and chimneys, and no exposed block, concrete or plastered foundations shall be exposed to the exterior above grade level. The exterior of the front and at least two sides of each Dwelling Unit must be covered with stone, brick, sto, or combination thereof. Any other materials must be approved in writing by the Developer or the Architectural Review Committee. All exposed concrete block or poured concrete foundations and retaining walls must be covered with stone, brick, or sto to complement the house. All sheet metal work (roof caps, flashings, vents, chimney caps) must be painted to match the roof. Gutters and downspouts must be painted in approved colors. All roof stacks and plumbing vents must be placed on rear slopes of roofs; provided, however, that for good cause shown, the Developer or the Architectural Review Committee may make exceptions as to the placement of such roof stacks and plumbing vents. Any swimming pool must be approved by the Developer or Architectural Review Committee prior to the commencement of the construction. Above ground level pools are not permitted. When a Dwelling Unit will have a rear exterior that faces Common Property or a street, then the finish of the rear exterior must be the same as the front and side exteriors thereof, and the rear exterior must be designed to look like the front of the Dwelling Unit.

3.12 Fences. No fences will be allowed on any Lot without the prior written consent of the Developer or the Architectural Review Committee. Wire or chain link fences are prohibited. All wood fences must be painted. All proposed fences must be submitted to the Developer or the Architectural Review Committee showing materials, design, height and location.

3.13 Driveways. Each Dwelling Unit constructed upon a Lot must be served by a driveway constructed of hard surface materials such as concrete, brick, exposed aggregate, or pre-cast pavers. Nevertheless, all driveways must have stamped concrete for no less than eight (8) feet from the entrance of the driveway, inward. No driveway shall be constructed on any Lot nearer than one (1) foot to any Lot line. All other hard surface materials must be approved by the Developer or the Architectural Review Committee. Where a Lot borders on more than one street, the Lot shall be entered from the secondary street. It shall be obligatory upon all owners of Lots in this subdivision to construct or place any driveways, culverts, or other structures, or gradings, which are within the limits of any dedicated roadways, in strict accordance with the specifications therefor, as set forth on the recorded subdivision plat, in order that the roads or streets, which may be affected by such placement or construction, may not be disqualified for acceptance into the road system of Hamilton County, Tennessee.

3.14 Curbs. No permanent cuts may be made in the curbs for any purpose other than driveways. Curb cuts shall be made with a concrete saw at the curb and along the gutter. Irregular cuts using sledge hammers and the like are prohibited. Driveways shall be added so as to form a smooth transitional surface with the remaining curb at locations where the approved driveway locations meet the street. Damaged curbs shall be replaced by the Owner of the adjoining Lot unless the damage is caused by another who causes the damage to be corrected. Notwithstanding the foregoing, nothing herein shall permit any curb cuts where such cuts are prohibited by any applicable city, county or state regulation, ordinance or law.

3.15 Signs. One sign offering the Lot and/or Dwelling Unit for sale and one sign reflecting the name of the builder may be placed upon a Lot. Such sign must be in form approved by the Developer or Architecture Review Committee. No other signs shall be erected or maintained on any Lot, except in accordance with approved standards for signs as set by the Developer or the Architectural Review Committee.

3.16 Service Area. Each Dwelling Unit shall provide an area or areas on the rear or side yard of the Lot to accommodate air conditioner compressors, garbage cans, the electrical service entrance, or other ancillary residential functions that by nature may present an unsightly appearance. Service areas shall be convenient to the utility services and screened from view by an

enclosure that is an integral part of the site development plan, using materials, colors or landscaping that are harmonious with the home it serves.

3.17 Garages. Each Dwelling Unit shall have at least a double-car garage constructed at the same time as the Dwelling Unit. Detached garages will be allowed only with written approval from the Developer or the Architectural Review Committee. No carports will be permitted. No garage door may face the street upon which the Dwelling Unit fronts. The inside walls of garages must be finished. Garage doors may not be allowed to stand open.

3.18 Landscaping. A landscape plan shall accompany every new home application submitted to the Developer or the Architectural Review Committee for approval. If a Dwelling Unit has a rear exterior which faces Common Property, another Lot or street, the Architectural Review Committee may require the placement of up to two (2) inch, three (3) inch, or four (4) inch caliper trees in the rear of the Lot to provide cover for the Dwelling Unit. Landscaping in accordance with the approved landscape plan must be substantially completed within one year after commencement of construction of the house. Shrubbery plantings adjacent to roadways and sidewalks shall not impede the vision of vehicle operators.

3.19 Windows. Materials to be used in windows and glass doors must be approved by the Developer or the Architectural Review Committee. All windows on the front of a Dwelling Unit must have a muntin pattern. No screens visible from the street are permitted on windows. Metal and vinyl windows are not permitted, nor are aluminum awnings permitted. However, clad windows will be permitted, provided such windows have a brickmould surrounding them.

3.20 Animals. No poultry, livestock or animals shall be allowed or maintained on any Lot at any time except that the keeping of dogs, cats or other household pets is permitted, providing that nothing herein shall permit the keeping of dogs, cats, or other animals for commercial purposes. Pet owners shall not allow pets to roam unattended. The pet owners shall also muzzle any pet which consistently barks. If the barking persists, the pet owner shall have the pet removed from the Development. If the pet owner refuses, it shall be deemed an "offensive activity". In addition, no dogs or other animals which evidence a propensity to bite or otherwise harm humans or other domestic pets which constitute a nuisance to the other residents in the development shall be allowed or maintained on any lot.

3.21 Zoning. Whether expressly stated so or not in any deed conveying any one or more of said Lots, each conveyance shall be subject to existing governmental zoning and subdivision ordinances or regulations in effect thereon.

3.22 Unsightly Conditions. All of the Lots in the Development must, from the date of purchase, be maintained by the Owner in a neat and orderly condition (grass being cut when needed, as well as leaves, broken limbs, dead trees, and other debris being removed when needed). Tree limbs, rocks and other debris must be kept out of the streets. In the event that an Owner of a Lot in the Development fails, of his own volition, to maintain his Lot in a neat and orderly condition, Developer, or its duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Lot without liability and proceed to put said Lot into an orderly condition, billing the Owner two hundred fifty percent (250%) of the cost of such work. All Owners in the Development are requested to keep cars, trucks and delivery trucks off the curbs of the streets. Existing homes must be maintained in good repair, including being painted when necessary. Plant beds must be kept weed free.

3.23 Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance, discomfort, embarrassment or nuisance to the Development.

3.24 No Detached Buildings. There shall be no detached garages, outbuildings or servants quarters, without the prior written consent of the Developer or the Architectural Review Committee.

3.25 Sewage Disposal. Before any Dwelling Unit on a Lot shall be occupied, a connection with the municipal sewer system meeting applicable municipal codes shall be made. There shall not be erected, permitted, maintained or operated on any Lot any privy, cesspool, vault or septic system without written approval from the Developer or the Board.

3.26 Permitted Entrances. In order to implement and effect insect, reptile and woods fire control, and to maintain unsightly Lots, the Developer or the Board, or their respective agents, may enter upon any Lot on which a Dwelling Unit has not been constructed and upon which no landscaping plan has been implemented, such entry to be made by personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Developer or the Board detracts from the overall beauty, setting and safety of the Property or Lots. Such entrance for the purpose of mowing, cutting, clearing or pruning shall not be deemed a trespass. The Developer and its agents or the Board and its agents may likewise enter upon a Lot to remove any trash which has collected on said Lot without such entrance and removal being deemed a trespass. The provisions of this section shall not be construed as an obligation on the part of the Developer and its agents or the Board and its agents to mow, clear, cut or prune any Lots or to provide garbage or trash removal services. Expenses incurred for any of the foregoing shall be chargeable to and recoverable from the Owner of the Lot upon which such work is done.

3.27 Tree Removal. No live trees or shrubs having a diameter greater than six (6) inches shall be removed prior to obtaining approval of the Developer or the Architectural Review Committee. Any Owner who, without having obtained approval from the Developer or the Architectural Review Committee, cuts down or who allows to be cut down any tree having a diameter of six (6) inches or greater shall be liable to the Association for liquidated damages in the amount of One Thousand and No/100 Dollars ($1,000.00) for each tree so cut. The majority of the trees may not be removed from any Lot except in the area of the Lot upon which the house and driveway are to be constructed. Except for view enhancement, excessive removal of trees will be deemed to be a nuisance to the adjoining neighbors and will mar the beauty of the Development.

3.28 Tanks and Garbage Receptacles, Tree Houses and Swings. No fuel tanks or similar storage receptacles may be exposed to view, and such tanks or receptacles may be installed only within a Dwelling Unit, within a screened area or buried underground. All garbage and trash containers must be placed in enclosed areas of the rear or side yard and must not be visible from adjoining Lots, houses, or from any street. No tree houses may be built or maintained on the Lot, and no swingsets, other than wooden swingsets, will be permitted to be installed on a Lot, the location of which must be approved by the Developer or the Architectural Review Committee.

3.29 Wells. No private wells may be drilled or maintained on any Lot without the prior written consent of the Developer or the Architectural Review Committee.

3.30 No Antennas. No television antenna, dish, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any Dwelling Unit or other structure on the Property or any Lot within the Development without the prior written consent of the Developer or the Architectural Review Committee; nor shall radio, television signals, nor any other form of electromagnetic radiation be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals upon any other of such properties. Notwithstanding the foregoing, the provisions of this section shall not prohibit the Developer from installing equipment necessary for a master antenna system, security system, cable television, mobile radio system or other similar systems within the Development nor prohibit Developer or the Architectural Review Committee from approving the installation of a satellite dish no more the eighteen (18) inches in diameter at a approved location on the Lot.

3.31 Excavation. No owner shall excavate or extract earth from any of the Lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which will materially affect the surface grade of a Lot unless the consent of the Developer or the Architectural Review Committee is obtained.

3.32 Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used, or placed upon Lots within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance.

3.33 Laundry. No Owner, guest, or tenant, shall hang laundry from any area within or outside a Dwelling Unit if such laundry is within the public view, or hang laundry in full public view to dry, such as on balcony or terrace railings. This provision may, however, be temporarily waived by the Developer or the Board during a period of severe energy shortages or other conditions where enforcement of this section would create a hardship.

3.34 Mailboxes. The Developer will select a mailbox for use by all Homeowners, and each Lot must install such mailbox for use by the Homeowner.

3.35 Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic and economical value of all Lots within the Development, each Owner and Developer (with respect to improved Property owned by Developer) shall have the affirmative duty to rebuild, replace, repair, or clear and landscape, within a reasonable period of time, any building, structure, and improvement or significant vegetation which shall be damaged or destroyed by fire, or other casualty. Variations and waivers of this provision may be made only upon Developer or the Board establishing that the overall purpose of these Restrictive Covenants would be best effected by allowing such a variation. Variations to this section are to be strictly construed and the allowance of a variance by the Developer or the Board shall not be deemed to be a waiver of the binding effect of this section upon all other Owners.

3.36 Vehicle Parking. Cars owned by Lot Owners shall not be parked on the street, but shall be parked only in the Owner's garage or driveway. No inoperable vehicle, tractor or other machinery shall be stored outside on the premises at any time, even if not visible from the street. No house trailer or such vehicle shall be stored on the premises. Recreational vehicles, vacation trailers, campers and boats must be stored and hidden from view within the garage. Such vehicles may not be stored anywhere else on the Lot.

3.37 Maintenance. Each Lot Owner shall, at all times, maintain all structures located on such Lot, including driveways and permitted fences, in good repair which shall include exterior painting as needed, and each Lot Owner shall keep all vegetation and landscaping in good and presentable condition.

3.38 Approved Builders. Only builders that have been approved by the Developer shall be permitted to construct Dwelling Units in the Development. The Developer shall maintain a list of approved builders which list shall be made available to Lot Owners and prospective purchasers. The Developer may from time to time, at the request of a Lot Owner or in its discretion add builders to the approved list of builders and the Developer may remove approved builders from the list. An Owner shall be permitted to contract with a particular builder for construction of a Dwelling Unit only if that builder is on the approved builders list or is subsequently approved by Developer.

3.39 Occupancy Before Completion. Except with the written consent of the Association based on adequate assurance of prompt completion of a Dwelling Unit, an Owner shall not occupy a Dwelling Unit until the Dwelling Unit and seasonal landscaping conforming fully to the provisions of this instrument shall have been erected and fully completed thereon. Once the footings of any Dwelling Unit or other structure are poured, construction must progress continuously (with allowance for weather conditions, labor conditions and availability of materials) until the building is fully completed. The exterior (including landscaping) must be completed within twelve (12) months after commencement of construction. The Owner of any Lot violating either of these provisions shall be liable to the Association for liquidated damages at the rate of Fifty and No/100 Dollars ($50.00) per day the violations occur, and to payment of such court costs and attorney's fees as may be incurred in the enforcement of these provisions. In the event construction does not progress continuously, the liquidated damages shall commence ten (10) days after notice from the Developer or the Architectural Review Committee if construction is not resumed within said ten (10) days.

3.40 Developer Reserves Right. Notwithstanding any other provisions herein to the contrary, the Developer reserves unto itself, its successors and assigns, the following rights, privileges and powers: to subdivide Lots, to combine Lots or parts of Lots, to rearrange boundaries of Lots, to cause any part of any Lot to become a part of the Common Properties, and to cause portions of Common Property Lots to become a part of any of the Lots bordering them, provided that not more than 5,000 square feet of any one given Common Property Lot may be added to any one given Lot bordering it, and provided that not more than 5,000 total square feet of any one given Common Property Lot may be added to the Lots bordering it.

3.41 Lawn Care. All unimproved Lots (except those owned by the Development) and all improved Lots must be kept fully seeded with grass (except where other provisions hereof require sodding) and regularly fertilized, cut and weeded.

3.42 Roofs. Roof pitches must be a minimum of 9/12, unless otherwise approved by the Developer or the Architectural Review Committee. All roofs must be of architectural quality dimensional shingle shakes or slate unless otherwise approved in writing by the Developer or the Architectural Review Committee.

3.43 Fireplaces. All fireplace inserts must be capped with a shroud at the point where the flue reaches the top of the chimney.

3.44 Chimneys. Chimneys must be constructed of brick, sto or stone on the front and sides of the home. On the back of the home, chimneys may have siding. Chimneys, on the exterior, must have a foundation.

3.45 Adjoining Lot Damage. Any damage done to any adjacent or adjoining Lot or by a contractor employed to build improvements on any Lot will be repaired immediately at the expense of the Owner or contractor. Temporary construction support must be provided for the curbs and sidewalks by the Owner or contractor during the time of construction. All construction debris shall be removed weekly and the street must be kept clean during construction.

3.46 Material Quality. Only good quality materials and design will be accepted on any structure built on any Lot. No concrete blocks shall be used above the finished ground elevation of any structure unless said blocks are covered with brick veneer or stone. No masonry stucco will be allowed, unless in writing by the developer. Other materials must be accepted in writing by the Developer or the Architectural Review Committee.

3.47 Air Conditioning and Heating Units. Air conditioning and heating units shall be architecturally screened or landscaped so as not to be visible from any street.

3.48 Sidewalks. It is the obligation of each Lot Owner subsequent to Developer to install a sidewalk along the lines of the Lot which front a road in accordance with Developer or Architectural Review Committee specifications by the time the Dwelling Unit is completed or within one (1) year from date of purchase of the Lot, whichever is earlier.

3.49 Sodding. Prior to occupancy of a Dwelling Unit, such portion of the Lot must be sodded as required by the Developer or Architectural Review Committee. Prior occupancy may be approved by the Developer or the Architectural Review Committee if weather conditions prohibit sodding.

3.50 Exterior Siding. **All exterior siding must be approved in writing by the Developer or the Architectural Review Committee.** All wood or masonite siding must have exposed laps six (6) inches. Dwelling Units using masonite siding on all exterior sides must be true lap siding and not artificial laps. Vinyl and aluminum sidings are prohibited.

3.51 No Waterway Use. No boat of any kind shall be permitted upon, nor shall any swimming be permitted in any pond on the Common Properties. No garbage, trash, or other refuse shall be dumped into any pond on the Common Properties. Owners will be assessed a $500.00 fine for each violation of this provision in addition to assessments for the cost of removal.

3.52 Decks. All exterior wood decks which face Common Property, another Lot or street may be constructed with wrought iron rails, a brick, stone or other approved material in accordance with the requirements of the Developer or the Architectural Review Committee and if constructed with wood, the wood must be painted or stained.

3.53 Renting or Leasing. No Dwelling Unit may be rented or leased provided, however, a Dwelling Unit may be rented or leased for a period of up to six (6) months during any twenty-four (24) month period in order to facilitate the sale of the Dwelling Unit.

3.54 Violations and Enforcement. In the event of the violation, or attempted violation, of any one or more of the provisions of these Restrictive Covenants, the Developer, his, heirs, successors or assigns, or the Association, its successors or assigns, including all parties hereinafter becoming Owners of any one or more of the Lots to which provisions of these Restrictive Covenants apply, may bring an action or actions against the Owner in violation, or attempting violation, and the said Owner shall be further liable for such damages as may accrue, including any court costs and reasonable attorneys fees incident to any such proceeding, which costs and fees shall constitute liquidated damages. In the event of a violation of set-back lines, side, rear or front, which may be minor in character, a waiver thereof may be made by the Developer, its successors or assigns or the Board. Further, the Developer or the Board may grant variances of the restrictions set forth in these Restrictive Covenants if such variances do not, in the sole discretion of the Developer or the Board, adversely affect the purposes sought to be obtained hereby.

By reason of the rights of enforcement of the provisions of this section being given unto Owners of Lots (subject to rights of variances reserved by the Developer and the Board), it shall not be incumbent upon the Developer or the Board to enforce the provisions of these Restrictive Covenants or to prosecute any violation thereof. Developer shall not be

responsible or liable for any violation of these Restrictive Covenants by any person other than itself.

ARTICLE IV
ARCHITECTURAL CONTROL

4.01 Architectural and Design Review.

A. In order to preserve, to the extent possible, the natural beauty of the Property and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the development, and to promote and protect the value of the Property, the Developer or the Board shall create a body of rules and regulations covering details of Dwelling Units, which shall be available for all Owners or prospective Owners of Lots.

B. The Developer shall have sole architectural and design reviewing authority for the Development until the Developer has sold all Lots. However, the Developer may, in his discretion, transfer architectural and design review authority to the Board when the Developer transfers governing authority to the Board in accordance with the Bylaws; provided, however, that prior to calling the meeting of the Association to elect a Board to succeed the Developer as provided in the Bylaws, the Developer may execute and record in the office of the Recorder a document stating that the Developer reserves unto himself, his, heirs, successors, or assigns, the architectural and design reviewing authority provided in this Article, and stating that said reservation, notice of which is thus provided, shall survive the election of the Board to succeed the Developer. Thereafter, the Developer shall continue to exercise the rights thus reserved to it until such time as it shall execute and record in the office of the Recorder a document assigning these rights to the Board. Upon such occurrence, the Board shall establish an Architectural Review Committee as soon as is practicable. When such Committee has been established, the Developer shall transfer reviewing authority to it.

C. No Dwelling Unit, other building, structure, fences, exterior lighting, walls, swimming pools, children's play areas, decorative appurtenances, or structures of any type, shall be erected, placed, added to, remodeled or altered and no trees or shrubs shall be cut or removed and no grading shall be commenced until the proposed building plans and specifications (including height, and composition of roof, siding, or other exterior materials and finish), plot plan (showing the proposed location of such Dwelling Unit, building or structure, drives and parking areas), drainage plan, landscape plan or construction schedule, as the case may be, shall have been submitted to the

Developer or the Architectural Review Committee for approval at least thirty (30) days prior to the proposed date of construction. In addition, any repainting of a substantial portion of the exterior of any structure in a manner not previously approved by the Developer or the Architectural Review Committee shall be subject to prior approval of the Developer or the Architectural Review Committee as provided in the preceding sentence. The Developer or the Architectural Review Committee shall give written approval or disapproval of the plans within 30 days of submission. However, if written approval or disapproval is not given within 30 days of submission, the plans shall be deemed to have been approved. Developer or the Architectural Review Committee may, by written notice given from time to time to the Owners of Lots, exempt certain matters of a non-essential nature from the review requirements subject to the terms and conditions and for the time periods established by Developer or the Architectural Review Committee. In the event of the completion of any Dwelling Unit on any Lot, without any proceedings having been instituted in the courts of Hamilton County, Tennessee to enjoin the construction thereof, the said Dwelling Unit shall be conclusively presumed to have had such approval.

D. The Developer or Architectural Review Board shall charge a fee for each application submitted for review. The amount of the fee shall be set in the sole discretion of the Developer or Architectural Review Board.

E. Architectural and landscape design review shall be directed toward preventing excessive or unsightly grading, indiscriminate clearing of property, removal of trees and vegetation which could cause disruption of natural water courses, insuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the surrounding property and improvements thereon, and insuring that plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots.

4.02 Approval Standards. Approval of any proposed building plan, location, specifications or construction schedule submitted under this Article will be withheld unless such plans, location and specifications comply with the applicable Restrictive Covenants and Conditions of this Declaration and unless such construction schedule complies with the provisions of this Article. Approval of the plans and specifications by the Developer or the Architectural Review Committee is for the mutual benefit of all Owners and is not intended to be, and shall not be construed as, an approval or certification that the plans and specifications are technically sound or correct from an engineering or architectural viewpoint. Each Owner shall be individually responsible for the technical aspect of the plans and specifications.

4.03 Licensing. All contractors, landscape architects and others performing work on any Lot must be licensed as may be required by the State of Tennessee or any other governmental authority having jurisdiction in order to construct a residence on a Lot or perform services for an Owner.

ARTICLE V
ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Each Owner by acceptance of a deed conveying a Lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all of the terms and provisions of these covenants and pay to the Developer or Association annual assessments and special assessments for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Owner of each Lot shall be personally liable, such liability to be joint and several if there are two or more Owners, to the Developer or Association for the payment of all assessments, whether annual or special, which may be levied while such party or parties are Owners of a Lot. The annual and special assessments, together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Lot and all of the improvements thereon against which each such assessment is made. Unpaid assessments shall bear interest from due date to date of payment at the rate set by the Developer or Board, and said rate can be changed from time to time so that the rate is reasonably related to the economic situation. In the event that two or more Lots are combined into a single Lot by an Owner, the assessments will continue to be based upon the number of original Lots purchased. In the event three or more Lots are combined into two or more Lots by an Owner, the assessments will continue to be based upon the number of original Lots, and if any original Lot is subdivided, the assessment on such original Lot shall be prorated between the Owner based upon the square footage owned by each Owner.

5.02 Purpose of Annual Assessments. The annual assessments levied by the Developer or Association shall be used exclusively to provide services to the Owners, promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Common Properties.

5.03 Amount of Annual Assessment. Until the transfer of governing authority from the Developer to the Board takes place as described in the Bylaws, the amount of the annual assessments shall be set by the Developer at such amount as the Developer, in its sole discretion, deems appropriate to promote the recreation, health, safety and welfare of its Members. Thereafter, the amount of the annual assessments shall be set by the Board unless seventy-five percent (75%) of the Members who

are in attendance or represented by proxy at the annual or any special meeting of the Association vote to increase or decrease the said annual assessment set by the Board. At any such meeting, the Developer shall have the number of votes as provided in the Bylaws.

5.04 Special Assessments for Improvements and Additions. In addition to the annual assessments, the Developer or Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, or the cost of any addition to the Common Properties. However, if the Association is created, any such assessment shall have the assent of sixty-six and two-thirds percent (66 2/3%) of the vote of the Members who are in attendance or represented at a duly called meeting of the Association, written notice of which shall be sent to all Members at least thirty (30) days in advance setting forth the purpose of the meeting. At any such meeting, the Developer shall have the number of votes as provided in the Bylaws.

5.05 Property Subject to Assessment. Only land within the Property which has been subdivided into Lots, and the plats thereof filed for public record, shall constitute a Lot for purposes of these assessments.

5.06 Exempt Property. No Owner may exempt himself from liability for any assessment levied against his Lot by waiver of the use or enjoyment of any of the Common Properties or by abandonment of his Lot in any other way.

The following property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the assessment, charge and lien created herein:

(a) The grantee of a utility easement.

(b) All properties dedicated and accepted by a local public authority and devoted to public use.

(c) All Common Properties as defined in Article I hereof.

(d) All properties exempted from taxation by the laws of the State of Tennessee upon the terms and to the extent of such legal exemptions. This exemption shall not include special exemptions, now in force or enacted hereinafter, based upon age, sex, income levels or similar classification of the Owners.

5.07 Date of Commencement of Annual Assessments.

A. The annual assessments provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Developer to be the date of commencement. The Developer shall have the financial responsibility to physically maintain the Common Properties until the date of commencement of such assessments.

B. The amount of the first annual assessment shall be based pro rata upon the balance of the calendar year and shall become due and payable on the date of commencement. The assessments for any year after the first year shall become due and payable the first day of January of said year; however, the Developer or Board may authorize payment in four (4) equal quarterly payments.

C. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

5.08 Lien. Recognizing that the necessity for providing proper operation and management of the Properties entails the continuing payment of costs and expenses therefor, the Developer or Association is hereby granted a lien upon each Lot and the improvements thereon as security for the payment of all assessments against said Lot, now or hereafter assessed, which lien shall also secure all costs and expenses, and reasonable attorney's fees, which may be incurred by the Developer or Association in enforcing the lien upon said Lot. The lien shall become effective on a Lot immediately upon the closing of that Lot. The lien granted to the Developer or Association may be foreclosed as other liens are foreclosed in the State of Tennessee. Failure by the Owner or Owners to pay any assessment, annual or special, on or before the due dates set by the Developer or Association for such payment shall constitute a default, and this lien may be foreclosed by the Developer or Association.

5.09 Lease, Sale or Mortgage of Lot. Whenever any Lot may be leased, sold or mortgaged by the Owner thereof, which lease, sale or Mortgage shall be concluded only upon compliance with other provisions of this Declaration, the Developer or Association, upon written request of the Owner of such Lot, shall furnish to the proposed lessee, purchaser or Mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Developer or Association by the Owner of such Lot; and such statement shall also include, if requested, whether there exists any matter in dispute between the Owners of such Lot and the Developer or Association under this Declaration. Such statement shall be executed by the Developer or any officer of the Association, and any lessee, purchaser or Mortgagee may rely upon such statement in concluding the proposed lease, purchase or Mortgage transaction, and the Developer or Association shall be bound by such statement.

In the event that a Lot is to be leased, sold or mortgaged at the time when payment of any assessment against said Lot shall be in default, then the rent, proceeds of such purchase or mortgage shall be applied by the lessee, purchaser or Mortgagee first to payment of any then delinquent assessment or installments thereof due to the Developer or Association before payment of any rent, proceeds of purchase or Mortgage to the Owner of any Lot who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Lot, the grantee(s) shall be jointly and severally liable with the grantor(s) for all unpaid assessments against the grantor(s) and the Lot made prior to the time of such voluntary conveyance, without prejudice to the rights of the grantee(s) to recover from the grantor(s) the amounts paid by the grantee(s) therefor.

ARTICLE VI
REGISTER OF OWNERS AND SUBORDINATION OF LIENS TO MORTGAGES

6.01 Register of Owners and Mortgages. The Developer or Association shall at all times maintain a register setting forth the names of the Owners, and, in the event of a sale or transfer of any Lot to a third party, the purchaser or transferee shall notify the Developer or Association in writing of his interest in such Lot, together with such recording information that shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Lot. Further, the Owner shall at all times notify the Developer or Association of any Mortgage and the name of the Mortgagee on any Lot, and the recording information which shall be pertinent to identify the Mortgage and Mortgagee. The Mortgagee may, if it so desires, notify the Developer or Association of the existence of any Mortgage held by it, and upon receipt of such notice, the Developer or Association shall register in his/its records all pertinent information pertaining to the same. The Developer or Association may rely on such register for the purpose of determining the Owners of Lots and holders of Mortgages.

6.02 Subordination of Lien to First Mortgages. The liens provided for in this Declaration shall be subordinate to the lien of a First Mortgage on any Lot if, and only if, all assessments, whether annual or special, with respect to such Lot having a due date on or prior to the date such Mortgage is recorded have been paid. In the event any such First Mortgagee (i.e., one who records a Mortgage on a Lot for which all assessments have been paid prior to recording) shall acquire title to any Lot by virtue of any foreclosure, deed in lieu of foreclosure, or judicial sale, such Mortgagee acquiring title shall only be liable and obligated for assessments, whether annual or special, and the costs of proceedings and attorney's fees as shall accrue and become due and payable for said Lot subsequent to date of acquisition of such title. In the event of the acquisition of title to a Lot by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessments, whether annual or special, and the costs of proceedings and attorney's fees as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners as part of the Common Expense; provided, however, nothing contained herein shall be construed as releasing the party or parties liable for such delinquent assessments or costs of proceedings and attorney's fees from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

6.03 Examination of Books. Each Owner and each Mortgagee of a Lot shall be permitted to examine the books and records of the Developer, or Board and Association during regular business hours.

ARTICLE VII
OWNER COMPLAINTS

7.01 Scope. The procedures set forth in this Article for Owner Complaints shall apply to all complaints regarding the use or enjoyment of the Property or any portion thereof or regarding any matter within the control or jurisdiction of the Developer or Association, including, without limitation, decisions of the Developer or Association or of the Board of Directors of the Association.

7.02 Grievance Committee. Once the Association has been created, there shall be established by the Board a Grievance Committee to receive and consider all Owner complaints. The Grievance Committee shall be composed of the President of the Association and two other Owners appointed by and serving at the pleasure of the Board of Directors, or the Manager may be appointed by the Board to function as the Grievance Committee. Until such time, the Developer shall serve as the Grievance Committee

7.03 Form of Complaint. All complaints shall be in writing and shall set forth the substance of the complaint and the facts upon which it is based. Complaints are to be addressed to the Developer or President of the Association and sent in the manner provided in Section 10.03 for sending notices.

7.04 Consideration by the Grievance Committee. Within twenty (20) days of receipt of a complaint, the Grievance Committee shall consider the merits of the same and notify the complainant in writing of his/its decision and the reasons therefor. Within ten (10) days after notice of the decision, the complainant may proceed under Section 7.05; but if complainant does not, the decision shall be final and binding upon the complainant.

7.05 Hearing Before the Grievance Committee. Within ten (10) days after notice of the decision of the Grievance Committee, the complainant may, in a writing addressed to the Developer or President of the Association, request a hearing before the Grievance Committee. Such hearing shall be held within twenty (20) days of receipt of complainant's request. The complainant, at his expense, and the Grievance Committee, at the expense of the Developer or Association, shall be entitled to legal representation at such hearing. The hearing shall be conducted before the Developer or at least two members of the Grievance Committee and may be adjourned from time to time as the

Developer or Grievance Committee in its discretion deems necessary or advisable. The Developer or Grievance Committee shall render its decision and notify the complainant in writing of its decision and the reasons therefor within ten (10) days of the final adjournment of the hearing. If the decision is not submitted to arbitration within ten (10) days after notice of the decision, as provided for in Section 7.07, the decision shall be final and binding upon the complainant.

7.06 Questions of Law. Legal counsel for the Developer or Association shall decide all issues of law arising out of the complaint, and such decisions shall be binding on the complainant.

7.07 Questions of Fact; Arbitration. If there shall be any dispute as to any material fact, either the Grievance Committee or the complainant may, at their option, within ten (10) days after notice of the decision as provided for in Section 7.05, submit the same to arbitration in accordance with the provisions for arbitration adopted by the American Arbitration Association by filing with the other party a notice of its intention to do so. The decision of the arbitrator shall be final and binding upon the complainant and the Grievance Committee. In the event of arbitration, each party shall bear one-half of the expense thereof.

7.08 Exclusive Remedy. The remedy for Owner complaints provided herein shall be exclusive of any other remedy, and no Owner shall bring suit against the Developer, Grievance Committee, the Association, the Board of Directors or any member of same in his capacity as such member without first complying with the procedures for complaints herein established.

7.09 Expenses. All expenses incurred by complainant, including, without limitation, attorneys' fees and arbitration expenses and the like, shall be the sole responsibility of complainant. All expenses of the Grievance Committee incident to such complaint shall be deemed a Common Expense of the Association.

ARTICLE VIII
REMEDIES ON DEFAULT

8.01 Scope. Each Owner shall comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations of the Association as they presently exist or as they may be amended from time to time, and each Owner shall be responsible for the actions of his or her family members, servants, guests, occupants, invitees or agents.

8.02 Grounds for and Form of Relief. Failure to comply with any of the Covenants of this Declaration, the Bylaws, or the Rules and Regulations promulgated by the Developer or Board which may be adopted pursuant thereto shall constitute a default and shall entitle the Developer or the Association to seek relief which may include, without limitation, an action to recover any unpaid assessment, annual or special, together with interest as provided for herein, any sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, and which relief may be sought by the Developer or the Association or, if appropriate and not in conflict with the provisions of this Declaration or the Bylaws, by an aggrieved Owner.

8.03 Recovery of Expenses. In any proceeding arising because of an alleged default by an Owner, the Developer or the Association, if successful, shall, in addition to the relief provided for in Section 8.02, be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be allowed by the court. However, in no event shall the Owner be entitled to such attorneys' fees. The Developer or Association is hereby granted a lien upon each Lot and the improvements thereon for payment of such costs and fees. The lien shall become effective upon the initiation of any such proceedings and may be foreclosed as other liens are foreclosed in Tennessee.

8.04 Waiver. The failure of the Developer, the Association or an Owner to enforce any right, provision, covenant or condition which may be granted herein or the receipt or acceptance by the Developer or Association of any part payment of an assessment shall not constitute a waiver of any breach of a Covenant, nor shall same constitute a waiver to enforce such Covenant(s) in the future.

8.05 Election of Remedies. All rights, remedies and privileges granted to the Developer, the Association or an Owner or Owners pursuant to any term, provision, covenant or condition of this Declaration or the Bylaws shall be deemed to be

cumulative and in addition to any and every other remedy given herein or otherwise existing, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to any such party at law or in equity.

ARTICLE IX
EMINENT DOMAIN

9.01 Board's Authority. If all or any part of the Common Properties (excluding personalty) is taken or threatened to be taken by Eminent Domain, the Board or the Developer is authorized and directed to proceed as follows:

A. To obtain and pay for such assistance from such attorneys, appraisers, architects, engineers, expert witnesses and other persons, as the Board in its discretion deems necessary or advisable, to aid and advise it in all matters relating to such taking and its effect, including, but not limited to (i) determining whether or not to resist such proceedings or convey in lieu thereof, (ii) defending or instituting any necessary proceedings and appeals, (iii) making any settlements with respect to such taking or attempted taking and (iv) deciding if, how and when to restore the Common Properties.

B. To negotiate with respect to any such taking, to grant permits, licenses and releases and to convey all or any portion of the Common Properties and to defend or institute, and appeal from, all proceedings as it may deem necessary or advisable in connection with the same.

C. To have and exercise all such powers with respect to such taking or proposed taking and such restoration as those vested in Boards of Directors of corporations with respect to corporate property, including but not limited to, purchasing, improving, demolishing and selling real estate.

9.02 Notice to Owners and Mortgagees. Each Owner and each First Mortgagee on the records of the Developer or Association shall be given reasonable written advance notice of all final offers before acceptance, proposed conveyances, settlements and releases, contemplated by the Developer or the Board, and the institution of legal proceedings, and they shall be given reasonable opportunity to be heard with respect to each of the same and to participate in and be represented by counsel in any litigation and all hearings, at such Owner's or Mortgagee's own expense.

9.03 Reimbursement of Expenses. The Developer and/or Board shall be reimbursed for all attorneys', engineers', architects' and appraisers' fees, and other costs and expenses paid or incurred by it in preparation for, and in connection

with, or as a result of, any such taking out of the compensation, if any. To the extent that the expenses exceed the compensation received, such expenses shall be deemed a Common Expense.

ARTICLE X
GENERAL PROVISIONS

10.01 Duration. The Covenants of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Board, the Association, the Developer or Owner, their respective legal representatives, heirs, successors and assigns, in perpetuity, unless amended or terminated as provided herein.

10.02 Amendments. This Declaration may be amended, modified or revoked in any respect from time to time by the Developer prior to the date that the governing authority for the Development is transferred from the Developer to the Board in accordance with the Bylaws. Thereafter, this Declaration may be amended in accordance with the following procedure:

A. An amendment to this Declaration may be considered at any annual or special meeting of the Association; provided, however, that, if considered at an annual meeting, notice of consideration of the amendment and a general description of the terms of such amendment shall be included in the notice of the annual meeting provided for in the Bylaws, and, if considered at a special meeting, similar notice shall be included in the notice of the special meeting provided for in the Bylaws. Notice of any meeting to consider an amendment that would adversely affect Mortgagees' rights shall also be sent to each Mortgagee listed upon the register of the Association.

B. At any such meeting of the members of the Association, the amendment must be approved by an affirmative seventy-five percent (75%) vote of those Owners who are in attendance or represented at the meeting. At any such meeting, the Developer shall have the number of votes as provided in the Bylaws. Any amendment which adversely affects the rights of the Mortgagees must be approved by an affirmative seventy-five percent (75%) vote of the Mortgagees of which the Association has been properly notified (based upon one vote for each Lot on which a First Mortgage is held) and who vote within the period of time set by the Board to vote, which shall be at least ten (10) days and no longer than sixty (60) days.

C. An amendment adopted under Paragraph B of this Section shall become effective upon its recording with the Recorder, and the President of the Association and Secretary of the Association shall execute, acknowledge and record the amendment and the Secretary shall certify on its face that it has been adopted in accordance with the provisions of this Section; provided, that in the event of the disability or other incapacity of either, the Vice President of the Association shall be empowered to execute, acknowledge and record the amendment. The certificate shall be conclusive evidence to any person who relies thereon in good faith, including, without limitation, any Mortgagee, prospective purchaser, tenant, lienor or title insurance company that the amendment was adopted in accordance with the provisions of this Section.

D. The certificate referred to in Paragraph C of this Section shall be in substantially the following form:

CERTIFICATE

I, ________________________, do hereby certify that I am the Secretary of Emerald Point at Emerald Bay Homeowners' Association, Inc. and that the within amendment to the Declaration of Covenants and Restrictions of Emerald Point at Emerald Bay was duly adopted by the Owners of said Association and the Mortgagees, if applicable, in accordance with the provisions of Section 10.02 of said Declaration.

Witness my hand this ___ day of
__________, _____.

Secretary
Emerald Point
at Emerald Bay Homeowners'
Association, Inc.

10.03 Dedication of Streets. After the Common Property has been transferred and conveyed to the Association any portion of the Common Properties, including but not limited to, the streets, may be transferred and conveyed to Hamilton County and dedicated for public purposes upon approval of such action by the Members of the Association in the same manner as this Declaration may be amended by the Members.

10.04 Notices. Any notice required to be sent to any Owner or Mortgagee under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the Owner or Mortgagee on the records of the Developer or Association at the

time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Owner to immediately notify the Developer or Secretary in writing of any change of address. Any notice required to be sent to the Developer, Board, Association or any officer thereof, under the provisions of this Declaration shall likewise be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to such entity or person at the following address:

6415 Hixson Pike
Suite C
Hixson, TN 37343

The address for the Board, the Association, or any officer thereof may be changed by the Secretary or President of the Association by executing, acknowledging and recording an amendment to this Declaration stating the new address or addresses. Likewise, the Developer may change its address by executing, acknowledging, and recording an amendment to this Declaration stating its new address.

10.05 Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

10.06 Captions. The captions herein are inserted only as a matter of convenience and for reference and are in no way intended to define, limit or describe the scope of this Declaration nor any provision hereof.

10.07 Use of Terms. Any use herein of the masculine shall include the feminine, and the singular the plural, when such meaning is appropriate.

10.08 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

10.09 Law Governing. This Declaration is made in the State of Tennessee, and any question pertaining to its validity, enforceability, construction or administration shall be determined in accordance with the laws of that State.

10. Effective Date. This Declaration shall become effective upon its recording in the office of the Register of Hamilton County, Tennessee.

IN WITNESS WHEREOF, the Developer has executed, or caused to have executed by its duly authorized officers this Declaration on the date first above written.

By: ______________________
GEORGE W. LUTTRELL, JR.

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

On this 11th day of January, 199~~8~~9 before me personally appeared GEORGE W. LUTTRELL, JR., to me known (or proved to me on the basis of satisfactory evidence) to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

WITNESS my hand and Seal.

Lisa Ehmig
Notary Public
My Commission Expires: March 19, 2002

EXHIBIT A

Plat not yet recorded. Copy of preliminary attached.

EXHIBIT B

Initial Text of Bylaws of Emerald Point at Emerald Bay Homeowners' Association, Inc.

The Bylaws will take effect when Developer, at his sole discretion, forms the Association

BYLAWS FOR EMERALD POINT AT EMERALD BAY HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
NAME

The following provisions shall constitute the Bylaws of EMERALD POINT AT EMERALD BAY HOMEOWNERS' ASSOCIATION, INC. (the "Bylaws"), a nonprofit corporation (the "Association") which shall, along with the provisions of the Charter of the Association (the "Charter"), the Declaration of Covenants and Restrictions for Emerald Valley, as may be amended from time to time (the "Declaration") and the rules and regulations adopted by the Board of Directors of the Association (the "Board"), govern the administration of Emerald Point at Emerald Bay, a residential development (the "Development") and the real property in the Development owned by the Association ("Common Properties"). The terms in these Bylaws (unless otherwise defined) shall have the same meaning as the terms defined in the Declaration for this Development.

ARTICLE II
OFFICES

The principal office of the Association shall be located at

6415 Hixson Pike
Suite C
Hixson, TN 37343

or at such other place either within or without the State of Tennessee, as shall be lawfully designated by the Association, or as the affairs of the Association may require from time to time.

ARTICLE III
PURPOSES

The purposes of this Association shall be to provide for the establishment of a residents' association for the government of the Development in the manner provided by the Charter, the Declaration and these Bylaws. The aims of this Association are to be carried out through any and all lawful activities, including others not specifically stated in the Charter, the Declaration, or these Bylaws but incidental to the stated aims and purposes; provided that any such activity or contribution shall conform to any applicable restrictions or limitations set forth in the Charter or which are imposed on real estate homeowners' associations by the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as presently enacted or as they may hereafter be amended or supplemented. All present or future owners or tenants, or their employees, or any other person who might use the facilities in the Development in any manner, shall be subject to the covenants, provisions or regulations contained in the Declaration and these Bylaws, as amended, and shall be subject to any restriction, condition or regulation hereafter adopted by the Association.

ARTICLE IV
ASSOCIATION

4.01 Membership. The Developer and every person or entity who is a record Member of a fee simple interest or an undivided fee simple interest in any Lot which is subject to the Declaration shall be a Member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the Association. Membership shall be automatically transferred to the new Member upon the conveyance of any Lot and recording of the deed of conveyance in the Register's Office of Hamilton County, Tennessee. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

4.02 Voting Rights.

(a) Except as hereinafter provided in Section 4.02(b), Members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Section 4.01. When more than one person holds such interest or interests

in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a written instrument delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, each co-owner will be entitled to a fractional vote equal to his fraction of ownership.

(b) The Developer shall be entitled to three (3) votes for each Lot owned by the Developer.

ARTICLE V
THE BOARD OF DIRECTORS

5.01 Board of Directors. Subject to Section 5.02 of this Article herein below, the administration of the Development and Common Properties on behalf of the Association shall be conducted by a Board of Directors ("Board") which shall consist of five (5) natural persons of legal age, each of whom, at all times during membership on the Board, shall be an Member, a member of the household of an Member, or the nominee of an entity, other than a natural person, which is an Member.

5.02 Developer Performs Functions.

(a) The rights, duties and functions of the Board shall be solely exercised by Developer until such time as the Developer has less than five (5) Lots subject to this Declaration or January 1, 2008, whichever shall first occur. The Developer may, in its sole discretion, designate up to five individuals to serve on the Board on behalf of the Developer during the period that the Developer is performing the functions of the Board. Such individuals designated by the Developer need not be Members, and may be removed and replaced by the Developer at will. Upon the first to occur of the events set forth above, the Developer shall call a special meeting of Members to elect Directors to succeed to the positions held by individuals designated by the Developer. Notwithstanding the foregoing, the Developer may at any time prior to the occurrence of the events set forth above release its right to designate one or more of the individuals to serve on the Board by calling a special meeting of Members to elect Directors to succeed to such position or positions and

thereafter the Members other than the Developer shall be entitled to elect the individual to fill such position or positions of the Board.

(b) Prior to calling the meeting of the Association to elect a Board to succeed the individuals designated by the Developer, the Developer may execute and record in the Register's Office of Hamilton County, Tennessee a document stating that the Developer reserves unto itself, its successors, or assigns, the rights given to the Board in Article IV of the Declaration (Architectural Control), and stating that said reservation, notice of which is thus provided, shall survive the election of a Board to succeed the Developer. Thereafter, the Developer may continue to exercise the rights thus reserved to it until such time as it has sold all of the Lots in the Development. Upon the sale of all of the Lots in the Development or at such time as the Developer determines to relinquish the rights it has reserved to itself, the Developer shall execute and record in the Register's Office of Hamilton County, Tennessee a document assigning those rights to the Board.

5.03 Election. At each annual meeting, subject to the provisions of Section 5.02 hereof, the Association shall elect those members of the Board as required under Section 5.01 who shall serve the terms set out in Section 5.04; provided, however, the members of the Board elected to succeed the Developer shall be elected at a special meeting duly and specifically called for that purpose by the Developer. The Board elected at that special meeting shall serve until the next annual meeting of the Association held thereafter. At least thirty (30) days prior to any annual meeting of the Association, the Board shall elect from the Association a Nominating Committee of not less than two (2) Members (none of whom shall be members of the Board) which shall recommend to the annual meeting one nominee for each position on the Board to be filled at that particular annual meeting. Nomination for a position on the Board may also be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by five (5) or more Members and by the nominee named therein indicating his willingness to serve as a member of the Board, if elected.

5.04 Term. Members of the Board shall serve for a term of two (2) years; provided, however, that three (3) members of the first Board elected by the Association at the annual meeting thereof shall be elected and shall serve for a term of one (1) year and the other two (2) members shall be elected and serve for

a term of two (2) years. Thereafter, all Board members elected each year shall serve for a term of two (2) years. The members of the Board shall serve until their respective successors are duly elected and qualified, or until their death, resignation or removal.

5.05 Resignation and Removal. Any member of the Board may resign at any time by giving written notice to the President or the remaining Board members. Any member of the Board may be removed from membership on the Board by the approval of sixty-seven percent (67%) of the votes of those Members of the Association who are in attendance or represented at any annual or special meeting duly called for such purpose, except that a vacancy on the Board shall be deemed to exist in the event of the death of a Board member, the disability of a Board member which, in the opinion of a majority of the members of the Board, renders such Board member incapable of performing Board duties, or in the event a Board member shall cease to be an Member. Whenever there shall occur a vacancy on the Board for any reason, the remaining Board members shall elect a successor member to serve until the next annual meeting of the Association or until a special meeting is called for filling vacancies, at which time said vacancy shall be filled by the Association for the unexpired term, if any.

5.06 Compensation. The members of the Board shall receive no compensation for their services unless expressly authorized for by the Members of the Association, but they shall be reimbursed for reasonable expenses incurred by them in the performance of their duties.

5.07 Powers and Authority of the Board. The Board, for the benefit of the Members of the Association, shall enforce the provisions of the Declaration, these Bylaws, and the Rules and Regulations governing the Common Properties. Subject to any provision herein, the Board shall have the power and authority to acquire and pay for the following, which shall be deemed Common Expenses of the Association:

A. Water, sewer, garbage collection, electrical, telephone and gas and other necessary utility services for the Property.

B. The services of a person or firm to manage its affairs (herein called "Manager"), to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Common Properties, whether such personnel are

employed directly by the Board or are furnished by the Manager. All persons employed to manage or assist in the management or maintenance of the Common Properties shall be employed at the will of the Board; provided that a manager may be employed for successive periods not exceeding a three (3) year term in each period. The Board may delegate any of its duties, powers or functions relating to the daily administrative affairs of the Association to any person or firm designated by the Board to act as Manager.

C. The services of a person or firm to provide security for the Development to the extent and in such manner (fixed or roving or a combination thereof) as allowed by law and as determined by the Board to be necessary or proper.

D. Legal and accounting services necessary or advisable in the operation of the Common Properties and the enforcement of this Declaration, these Bylaws, and any Rules and Regulations made pursuant thereto.

E. Officers and Directors Liability Insurance covering the Officers and Directors of the Association acting in such capacity.

F. A fidelity bond naming the Manager, and such other persons as may be designated by the Board as principals and the Board, Association and Members as obligees, in an amount to be determined from time to time by the Board.

G. Painting, maintenance, repair, replacement and landscaping of the Common Properties. The Board shall also have the exclusive right from time to time to acquire and dispose of by sale or otherwise and without the necessity of approval by any Member, furnishings and equipment and other personal property for the Property and to provide maintenance, repair and replacement thereof.

H. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments that the Board is required to secure or pay for pursuant to the terms of the Declaration, these Bylaws or any Rules or Regulations promulgated hereunder or which, in its opinion, shall be necessary or advisable for the operation of the Common Properties or for the enforcement of the Declaration, these Bylaws, or the Rules and Regulations.

The Board shall have the exclusive right to contract for all goods, services, including security personnel, and insurance, payment for which is to be made a Common Expense. The provision shall not be construed to prohibit the Board from delegating such authority to the Manager as it deems proper.

5.08 Additional Powers of the Board. The Board shall have the right to acquire, operate, lease, manage, mortgage and otherwise trade and deal with the Property as may be necessary or convenient in the operation and management of the Property, and in accomplishing the purposes set forth herein. The Board or any managing agent or entity designated by the Board shall be deemed the agents of the Members and as such shall manage, maintain and improve the Property and also collect, conserve, allocate and expend money received from the Members in a manner consistent with such agent's relationship and in conformity with this Declaration, these Bylaws and the Rules and Regulations.

5.09 Meetings of the Board. Meetings of the Board shall be held at such places within or without the State of Tennessee as the Board shall determine. Three (3) members of the Board shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Board. Meetings of the Board shall be chaired by the President of the Association and the minutes shall be recorded by the Secretary of the Association, whether said Secretary is a member of the Board or not. The Board shall annually elect all of the officers set forth in Section 6.05 hereof. The meeting for the election of officers shall be held at a meeting of the Board to be held immediately following the annual meeting of the Association. Any action required to be or which may be taken by the Board may be taken without a meeting of the Board pursuant to a written consent, setting forth the action so taken, signed by all members of the Board.

5.10 Special Meetings. Special meetings of the Board may be called by the President of the Association or by any two (2) Board members.

5.11 Notice of Meetings. Regular meetings of the Board may be held without call or notice. The person or persons calling a special meeting of the Board shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. If an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

5.12 Waiver of Notice. Any members of the Board may, at any time, waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting thereof shall constitute a waiver of notice of such meeting unless a Board member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called and does so object by delivering a written document to that effect.

5.13 Notice of Election. After the election of the Board to succeed the first Board, the Secretary of the Association shall execute and, where desirable, acknowledge and record a certificate stating the names of all of the members of the then Board, provided, that, in the event of the disability or other incapacity of the Secretary, the President of the Association shall be empowered to execute the aforesaid certificate. The certificate shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

5.14 Fiscal Year. The fiscal year of the Association shall be determined by the Board.

5.15 Special Committees. The Board, by resolution duly adopted, may designate one or more special committees, including without limitation an Architectural Review Committee, each committee to consist of two (2) or more Members appointed by the Board, which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. The Board may also rescind any such resolution by a further resolution duly adopted. The Developer shall perform the functions of all Special Committees until such time as provided in Section 5.02 hereof. Such Special Committee or Committees shall have such name or names as may be determined from time to time by the Board. Such Special Committees shall keep regular minutes of their proceedings and report the same to the Board when required. The Board may appoint Members to fill vacancies on Special Committees.

5.16 Rules and Regulations. The Board shall have the power and right to adopt and amend rules and regulations for the purpose of governing the details of the operation and use of the Property and setting forth restrictions on, and requirements respecting the use and maintenance of the Property. Copies of the Rules and Regulations shall be furnished to each Member prior to the time the same shall become effective.

5.17 Limitation on Capital Additions, Etc. The Board shall authorize no structural alterations, capital additions to, or capital improvements of the Property, any of which require an expenditure in excess of Five Thousand Dollars ($5,000.00) without approval of a majority of the votes of those Members who are present or represented at any annual or special meeting of the Association duly called for such purpose; or in excess of Ten Thousand Dollars ($10,000.00) without approval of sixty-seven percent (67%) of the votes of those Members who are present or represented at any annual or special meeting of the Association duly called for such purpose; provided, however, that the Board shall have the power to make any such structural alterations, capital additions to, or capital improvements of, the Property as are necessary, in the Board's reasonable judgment, to preserve or maintain the integrity thereof without obtaining such approval, if in the opinion of the Board an emergency exists which should be corrected before a meeting of the Association could be reasonably called and held.

5.18 Failure to Insist on Strict Performance Not Waiver. The failure of the Board or its agents to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions in the Declaration or these By-Laws, or the Rules and Regulations or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment, for the future, of such term, covenant, condition or restriction, right, option or notice; but such term, covenant, condition or restriction, right, option or notice shall remain in full force and effect.

ARTICLE VI
THE ASSOCIATION; MEETINGS, OFFICERS, ETC.

6.01 Quorum. The presence in person or by proxy at any meeting of the Association of either fifty percent (50%) of the Members or Members (including the Developer) entitled to cast at least twenty-five (25) votes, in response to notice to all Members properly given in accordance with Sections 6.02 or 6.03 of these Bylaws, as the case may be, shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Association upon the affirmative vote of Members entitled to cast a majority of the votes which are represented at such meeting.

6.02 Annual Meeting. There shall be an annual meeting of the Association on the first Monday of February at 6:00 P.M. at such reasonable place or other time (but not more than sixty (60) days before or after such date) as may be designated by written notice by the Board delivered to the Members not less than fifteen (15) days prior to the date fixed for said meeting. At or prior to the annual meeting, the Board shall furnish to the Members: (1) a budget for the coming fiscal year that shall itemize the estimated Common Expenses of the coming fiscal year with the estimated allocation thereof to each Member; and (2) a statement of the Common Expenses itemizing receipts and disbursements for the previous and, if then available, for the current fiscal year, together with the allocation thereof to each Member. Within ten (10) days after the annual meeting, the budget statement shall be delivered to the Members who were not present at the annual meeting if not previously provided. The Developer, or its successors or assigns, shall have the right to approve or disapprove the budget for the coming year for a period of ten (10) years after the date on which the first Board is elected to succeed the Developer pursuant to Section 5.02 hereof.

6.03 Special Meeting. Special meetings of the Association may be held at any time and at any reasonable place to consider matters which, by the terms hereof, require the approval of all or some of the Members, or for any other reasonable purpose. Special meetings may be called by a majority of the Board, or by at least ten percent (10%) of the Members by written notice, delivered to all Members not less than thirty (30) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and the matters to be considered.

6.04 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with these Bylaws or other such rules adopted by the Board.

6.05 Officers. The officers of the Association shall be a Chairman of the Board, President, Vice-President, Secretary, and Treasurer. The Developer may, in its sole discretion, designate individuals to fill these positions during the period that the Developer is performing the functions of the Board pursuant to Section 5.02 hereof. Such officers designated by the Developer need not be Members, and may be removed and replaced by the Developer at will. The Developer shall determine the scope of the authority of each such designated officer.

Once the Developer has turned over authority to a successor Board pursuant to Section 5.03 hereof, the following provisions shall become applicable: Each officer shall be required to be an Member, and the President must be a member of the Board. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Board and may be removed and replaced by the Board. In the event an office becomes vacant due to an officer ceasing to be an Member, or due to the death or disability of an officer, or for any other reason, the Board shall immediately name a successor to that office to serve out the remainder of the term. The Board may, in its discretion, require that officers be subject to fidelity bond coverage.

A. . Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Association and he shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. He shall have the authority and power to execute on behalf of the Association contracts, notes, bonds, mortgages, deeds of trust, security deeds, leases, waivers of liens and other documents and instruments arising in the ordinary course of business.

B. President. The President shall be the chief operating officer of the Association and in the absence of the Chairman of the Board, he shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. He shall have the authority and power to execute on behalf of the Association contracts, notes, bonds, mortgages, deeds of trust, security deeds, leases, waivers of liens and other documents and instruments arising in the ordinary course of business.

C. Vice-President. In the absence or inability of the President, the Vice-President shall perform the functions of the President.

D. Secretary. The Secretary shall keep the minutes of all proceedings of the Board and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Association and the Board, including the minute book wherein the resolutions shall be recorded.

E. Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Board and the Association, but may delegate the daily handling of funds to the Manager and accounting to accountants selected by the Board.

ARTICLE VII
LIABILITY AND INDEMNIFICATION

7.01 Liability of Members of the Board and Officers. The members of the Board, the officers and any agents and employees of the Association shall: (i) not be liable to the Members or Association as a result of their activities as such for any mistake of judgment, or otherwise, except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (ii) have no personal liability to an Member or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Members in their capacity as such; (iii) have no personal liability in tort to an Member or any other person or entity direct or imputed by virtue of acts performed by them as Board members and/or officers except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and (iv) have no personal liability arising out of the use, misuse or condition of the Property, or which might in any other way be assessed against or imputed to them as a result or by virtue of their capacity as such Board members and/or officers.

7.02 Indemnification by Association. To the extent now or hereafter permitted by applicable law, the Association shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including without limitation counsel fees and court costs, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more Members or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board or an officer or agent or employee of the Association; provided, in the case of any settlement, that the Board shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or by vote of the Association of the Board, or otherwise. The indemnification by

the Association set forth in this Article VII shall be paid by the Board on behalf of the Association and shall constitute a Common Expense.

7.03 Costs of Suit in Actions Brought by One or More Members on Behalf of All Members. No suit shall be brought by one or more but less than all Members on behalf of all Members without approval of a majority of Members and, if approval is obtained, the plaintiffs' expenses, including reasonable counsel's fees and court costs, shall be a Common Expense unless such suit is brought by one or more Members against other Members, the Association or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all Members as defendants, in which event the plaintiffs' expenses, including counsel's fees and court costs, shall not be charged as a Common Expense.

7.04 Notice of Suit and Opportunity to Defend. Suits brought against the Association, or the Board, or the officers, employees or agents thereof, in their respective capacities as such, or the Common Properties as a whole, shall be directed to the President of the Association, who shall promptly give written notice thereof to the other members of the Board and any Mortgagees, and shall be defended by the Board, and the Association and all Members shall have no right to participate other than through the Board in such defense. Suits against one or more, but less than all Members shall be directed to such Members, who shall promptly give written notice thereof to the Board and to the Mortgagees of the Lots affected, and shall be defended by such Members at their expense.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Businesses. Nothing contained in these Bylaws shall be construed to give the Board the authority to conduct any business for profit on behalf of the Association or any Member.

8.02 Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by Developer prior to the election of the first Board to succeed the Developer, and thereafter by not less than sixty-seven percent (67%) of the votes of those Members of the Association who are present or represented at a meeting duly called for that purpose, PROVIDED, HOWEVER, that the contents of these Bylaws shall always contain

those particulars which are required to be contained herein by the laws of the State of Tennessee. At any such meeting the Developer shall have the number of votes as provided in Section 4.02 hereof. Notwithstanding the foregoing, any amendment shall not be required to be recorded with the Recorder's office but must be kept on file with Developer or the Secretary and available to all Members upon written request.

8.03 Notices. Any notice required to be sent to any Member under the provisions of these Bylaws shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the Member on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary in writing of any change of address. Any notice required to be sent to the Board, the Association or any officer thereof, under the provisions of these Bylaws shall likewise be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to such entity or person at the following address:

6415 Hixson Pike
Suite C
Hixson, TN 37343

8.04 Conflict. In the event of any conflict between these Bylaws and the provisions of the Charter, the Charter shall control and govern. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control and govern.

8.05 Nonwaiver of Covenants. No covenants, restrictions, conditions, obligations or provision contained in the Declaration or these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

8.06 Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and these Bylaws shall be deemed to be binding on all Members, their heirs, successors and assigns.

8.07 Severability. The invalidity of any covenant, restriction, condition, limitation or any other provisions of

these Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

8.08 Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Charter and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs.

ADOPTION OF BYLAWS

When the Developer, at his sole discretion, elects to form the Association, the Developer will adopt the above Bylaws by a separate instrument to be recorded in the Register's Office of Hamilton County, Tennessee.

GI085220327

THIS IS NOT A BILL

Pam Hurst
Hamilton County Register of Deeds

Return To: FILE CHAMBLISS BAHNER

Hamilton County, Tennessee

Index: General Index
Book: 8522 Page: 327
No Pages: 8
Instrument: RESTRICTIONS
Instrument No: 2007111400251
Reference No:

1 EMERALD BAY HOMEOWNERS ASSN INC
2 RESTRS-EMERALD BAY

		Exempt
MISC RECORDING FEE	40.00	N
DATA PROCESSING FEE	2.00	N
Total:	42.00	

State of Tennessee

Recorded on: Nov 14, 2007 03:49:41 PM

Thank you for recording the enclosed document with our office!
Pam Hurst, Register
P. O. Box 1639, Chattanooga, TN
Phone: (423) 209-6560

Pam Hurst, Hamilton County Tennessee Register, officially began electronically recording (eRecording) land record documents such as deeds, mortgages and reconveyances submitted by title companies, abstractors, banks and attorneys May 5, 2006. Please contact Bob Gannon with Simplifile for information on eRecording at (336) 543-3796, email bob.gannon@simplifile.com, or browse the website http://simplifile.com.

This instrument prepared by:

Chambliss, Bahner & Stophel, P.C.
1000 Tallan Building
Two Union Square
Chattanooga, TN 37402
Attention: Harold L. North, Jr.

Instrument: 2007111400251
Book and Page: GI 8522 327
MISC RECORDING FEE $40.00
DATA PROCESSING FEE $2.00
Total Fees: $42.00
User: HCDC\KLynn
Date: 11/14/2007
Time: 3:49:41 PM
Contact: Pam Hurst, Register
Hamilton County, Tennessee

AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR EMERALD BAY

This Amendment is made effective as of November 8, 2007, and is made pursuant to the Declaration of Covenants, and Restrictions (the "Declaration") for Emerald Bay, (the "Association").

A. The Declaration of Covenants and Restrictions for Emerald Bay having been originally recorded at Book 5266, Page 234.

B. Section 10.02(b) of the Declaration provides that it may be amended by approval of an affirmative vote of 75% of the homeowners who are in attendance or represented at an annual or special meeting of the Association.

C. At the special meeting of the Association on October 6, 2007, such amendment was approved by affirmative vote of more than 75% of those owners who were in attendance or represented at the meeting.

D. As provided hereinafter, the President and Secretary of the Association having executed, acknowledged, and recorded the Amendment, and the Secretary having certified hereinafter that the Amendment has been adopted in accordance with the provisions of Article X of the Declaration of Covenants and Restrictions for Emerald Bay.

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The following shall supercede Article VII, Section 7.01 through 7.05, of the Emerald Bay Homeowners Association Covenants, Conditions and Restrictions:

ARTICLE VII
GREIVANCE POLICY AND PROCEDURE

The Emerald Bay Homeowners Association ("EBHOA"), including its five (5) subdivisions therein, having determined that it is in the best interest of all concerned to encourage the amicable resolution of disputes ("grievances") among its Homeowners and EBHOA, without the emotional and financial cost of litigation, the Homeowners agree to be bound by the grievance policies and procedures set out hereinafter prior to entering into any litigation. This grievance procedure does not in any way alter an individual's rights to enter into legal procedures upon completion of the grievance proceedings.

A grievance in the context of EBHOA shall be:

1) Any act of malfeasance by a board member, committee member or officer of EBHOA. This may, but shall not be limited to, improper use of EBHOA funds, improper conduct on behalf of EBHOA, and any other act, which brings harm, embarrassment or fault on the Homeowners, or EBHOA.

2) A willful and continued violation of any EBHOA covenant or restriction by any Homeowner, his (or her) family, guests or contractors.

3) The Violations of covenants or restrictions are a legal interpretation of the Covenants and Restrictions as stipulated in Article III and are in no way to be considered exhaustive or as modifying the existing covenants and restrictions as stipulated in Article III

   A. Improper or inadequate care of landscaping on the Homeowner's property;

   B. Inadequate upkeep of a Homeowner's residency or other structures;

   C. Detached buildings, storage sheds or other structures, unless approved by the Architectural Committee;

   D. Addition of fences, unless approved by the Architectural Committee;

   E. Exposed concrete walls or other structures;

   F. Use of a Homeowner's residence as a multi-family facility;

   G. Use of signage other than "For Sale" signs and signs showing the name of the builder while under construction;

   H. Continued unsightly conditions, including dead trees or shrubs, dead limbs, debris such as grass clippings, weeds or leaves blown into the street, or building materials, trash or garbage;

   I. Removal of trees greater than 6 inches, without approval by the Architectural Committee;

   J. Private wells drilled by the Homeowner without written approval of the Association;
   K. Excavation by the Homeowner without prior approval of the Architectural Committee;

   L. Installation of a mailbox not authorized by the Architectural Committee;

M. Air conditioning and heating units not shielded (shrubbery) from visibility at the street;

N. Renting or leasing of a Homeowner's residence, other than as may be reasonably necessary to facilitate sale of the home;

O. Installation by the Homeowner of chain link fences;

P. Parking of any vehicle on public or private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided that construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Homeowner's residence or a Common Area of EBHOA;

Q. Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted;

R. Activity which emits foul or obnoxious odors outside the Homeowner's residence, or creates noises or other conditions which tend to disturb the peace or threaten the safety of the occupants of other residences;

S. Activity which otherwise violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

T. Noxious or offensive activity which, in the reasonable determination of the Board,

tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to Homeowners and/or their guests;

U. Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a residence;

V. Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound, device so as to be audible to occupants of other residences, except alarm devices used exclusively for security purposes;

W. Dumping grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within EBHOA, except that fertilizers may be applied to landscaping on residences provided that care is taken to minimize runoff;

X. Accumulation of rubbish, trash, or garbage, except between regular garbage pick ups, and then only in approved containers;

Y. Obstruction or rechanneling drainage flows;

Z. Subdivision of a residence into two or more residences;

AA. Use of any residence for operation of a timesharing, fraction-sharing, or similar program;

BB. On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each residence for emergency purposes and operation of lawn mowers and similar tools or equipment, and EBHOA shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

CC. Operations of a business, trade, or similar activity, except that a Homeowner may conduct business activities within the residence so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (ii) the business activity conforms to all zoning requirements for Emerald Bay; (iii) the business activity does not involve door-to-door solicitation of residents of Emerald Bay; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Emerald Bay, which is noticeably greater than that which is typical of residences in which no business activity is being conducted; and

DD. No antennas, other than small satellite dishes discreetly placed out of view of the road. Radio antennas must have the approval of the Architectural Committee prior to installation.

4) Proposed Grievance Procedure

a. The Homeowner making a complaint (the "Aggrieved Party") should attempt to first informally resolve the grievance with the Homeowner allegedly responsible for a violation (the "Alleged Offending Party or Parties."), to the extent that such attempted informal resolution may be initiated peacefully and without confrontation.

b. If the grievance remains unresolved, Step 1 of the Grievance Procedure shall require that the grievance be reduced to writing by the Aggrieved Party, with the original hand-delivered to the Grievance Committee person responsible for the subdivision within which the Aggrieved Party resides, and a copy kept by the Aggrieved Party, and shall include the following:

- i. The name, address, phone number, and email address of the Aggrieved Party;
- ii. The name, address, phone number and email address of the Alleged Offending Party or Parties;
- iii. The specific nature of the grievance, including the designation of dates, times and number of occurrences;

c. The Grievance Committee person responsible for the subdivision within which the Aggrieved Party resides shall call a meeting of the entire Grievance Committee within fourteen (14) days of the receipt of notice of the grievance.

- i. The Grievance Committee shall determine, within fourteen (14) days of receipt of the notice, whether there is sufficient basis for a formal hearing on the Grievance.
- ii. If the Grievance Committee determines that sufficient evidence exists for a formal hearing on the Grievance, the Grievance Committee shall request a response from the Alleged Offending Party within fourteen (14) days of written request to the Alleged Offending Party.

d. Only if a response is received by the Grievance Committee from the Alleged Offending Party within such fourteen-day period, a hearing shall be held within fourteen (14) days of the response of the Alleged Offending Party, which hearing shall include (1) the Grievance Committee; (2) the Aggrieved Party; and (3) the Alleged Offending Party. Within seven (7) days of the conclusion of such hearing, the Grievance Committee shall determine whether or not the Grievance is valid. Upon a determination that such Grievance is valid, the matter shall immediately be forwarded to the EBHOA for determination of such action to be taken against the Alleged Offending Party, which action may include, but shall not be limited to, the initiation of legal proceedings against the Alleged Offending Party, the filing or recording of

liens against the property of the Alleged Offending Party, or the determination of fines or other sanctions against the Alleged Offending Party. If the Grievance Committee determines that the Grievance is not valid, the Grievance Committee shall immediately report its determination in writing to the Aggrieved Party and the Alleged Offending Party.

5) The Grievance Committee shall be made up of one committee member from each of the following five subdivisions within the EBHOA with the President of the EBHOA presiding over said committee. Committee members will be chosen from each subdivision as follows:

i. Emerald Point- 1

ii. Emerald Bay - 1

iii. Emerald Lake - 1

iv. Patten Place - 1

v. Brooke Stone – 1

CERTIFICATE

I, Jerry Dempsey, do hereby certify that I am the Secretary of Emerald Bay Homeowners Association, Inc., and that the within Amendment to the Declaration of Covenants and Restrictions of Emerald Bay was duly adopted by the Owners of said Association and the Mortgagees, if applicable, in accordance with the provisions of Section 10.02 of the said Declaration.

Witness my hand this 6 day of Nov, 2007.

By:______________________________
Jerry Dempsey, Secretary

EMERALD BAY HOMEOWNERS
ASSOCIATION, INC.

Subscribed and sworn to before me in my Presence, this 6 day of November 2007, a Notary Public in and for the County of Hamilton State of TN

(Signature) Notary Public

My commission expires ________, ______

LORA PRATT

MY COMMISSION EXPIRES:
February 4, 2009

EMERALD BAY HOMEOWNERS
ASSOCIATION, INC.

By:____________________________
Karl Kinkead, President

STATE OF TENNESSEE :

COUNTY OF HAMILTON :

Before me, a Notary Public of the state and county mentioned, personally appeared Karl Kinkead, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be President of Emerald Bay Homeowners Association, the within named bargainor, a corporation, and that such person as such officer, executed the foregoing instrument for the purposes therein contained, by personally signing the name of the corporation by such person as such officer.

WITNESS my hand and seal, at office in Hamilton County, this 29 day of October, 2007.

Janine Berard
Notary Public

My Commission Expires: May 8, 2010

JANINE BERARD

EMERALD BAY HOMEOWNERS
ASSOCIATION, INC.

By:____________________________
Jerry Dempsey, Secretary

STATE OF TENNESSEE :

COUNTY OF HAMILTON :

Before me, a Notary Public of the state and county mentioned, personally appeared Jerry Dempsey, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be Secretary of Emerald Bay

Homeowners Association, the within named bargainor, a corporation, and that such person as such officer, executed the foregoing instrument for the purposes therein contained, by personally signing the name of the corporation by such person as such officer.

WITNESS my hand and seal, at office in Hamilton County, this 6 day of November, 2007.

Notary Public

LORA L. PRATT

My Commission Expires: MY COMMISSION EXPIRES: February 4, 2009