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**DECLARATION OF COVENANTS,
 CONDITIONS, RESTRICTIONS AND EASEMENTS
 FOR CAMERON HARBOR TOWNHOMES**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS (this "Declaration") is made and entered into as of the 2nd day of June, 2016, by CAMERON HARBOR, LLC, a Tennessee limited liability company ("Declarant").

RECITALS

WHEREAS, Declarant is the owner of certain real estate in Hamilton County, Tennessee, as shown on the plat of record in Plat Book 103, Page 169, Register's Office for Hamilton County, Tennessee; and

WHEREAS, Declarant desires to develop its property for use as a residential waterfront townhome development to be commonly known as "Cameron Harbor;" and

WHEREAS, Declarant desires to provide for the protection and preservation of the values, amenities, desirability and attractiveness of Cameron Harbor; and

WHEREAS, Declarant further desires to establish for Declarant's benefit and for the mutual benefit and advantage of all future owners and occupants of Cameron Harbor, or any portion thereof, certain rights, easements, privileges, obligations, restrictions, covenants, liens, assessments and regulations governing the use and occupancy of Cameron Harbor, and the maintenance, protection and administration of the Common Area (as defined herein) thereof, all of which are declared to be in furtherance of plan to promote and protect the operative aspects of residency or occupancy in Cameron Harbor and on all portions thereof;

NOW, THEREFORE, Declarant, as for the purposes set forth above and further hereinafter set forth, declares as follows:

OL 132839

ARTICLE 1 - DEFINITIONS

1.1 DEFINITIONS. The following definitions used in this Declaration and made a part hereof, unless the context indicates clearly to the contrary, shall be defined as follows:

(a) "Annual Assessment" means assessments levied on all Lots subject to assessment under Article 5 to fund Common Expenses for the general benefit of all Lots, as determined in accordance with Section 5.3.

(b) "Assessment" means charges levied against Lots to fund Common Expenses and any other expenses of the Association and shall include Annual Assessments, Special Assessments and Specific Assessments.

(c) "Assignment Agreement" means the Assignment and Assumption of Obligations pertaining to the use of the Cameron Harbor Slips as more particularly set forth in Section 3.8.

(d) "Association" means and refers to the CAMERON HARBOR TOWNHOMES OWNERS' ASSOCIATION, INC., a Tennessee not-for-profit corporation.

(e) "Board or Board of Directors" means the governing body of the Association as ascertained by the Bylaws.

(f) "Bylaws" means the bylaws of the Association as set forth in Exhibit B attached hereto and made a part hereof, as may be amended from time to time.

(g) "Charter" means the charter of the Association filed with or to be filed with the Tennessee Secretary of State, as may be amended from time to time.

(h) "Common Area" means those portions of the Property which are not located within the footprint of a Townhome as shown on the Site Plan and shall include without limitation retaining walls, parking areas, sidewalks, driveways/alleys, landscaped/green areas, community lots (Lots 3 and 23 as shown on the Plat), development signage, electronic entrance gates, and storm water control facilities.

(i) "Common Expenses" means the proposed or actual expenses affecting the Property, including reserves lawfully assessed by the Board for the general benefit of all Lots. Such Common Expenses shall consist of the expenses of the administration, management, maintenance, operation, repair or replacement of and additions to the Common Area and any other expenses incurred in conformance with the Governing Documents, including this Declaration.

(j) "Declaration" means this Declaration of Covenants, Conditions, Restrictions and Easements for Cameron Harbor Townhomes, together with all exhibits hereto, as the same may be amended from time to time.

(k) "Dedicated Parking Spaces" means the parking spaces to be used exclusively by each Lot Owner as set forth more particularly in Section 3.9.

(l) "Eligible Holder" means a Mortgagee which is the holder of a first Mortgage as set forth more particularly in Article 10.

(m) "Event of Default" means a violation or default under the Governing Documents as set forth more particularly in Section 9.1.

(n) "Family Member" means a family member of an Owner as set forth more specifically in Section 3.4.

(o) "Governing Documents" means this Declaration, the Bylaws and the Charter, as any of the foregoing may be amended from time to time, as well as Rules and such other documents lawfully adopted by the Board or the Owners which further define and or limit the operations of the Townhome Regime.

(p) "Individual Slip License" means the license to use one of the Cameron Harbor Slips as set forth more particularly in Section 3.8.

(q) "Lot" or "Lots" means any improved or unimproved parcel of land located within the Property, which is intended for use or used as a site for a Townhome (i.e. Lots 4 through 22 as shown on the Plat).

(r) "Majority" means, those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number of the applicable group.

(s) "Marina Association" means the Cameron Harbor Marina Association, Inc., a Tennessee non-profit corporation

(t) "Marina Governing Documents" means the documents relating to the use of the Cameron Harbor Marina as set forth more particularly in Section 3.8.

(u) "Member" means any person entitled to membership in the Association. All Owners shall be Members of the Association, provided, however, that there shall be no more than one (1) Member for each Lot. In addition, Declarant shall also be a Member of the Association as described more fully in Article 4.

(v) "Mortgage" means any recorded mortgage or deed of trust that encumbers a Lot.

(w) "Mortgagee" means a mortgagee under a Mortgage and includes the beneficiary under a deed of trust.

(x) "Owner" means the record owner, whether one (1) or more persons, of the fee simple interest in any Lot which is part of the Townhome Regime, excluding, however, those parties having an interest merely as a security interest for performance of an obligation. Owner can also mean and refer to Declarant.

(y) "Plat" means that plat recorded in Plat Book 103, Page 169 in the Register's Office of Hamilton County, Tennessee, comprising the plat of Cameron Harbor, which plat, and

revisions, amendments and supplements thereto, is incorporated herein by reference as fully as though copied herein.

(z) "Property" means and includes the real property described in Exhibit A attached to and made a part of this Declaration, and all structures and improvements constructed and to be constructed thereon and all easements, rights and appurtenances belonging thereto.

(aa) "Rules" means the rules and regulations for the Townhome Regime attached to and made a part of this Declaration as Exhibit C, as may be amended from time to time.

(bb) "Site Plan" means the site plan for the Townhome Regime, attached to and made a part of this Declaration as Exhibit D, as may be amended from time to time including any amendments that may be necessary in connection with the development of the areas designated as "Future Phase II" and "Future Phase III" on the Site Plan attached hereto as Exhibit D.

(cc) "Special Assessment" means a charge levied in accordance with Section 5.5.

(dd) "Specific Assessment" means a charge levied in accordance with Section 5.6.

(ee) "Townhome" means the vertical improvements constructed on or to be constructed upon a Lot within the Townhome Regime for use as a single-family townhome residence.

(ff) "Townhome Regime" means Cameron Harbor Townhomes, which is a townhome development consisting of Townhomes and Common Area as designated by the Plat and the Site Plan, which Lots and Common Area are subject to this Declaration, the Bylaws and the Rules.

ARTICLE 2 - PLAN OF DEVELOPMENT

2.1 SUBMISSION TO DECLARATION. Declarant, as the legal title holder in fee simple of the Property, expressly intends the following:

(a) This Townhome Regime shall be known as Cameron Harbor Townhomes, or by such name or names as shall be selected from time to time by Declarant or the Association.

(b) The Property is hereby submitted to the provisions of this Declaration.

2.2 DESCRIPTION OF SPECIFIC LOTS. All of the Lots are delineated upon the Plat, and the legal description of each Lot consists of the identifying number of such Lot as shown upon the Plat. Except as provided in this Declaration, no Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause the Owner's Lot to be separated into any tracts or parcels different from the whole Lot as shown on the Plat.

2.3 PROPERTY DEVELOPMENT. Declarant hereby expressly reserves the right to continue construction of improvements, from time to time and any time so long as Declarant owns fee simple title to any portion of the Property, on that portion of the Property to which Declarant holds fee simple title, in order to improve the Common Area and to construct Townhomes.

2.4 TERMINATION OF THE TOWNHOME REGIME. Subject to the provisions herein, this Townhome Regime shall only be terminated by not less than eighty-five percent (85%) of the affirmative vote of all Owners and by written consent obtained from Declarant (so long as Declarant owns a Lot).

2.5 EXCLUSION OF PROPERTY. Unless subjected to the terms of this Declaration by Declarant pursuant to Section 2.6, Lot 1 as shown on the Plat is expressly excluded from the Townhome Regime. No representations are made by Declarant regarding the use or future development of any property adjacent to the Property, specifically including Lot 1 as shown on the Plat. Notwithstanding anything herein to the contrary, Declarant, so long as Declarant owns a Lot, shall have the right in its sole and absolute discretion to convey Lot 3 as shown on the Plat to a governmental entity (i.e. City of Chattanooga, Hamilton County), a conservation trust or similar type organization. Any conveyance of Lot 3 as shown on the Plat pursuant to the preceding sentence shall be subject to the easement rights in favor of the Association and the Owners as set forth herein, including with specificity those easement rights set forth in Section 3.2; provided, however, that upon any such conveyance, Lot 3 as shown on the Plat shall no longer be considered to be a Common Area hereunder and the obligations of the Association with respect to Lot 3 as shown on the Plat as set forth herein, including without limitation the Association's obligation to maintain pursuant to Section 6.1 and to insure pursuant to Section 7.1, shall terminate.

2.6 ANNEXATION OF ADDITIONAL PROPERTY. Declarant shall have the right, privilege, and option, in its sole discretion, to subject additional property to the provisions of this Declaration and to the administration of the Association by filing an amendment to this Declaration in the public records of Hamilton County, Tennessee. Such amendment shall not require the consent of any of the Owners or the Association, any Mortgagee, but shall require only the consent of the owner of such additional property, if the owner of such additional property is other than Declarant. Any such annexation shall be effective upon the filing of record of such amendment, unless otherwise provided therein. Declarant shall have the right, in its sole discretion, to transfer to any other person or entity the right, privilege, and option to annex additional property, which is reserved in this Declaration to Declarant, provided that such transfer is memorialized in an amendment to this Declaration.

ARTICLE 3 - PROPERTY RIGHTS AND RESTRICTIONS

3.1 USE AND OCCUPANCY OF TOWNHOMES AND COMMON AREA. By acceptance of a deed to a Lot, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, any Owner thereof covenants and agrees thereby, on behalf of themselves and their heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents, including this Declaration. Each Owner and occupant of a Townhome shall comply strictly with the provisions of the Governing Documents, and all decisions adopted pursuant to the Governing Documents. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Association acting through the Board on behalf of the Owners, or by any aggrieved Owner on their own.

3.2 OWNER'S RIGHTS - EXCLUSIVE OWNERSHIP AND EASEMENTS. An Owner shall have:

(a) The exclusive ownership in fee to the Owner's Lot, subject to the other provisions of this Declaration.

(b) As an appurtenance to the ownership of such Lot, a non-exclusive easement to use, along with the other Lot owners, the Common Area in a manner reasonably necessary so as to allow for the use and occupancy of their Townhome as contemplated herein, such easement rights to include (i) pedestrian ingress and egress rights across sidewalks, driveways and community lots, (ii) vehicular ingress and egress across driveways/alleys, and (iii) rights with respect to the use, installation, maintenance and repair of stormwater facilities, utility lines and related equipment serving a Townhome.

(c) As an appurtenance to the ownership of such Lot, an exclusive easement to use the Dedicated Parking Spaces allocated to the respective Lot as set forth more particularly in Section 3.9.

3.3 EASEMENTS AFFECTING THE PROPERTY. Without limiting the Board's authority to grant easements from time to time with respect to parts of the Common Area, as set forth herein, each Owner shall take title to the Owner's Lot subject to the following:

(a) Rights of the other Owners to use (i) the Common Area in the manner set forth in Section 3.2(b) and (ii) their respective Dedicated Parking Spaces as set forth more particularly in Section 3.9.

(b) Easement rights in favor of the Declarant, the Marina Association and/or the general public with respect to the use of a portion of the Common Area being the community lot adjacent to the Tennessee River (i.e. Lot 3 as shown on the Plat) in any manner necessary in connection with the installation, repair and maintenance of (i) the Cameron Harbor Slips Facilities (as defined in the Assignment Agreement referenced in Section 3.8), and (ii) the community riverwalk.

(c) Easement rights of ingress and egress in favor of any licensee of a Cameron Harbor Slip (as defined in the Assignment Agreement referenced in Section 3.8) as reasonably necessary so as to allow for the use of the Cameron Harbor Slips for their intended purpose as set forth more particularly in the Marina Governing Documents (as defined in Section 3.8).

(d) Easement rights in favor of all suppliers of utilities serving the Property to install, lay, construct, operate, maintain, renew, repair and replace conduits, ducts, cables, pipes and wires and other equipment or structural components in, to, over, under, across and through any portion of the Common Area for the purpose of providing the Property or any adjacent property with utility services, together with the reasonable right of ingress to and egress from the Property or any part thereof for said purpose.

(e) Easement rights in favor of suppliers of landscaping and lawn care services to install, maintain, repair and replace trees, shrubs, grass, mulch, etc., together with the reasonable right of ingress to and egress from the Property for said purposes.

In addition to the easement rights referenced above in this Section 3.3, the Association, at its discretion, may grant such other easements as the Association may deem desirable.

3.4 LEASE OF A TOWNHOME.

(a) With the exception of Section 3.4(b) (unless otherwise specified), this Section 3.4 shall not apply to the lease of a Lot/Townhome by an Owner to such Owner's spouse, child, parent, grandparent, brother, sister, grandchild or descendant, or to any one or more of them, (individually or collectively, "Family Member"), or to any trustee of a trust, the sole beneficiary of which is the Owner or the Owner's Family Member or any one or more of them, or to any partnership of which the Owner or the Owner's Family Member, or any one or more of them are the sole partners. It is provided, however, that notice of the lease to a Family Member shall be given by the Owner to the Board within ten (10) days following the consummation of such lease.

(b) A copy of any lease of a Lot/Townhome, as and when executed, shall be furnished to the Board by the Owner. The tenant under every such lease shall be bound by and subject to all of the obligations under this Declaration and the other Governing Documents and the lease shall expressly so provide. The Owner making such lease shall not be relieved thereby from any of the obligations. Upon the expiration or termination of such lease, or in the event of any attempted assigning or subleasing thereunder, the provisions of this Section 3.4 shall again apply to the Lot/Townhome.

(c) Whenever an Owner shall propose to lease the Owner's Lot/Townhome to any person or entity other than a person or entity described in Section 3.4(a), the Owner shall give the Board not less than twenty (20) days' prior written notice of the lease proposed by the Owner and shall state the name and address, and occupation or employment, if any, of the proposed lessee. The notice shall also include a copy of the proposed lease, or other documents affecting the lease and all pertinent terms and conditions of such lease.

(d) Lease of a Lot/Townhome by Declarant shall not be subject to the provisions of this Section 3.4. Declarant reserves the right to lease any unsold Townhome owned by Declarant under such terms and conditions as Declarant shall deem proper.

(e) If any lease of a Lot/Townhome is made or attempted without complying with the provisions of this Section 3.4, such lease shall be subject to each and all rights and remedies and actions available to the Declarant, the Association, or any Owner hereunder or otherwise available at law or in equity.

(f) Except as otherwise restricted in this Declaration, a Lot is freely alienable as provided by applicable law.

(g) A lease of a Lot/Townhome or interest therein by the holder of a first Mortgage on a Lot, in which the holder comes into possession of the mortgaged Lot through foreclosure or other judicial sale, or through any conveyance made to such holder in lieu of foreclosure, shall not be subject to the provisions of this Section 3.4. Such first Mortgage holder shall be entitled to do any of the following, all without being subject to any of the provisions of this Section 3.4:

(i) foreclose or take title to a Lot pursuant to the remedies provided in the Mortgage; or

(ii) accept a deed (or assignment) in lieu of foreclosure in the event of a default by a mortgagor; or

(iii) sell or lease a Lot acquired by the Mortgagee.

(h) The lease of a Lot/Townhome by an Owner shall not relieve that Owner from paying all Assessments. It is the Owner who is responsible for paying the Assessments to the Association. Owners are advised to collect Assessments from tenants, in addition to monthly rent payments.

3.5 RIGHTS RESERVED. An Owner's rights or enjoyment of the Common Area as herein created shall be subject to:

(a) The right of the Association to suspend the easement rights of any Owner with respect to utilities, ingress and egress, and all other rights in the Common Area for any period during which any Assessment remains unpaid, and for such period as it considers appropriate for any infraction of its Rules.

(b) The right of the Association to diminish in any way or to dedicate or transfer all or any part of the Common Area to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Board, provided that no such diminution, dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless Declarant (so long as Declarant owns a Lot) and not less than eighty-five percent (85%) of the total vote of all of the Owners agree to such dedication, transfer, purpose or condition.

3.6 RIGHT OF USE BY DECLARANT. During the period of construction and sale of any Townhomes, Declarant and Declarant's respective agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees and the respective agents and employees thereof, shall be entitled to use, parking and storage of vehicles and equipment, access, ingress to and egress from the Property, and the Common Area without charges, as may be required for purposes of construction and sale of any Townhome and other activities of Declarant on or about the Property. While Declarant owns any Lot and until each Lot sold by Declarant is occupied by the purchasers thereof, Declarant and its agents and employees may use and show one or more of such unsold or unoccupied Townhomes as a model Townhome or Townhomes and may use one or more of such unsold or unoccupied Townhomes or a portion of the Common Area without charge, as a sales office, administrative office, management office, or other uses and offices incidental to Declarant's use of the Property, and may maintain customary signs, banners and flags in connection therewith. This Section 3.6 may only be amended or modified with the express written consent of Declarant.

3.7 NO PARTITION. Those portions of the Common Area not contained within the boundaries of a Lot (i.e. Lot 3 and 23 as shown on the Plat) shall remain undivided and shall not be the object of an action for partition or division of the ownership.

3.8 BOAT SLIPS. In connection with the acquisition of a Lot it is contemplated that Declarant shall also simultaneously assign to each respective Owner an exclusive license to use one of the Cameron Harbor Slips as defined and set forth more particularly in that certain Assignment and Assumption of Obligations (the "Assignment Agreement") dated November 30, 2015 and recorded at Book 10620, Page 365, in the Register's Office of Hamilton County, Tennessee (each individually, an "Individual Slip License"). The respective slip being assigned from Declarant to Owner shall correspond to the Townhome number as set forth more particularly on the Site Plan. Each Owner shall accept their respective slip subject to the terms and conditions as set forth more particularly in the Assignment Agreement and all of the related documents referenced therein, including without limitation (i) that certain Easement and License Agreement by and between the City and Cameron Harbor dated February 15, 2010, a copy of which is recorded at Book 9111, Page 703 in the Hamilton County, Tennessee Register of Deed's Office, (ii) the Bylaws of the Marina Association; and (iii) the respective Assignment and Grant of License Agreement applicable to each specific Cameron Harbor Slip (collectively, the "Marina Governing Documents"). If, in connection with the initial acquisition of a Lot, an Owner is granted an Individual Slip License, the Individual Slip License shall be deemed to be appurtenant to and may not be separated from ownership of such Lot and shall be assigned by such Owner at the time they convey title to their Lot. The restrictions in the preceding sentence shall be binding on each successive Owner and shall run with the land.

3.9 PARKING. The ownership of each Lot shall also include an exclusive right of each Owner to use two (2) vehicular parking spaces allocated to each Townhome (the "Dedicated Parking Spaces"). The Dedicated Parking Spaces allocated to each Townhome shall correspond to the Townhome number as set forth more particularly on the Site Plan. In the situation where all or a portion of the Dedicated Parking Spaces allocated to a specific Townhome is not contained within the boundaries of the applicable Lot, then each affected Owner shall have such easement and encroachment rights as is necessary over the adjacent Lot or Lots so as to allow such owner the exclusive right to use their Dedicated Parking Spaces in the manner contemplated herein. Notwithstanding the rights of an Owner to the exclusive use of their Dedicated Parking Spaces as set forth herein, such use shall be subject to the rights of the Declarant and the Association as set forth in this Declaration and any Rule applicable thereto. The easements granted herein with respect to the use of the Dedicated Parking Spaces shall be deemed to be appurtenant to and may not be separated from ownership of a Lot.

3.10 TAXES. Each Owner shall pay without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against their Lot, or personal property located on or in the Townhome. The Association shall pay without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against any real or personal property owned by the Association. The payment of such taxes by the Association shall be a Common Expense.

ARTICLE 4 - THE ASSOCIATION

4.1 MEMBERS AND ASSOCIATION. Every person or entity who is an Owner of any Lot, shall be a Member of the Association. Membership shall be appurtenant to and may not

be separated from ownership of any Lot. Declarant's membership and votes shall include both improved and unimproved Lots. The Association shall be the primary entity responsible for enforcement of the Governing Documents, including this Declaration and the Rules. The Association shall also be the entity responsible for management, maintenance, operation, and control of the Common Area. The Association shall perform its functions in accordance with the Governing Documents, including this Declaration, and Tennessee law.

4.2 TRANSFER OF MEMBERSHIP. The membership held by any Owner shall not be transferred, pledged or alienated in any way except upon the sale of the Lot and then only to the purchaser of the Lot. Any attempt to make a prohibited transfer will be void and will not be reflected upon the books or records of the Association. In the event any Owner shall fail or refuse to transfer the membership registered in its name to the purchaser of its Lot, the Association shall have the right to record the transfer upon the books and records of the Association.

4.3 MANAGEMENT OF PROPERTY. The Board shall have the authority to engage the services of a managing agent to maintain, repair, replace, administer and operate the Common Area, or any part thereof, to the extent deemed advisable by the Board. The cost of such services shall be a Common Expense.

4.4 NON-LIABILITY OF THE DIRECTORS, BOARD, OFFICERS AND DECLARANT. In connection with the Association, neither the Board, or other officers of the Association, nor Declarant shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever by the Board, any officers, or Declarant, except for any acts or omissions found by a court to constitute a crime, gross negligence or fraud. The Owners shall indemnify and hold harmless the Board, any officers, and Declarant or their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors and assigns in accordance with the provisions of the Bylaws. Notwithstanding the foregoing provisions, the Board, any other officers and Declarant in their capacities as Owners shall be subject to the liability standards which affect all other Owners.

4.5 BOARD'S DETERMINATION BINDING. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of the Governing Documents, such dispute or disagreement shall be submitted to the Board and the determination thereof by the Board, provided that it is not arbitrary or capricious, shall be final and binding on each and all such Owners, subject to the right of the Owners to seek other remedies provided by law after such determination by the Board.

ARTICLE 5 - ASSESSMENTS

5.1 PERSONAL OBLIGATION OF ASSESSMENT. Each Owner of a Lot shall, by acceptance of a deed therefore, whether or not it shall be so expressed in any deed or other conveyance, be deemed to consent to and agree to be bound by all of the terms and provisions of the Governing Documents, including this Declaration, and promises to pay to the Association all Annual Assessments, Special Assessments, and Specific Assessments, such Assessments to be established and collected from time to time as hereinafter provided. Each such Assessment,

together with such interest thereon and costs of collection therefore as are hereinafter provided, shall also be the personal obligation of the person or entity who was Owner of such Lot at the time when the Assessment became due. In the case of co-ownership of a Lot, all of such co-Owners shall be jointly and severally liable for the entire amount of the Assessment.

5.2 PURPOSE OF ANNUAL ASSESSMENTS. The Annual Assessment levied by the Association shall be used exclusively for Common Expenses. The Annual Assessment shall be levied equally on all Lots. The Association may require the Annual Assessment to be paid in equal monthly, quarterly, semi-annual, or annual installments.

5.3 COMPUTATION OF ANNUAL ASSESSMENT.

(a) At least ninety (90) days before the beginning of each fiscal year, the Board shall prepare a budget containing the estimated Common Expenses for the coming fiscal year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 5.4. The Annual Assessment shall be levied equally against all Lots and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the level of Assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Lots subject to Assessment on the first (1st) day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the fiscal year.

(b) The Board shall send a copy of the budget and notice of the amount of the Annual Assessment for the following year to each Owner at least thirty (30) days prior to the beginning of the fiscal year for which it is to be effective. Such budget and Assessment shall become effective unless disapproved at a meeting by the Majority of the eligible votes represented in person or by proxy at a meeting in which a quorum is present. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members for a special meeting in accordance with Article III, Section 2 of the Bylaws. If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

5.4 RESERVE BUDGET AND CAPITAL CONTRIBUTION. The Board shall annually prepare reserve budgets for general purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by Annual Assessments, as appropriate, over the budget period.

5.5 SPECIAL ASSESSMENTS. In addition to the Annual Assessments, the 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 the Common Area; provided, however, that any such Special Assessment must be approved by a Majority of the eligible votes represented in person or by proxy at a meeting in which a quorum is present.

Special Assessments shall be due and payable on the date(s), which are fixed by the resolution authorizing such Assessment.

5.6 SPECIFIC ASSESSMENTS. The Association shall have the power to levy Specific Assessments against a particular Lot as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to a Townhome upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Townhome into compliance with this Declaration, or costs incurred as a consequence of the conduct of the Owner or occupants of the Townhome, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Owner prior written notice and an opportunity for a hearing, in accordance with Article VII of the Bylaws, before levying any Specific Assessment under this Section 5.6.

5.7 COMMENCEMENT. The Assessment for a Lot shall commence upon the transfer of title of a Lot from Declarant, or Declarant may hereafter set a date for Assessments to commence for all Lots which have been purchased from Declarant. Assessments on Lots that first become subject to Assessments during a calendar year shall be prorated on a calendar basis for the remainder of such calendar year. Until such time as Declarant no longer has the right to appoint the Board pursuant to Article IV, Section 2(a) of the Bylaws, Declarant may satisfy its obligation for Assessments on Lots that it owns either by paying such Assessments in the same manner as any other Owner or by paying the difference between the amount of Assessments levied on all other Lots subject to Assessment and the amount of actual expenditures by the Association during the fiscal year. Unless Declarant otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding year. Regardless of Declarant's election, Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions, of services or materials, or by a combination of these. After Declarant no longer has the right to appoint the Board pursuant to Article IV, Section 2(a) of the Bylaws, Declarant shall pay Assessments on its unsold Lots in the same manner as any other Owner.

5.8 DUE DATE. Unless otherwise provided herein, Assessments shall be due and payable in full within fifteen (15) days after billed in writing to an Owner by the Association.

5.9 RECORDS OF ASSESSMENT.

(a) The Association shall cause to be maintained in the office of the Association a record of all Lots and Assessments applicable thereto which shall be open to inspection by any Owner. Written notice of each Assessment shall be mailed to every Owner of the Lot subject to Assessment.

(b) The Association shall, upon demand and payment of a reasonable charge, furnish to any Owner a certificate in writing signed by an officer of the Association setting forth whether the amount against the Lot has been paid, and if not, the amount due and owing. Absent manifest

error, such certificates shall be conclusive as evidence for third parties as to the status of Assessments against such Lot.

5.10 ASSESSMENT LIEN. The amount of any delinquent Assessments, whether Regular, Special or Specific and any interest thereon and any late charge attributable thereto, plus the cost of collecting the same, including reasonable attorneys' fees, shall constitute a lien upon the Lot upon which such Assessment was levied. To evidence such lien, the Board may, but shall not be required to, prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner, and a description of the Lot subject to the Assessment, and record the same in the Register's Office of Hamilton County, Tennessee. Such Assessment lien shall attach from the due date of the Assessment(s) it secures and may be enforced by foreclosure on the Lot of the defaulting Owner by the Association in the same manner as is provided by the laws of the State of Tennessee for the foreclosure of deeds of trust with power of sale under Tenn. Code Ann. § 35-5-101 on real property. In the event of any such foreclosure, the Owner shall be liable for all amounts secured by the Assessment lien, plus the costs and expenses of such proceedings, the costs and expenses for filing the notice of the lien, and all reasonable attorney's fees in connection therewith. By acquiring ownership of any Lot subject to Assessment as provided for in this Declaration, the Owner shall thereby be deemed to have waived and released any and all rights and claims the Owner may have in and to the Lot as a homestead exemption or other exemption, the waiver and release to be applicable only in an action to foreclose the Assessment lien.

5.11 EFFECT OF NON-PAYMENT OF ASSESSMENT OR OTHER CHARGES. If any Assessment is not paid on the date when due, or if any other sum or charge agreed to be paid by Owners in this Declaration is not paid when due, then such Assessment, sum or charge shall be delinquent and shall accrue interest thereon at the highest rate permissible under the laws of the State of Tennessee after the due date. If such Assessment, sum or charge is not paid within forty-five (45) days after the due date, then the Association may bring an action at law against Owner personally and/or foreclose the lien against the Lot by court action or trustee's sale, as hereinafter provided.

5.12 ENFORCEMENT OF LIEN.

(a) The lien upon each Lot set forth in this Article 5 shall also secure payment of interest, late charges (subject to the limitations of Tennessee law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (i) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (ii) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. The Association may enforce such lien by suit, judgment, and foreclosure.

(b) The Association may bid for a Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no Annual Assessment shall be levied on it; and (iii) each other Lot shall be charged, in addition to its usual Assessment, its equal pro rata share of the Annual Assessment that would have been charged such Lot had it not been acquired

by the Association. The Association may sue for unpaid Common Expenses and costs without foreclosing or waiving the lien securing the same.

(c) The sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any subsequent Assessments. However, the sale or transfer of any Lot pursuant to foreclosure of a first Mortgage thereon shall extinguish the lien as to any installments of such Assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Lot who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for Assessments on such Lot due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be a Common Expense collectible from Owners of all Lots subject to Assessment, including such acquirer, its successors and assigns.

5.13 FAILURE TO ASSESS. Failure of the Board to fix Assessment amounts or rates or to deliver or mail each Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Annual Assessments on the same basis as for the last year for which an Assessment was made, if any, until a new Assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

5.14 CAPITALIZATION OF ASSOCIATION. Upon acquisition of record title to a Lot by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the Owner to the working capital of the Association in an amount equal to one-twelfth (1/12) of the Annual Assessment per Lot for that year. This amount shall be in addition to, not in lieu of, the Annual Assessment and shall not be considered an advance payment of such Assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to the terms of the Governing Documents.

ARTICLE 6 - MAINTENANCE; SECURITY

6.1 MAINTENANCE BY ASSOCIATION; PERSONAL PROPERTY AND REAL PROPERTY FOR COMMON USE. The Association shall be responsible for maintaining and keeping in good repair the Common Area and the cost for such shall be funded as part of the Common Expenses, such maintenance to include without limitation sealing of the driveway/alley and parking area and lawn care and maintenance. The cost of these items is to be included in the Annual Budget of the Association as a Common Expense. Owners shall allow the Association and its agents access to their Townhome to perform the services under such contracts upon reasonable notice of when these services are to occur. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real property and leasehold interests located within the Property. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association, subject to any restrictions set forth in the deed.

6.2 MAINTENANCE BY OWNERS. Each Owner, at their sole cost and expense, shall be responsible for maintaining and keeping in good repair their Townhome, in a manner consistent with the Governing Documents.

6.3 SECURITY. The Association may, but shall not be obligated to, maintain, or support certain activities to make the Property safer than they otherwise might be. NEITHER THE ASSOCIATION, NOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY OR THE SURROUNDING AREA, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND COVENANTS TO INFORM ITS TENANTS, LICENSEES, AND INVITEES THAT DECLARANT, THE ASSOCIATION, ITS BOARD AND COMMITTEES, ARE NOT INSURERS AND THAT EACH PERSON USING THE PROPERTY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TOWNHOMES, AND THE CONTENTS OF TOWNHOMES RESULTING FROM ACTS OF THIRD PARTIES.

6.4 ENTRY BY BOARD. The Board, its agents or employees, may enter any Lot/ Townhome when necessary and upon prior notice to such Owner, in connection with the maintenance or reconstruction for which the Board is responsible, or which the Board has a right or duty to do. Such entry shall be made with as little inconvenience to an Owner as practicable, and any damage caused thereby shall be repaired by the Board as a Common Expense.

ARTICLE 7 - INSURANCE AND CASUALTY LOSS AND EMINENT DOMAIN

7.1 ASSOCIATION INSURANCE

(a) The Association, acting through its Board or its duly authorized agent, shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area. The Association shall have the authority to and interest in insuring any privately or publicly owned property for which the Association has maintenance or repair responsibility. If blanket "all-risk" coverage is not generally available at reasonable cost, then the Association shall obtain fire and extended coverage, including coverage for vandalism and malicious mischief. The face amount of the policy shall be sufficient to cover the full replacement cost of the insured property. Premiums for all such insurance shall be a Common Expense and shall be included in the Annual Assessment.

(b) The Association also shall obtain a public liability policy on the Common Area, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or builders while acting on its behalf. If generally available at reasonable cost, the public liability policy shall have at least a \$1,000,000 combined single limit as respects bodily injury and property damage and at least a \$2,000,000 limit per occurrence and in the aggregate. Premiums for all insurance on the Common Area shall be a Common Expense and shall be included in the Annual Assessment.

(c) The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.1(a). In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more of the Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Specific Assessment.

(d) All insurance coverage obtained by the Association shall: (i) be written with a company authorized to do business in Tennessee which holds a Best's rating of A or better and is assigned a financial size category of IX or larger as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available; and (ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Association and its Members; (i) vest in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss; (ii) not be brought into contribution with insurance purchased by individual Owners, occupants or their Mortgagees; and (iii) have an inflation guard endorsement, if reasonably available. If the policy contains a co-insurance clause, it shall also have an agreed amount endorsement.

(e) The Board shall use reasonable efforts to secure insurance policies containing endorsements that: (i) waive subrogation as to any claims against the Board, its officers and employees, the Owners and their tenants, servants, agents, and guests; (ii) waive the insurer's right to repair and reconstruct instead of paying cash; (iii) preclude cancellation, invalidation, suspension, or non-renewal by the insurer on account of the acts or omissions of any one or more individual Owners, or on account of the acts or omissions of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; (iv) exclude individual Owners' policies from consideration under any "other insurance" clause; and (v) require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

(f) The Association shall also obtain, as a Common Expense, worker's compensation insurance and employer's liability insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, and flood insurance, if advisable.

(g) The Association also shall obtain, as a Common Expense, a fidelity bond or bonds, if generally available at reasonable cost, covering all persons responsible for handling Association funds. The Board shall determine the amount of fidelity coverage in its best business judgment but, if reasonably available, shall secure coverage equal to not less than one-sixth of the Annual Assessments on all Lots plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

7.2 OWNER'S INSURANCE. Every Owner shall obtain blanket "all-risk" property insurance, if reasonably available, covering their Townhome. If blanket "all-risk" coverage is not generally available at reasonable cost, then the Owner shall obtain fire and extended coverage for (a) loss or damage by fire; (b) loss or damage from such other risks or hazards now or hereafter embraced by an "Extended Coverage Endorsement," including, but not limited to, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (c) loss for flood if the Townhome is in a designated flood or flood insurance area; and (D) loss or damage from such other risks or hazards with respect to the Townhome that the Association determines needs to be insured against. At all times, such insurance coverage shall be in an amount equal to one hundred percent (100%) of the then "Full Replacement Cost" of the Townhome. "Full Replacement Cost" shall be interpreted to mean the cost of replacing the Townhome, without deduction for depreciation or wear and tear, including costs attributable to upgrades required by changes in laws and regulations governing zoning, public access and accommodation, workplace conditions, public health or safety or similar matter, and it shall include, to the extent reasonably obtainable, a reasonable sum for architectural, engineering, legal, administrative and supervisory fees connected with the restoration or replacement of the Townhome in the event of damage thereto or destruction thereof.

7.3 CASUALTY AND EMINENT DOMAIN.

(a) In the event of a fire or any other disaster causing loss, damage, or destruction to or of the Common Area, the Association shall reconstruct the Common Area. If the Common Area is reconstructed, any such insurance proceeds shall be applied thereto, and Special Assessments may be made against the Owners in order to pay the balance of the cost thereof.

(b) In the event of a fire or any other disaster causing loss, damage, or destruction to or of a Townhome, the Owner of such Townhome shall proceed promptly to repair or to reconstruct the Townhome in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with this Declaration.

(c) As used throughout this Section 7.3, reconstruction means restoration of the Common Area to substantially the same condition as existed prior to the fire or other casualty.

(d) In the event any portion of the Property is taken by eminent domain proceedings, provision for withdrawal from the provisions of this Declaration of such portion so taken may be made by the Association. Upon any such withdrawal of any Townhome or portion thereof, the responsibility or liability for payment of all or a portion of Assessments shall be reduced proportionally, and any condemnation award or other proceeds resulting from such proceeding shall be equitably allocated.

ARTICLE 8 - ARCHITECTURAL STANDARDS AND DECORATING

8.1 ALTERATIONS, ADDITIONS OR IMPROVEMENTS. No alteration of any Lot, including change to the exterior of a Townhome or any portion of the Common Area located thereon (e.g. color of paint, exterior surface, doors, lighting, etc.), shall be made by an Owner without the prior written approval of the Board and the Declarant (so long as Declarant owns any

Lot). Any Owner may make any alterations, additions or improvements within the Owner's respective Townhome without the prior written approval of the Board and the Declarant (so long as Declarant owns any Lot), so long as such alteration, addition or improvement is not visible from outside of the Townhome, but such Owner shall be responsible for any damage to other Townhomes, the Common Area, the Property, or any part thereof, resulting from such alterations, additions or improvements. The Board may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Section 8.1 to an architectural review committee comprised of one (1) to three (3) persons chosen by the Board.

8.2 DECORATING. Each Owner shall be entitled to the exclusive use of the Owner's Townhome and such Owner shall maintain the Townhome in good condition at the Owner's sole cost and expense.

ARTICLE 9 - REMEDIES

9.1 EVENT OF DEFAULT; NOTICE. If any Owner (either by the Owner's own conduct or by the conduct of any occupant of the Owner's Townhome) shall violate any provision of the Governing Documents, and if such default or violation shall continue for twenty (20) days after written notice to the Owner from the Association, or shall occur repeatedly during any ten (10) day period after such written notice, then such violation shall constitute an event of default ("Event of Default") and the Association shall have the power to issue to the defaulting Owner a notice in writing terminating the rights of the defaulting Owner to occupy, control, use and enjoy the Common Area and to vote as a Member of the Association.

9.2 REMEDIES IN THE EVENT OF DEFAULT. Upon the occurrence of an Event of Default, the Association, or its successors and assigns, or its agent, shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws, the Rules or the laws of the State of Tennessee, or which may be provided or permitted at law or in equity, and may prosecute an action or other proceeding against such defaulting Owner and/or others for enforcement of any lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Lot, and to sell the same, as hereinafter in this Article 9 provided, or for any combination of remedies, or for any other relief. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the maximum contract rate per annum permitted by law shall be charged to and assessed against such defaulting Owner until paid, and shall be added to and deemed part of the Owner's respective share of the Common Expenses, and the Association shall have a lien for all of the same, as well as for non-payment of the Owner's Assessment in accordance with Article 5. Upon the occurrence of an Event of Default by any Owner, the Board and the manager or managing agent, if so authorized by the Association, shall have the authority to correct such Event of Default, and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Owner, together with interest thereon at the rate aforesaid. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association.

ARTICLE 10 - MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots in the Property. The provisions of this Article 10 apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

(a) An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(i) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(ii) Any delinquency in the payment of Assessments or charges related to a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of this Declaration or the Bylaws relating to such Lot which is not cured within sixty (60) days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from the Association of any default in the performance by an Owner of any obligation under this Declaration or the Bylaws which is not cured within sixty (60) days;

(iii) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(iv) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

(b) Upon written request, any Mortgagee subject to this Declaration shall be entitled to:

(i) inspect the books and records of the Association during normal business hours, upon reasonable notice;

(ii) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Owners;

(iii) receive written notice of all meetings of the Association and permitted to designate a representative to attend all such meetings;

(iv) receive written notice of any default in the obligations hereunder of any Owner of such Lot encumbered by such first Mortgage, not cured within thirty (30) days after notice of such default has been sent to such Owner by the Association; and

(v) receive written notice of any material amendment to this Declaration, the Bylaws or the Charter.

However, the Association's failure to provide any of the preceding to a first Mortgagee who has so requested same shall not affect the validity of any action or decision which is related to the foregoing, nor shall the Association have any liability on account of its good faith failures to so provide.

ARTICLE 11 - GENERAL PROVISIONS

11.1 ACCEPTANCE OF PROVISIONS. Each Owner, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration and the exhibits thereto or otherwise of record, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations imposed hereby and by the exhibits hereto or otherwise of record shall be deemed and taken to be covenants running with the land, shall bind any person having at any time any interest or estate in the land and shall inure to the benefit of such person in like manner as though the provisions of this Declaration and the exhibits hereto and other recorded instruments were recited and stipulated at length in each and every deed of conveyance.

11.2 PARTY WALLS. Each wall which is built as a part of the original construction of a Townhome upon the Lots and placed on the dividing lines between the Lots shall constitute a party wall and the general rules of law regarding party walls and liability for property damage from negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall, in equal proportions to such use. If a party wall is destroyed or damaged by fire or other casualty, any Owner who uses the wall may restore it. If other Owners make use of this wall, they shall contribute to the restoration cost in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the Owner under any rule of law regarding liability for negligent or willful acts or omissions.

11.3 INCORPORATION. Declarant (prior to the election of the first Board) or the Board shall form the Association for the purpose of facilitating the administration and operation of the Property.

11.4 FAILURE TO ENFORCE. No terms, obligations, covenants, conditions, restrictions or provisions imposed hereby or contained herein or the exhibits hereto shall be abrogated or waived by any failure to enforce the same no matter how many violations or breaches may occur.

11.5 NOTICES. Any notices required or permitted to be given under this Declaration unless otherwise specified shall be either personally hand delivered or sent registered or certified mail with return receipt requested, at the respective Townhome address of the Owners, or the Association or to such other address as an Owner or the Association may from time to time designate in writing to the Association. Any notice shall be deemed to have been given at the time it is hand delivered or it is placed in the mail with sufficient postage prepaid.

11.6 AMENDMENTS.

(a) Notwithstanding anything herein to the contrary, so long as Declarant owns any Lot, it may unilaterally amend this Declaration for any purpose.

(b) Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of the Owners representing seventy-five percent (75%) of the affirmative vote of all Owners and by written consent obtained from Declarant (so long as Declarant owns a Lot). Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

(d) Any amendment shall become effective upon recording with the Register's Office of Hamilton County, Tennessee, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly.

11.7 SEVERABILITY. The invalidity of any restriction hereby imposed, or any provision hereof, or of any part of any such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration and all of the terms hereof and the exhibits hereto are hereby declared to be severable.

11.8 CONSTRUCTION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a first class Townhome Regime.

11.9 EFFECTIVE DATE. This Declaration shall be effective upon recordation.

11.10 HEADINGS. The headings of paragraphs and sections in this Declaration and the Bylaws are for convenience or reference only and shall not in any way limit or define the content or substance or such paragraphs and sections.

11.11 NUMBER AND GENDER. As used in this Declaration, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

11.12 PERPETUITIES AND RESTRAINTS ON ALIENATION. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule of property known as the rule against perpetuities, then such provision shall continue in force and effect only until twenty-one (21) years after the death of George H. W. Bush.

[Execution page follows]