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**DECLARATION OF COVENANTS AND RESTRICTIONS
FOR FRONT GATE**

1319904, 1319902

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**DECLARATION OF COVENANTS AND RESTRICTIONS FOR
FRONT GATE**

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made this 27th day of September, 2006, by CHATTANOOGA DEVELOPMENT GROUP, LLC, a Tennessee limited liability company in its capacity as the Developer (herein defined) and by FRONT GATE DEVELOPMENT PARTNERS, LLC ("FDP"), a Tennessee limited liability company, in its capacity as owner of the Land (herein defined) encumbered by this Declaration.

Background:

A. Developer (herein defined) and FDP, as developer and owner of certain real property located in Hamilton County, Tennessee, and being more particularly described in Exhibit "A" hereto attached and herein incorporated, are in the process of creating thereon a development known as Front Gate, in the Ooltewah area of Hamilton County, Tennessee.

B. Developer and FDP intend for the character of the Development (herein defined) to combine the charm, detail, style, quality, and craftsmanship of traditional, early 20th-Century neighborhoods with the state-of-the-art amenities and conveniences and low maintenance building features available through modern construction, and Developer and FDP desire to preserve this unique combination of traditional style and quality with modern convenience and construction for the future benefit of the Development, all Home Sites, and all Owners.

C. Developer and FDP desire to provide for the preservation of the land values and home values when and as the Land 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.

D. It is the plan of the Developer and FDP to devote the Home Sites in the Development solely to residential purposes in the form of single family homes.

E. Developer and FDP have 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.

F. Developer and FDP have caused or shall cause to be incorporated under the laws of the State of Tennessee, Front Gate Homeowners Association, Inc., a Tennessee

corporation not for profit, for the purpose of exercising the above functions and those which are more fully set out hereafter.

G. Developer has appointed its designee who is now acting and will continue to act as the Board of the Association (herein defined) in accordance with the provisions of this Declaration and the provisions of the Bylaws (herein defined) until such time as the Developer transitions the administration and operation of the Board and the Association over to the Owners, as set forth in the Bylaws.

Declaration:

NOW, THEREFORE, Developer and FDP subject the Property, as described in Exhibit "A" hereto attached and herein incorporated, to the terms of this Declaration and declare 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; and these Covenants shall touch and concern and run with the Property and each Home Site 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 Association. "Association" shall mean Front Gate Homeowners Association, Inc., a Tennessee corporation not for profit.

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

1.03 Bylaws. "Bylaws" shall mean the Bylaws of the Association, the initial text of which is set forth in Exhibit "B" attached hereto and made a part hereof.

1.04 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.

1.05 Common Properties. "Common Properties" shall mean those items of personal property, fixtures, or areas of land with any improvements thereon, whether owned in fee simple or by virtue of an easement, license or otherwise, which are conveyed to the Association and are

intended for the common use and development of all Owners, which may include without limitation, street lights, entrance signs, a community pool, parks, a clubhouse, and other undeveloped green spaces.

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

1.07 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions for Front Gate Homeowners Association, Inc. and any supplemental Declaration filed pursuant to the terms hereof.

1.08 Design Review Committee. "Design Review Committee" or "DRC" shall mean the body established by the Original Declaration and continued pursuant to this Declaration and charged with the responsibility of reviewing and enforcing various architectural and building covenants and restrictions herein provided, and which shall be the Developer until the DRC is appointed as herein provided and as provided in the Bylaws.

1.09 Development. "Development" shall mean the whole of Front Gate development as being developed by Developer in the Ooltewah area of Hamilton County, Tennessee, including the Property described on Exhibit "A" and all other real property later subjected to this Declaration.

1.10 Developer. "Developer" shall mean Chattanooga Development Group, LLC, a Tennessee limited liability company and its successors and assigns.

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 Home. "Home" shall mean any building situated within the Development designated and intended for use and occupancy by a single family.

1.14 Home Site or Home Sites. "Home Site" or "Home Sites" shall mean any improved or unimproved plat of land shown as a Home Site upon any recorded final subdivision map of any part of the Development, with the exception of Common Properties.

1.15 Land. "Land" shall mean all of that real property currently owned by Developer and described in Exhibit "A" hereto attached and herein incorporated.

1.16 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.

1.17 Member or Members. "Member" or "Members" shall mean any or all Owner or Owners who are Members of the Association.

1.18 Mortgage. "Mortgage" shall mean a deed of trust, as well as a mortgage.

1.19 Mortgagee. "Mortgagee" shall mean a beneficiary, creditor, or holder of any Mortgage.

1.20 Owner or Owners. "Owner" or "Owners" shall mean the record owner or owners, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any Home Site situated in the Development, but, notwithstanding any applicable theory of a Mortgage, shall not mean or refer to the Mortgagee, unless and until such Mortgagee has acquired title pursuant to foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. The Developer may be an Owner.

1.21 Property or Properties. "Property" or "Properties" shall mean that portion of the Land which is currently being made subject to this Declaration.

1.22 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.

ARTICLE II
PROPERTIES, COMMON PROPERTIES AND
IMPROVEMENTS THEREON; ASSOCIATION AND BOARD

2.01 Property. The real property which is covered by this Declaration (including both Home Sites already subdivided and yet to be subdivided as well as Common Properties) is described on Exhibit "A".

2.02 Additions to Property. Developer may subject additional portions of the Land, and other real property, to this Declaration in the following manner or any other lawful manner:

A. Additions by Developer. The Developer, its successors and assigns, shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration: (i) all or any part of the Land described in Exhibit "A" attached hereto and made a part hereof; and (ii) 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 body of water, 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 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 contain such complementary additions and/or modifications of the Covenants 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.

B. Separate Associations. For any 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 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.

2.03 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 established by this Declaration.

2.04 Common Properties and Improvements Thereon; Association Easements. Each of the following are part of the Common Properties.

A. Community Lots. Any lots or other portions of the Development which are now or hereafter declared to be "community lots" on any plat(s) already or hereafter Recorded in connection with the Development are hereby declared to be part of the Common Properties.

B. Street Lights. The Developer intends to install initially street lights within areas designated as public right-of-ways.

C. Entrances. The Developer shall install initially one or more entrance signs to the Development as well as one or more entrance walls and plantings. The sign(s), wall(s) and planting(s) are part of the Common Properties. The Association is responsible for the operation, maintenance, repair and replacement of the sign(s), wall(s) and planting(s).

D. Street-side Landscaping. Developer intends to plant certain street-side trees within the area between the street-side sidewalks and the right-of-ways in the Development, and any such trees planted by Developer (or later replaced by the Association) within that area

will be Common Properties such that the Association shall be responsible for the replacement of such trees as well as trimming or removal in the event of damage thereto. Likewise, the grass in the area between the street-side sidewalks and the right-of-ways in the Development shall be a Common Property such that the Association shall be responsible for seeding, overseeding, weeding, and fertilizing the grass in this area. Notwithstanding the foregoing, the individual Owners and not the Association shall be solely responsible for all grass cutting and watering in the areas between the street-side sidewalks and the right-of-ways in the Development.

E. Other. The Developer may develop additional Common Properties for the Development (including but not limited to a community swimming pool, undeveloped green spaces, playgrounds, parks, and a clubhouse as Developer deems appropriate), which Developer shall convey to the Association at such time as Developer deems appropriate, and thereupon the Association shall become responsible for the operation, maintenance, and repair thereof.

F. Easements for Common Properties. Developer has constructed for the benefit of the Association a landscaping berm located along the common, rear property lines of Home Sites 37, 39 through 43, 45, and 47 through 51, and the Association is hereby granted and shall have an easement to access and maintain the landscaping berm, over and across each of these referenced Home Sites, such easement to be limited to the extent as reasonably necessary for such access and maintenance. The easement herein described shall "run with the land," so as to encumber these referenced Home Sites, for the benefit of all Home Sites in the Development by and through the Association.

G. Owner Damage. Notwithstanding anything herein to the contrary, in the event that any Owner (or members of his/her family or such Owner's guests or invitees) intentionally, negligently, or accidentally causes damage to any Common Properties, then the Board is authorized to repair the damage and obtain reimbursement for the cost of such repair from such Owner.

2.05 Association and Board. The enforcement of this Declaration, the management, maintenance and control of the Common Properties and the other business of the Development shall be conducted by the Association and the Board as provided herein and in the Bylaws. The Association shall be created and the Board shall be appointed as provided in the Bylaws.

ARTICLE III PURPOSES, USES AND RESTRICTIONS

3.01 Common Properties. The Common Properties shall be used to benefit the Owners of Home Sites of the Development and to enhance the appearance and liveability of the Development.

3.02 Home Site Residential Use.

A. All of the Home Sites in the Development shall be, and be known and described as, residential Home Sites, and no structure shall be erected, altered, placed or permitted to remain on any Home Site other than one (1) detached single family dwelling, subject to the terms and conditions as herein specified.

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

C. Home Sites, or any portion thereof, shall not 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 in writing.

3.03 Multi-Family Residences, Business. Homes shall not be designed, patterned, constructed or maintained to serve, or for the use of more than one single family, and Homes shall not be used as a multiple family dwelling at any time, nor used in whole or in part for any business service or commercial activity where employees, clients, patrons or customers come and go, where commercial deliveries of supplies or equipment are made, or which otherwise is inconsistent with ordinary residential uses.

3.04 Minimum Square Footage. No dwelling house shall be erected or permitted to remain in the Development unless it has the number of square feet of enclosed living area, 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 houses which are known as "split-levels", in order for a level to qualify as a main living area, it must be exposed for full height on three sides. 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 Board shall be final. The minimum number of square feet required is 1,500.

3.05 Building Requirements. The exterior of all Homes shall be constructed of any of the following: stucco, sand finish or texture, brick or stone masonry, baked-on enamel, wrought iron, copper, wood siding or shingles, or Hardi Plank or equivalent siding. Any other exterior material may be specifically approved by the Developer or the Design Review Committee as herein provided. All retaining walls shall be of stone or brick finish or other materials approved by the DRC. All roof overhangs shall be a minimum of 8 inches (except for dormers) and a maximum of 12 inches from the finished face of the exterior wall. All roofs shall have a minimum pitch of 7:12 of front elevation and 6:12 of front-to-back slope. All driveways shall have a minimum width of 10 feet. All roofing material must be architectural quality with a

minimum of 25-year dimensional shingle, asphalt, shakes or slate and must be black, dark grey, weather wood or another color approved by the DRC. All roof stakes and plumbing vents shall be placed on rear roof slopes wherever possible. Metal roofing may be used for porches, bay windows, roof vents, and dormers and must in all events be approved by the DRC. Metal roofing on the front elevation bay windows may be approved or required by the DRC.

3.06 Frontal Appearance. All Homes shall have conventional and acceptable frontal appearance as determined by the DRC from the main street fronting said Home Sites.

3.07 Set-backs. Set-backs in the Development shall be as specified in the Hamilton County zoning laws and regulations applicable as of the date of Recording this Declaration.

3.08 Chimneys. All chimneys or other fireplace structures on the exterior of any Home shall begin at ground level and shall have a painted chimney shroud. Cantilevered fireplaces are not allowed, unless otherwise approved by the DRC on rear elevations. The DRC shall review and approve exterior chimney materials based on location and surrounding wall materials.

3.09 Mailboxes. All Homes in the Development will be required to have a FRONT GATE standard, preaddressed mailbox selected by Developer.

3.10 Windows. All windows shall be wood or vinyl and, if on the front or the side of a Home, must have a mutton pattern. Bay windows and box windows must be continuous to the ground and constructed of brick, fiber cement, wood or stucco. Clad windows are permitted provided such windows have a brick mold surrounding them and are approved by the DRC. Cantilevered bays are prohibited on the front and sides of any Home.

3.11 Detached Buildings. Detached garages, outbuildings or servants quarters shall not be placed on any Home Site without the prior written consent of Developer or the DRC. A bathhouse (which shall not include sleeping quarters) built expressly in conjunction with a private swimming pool shall not be included in this prohibition. Thus a bathhouse will not have to be connected or attached to the dwelling but the plans and specifications, including the exterior material, must be approved by Developer or the DRC. However, the square footage of such a structure shall not be included in complying with the minimum square footage requirements as set forth herein.

3.12 Sidewalks. Unless otherwise waived by the DRC, each Owner shall install a 5-foot sidewalk, not more than 6 feet from the curb along all street frontage of all Home Sites in accordance with all applicable requirements and specifications of Hamilton County.

3.13 Fences. Except with the prior written approval of the Developer or the DRC, fences shall not be erected on any Home Site. All fences constructed on any Home Site, including those to encompass a swimming pool, shall be constructed either of cast aluminum or of wrought iron or shall be wooden or vinyl picket fences or lattice, and the design of all such

fences shall be subject to the approval of Developer or the DRC. Chain link fences and barbed wire fences are prohibited.

3.14 Driveways. Each residence constructed upon a Home Site must be served by a driveway constructed of hard surface materials such as concrete, brick, exposed aggregate, or pre-cast pavers. All other hard surface materials must be approved by the Developer or the DRC. Where a Home Site borders on more than one street, the Home Site shall be entered from the secondary street. It shall be obligatory upon all owners of Home Sites 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.

3.15 Curbs. No permanent cuts may be made in the curbs for any purpose, other than driveways. Owners shall repair damaged curb cuts in front of their respective Home Sites, except that if another, identifiable Owner causes damage to a curb cut, then such Owner shall be responsible for repairing the damage.

3.16 Completion of Construction. The exterior of all Homes must be completed within six (6) months after the construction of the same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. All construction of the Home and other related construction on a Home Site shall be completed within twelve (12) months from the date of the pouring of the footings for said Home.

3.17 Heating and Air Units and Garbage Receptacles, Tanks. Heating or air conditioning units must be properly screened with evergreen shrubs or fencing approved by the DRC. All garbage and trash containers must be placed in the garage or in enclosed areas of the rear or side yard which must be approved by the DRC as to materials, dimensions, and location. Window and/or wall air conditioning units are prohibited. Propane tanks or other such fuel tanks are prohibited.

3.18 Temporary Structures. No part of any Home Site shall be used for residential purposes until a completed Home, conforming fully to the provisions of the Covenants contained in this Declaration, 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 Home Site except during the period of construction.

3.19 Signs. No sign of any kind shall be displayed from any Home Site or from any Common Properties, with the exception of a "For Sale" sign to facilitate the sale of an Owner's

personal residence, which shall only be placed in the front yard of the selling Owner. The required specifications for such "For Sale" sign shall be:

- A. 18" high by 24" long
- B. Shall have painted background of "Front Gate" ivory color
- C. Shall be worded with any or all of the following information:
 - (1) Real Estate Company's name and phone number, and if desired,
 - (2) The individual realtor's name and phone number.

If a Home is to be sold personally by the Owner, the "For Sale" sign then shall say "For Sale By Owner" and if desired may also show the Owner's phone number. A sample of each of these signs shall be available for any Owner to see by contacting the Board of Directors which shall maintain such samples.

3.20 Exterior Lighting. No exterior flood lighting may be attached to any Home except for flood lights attached to the rear corners of a Home, which must be pointed downward so as not to disturb other Owners. For all other decorative lighting on any Home or Home Site Owners must obtain the prior approval of the Board or the DRC. Owners also must obtain Board or DRC approval when replacing any exterior lighting fixtures if the replacement fixtures are different from those originally provided with the Home by the Developer.

3.21 Animals; Dog Houses. No sheep, swine, goats, horses, cattle, burros, fowls (excluding household birds such as parrots and parakeets) or any like animals shall be permitted to be kept or to remain on any of the Home Sites, or to roam at large on any of the streets or way in or bordering the same. There shall be no kennels permitted on any Home Site for the commercial breeding or boarding of domestic pets. Pet owners shall not allow pets to roam unattended, and pets shall be leashed if off their master's Home Site. 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" under Section 3.37. Dog houses are prohibited unless kept inside a garage or kept in an unobtrusive location on the rear of a Home Site with proper screening, and the dog house's location and the associated screening must be approved by the Board.

3.22 Doors, Screen Porches, Patios, Decks, and Repainting of Homes. Bright finished or bright plated metal exterior doors, louvers, or exterior trim or structure members are prohibited. All screened enclosures shall be constructed of the same materials as used on the respective Home and shall have grey nylon/fiberglass screening. All screened porches, front and side porches, and decks facing a street shall be painted to match the color of the trim of the respective Home. All decks must be constructed of cedar or pressure treated wood or of a composite material in a natural color as approved by the Board or the DRC. When repainting a house, all portions of every Home must be repainted the original colors unless the Owner obtains approval from the DRC for alternative colors (which must be in keeping with the existing colors

of the other Homes in the Development), which colors shall thereafter be deemed the original colors for purposes of future repainting.

3.23 Tree Removal; Tree Planting. No trees larger than 2-inch CAL or shrubs taller than six (6) feet in height shall be removed prior to obtaining approval of the DRC. The majority of the trees may not be removed from any Home Site except in the area of the Home Site 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. Notwithstanding the foregoing, Developer may remove any and all trees and shrubs as it deems necessary. In order to maintain the consistency and integrity of the streetscaping plan for the Development, Owners may not plant trees in front or side yards without first obtaining the prior approval of the DRC.

3.24 Wells. No private wells may be drilled or maintained on any residential Home Site without the prior written consent of the Developer or the Board.

3.25 Antennas. Television antennae, dishes, radio receivers or senders or other similar devices shall not be attached to or installed on the exterior portion of any Home or other structure on any Home Site within the Development, except that eighteen inch (18") satellite dishes shall be permitted provided that the location of such satellite dishes receives the prior written consent of the Board or the DRC, which consent shall be granted only if the selected location minimizes the visibility and obtrusiveness of such satellite dish to both the street and other Homes; nor shall radio, television signals, nor any other form of electromagnetic radiation be permitted to originate from any Home Site 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.

3.26 Garages. All Homes shall have a minimum of a two-car garage. All garages must be a minimum of 20-feet by 20-feet, and single garage doors must be a minimum of 8-feet wide and double garage doors a minimum of 16-feet wide. Garage doors must be panel wood, hard board, or metal paneled. If the garage faces the street for front entry, then the garage must be recessed not less than six (6) feet from the front-most part of the Home, including any open porches or steps.

3.27 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 Home Sites within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance.

3.28 Laundry. No Owner, guest, or tenant, shall hang laundry from any area within or outside a Home 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.

3.29 Vehicle Parking. Vehicles owned by Owners shall be parked only in the Owner's garage or driveway. Vehicles owned by Owners must be parked in the Owner's garage from sunset to sunrise, unless the Owner has more than two (2) vehicles, in which case all additional vehicles shall be parked in the Owner's driveway. The maximum number of vehicles which an Owner may park at a Home Site shall be four (4), if the Home has a two-car garage, or five (5), if the Home has a three-car garage. In order to protect the aesthetic character of Front Gate, vehicles which do not have a visually attractive exterior, are commercial in nature, or otherwise would detract from the overall character of the neighborhood, as determined by the Board in its discretion, must be parked inside garages at all times. Tractor trucks may not be parked in the Development. No inoperable vehicle, tractor or other machinery shall be stored on any Home Site at any time, even if not visible from the street. No house trailer or other such vehicle shall be stored at a Home Site or otherwise in the Development. There shall be no overnight parking of vehicles on the streets of the Development (including curbside parking areas) except in the case of overnight houseguests, and then only for periods of not more than one (1) week and only if there is no parking room in the driveway of the Owner. Parking in the alleyways of the Development is prohibited. Owners may not construct or have constructed parking pads or expansions to existing driveways except on Home Sites where the garage is "rear-loaded" from an alley or is side-loaded on a "traditional narrow-lot style" Home, and any such parking pads or driveway expansions must be contiguous to the existing driveway, provide space for only a single vehicle, and be approved by the DRC in accordance with plans and specifications submitted by the Owner before construction starts.

3.30 Flag Poles. No flag poles shall be situated on any Home Site except for such flag poles as are displayed from the exterior surface of a Home and are not more than five (5) feet in length. The exact location of any flagpole must be approved by the DRC.

3.31 Pools, Play Equipment, Accessory Structures. The location and design of all in-ground pools, and any decks or patios related to the same, must be approved by the DRC, which approval shall be conditioned upon approval of a proper landscaping and screening plan submitted to the DRC. Above ground pools are prohibited in the Development. Construction or location of any decorative items such as statues, ornaments, and fountains must be requested in writing and approved by the DRC. The construction, placement, or installation of any playhouses, playsets, swing sets, and similar structures must be approved by the DRC as to location, style, materials, and color, it being an expressed part of this Declaration that the preferred colors for such structures are "natural" so as to minimize attention drawn to them and that the preferred material for such structures is natural stained wood. Non-portable basketball goals are prohibited. Portable basketball goals may not be used in any street or alley or any front yard of a Home Site and must be kept inside a garage from sunset to sunrise. Tool sheds are prohibited.

3.32 Rearrangement of Home Site Lines.

A. Not more than one dwelling house shall be erected or maintained on any one Home Site. The division or rearrangement of boundary lines of subdivision Home Sites by any person or entity other than the Developer shall not increase the total number of Home Sites in the Development, and the same shall conform to zoning laws and subdivision regulations in effect thereon.

B. 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 Home Sites, to combine Home Sites or parts of Home Sites, to rearrange boundaries of Home Sites, to cause any part of any Home Site to become a part of the Common Properties, and to cause portions of Common Property to become a part of any of the Home Sites bordering them.

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

3.34 Exterior Home Care. For the benefit of the Development, the exterior of all Homes must be properly kept and maintained in a condition of appearance and repair that is appropriate for an up-scale neighborhood.

3.35 Lawn Care. All front yards and at least the front one-half of the side yards shall be sodded with Fescue grass. Backyards may be seeded with Fescue. No tree of size greater than 2-inch CAL may be removed without approval of the Developer or the DRC, provided that the Developer may remove any and all trees as it deems reasonably necessary. For the benefit of the Development, Owners are required to keep their lawns and landscaping healthy and manicured, as appropriate for an up-scale neighborhood, including but not limited to keeping shrubs appropriately trimmed and lawns appropriately mowed and free of weeds and debris.

3.36 Unsightly Conditions. All of the Home Sites 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 Home Site in the Development fails, of his own volition, to maintain his Home Site or Home in a neat and orderly condition (including but not limited to a violation of Section 3.34 or Section 3.35), Developer, or its duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Home Site without liability and proceed to put said Home Site into an orderly condition, billing the cost of such work to the Owner.

3.37 Offensive Activity. No noxious or offensive activity (be it offensive as to sight, sound, smell, or otherwise) shall be carried on upon any Home Site, nor shall anything be done

thereon which may be or may become an annoyance, discomfort, embarrassment or nuisance to the Development or which may disrupt the peaceful and quiet enjoyment of any other Owner.

3.38 Permitted Entrances. In order to implement and effect insect, reptile and woods fire control, and to maintain unsightly Home Sites, the Developer or the Board, or their respective agents, may enter upon any Home Site on which a dwelling residence 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 Development or Home Sites. 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 Home Site to remove any trash which has collected on said Home Site 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 Home Sites or to provide garbage or trash removal services.

3.39 Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic and economical value of all Home Sites 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 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.

3.40 Application. It is expressly stipulated that these Covenants set forth in this Article apply solely to the herein listed Home Sites in the Development, and are not intended to apply to any other Home Sites, tracts or parcels of land in the area or vicinity, owned by the Developer. Specifically, the Developer, its successors or assigns, reserve the right to use or convey such other Home Sites, tracts and parcels with different restrictions or unrestricted.

ARTICLE IV ARCHITECTURAL CONTROL

4.01 Architectural and Design Review

A. In order to preserve, to the extent possible, the natural beauty of the Development and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the Development, to avoid harsh contrasts in the landscape and architectural theme of the Development, and to promote and protect the value of the Home Sites,

the Developer and the Board shall create a Design Review Committee which will be charged with reviewing compliance with the architectural, building, and landscaping Covenants herein specified, and developing a body of rules and regulations pertaining to such review, which shall be available for all Owners or prospective Owners of Home Sites. The primary goal of the DRC shall be to review the applications, plans, specifications, materials, and samples submitted for construction of Homes or other structures located in the Development and any additions, alterations, or improvements thereto, as well as for landscaping plans. The DRC may make periodic inspections during any such construction to review for compliance with the Covenants herein contained. In the event of any violation of covenants herein contained which is not promptly cured upon notice from the DRC of such violation, the DRC shall notify the Developer or the Board, who then shall proceed to enforce compliance with such Covenants.

B. No building, fences, walls, pools, structures of any type, shall be erected, placed, added to, 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), Home Site plan (showing the proposed location of such 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 DRC for approval at least thirty (30) days prior to the proposed date of construction. The Developer or the DRC 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 DRC may, by written notice given from time to time to the Owners of Home Sites, exempt certain matters of a non-essential nature (but not including the reduction of the minimum square footage requirements as set forth herein), from the review requirements subject to the terms and conditions and for the time periods established by Developer or the DRC. In the event of the completion of any Home on any Home Site, without any proceedings having been instituted in the courts of Hamilton County, Tennessee to enjoin the construction thereof, the said Home shall be conclusively presumed to have had such approval.

C. The architectural and 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 Home Site and on adjoining or nearby Home Sites.

D. The DRC shall consist of the Developer (or its appointees) until a Board consisting entirely of persons other than Developer (or its appointees) has been elected to succeed the Developer at a special meeting of the Association called for such purpose as provided in the Bylaws. Within sixty (60) days of the election of a Board to succeed Developer as above described, such Board shall appoint three (3) persons to make up the DRC. The

President of the Association shall always be a member of the DRC. The Board shall promptly fill all vacancies to the DRC. The DRC may adopt rules and bylaws for its own procedural operation as are necessary and convenient, provided however, that such rules and bylaws must be approved by the Board.

4.02 Approval Standards. Approval of any proposed building plan, location, specifications or construction schedule submitted under Section 4.01 will be withheld unless such plans, location and specifications comply with the provisions of ARTICLE IV of this Declaration and unless such construction schedule complies with the provisions herein provided. Approval of the plans and specifications by the DRC 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 Appeals. Any Owner may appeal any decision of the DRC to the Board by written request. The Board shall hear such appeal within twenty-one (21) days of such request and shall decide such appeal within twenty-one (21) days of such hearing. The hearing of any such appeal need not occur at a formally called or convened meeting of the Board.

4.04 Variances. All requests for variances to the Covenants herein contained shall be made in writing to the DRC. The DRC shall, within twenty-one (21) days of such request, make a recommendation to the Board either to approve or to disapprove such variance request. The Board shall issue a final decision on such request for variance within twenty-one (21) days of the DRC's recommendation.

ARTICLE V ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Each Owner by acceptance of a deed conveying a Home Site, 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 the Covenants contained in this Declaration and pay to the Association annual assessments and special assessments for the purposes set forth in Section 5.02 and Section 5.04 of this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Owner of each Home Site shall be personally liable, such liability to be joint and several if there are two or more Owners, to the Association for the payment of all assessments, whether annual or special, which may be levied while such party or parties are Owners of a Home Site. 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 Home Site 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 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 Home Sites are combined into a single Home Site by an Owner, the assessments will continue to be based upon the number of original Home Sites purchased.

5.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Common Properties or the Development generally. The special assessments shall be used for the purposes set forth in Section 5.04 of this Article.

5.03 Amount of Annual Assessment. Until the election of a Board to succeed Developer consisting entirely of persons other than Developer (or its appointees) as described in the Bylaws, the amount of the annual assessments shall be set and may be adjusted by the Developer as it deems appropriate relative to the budgetary needs of the Association. Annual assessments may be adjusted more frequently than annually if necessary (whether by the Developer or by the Board). Thereafter, the annual budget for the Association and the amount of the annual assessments shall be set by the Board; provided however, that the Board may not increase the Association's annual budget by more than ten percent (10%) without first acquiring the approval of two-thirds (2/3rds) of those Members of the Association who are present or represented by proxy at the annual meeting held to approve such budget.

5.04 Special Assessments for Improvements and Additions. 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, reconstruction, repair, or replacement of the Common Properties, including the necessary fixtures and personal property related thereto and capital improvements or additions to the Common Properties. Notwithstanding the foregoing the Board shall not authorize structural alterations or capital additions to the Common Properties which require an expenditure in excess of Ten Thousand Dollars (\$10,000.00) without approval of a majority vote of those Members who are present or represented by proxy at any annual or special meeting of the Association; or in excess of Twenty Thousand Dollars (\$20,000.00) without approval of two-thirds of the vote of those Members who are present or represented by proxy at any annual or special meeting of the Association; provided, however, that the Board shall have the power to make any repairs to and to undertake maintenance of an urgent nature on the Common Properties as may be necessary, in the Board's reasonable judgment, to preserve or maintain the integrity thereof without obtaining such approval.

5.05 Property Subject to Assessment. Only Home Sites subject to this Declaration shall be subject to these assessments. Projected locations for future platted Home Sites shown on the Master Plat will not be subject to assessment, unless and until such locations are subdivided into Home Sites, filed of record, and subjected to this Declaration.

5.06 Exempt Property. No Owner may exempt himself from liability for any assessment levied against his Home Site by waiver of the use or enjoyment of any of the Common Properties or by abandonment of his Home Site or 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) All Home Sites owned by the Developer.
- (b) The grantee of a utility easement.
- (c) All properties dedicated and accepted by a local public authority and devoted to public use.
- (d) All Common Properties.
- (e) 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. Imposition of the annual assessments provided for herein shall commence with the first sale of the first Home Site.

B. The amount of the first annual assessment on a Home Site shall be based pro rata upon the balance of the calendar year and shall become due and payable on the closing of the Home Site. The assessments for any year, after the first year, shall become due and payable the first day of January of said year.

C. The due date of any special assessment under Section 5.04 hereof 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 Association is hereby granted a lien upon each Home Site and the improvements thereon as security for the payment of all assessments against said Home Site, now or hereafter assessed, which lien shall also secure all costs and expenses, and reasonable attorney's fees, which may be incurred by the Association in enforcing the lien upon said Home Site. The lien shall become effective on a Home Site immediately upon the closing of that Home Site. The lien granted to the 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 Association for such payment shall constitute a default, and this lien may be foreclosed by the Association. In addition to the foregoing, the Association may record notices of liens separate and apart from this Declaration as further evidence of any amounts due and payable by an Owner hereunder.

5.09 Lease, Sale or Mortgage of Home Site. Whenever any Home Site 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 Association, upon written request of the Owner of such Home Site, 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 Association by the Owner of such Home Site; and such statement shall also include, if requested, whether there exists any matter in dispute between the Owners of such Home Site and the Association under this Declaration. Such statement shall be executed by 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 Association shall be bound by such statement.

In the event that a Home Site is to be leased, sold or mortgaged at the time when payment of any assessment against said Home Site 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 Association before payment of any rent, proceeds of purchase or mortgage to the Owner of any Home Site who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Home Site, the grantee(s) shall be jointly and severally liable with the grantor(s) for all unpaid assessments against the grantor(s) and the Home Site 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
MORTGAGES, MORTGAGEES AND PROCEDURES AND
RIGHTS RELATING THERETO

6.01 Register of Owners and Mortgages. The 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 Home Site to a third party, the purchaser or transferee shall notify the Board in writing of his name and his interest in such Home Site. Any Mortgagee may, if it so desires, notify the Association of the existence of any Mortgage held by it, and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same.

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 Home Site if, and only if, all assessments, whether annual or special, with respect to such Home Site 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 Home Site for which all assessments have been paid prior to Recording) shall acquire title to any Home Site 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, as shall accrue and become due and

payable for said Home Site subsequent to date of acquisition of such title. In the event of the acquisition of title to a Home Site by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessments, whether annual or special, 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 from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

6.03 Amendments. No Amendment to this ARTICLE VI shall adversely affect the rights of any First Mortgagee whose Mortgage was recorded prior to the Amendment unless such Amendment is approved by the affirmative three-fourths (3/4ths) vote of the Mortgagees of which the Association has been notified in accordance with Section 6.01 and who vote within the period of time set by the Board, which shall be at least ten (10) days and no more than sixty (60) days.

6.04 Extension of Benefits to Other Mortgagees. By subordination agreement executed by a majority of the Board, the benefits of Sections 6.02 and 6.03 of this Article may be extended to Mortgagees not otherwise entitled thereto.

6.05 Mortgagees' Approval of Certain Actions. Unless at least three-fourths (3/4ths) of the First Mortgagees of which the Association has been notified in accordance with Section 6.01 (based upon one vote for each First Mortgage owned) of the Home Sites have given their prior written approval in accordance with and within the time periods set out in Section 6.03, the Association shall not be entitled to:

A. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Properties owned, directly or indirectly, by the Association;

B. Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Home Site Owner;

C. By act or omission change, waive or abandon material regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance of the Homes, the maintenance of the Common Properties or the upkeep thereof; or

D. Use hazard insurance proceeds for losses to any Common Properties for other than the repair, replacement or reconstruction of such Common Properties.

6.06 Notice of Default to First Mortgagees. If requested by a First Mortgagee, the Association shall notify each First Mortgagee of any default by the Mortgagor of a Home Site in the performance of said Mortgagor's obligations under this Declaration which is not cured within sixty (60) days.

6.07 Examination of Books. Each Owner and each Mortgagee of a Home Site shall be permitted to examine the books and records of the Board and Association during regular business hours.

ARTICLE VII OWNER COMPLAINTS

7.01 Scope. The procedures set forth below for Owner complaints shall apply to all complaints by Owners against the Board or the Association for decisions, actions, or omissions either regarding the use or enjoyment of the Property or any portion thereof or regarding any matter within the control or jurisdiction of the Board or the Association.

7.02 Grievance Committee. The Board may establish a Grievance Committee (referred to in this Article as "the Committee") to receive and consider all Owner complaints (except for such complaints as should be addressed to the DRC). The Committee shall be composed of the President of the Association or his appointee and two other Owners appointed by and serving at the pleasure of the Board of Directors, but who shall not also be members of the Board.

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 President of the Association and sent in the manner provided in Section 10.03 for sending notices.

7.04 Consideration by the Committee. Within twenty (20) days of receipt of a complaint, the Committee shall consider the merits of the same and notify the complainant in writing of 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 Committee. Within ten (10) days after notice of the decision of the Committee, the complainant may, in a writing addressed to the President of the Association, request a hearing before the Committee. Such hearing shall be held within twenty (20) days of receipt of complainant's request. The complainant, at his expense, and the Committee, at the expense of the Association, shall be entitled to legal representation at such hearing. The hearing shall be conducted before at least two members of the Committee and may be adjourned from time to time as the Committee in its discretion deems necessary or advisable. The 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 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 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 Committee. In the event of arbitration, each party shall bear one-half of the expense thereof.

7.08 First Remedy. The process for Owner complaints provided herein shall be exhausted prior to resorting to any other remedy, and no Owner shall bring suit against the Committee, the Association, or the Board without first complying with the procedures for complaints herein established.

7.09 Expenses. All expenses incurred by complainant in the course of the procedures set forth in this Article, including, without limitation, attorneys' fees and arbitration expenses and the like, shall be the sole responsibility of complainant. All expenses of the 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 Board which may be adopted pursuant thereto shall constitute a default and shall entitle 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 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 Association, if successful, shall, in addition to the relief provided for in this Article, be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be allowed by the court, but in no event shall the defaulting or allegedly defaulting Owner be entitled to such attorneys' fees.

8.04 Waiver. The failure of the Association or of an Owner to enforce any right, provision, covenant or condition which may be granted herein or the receipt or acceptance by the

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 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.

8.06 Violations and Enforcement; Fines.

A. General. In the event of the violation, or attempted violation, of any one or more of the provisions of these Covenants, the Developer, its successors or assigns, or the Association, its successors or assigns, including the Board acting on behalf of the Association, or any party hereinafter becoming Owners of any one or more of the Home Sites to which provisions of these Covenants apply, may bring an action or actions against the Owner in violation, or attempting violation, and the said violating 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 Covenants (but not including the reduction of the minimum square footage requirements as set forth herein), if such variances do not, in the sole discretion of the Developer or the Board, adversely affect the purposes sought to be obtained hereby.

B. Fines. In addition to all other rights, remedies, and privileges granted to the Association herein for the enforcement of this Declaration, the Association hereby authorizes the Board to assess, impose and collect monetary fines against Owners who violate or fail to comply with their duties under this Declaration, the Bylaws, or the Rules and Regulations of the Association, as same may be amended from time to time. Such fines shall not exceed the sum of the amount of the annual assessment then in effect for the Development, per instance of violation or noncompliance. Prior to assessing any fine, the Board shall give to the violating Owner written notice of the violation or noncompliance and shall allow the Owner fifteen (15) days from the date the Board sends such notice to cure the violation or noncompliance, or if a cure cannot be reasonably completed within such fifteen (15) days, then the Owner will be allowed such additional time as is reasonably necessary to complete cure so long as the Owner commences cure within the initial fifteen (15) day period and diligently pursues cure to its end. Notwithstanding the foregoing, the Board is not required to provide either written notice of or an opportunity to cure a violation or noncompliance (and the Board may immediately impose and assess a fine) if within one year of receiving written notice of a violation or noncompliance, an

Owner commits a second violation or noncompliance that is similar in kind. All fines imposed and assessed by the Board shall be deemed part of an Owner's assessment against his/her Home Site, shall benefit from the provisions herein pertaining to assessments, and until paid shall be and become a lien against such Home Site, enforceable in accordance with the provisions of this Declaration and the Bylaws pertaining to assessments, including but not limited to the right to record a notice of lien encumbering the Home Site and to collect the amounts due by enforcing the lien through foreclosure or otherwise. The Board shall be entitled to use its business judgment in determining which instances of violation or noncompliance merit assessment of a fine, and the Board's failure to assess a fine in any particular instance of violation or noncompliance shall not undermine the general enforceability of this provision and shall not constitute a waiver of any future or other instances of violation of or noncompliance with this Declaration.

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 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 Association shall be given reasonable written advance notice of all final offers before acceptance, proposed conveyances, settlements and releases, contemplated by the Board, legal proceedings and final plans for restoration, and 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 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 of any Home Site subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

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 a Board consisting entirely of persons other than the Developer (or its appointees) is elected in accordance herewith and 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 shall also be sent to each Mortgagee listed upon the register of the Association.

B. At any such meeting, the amendment must be approved by an affirmative three-fourths (3/4ths) vote of those Owners represented at the meeting. Any amendment which adversely affects the rights of the Mortgagees must be approved by an affirmative three-fourths (3/4ths) vote of the Mortgagees of which the Association has been notified in accordance with Section 6.01 hereof 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 in the Register's Office of Hamilton County, Tennessee, 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 Front Gate Homeowners Association, Inc. and that the within amendment to the Declaration of Covenants and Restrictions of Front Gate 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
Front Gate Homeowners Association, Inc.

10.03 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 Association at the time of such mailing. Notice to one of two or more co-owners of a Home Site shall constitute notice to all co-owners. It shall be the obligation of every Owner 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, or the Developer 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:

Chattanooga Development Group, LLC
Attention: James Pratt
179 Hamm Road
Chattanooga, TN 37405

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.

10.04 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.

10.05 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.

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

10.07 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.

10.08 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.

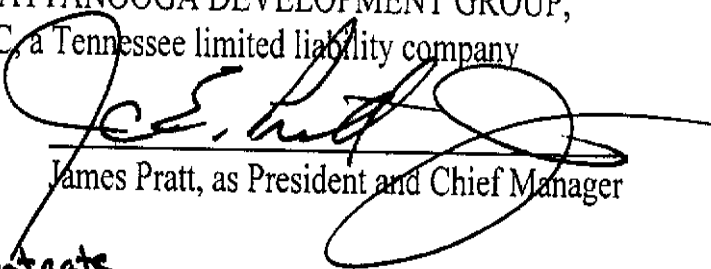
10.09 Effective Date. This Declaration shall become effective upon its Recording.

10.10 Board or DRC Approval. Wherever this Declaration requires Board of DRC approval or consent, such approval or consent in all cases must be in writing, even if not so stated in the specific section of this Declaration.

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.

CHATTANOOGA DEVELOPMENT GROUP,
LLC, a Tennessee limited liability company

By:

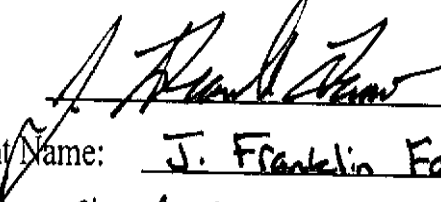

James Pratt, as President and Chief Manager

~~FRONTGATE~~
Frontgate

~~FRONTGATE~~ DEVELOPMENT PARTNERS,
LLC, a Tennessee limited liability company

By:

Print Name:


J. Franklin Farrow

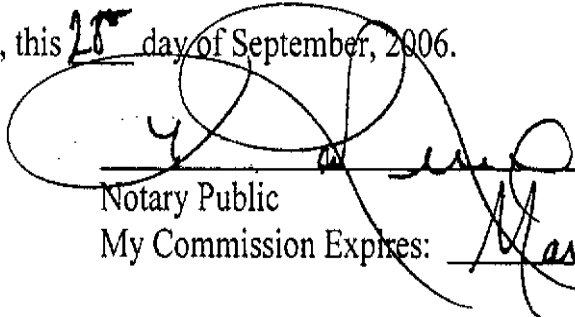
Title:

Chief Manager

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Before me, Karen S. Reeves, a Notary Public in and for said State and County aforementioned, personally appeared James Pratt, to me known (or proved to me on the basis of satisfactory evidence) and who acknowledged that he is the President and Chief Manager of Chattanooga Development Group, LLC, a Tennessee limited liability company, and that he, being first duly authorized so to do, executed and delivered the within instrument for the purposes therein contained by signing the name of the company as President and Chief Manager.

WITNESS my hand, at office, this 20th day of September, 2006.

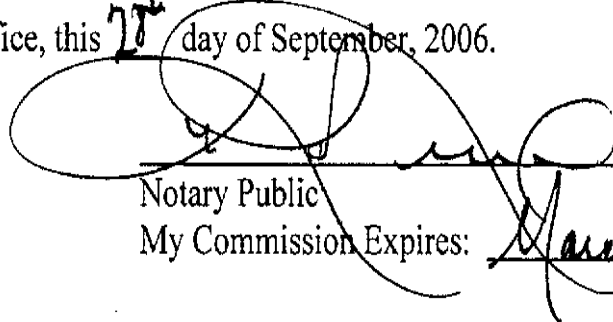


Notary Public
My Commission Expires: March 3, 2010

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Before me, Karen S. Reeves, a Notary Public in and for said State and County aforementioned, personally appeared J. Franklin Farrow, to me known (or proved to me on the basis of satisfactory evidence) and who acknowledged that he is the Chief Manager of FRONT GATE DEVELOPMENT PARTNERS, LLC, a Tennessee limited liability company, and that he, being first duly authorized so to do, executed and delivered the within instrument for the purposes therein contained by signing the name of the company as Chief Manager.

WITNESS my hand, at office, this 20th day of September, 2006.



Notary Public
My Commission Expires: March 3, 2010

EXHIBIT "A"

(Legal Description of the Entire Development)

LOCATED IN HAMILTON COUNTY, TENNESSEE, Lots One (1) through Fifty-One (51)[✓], as shown on Plat of record in Plat Book 83, Page 122, in the Register's Office of Hamilton County, Tennessee;

As well as the 50' right-of-way shown on the aforesaid plat and referred to thereon as "Front Gate Circle."

EXHIBIT "B"

[Bylaws of the Association]

**BYLAWS FOR
FRONT GATE HOMEOWNERS ASSOCIATION, INC.**

This Instrument Prepared By:
Thomas L. Hayslett
Miller & Martin PLLC
1000 Volunteer Building
832 Georgia Avenue
Chattanooga, Tennessee 37402-2289
423/756-6600

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BYLAWS FOR
FRONT GATE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME

The following provisions shall constitute the Bylaws of **FRONT GATE HOMEOWNERS ASSOCIATION, INC.** (the "Bylaws"), a not-for-profit corporation (the "Association") which shall, along with the provisions of the Declaration of Covenants and Restrictions for Reunion (the "Declaration") and the rules and regulations adopted by the Board of Directors of the Association (the "Board"), govern the administration of **FRONT GATE**, a residential development (the "Development"). The terms in these Bylaws (unless otherwise defined) shall have the same meaning as the terms defined in the Declaration for this Development. These Bylaws are adopted by James Pratt, as President and Sole Director of the Association, appointed by Chattanooga Development Group, LLC ("Developer") and Front Gate Development Partners, LLC ("FDP"), acting as and for the Board and the Association, in conjunction with recording the Declaration of Covenants and Restrictions at in the Register's Office of Hamilton County, Tennessee. Capitalized terms in these Bylaws which are not given expressly a definition herein shall have the meanings ascribed to them in the Declaration.

ARTICLE II
OFFICES

The principal office of the Association in the State of Tennessee shall be located at:

Chattanooga Development Group, LLC
Attention: James Pratt
179 Hamm Road
Chattanooga, TN 37405

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 homeowners' association for the government of the Development in the manner provided by the Declaration, these Bylaws and in its Charter (the "Charter"). The aims of this Association are to be carried out through any and all lawful activities, including others not specifically stated in the Declaration, the Charter 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 and the regulations thereunder, as presently enacted or as they may hereafter be amended or supplemented. All present or future Owners or guests, or any other person who might use the facilities on 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 an Owner of Record of a fee simple interest or an undivided fee simple interest of at least fifty percent (50%) in any Home Site 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 Owner upon the conveyance of any Home Site 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 Home Site which is subject to assessment.

4.02 Voting Rights. The Association shall have one class of voting membership. Members shall be entitled to one vote for each Home Site 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 Home Site, all such persons shall be Members, and the vote for such Home Site shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Home Site. 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, the vote shall not be counted. The Developer shall be entitled to one (1) vote for each Home Site owned by it.

ARTICLE V
THE BOARD OF DIRECTORS

5.01 Board of Directors. Subject to Section 5.02 of this Article hereinbelow, the administration of the Property on behalf of the Association shall be conducted by a Board of Directors ("Board") which shall consist of three (3) natural persons of legal age, each of whom shall be an Owner or the nominee of an entity (other than a natural person) which is an Owner, at all times during membership on the Board.

5.02 Developer Performs Functions.

A. The rights, duties and functions of the Board and the DRC (as defined in the Declaration) shall be exercised solely by Developer until such time as the Developer calls special meetings of the Association to elect members of the Board as herein provided. The Developer may, in its sole discretion, designate up to three (3) individuals to act as 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 Owners, and may be removed and replaced by the Developer at will. The Developer may also limit the scope of authority of

such individuals. Developer shall call a special meeting of the Association within sixty (60) days following the sale of fifty percent (50%) of the Home Sites in the Development, and at such special meeting, the Owners then making up the Association (including the Developer to the extent it owns Home Sites) shall elect one (1) person to serve on the Board, and the Developer shall continue to serve in place of or to appoint the remaining two (2) members of the Board. After selling the last Home Site in the Development Developer shall remain on the Board until the next regularly scheduled annual meeting of the Association, at which annual meeting Developer (or its appointees) shall step down from the Board, and all three (3) Board positions then shall be open for election by the Association in accordance with Sections 5.03 and 5.04 below, thus creating the first Board consisting entirely of persons other than the Developer (or its appointees).

B. The Developer shall exercise all powers of the DRC (as defined in the Declaration) until a Board consisting entirely of persons other than the Developer (or its appointees) has been elected by the Association in accordance with these Bylaws, which Board shall then appoint the members of the DRC in accordance with these Bylaws.

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 join the Developer as provided in Section 5.02 shall be elected at special meetings duly called and specifically called for that purpose by Developer. At least thirty (30) days prior to any annual meeting of the Association, the Board shall appoint an Association Nominating Committee of not less than three (3) Owners (not more than one of whom shall be a member of the then current 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 ten (10) or more Owners and by the nominee named therein indicating his or her willingness to serve as a member of the Board, if elected.

5.04 Term. Members of the Board shall serve for a term of three (3) years; provided, however, that (i) prior to the election of the first Board consisting entirely of persons other than the Developer (or its appointees) pursuant to Section 5.02 above, Board members shall serve until the first regularly scheduled annual meeting of the Association following the Developer's sale of the last Home Site, and (ii) at the first annual meeting of the Association following Developer's sale of the last Home Site, when all three (3) Board positions shall be open for election, one (1) members elected to such first Board shall be designated to serve a term of one (1) year, one (1) members elected to such first Board shall be designated to serve a term of two (2) years, and one (1) member elected to such first Board shall be designated to serve a term of three (3) years. Thereafter, all Board members elected each year shall serve for a term of three (3) 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, the remaining Board members or the Manager. Any

member of the Board (other than the Developer or its appointees) may be removed from membership on the Board by a two-thirds (2/3rds) majority affirmative vote of those members of the Association who are in attendance or represented by proxy at an 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 member, the disability of a member which, in the opinion of a majority of the Board, renders such member incapable of performing Board duties, or in the event a member shall cease to be an Owner. Whenever there shall occur a vacancy on the Board for any reason, the remaining 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 provided for by the Association but 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 Property and the Association, shall enforce the provisions of the Declaration, these Bylaws, and the Rules and Regulations governing the Property. 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 Common Properties.

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 Property, 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 Property 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 Property 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 Owners 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 Owner, furnishings and equipment and other personal property for the Common Properties 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 Property 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; Budgetary Responsibility. The Board shall have the right to acquire, operate, lease, manage, mortgage and otherwise trade and deal with the Common Properties as may be necessary or convenient in the operation and management of the Common Properties, 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 Owners and as such shall manage, maintain and improve the Common Properties and also collect, conserve, allocate and expend money received from the Owners in a manner consistent with such agent's relationship and in conformity with this Declaration, these Bylaws and the Rules and Regulations. The Board shall have the responsibility to establish and adopt the annual budget for the Association at the Association's annual meeting or at a special meeting called in accordance with the Association's fiscal year and to support such annual budget by establishing assessments to be contributed by Owners (subject to the provisions of Article V of the Declaration); provided however, that following the election of the first Board consisting entirely of persons other than the Developer (or its appointees) the Board may not increase the Association's annual budget for any given year in an amount in excess of ten percent (10%) of the prior year's annual budget without first obtaining the affirmative vote of not less and two-thirds (2/3rds) of those members of the Association who are present or represented at the annual meeting.

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. Two (2) 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 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, 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 Committees. The Board, by resolution duly adopted, may designate one or more standing committees or special committees (each a "Committee"), each Committee to consist of two (2) or more Owners 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. Except as otherwise specifically provided in this Declaration or these Bylaws, a Committee may give its recommendations to the Board for further action, but no Committee may make decisions or take any actions affecting the rights of Owners. Such Committee or Committees shall have such name or names as may be determined from time to time by the Board. Such Committees shall keep regular minutes of their proceedings and report the same to the Board when required. The Board may appoint Owners to fill vacancies on 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 Common Properties, setting forth restrictions on, and requirements respecting the use and

maintenance of the Common Properties, and otherwise establishing rules and codes of conduct for the Development. Copies of the Rules and Regulations shall be furnished to each Owner prior to the time the same shall become effective.

5.17 Limitation on Capital Additions, Etc. The Board shall not authorize structural alterations or capital additions to the Common Properties which require an expenditure in excess of Ten Thousand Dollars (\$10,000.00) without approval of a majority vote of those Members who are present or represented by proxy at any annual or special meeting of the Association; or in excess of Twenty Thousand Dollars (\$20,000.00) without approval of two-thirds of the vote of those Members who are present or represented by proxy at any annual or special meeting of the Association; provided, however, that the Board shall have the power to make any repairs to and to undertake maintenance on the Common Properties as may be of an urgent nature, in the Board's reasonable judgment, to preserve or maintain the integrity thereof without obtaining such approval.

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 fifty percent (50%) of the Owners of Home Sites subject to assessment under the Declaration in response to notice to all Owners properly given in accordance with Sections 6.02 or 6.03 of these Bylaws 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 a majority of the votes of persons entitled to cast votes which are represented at such meeting in person or by proxy.

6.02 Annual Meeting. There shall be an annual meeting of the Association on the second Tuesday of April at 7:00 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 Owners not less than fifteen (15) days prior to the date fixed for said meeting. Prior to or at the annual meeting, the Board shall furnish to the Owners: (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 Owner; and (2) an annual financial statement for the previous fiscal year.

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 Owners, or for any other reasonable purpose. Special meetings shall be called by a majority of the Board, or by at least one-third (1/3) of the Owners by written notice,

delivered to all Owners 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 President, Vice President/Secretary, and Treasurer. A single person may hold multiple offices, except that the President may not also hold the office of Vice President/Secretary. Each officer shall be required to be an Owner (other than the Developer and its appointees), and the President must be a member of the Board and shall simultaneously serve as the chairman of the Board. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Board and may be removed from their officer capacity and replaced by the Board. In the event an office becomes vacant due to an officer ceasing to be an Owner, 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, which shall be an expense of the Association.

A. President. The President 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 and chairman of a Board, including the appointment of committees.

B. Vice President/Secretary. In the absence or inability of the President, the Vice President/Secretary shall perform the functions of the President. The Vice President/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.

C. 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 Owners 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 Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Owners in their capacity as such; (iii) have no personal liability in tort to an Owner 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 Common Properties, 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 Owners 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 Owners on Behalf of All Owners. No suit shall be brought on behalf of the Association without approval either of the Board or of a majority of Owners present or represented at a duly called meeting, and, if approval is obtained, the plaintiffs' expenses, including reasonable counsel's fees and court costs, shall be 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 Property 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 Owners shall have no right to participate other than through the Board in such defense. Suits against one or more, but less than all Owners shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to the Mortgagees of the Home Sites affected, and shall be defended by such Owners 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 consisting entirely of persons other than the Developer (or its appointees) and thereafter by not less than two-thirds (2/3rds) of the affirmative vote 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. Notwithstanding the foregoing, any amendment shall be required to be recorded with the Recorder's office and must be kept on file with Developer or the Secretary and available to all Owners upon written request.

8.03 Notices. Any notice required to be sent to any Owner 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 Owner on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a Home Site shall constitute notice to all co-owners. It shall be the obligation of every Owner 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:

Chattanooga Development Group, LLC
Attention: James Pratt
179 Hamm Road
Chattanooga, TN 37405

8.04 Conflict. In the event of any conflict between these Bylaws and the provisions of the Charter, the latter shall govern and apply. 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 Owners, 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 Articles of Incorporation 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.

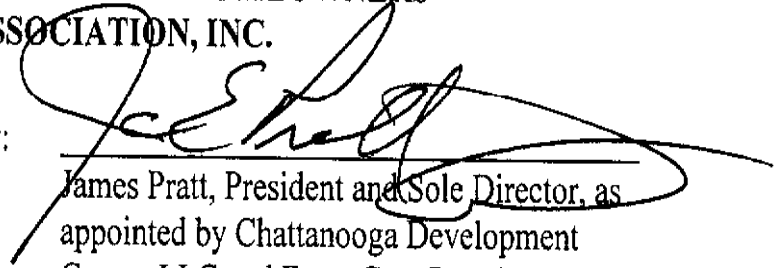
ADOPTION OF BYLAWS

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The undersigned as the designee of the Developer and FDP of the Property hereby adopts the foregoing Bylaws of the Association this 27th day of September, 2006.

**FRONT GATE HOMEOWNERS
ASSOCIATION, INC.**

By:



James Pratt, President and Sole Director, as
appointed by Chattanooga Development
Group, LLC and Front Gate Development
Partners, LLC