

BY-LAWS OF  
RIVER RUN HOMEOWNERS ASSOCIATION, INC.  
A HOMEOWNERS ASSOCIATION

ARTICLE I

NAME

The following provisions shall constitute the Bylaws of RIVER RUN HOMEOWNERS ASSOCIATION, INC. (the "Bylaws"), a not-for-profit corporation (the "Association") which shall, along with the provisions of the Declarations of Covenants and Restrictions (the "Declaration") and the rules and regulations adopted by the Board of Directors of the Association (the "Board"), govern the administration of RIVER RUN, a residential development (the "Property"), which is being developed by Don Williams Construction Co., Inc. ("Developer"). The terms in these Bylaws (unless otherwise defined) shall have the same meaning as the terms defined in the Declaration for this Property.

ARTICLE 2

OFFICES

The principal office of the Association in the State of Tennessee shall be located care of Shumacker and Thompson, at Suite 212, One Park Place, 6108 Lee Highway, Chattanooga, Tennessee, 37421, 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 3

PURPOSES

The purposes of this Association shall be to provide for the establishment of a homeowner's association for the government of the Property 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 associations by those provisions described in Section 128 of the Internal Revenue Code of 1986 and the regulations thereunder, as presently enacted, or as they may hereafter be amended or supplemented, or, if they are replaced by new sections of similar import, and to the final laws, rules and regulations thereunder. All present or future Owners or tenants, or their employees, or any other person who might use the facilities on the Property 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. The acquisition of any Lot, Multi-Family Tract, Condominium, Common Properties, Units or other portion of the Property will constitute acceptance and ratification of the Declaration and of these Bylaws.

ARTICLE 4

ASSOCIATION OF MEMBERS

**4.1 MEMBERSHIP.** Every Owner shall be a Member of the Association. Developer shall be a Member of the Association. In the event of multiple ownership of any portion of the Property, or ownership by a partnership or corporation, the name of the Owner designated as Member shall be submitted to Developer and/or the Association each year, not later than the 1st day of January of each year and only the designated Member shall be entitled to have access to the facilities of the Association as a Member of the Association. Remaining multiple Owners shall be entitled to access only in accordance with rules and regulations established by the Association, its successors and assigns, for guests. If no designation of a Member

is made by the multiple Owners, all such Owners shall be required to pay such user fees as may be established by the Association.

4.2 DUES. The Board may prescribe annual dues, fees or assessments for Members as the Board sees fit for those reasons described in the Declaration or in Paragraphs 8.2 and 8.3 hereunder, which each Member shall be required to pay, unless waived by the unanimous consent of the Association.

4.3 RIGHTS OF MEMBERS. All Members shall be entitled to vote as hereinafter described, shall be eligible to serve on the Board, and shall be entitled to all rights of membership.

4.4 TERMINATION. All memberships shall continue until automatically terminated by conveyance or transfer of such Member's ownership interest to a new Owner.

4.5 VOTING RIGHTS.

(a) In General. The Association shall have one (1) type of regular voting membership. A Member's voting power shall be equal to the percentage assessment (herein the Owner's Percentage) which that Member is required to contribute as an Owner to improve, maintain, enhance, enlarge and operate the Common Properties, and to provide services which the Association is required or authorized to provide.

(b) Developer's Rights. Developer or its successors or assigns shall at all times retain the votes representing any previously unsold portions of the Property.

4.6 CUMULATIVE VOTING PROHIBITED. Each Member shall be entitled to as many votes as equals said Member's Owner's Percentage. Cumulative voting shall be prohibited.

4.7 MEMBER'S POWER OF REFERENDUM. The Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by referendum. In the event fifty percent (50%), or more, of the votes actually returned to the Association within the specified time shall be in favor of such action, the referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board may not undertake any action requiring a referendum without complying with the provisions hereof.

In the event of a dispute as to whether a referendum is required, the following action may be taken:

Within thirty (30) days after the adoption by the Board of any action which is, in the opinion of the Members, subject to a referendum, a petition signed by not less than twenty-five percent (25%) of the total Membership of the Association may be filed with the Secretary of the Association requesting that any such action be either repealed or submitted to a vote of the Members.

4.8 PROXIES. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing; provided, however, that proxies shall not be permitted for any action which is subject to a referendum, in which case the votes of all the Members polled shall be made by specially provided ballots mailed to the Association. The authority given by a Member to another person to represent such Member at meetings of the Association shall be in writing, signed by such Member or, if a portion of the Property is jointly owned, by all joint owners, or if such Member is a corporation, by the proper officers thereof, and shall be filed with the Secretary, and unless limited by its terms, such authority shall be deemed good until revoked in writing. An executor, administrator, guardian, or trustee may vote in person or by proxy at any meeting of the Association with respect to any portion of the Property owned or held by such person only after documenting to the Secretary's satisfaction that such portion of the Property is owned or held in such capacity.

ARTICLE 5

ASSOCIATION MEETINGS

5.1 FIRST ANNUAL MEETING. The first annual meeting of the Association shall be called after the closing of the sale of those portions of the Property representing seventy-five percent (75%) or more of the voting power of the Association in Phase One of the development or within eighteen (18) months of incorporation of this Association whichever shall first occur.

5.2 ANNUAL MEETINGS. An annual meeting of the Association shall be held on the first Tuesday of March of each year, if not a legal holiday and if a legal holiday then on the next succeeding business day, for the purpose of electing the Directors of the Board and such other business as comes before the meeting.

5.3 SPECIAL MEETINGS. Special meetings of the Association may be called for any reasonable purpose by the President or by those Members representing not less than twenty-five percent (25%) of the total vote of the Association. Upon written request delivered either in person or by certified mail to the Secretary of the Association by any persons entitled to call a meeting of Members, the Secretary shall forthwith cause notice of the meeting to be given to the Members entitled thereto. Said meeting shall be held on a date not less than five (5) nor more than sixty (60) days after the receipt of such request, as the Secretary may determine. If such notice is not given within thirty (30) days after the delivery or mailing of such request, the person(s) calling the meeting may fix the time of the meeting and give notice thereof. Business transacted at all special meetings shall be confined to the subjects stated in the notice thereof.

5.4 PLACE OF MEETINGS. Meetings of the Association shall take place on the Property at some place designated by the person or persons calling the meeting, or at such other reasonable place within the Chattanooga Metropolitan Area and at a time designated by the Board.

5.5 MANNER OF MEETINGS. A written notice of every meeting of the Association stating whether it is an annual meeting or special meeting, the authority for the call of the meeting, the place, day, and hour thereof, and the purpose thereof shall be given by the Secretary, or the person or persons calling the meeting, not more than sixty (60) nor less than five (5) days before the date set for such meeting. Such notice shall be given to each Member in any of the following ways: (a) by leaving the same with a Member personally, or (b) by leaving the same at the residence or usual place of business of such Member or (c) by mailing in, postage prepaid, addressed to such Member's address as it appears on the records of the Association, or (d) if such Member cannot be located by reasonable efforts, by publishing such notice in any newspaper of general circulation in the City of Chattanooga, such notice to be published not less than two (2) times on successive days, the first publication thereof to be not less than ten (10) days nor more than thirty (30) days prior to the date assigned for the meeting. If notice is given pursuant to the provisions of this section, the failure of any Member to receive actual notice of the meeting shall in no way invalidate the meeting or any proceeding thereat. Upon written request for notices mailed by registered mail, addressed to the Secretary at the address of the Association, the holder of any duly recorded mortgage against any portion of the Property may promptly obtain a copy of any and all notices permitted or required to be given to the holder of any mortgage requesting such notice until said request is withdrawn or said mortgage is discharged of record. Notice to one (1) of two (2) or more co-Owners, shall constitute notice to all co-Owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice. If notice was given to said new Member's predecessor-in-title. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting. Evidence of such notice having been given may consist of an Affidavit of Meeting signed by the Secretary evidencing that the required notice was posted.

5.6 WAIVER OF NOTICE. The presence of a quorum, in person or by proxy, at any meeting shall render the same a valid meeting, unless any Member shall, at the opening of such meeting, object to the holding of the same for non-compliance with the provisions of Paragraph 5.5. Any meeting so held without objection shall, notwithstanding the fact that no notice of the meeting was given, or that the notice given was improper, be valid for all purposes, and at such meeting any general business may be transacted and any action may be taken.

**5.7 QUORUM.** Unless otherwise provided for by law, the Articles of Incorporation, the Declaration or these Bylaws, the quorum required for any action which is subject to a vote of the Members at an regular or special meeting of the Association shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of the total vote of the Association shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereinafter to "votes cast at a duly called meeting" shall be construed to be subject other requirements for such "duly called meeting" which may be established by the Bylaws. This provision shall not apply when the proposed action is the amendment of the Declaration. Any and all meetings called to amend the Declaration shall require the presence of Members or proxies entitled to cast seventy-five percent (75%) of the total vote of the Association.

**5.8 WAIVER AND CONSENT.** Whenever the vote of Members at a meeting is required or permitted by any provision of these Bylaws to be taken in connection with any action of the Association, the meeting and vote of Members may be waived if a majority of Members who would have been entitled to vote on the action if such meetings were held, shall consent in writing to such action being taken; however, notice of such action shall be given to all Members unless all Members participated in the approval of such action.

**5.9 ORDER OF BUSINESS.** The order of business at all meetings of Members shall, unless otherwise agreed upon by those Members present in person or by proxy, be as follows:

- (1) Calling of meeting to order.
- (2) Proof of notice of meeting or waiver of notice.
- (3) Reading of minutes of preceding meeting.
- (4) Reports of officers.
- (5) Reports of committees.
- (6) Unfinished and/or old business.
- (7) New business.
- (8) Adjournment.

**5.10 ADJOURNMENT.** If any meeting of the Members cannot be organized or convened because a quorum does not exist, then the Members entitled to vote thereat or the person initially calling the meeting shall have power to adjourn the meeting and to call a second or subsequent meeting subject to the provisions of Paragraph 5.7.

#### ARTICLE 6

##### BOARD OF DIRECTORS

**6.1 MEMBER AND QUALIFICATION.** The direction and administration of the affairs of the Association shall be governed by a Board of Directors (the "Board"), and all rights, titles, powers, privileges and obligations vested in or imposed upon the Association by the provisions of the Declaration or in these Bylaws may be held or performed by the Board, or by the duly elected Members of the Association. Except as hereafter provided, the Board shall be initially composed of three (3) persons (the "Directors"), who shall be elected in the manner hereinafter provided and increased or decreased at any annual meeting by a majority vote of those Members present, and all such Directors shall be Members, provided, however, that in the event a Member is a corporation, partnership, trust or other legal entity other than a natural person, then any majority shareholder, officer or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity shall be eligible to serve as a

Director. During that period prior to the election of the first Board, Developer shall have the powers and duties of the Board, and shall act for and on behalf of the Association.

**6.2 ELECTION AND TERM OF OFFICE.** The Directors shall be elected by a majority of Members present at the annual meeting. At the first annual meeting of the Association, the term of office of one Director shall be fixed at three (3) years, the term of office of one Director shall be fixed at two (2) years, and the term of office of one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each representative Director, said Director's successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

**6.3 VACANCIES.** Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by the majority vote of the remaining Directors, even though they may constitute less than a quorum, and each Member so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

**6.4 REMOVAL.** At any regular meeting of the Association or a special meeting called for such purpose, any one or more of the Directors may be removed, with or without cause, by the majority vote of the Members present at such meeting, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

#### ARTICLE I

##### BOARD MEETINGS

**7.1 ORGANIZATION MEETING.** The first meeting of a newly elected Board shall be held within one (1) week of their election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the whole Board shall be present. Until thirty (30) days after the first meeting of the first Board, Developer shall act as and for the Board.

**7.2 REGULAR MEETINGS.** Regular annual meetings of the Board shall be held monthly without notice, and at such time and place as shall be determined, from time to time, by a majority of the Directors. Although not required, notice of such regular meetings shall nevertheless be given to each Director personally, by mail, or by telephone at least three (3) days prior to the date of such meeting. All meetings of the Board, including special meetings in accordance with Paragraph 7.3, shall be open to all Members.

**7.3 SPECIAL MEETINGS.** Special meetings of the Board may be called by the President on three (3) days notice to each Director, given personally or by mail, addressed to the Director's residence or place of business, or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board may be called in like manner and on like notice, by the written request of at least one (1) Director.

**7.4 WAIVER OF NOTICE.** Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be deemed a waiver of notice of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

**7.5 QUORUM.** At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

**7.6 ACTION TAKEN WITHOUT A MEETING.** The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 3

BOARD'S POWERS AND DUTIES

8.1 DISPUTES. In the event of any dispute or disagreement between any Members relating to the Property, or any question of interpretation or application of the provisions of the Declaration and the Exhibits thereto, the determination thereof by the Board shall be final and binding on the Members.

8.2 POWERS OF BOARD. The Board shall exercise the powers necessary for the administration of the affairs of the Association and may do all such acts as are not by the Declaration or by these Bylaws directed to be exercised and done by the Members, which shall include the following powers:

(a) To adopt and publish rules and regulations governing the use of the Common Properties, if applicable, and facilities located thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) To suspend the voting rights of, and right to use the Common Properties by a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for an infraction of published rules and regulations;

(c) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) To declare the office of a Director vacant in the event such Director shall be deceased, no longer an Owner or absent from three (3) consecutive regular meetings of the Board;

(e) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) To secure Officers and Directors Liability Insurance covering the officers and Directors of the Association at the expense of the Association.

(g) To establish or maintain one or more bank accounts for the deposit of any funds paid to the Association, or received by the Board on behalf of the Association;

(h) To make such charges and assessments as the Board sees fit for the operation, repair, surveillance and maintenance of the Common Properties, including the discharge of the duties of the Board, described in Paragraph 6.3 hereof, on such terms as the Board sees fit;

(i) To appoint committees of the Association and to delegate to such committees the Board's authority to carry out certain duties of the Association, and to allow Members to attend the meetings of such committees;

(j) To levy special assessments proportionately among the respective Members pursuant to the terms and provisions of the Declaration, with the approval of a majority of the total vote of the Association; and

(k) To exercise all other powers and duties of the Board referred to in the Articles of Incorporation, the Declaration or these Bylaws.

8.3 DUTIES OF BOARD. The Board must perform those duties necessary for the proper administration of the affairs of the Association, including those duties imposed by the Declaration or by these Bylaws or by resolution of the Association, and shall be responsible for the following duties:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Association, or any special meeting when such statement is requested in writing by those Members representing twenty-five percent (25%) of the voting rights of the Association;

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

- (1) fix the amount of the assessment against each property ownership form as defined in the Declaration;
- (2) prepare an index of the properties and assessments applicable thereto which shall be kept in the office of the Association and which shall be open to inspection by any Owner;
- (3) send written notice of each assessment to every Owner subject thereto; and
- (4) foreclose the lien against any property for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same;

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid (if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment);

(e) To procure and maintain adequate liability and hazard insurance on property owned by the Association in the form and amount required by the Declaration;

(f) To cause all officers or employees of the Association having fiscal responsibilities to be bonded, with fidelity bonds in the form and amount required by the Association, and the premium on such bonds shall be paid by the Association;

(g) To cause the Common Properties to be adequately maintained; and

(h) To review and amend, if appropriate, the proposed annual budget as prepared by the Treasurer in accordance with the provisions of these Bylaws.

8.4 LIABILITY OF BOARD. The Directors shall not be liable to the Association for any mistakes of judgment, or of any acts or omissions made in good faith as such Directors. The Association shall indemnify and hold harmless each Director against all liabilities to others arising out of contracts made or acts or omissions by such Directors on behalf of the Association, unless any such contract, act or omission shall constitute willful misconduct or gross negligence. The liability of any Director arising out of any contract, act or omission by such Director or out of the foregoing indemnity shall be limited to a proportionate share of the total liability thereunder which share shall be equal to that share borne by every other Member. Each agreement made by such Directors shall be executed by such Directors as agents for the Association.

8.5 COMPENSATION. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to a Director for services performed for the Association in any other capacity, unless a resolution authorizing such remuneration shall have been unanimously adopted by the Association before the services are undertaken. A Director may not be an employee of the Association.

## ARTICLE 9

### OFFICERS OF BOARD

9.1 DESIGNATION. The Directors shall be the officers of the Association. The principal officers of the Association shall be a President, a Secretary, a Treasurer and a Vice President, all of whom shall be elected by and from the Association. The Association may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as reasonably deemed necessary. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

9.2 ELECTION AND TERM OF OFFICE. The appointed officers of the Board shall serve for a term of one (1) year and thereafter until their successors are elected. At the annual meeting of the Association, the Members present at such meeting shall elect the officers.

9.3 REMOVAL. At any regular meeting of the Association or a special meeting called for such purpose, any officer may be removed from office, with or without cause, by the majority vote of the Association present at such meeting, and a successor may then and there be elected to fill the vacancy thus created. Any officer whose removal has been proposed by the Association shall be given an opportunity to be heard at the meeting.

9.4 VACANCIES. A vacancy in any office, caused by any reason other than the removal of an officer by the vote of the Association, shall be filled by appointment by the Board even though they may constitute less than a quorum. The officer appointed to such vacancy shall serve for the remainder of the term of the replaced officer.

9.5 POWERS AND DUTIES OF PRESIDENT. The President shall be the chief executive officer of the Association presiding over all meetings of the Association and of the Board, and having all of the general powers and duties which are usually vested in the office of president of an association. The President shall have the power to sign, together with any one (1) other officer designated by the Association, any authorized contracts, checks, drafts, or other instruments designated or approved by the Board, and shall have such other authority and shall perform such other duties as may be determined by the Association or otherwise provided for in the Declaration or these Bylaws. If the President is unable to act, the Board shall appoint one of the other officers to do so on an interim basis.

9.6 POWERS AND DUTIES OF SECRETARY. The Secretary shall attend and keep the minutes of all meetings of the Board and of the Association; shall give all notices as provided by the Articles of Incorporation, the Declaration or these Bylaws, and shall have other powers and duties as may be incidental to the office of secretary, or as determined by these Bylaws or assigned from time to time by the Association. If the Secretary shall not be present at any meeting, the presiding officer shall appoint a secretary PRO TEM who shall keep the minutes of such meeting and record them in the books provided for that purpose.

9.7 POWERS AND DUTIES OF TREASURER. (a) The Treasurer shall have the responsibility for Association funds and securities which includes keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association, and depositing all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

(b) The Treasurer shall disburse the funds of the Association as may be ordered by the Board in accordance with these Bylaws, making proper vouchers for such disbursements, and shall render to the Board at the regular meetings of the Board, or whenever they may require it, an account of all of said Treasurer's transactions as the Treasurer and of the financial condition of the Association.

(c) The Treasurer shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board.

(d) The Treasurer shall cause an annual audit of the Association to be completed in a timely fashion by a certified public accountant selected by the Board and the results of such audit shall be reported to the Board.

(e) The Treasurer, in conjunction with the Association's accountant and such other persons as the Board may designate, shall prepare an annual budget for consideration, modification, if appropriate, and ultimate approval by the Board.

(f) The duties of the Treasurer may be fulfilled by a management firm employed by the Association, in which event such management firm shall have custody of the books of the Association as it determines is necessary for the performance of such treasurer duties and the foregoing may include any books required to be kept by the Secretary of the Association.

9.8 POWERS AND DUTIES OF VICE PRESIDENTS. The Vice President may preside over all meetings of the Association at which the President is unable to preside and shall have all the powers of the President at such meetings. The Vice President shall perform such other duties as may be determined by the Association or as otherwise provided for in the Declaration or the Bylaws. If the Vice President is unable to act in the place of the President, the Board shall appoint some other officer to do so on an interim basis.



9.9 DELEGATION OF AUTHORITY AND DUTIES. The Board is authorized to delegate the authority and duties of any officer to any other officer and generally to control the action of the officers and to require the performance of duties in addition to those mentioned herein.

9.10 LIABILITY OF OFFICERS. The officers shall not be liable to the Association for any mistakes of judgment; or of any acts or omissions made in good faith as such officers. The Association shall indemnify and hold harmless each officer against all liabilities to others arising out of contracts made or acts or omissions by such officers on behalf of the Association, unless any such contract, act or omission shall constitute willful misconduct or gross negligence. The liability of any officer arising out of any contract, act or omission by such officer or out of the aforesaid indemnity shall be limited to a proportionate share of the total liability thereunder which share shall be equal to that share borne by every other Member. Each agreement made by such officer shall be executed by such officer as agents for the Association.

9.11 COMPENSATION. The officers shall not be compensated for their services as officers, unless expressly provided for in a resolution duly adopted by a majority of the Association.

#### ARTICLE 10

##### DELEGATIONS OF MEMBERS

10.1 EXPENSES, ASSESSMENTS. As more fully provided in the Declaration, each Member is obligated to pay the Association annual and special assessments in proportion to said Member's Owner's Percentage which assessments are secured by a continuing lien upon the property against which the assessment is made. Assessments shall be collected on a yearly basis except in the year when the property interest is acquired in which event such assessment shall be prorated to the date of closing. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall be subject to a late charge equalling the maximum permissible limit for contractual interest rates in the State of Tennessee, per month from the due date until paid or such other amount as set by the Board from time to time, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose a lien against the property, and interest, costs of collection, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of said Owner's portion of the Property.

10.2 BUDGET DELAY. The failure or delay of the Board to prepare or file the annual or adjusted budget on the Members shall not constitute a waiver or release in any manner of the Members' obligation to pay assessments and other costs and necessary reserves, as provided herein or in the Declaration, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, the Members shall continue to pay the annual assessment charges at the then existing annual rate established for the previous year until a new annual or adjusted budget shall have been mailed or delivered.

10.3 DEFAULT. If a Member is in default in the annual payment of the aforesaid charges or assessments for thirty (30) days, the Board, shall notify in writing said Member's first mortgagee and, in addition to any remedies or liens provided by law or equity, the Board may bring suit for and on behalf of itself as representative of the Association to enforce collection thereof or to foreclose a lien the same as provided by law; and there shall be added to the amount due the costs of said suit, and reasonable attorney's fees to be fixed by the court. Notwithstanding the foregoing, any first mortgagee of a Member who is in default shall be given thirty (30) days from receipt of said written notice to satisfy any delinquency.

#### ARTICLE 11

##### GENERAL PROVISIONS

11.1 FORECLOSURE OF LIEN. In any suit to foreclose the lien against any Member as specified and described in Paragraph 10.2, the Association may represent itself through its Board in like manner as any mortgagee of real property. The

Board acting on behalf of the Association shall have the power to bid and acquire such said Member's property interest at a foreclosure sale. The delinquent Member shall be required to pay to the Association a reasonable rent for said Member's property interest until the foreclosure sale, together with all costs and reasonable attorney's fees. Suit to recover a money judgment for unpaid assessments, along with all costs and reasonable attorney's fees, shall be maintainable without foreclosing or waiving the lien securing the same.

11.2 WAIVERS. Whenever any notice is required to be given under the provisions of the Declaration or the Exhibits thereto, including these Bylaws, a waiver thereof in writing by the person or persons entitled to such notice, whether before or at the time stated therein, shall be deemed equivalent to the giving of such notice.

11.3 FISCAL YEAR. The fiscal year of the Association shall be such as may from time to time be established by the Board.

11.4 ASSESSMENT OF DEVELOPER. Until such time as the first Board provided for herein is elected, Developer may assess each Member a maintenance fee. All the rights, duties and functions of the Board set forth in the Declaration and the Exhibits thereto shall be exercised by Developer for a period beginning on the date of execution of the Declaration and ending thirty (30) days after the first meeting of the Board pursuant to the terms set forth in these Bylaws.

11.5 RULES AND REGULATIONS. The Association by a majority vote may, from time to time, adopt or amend such rules and regulations governing the operation, maintenance, beautification and use of the Common Properties, not inconsistent with the terms of the Declaration and the Exhibits thereto, at any meeting duly called for such purpose, and every Member shall conform to, and abide by, such rules and regulations. Upon adoption, amendment, modification or revocation of such rules and regulations, written notice shall be given to all Members. A violation of such rules and regulations shall be deemed a violation of the Declaration and the Exhibits thereto.

11.6 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.

11.7 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 and thereafter by not less than sixty-seven percent (67%) of the affirmative vote of the Association 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 not be required to be recorded with the recorder's office but must be kept on file with Developer or the Secretary and available to all Owners upon written request.

11.8 CONFLICT. In the event of any conflict between these Bylaws and the provisions of the Articles of Incorporation, the latter shall govern and apply. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control and govern.

11.9 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.

11.10 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.

11.11 SEVERABILITY. The invalidity of any covenant, restriction, condition, limitation or any other provision 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.

11.12 PERPETUITIES AND RESTRAINTS ON ALIENATION. If any of the options, privileges, covenants or rights created by these Bylaws shall be unlawful or void for violation of (a) the rule against perpetuities or some analogous statutory provisions, (b) the rule restricting restraints on alienation, or (c) any other

statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States, Ronald Reagan.

11.13 COMMITTEES. The Board may designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board in the management and affairs and business of the Association. Such committee shall consist of at least three (3) Members. The committee or committees shall have such name or names as may be determined from time to time by the Board, and said committee(s) shall keep regular minutes of their proceedings and report the same to the Board, as required.

11.14 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

The undersigned as the Developer of the Property and the Incorporator of the Association hereby adopts the foregoing Bylaws of its Association of Homeowners, this \_\_\_\_ day of January, 1988.

RIVER RUN HOMEOWNERS ASSOCIATION, INC.  
By Don Williams Construction Co., Inc.  
(Developer)

By Donald D. Williams Pres  
Donald D. Williams, President

EXHIBIT "C"PHASE ONE OF RIVER RUN DEVELOPMENT

A phase of the development of the Property, more particularly described in Submittal C-1 attached hereto and made a part hereof and as shown on the recorded plat, shall be named and is hereafter referred to as Phase One of River Run and is herewith submitted to the Declaration as Lots.

Within Phase One of River Run, there shall be located Lot Nos. 1-74. Each Lot within Phase One of River Run shall be subject to the following covenants which shall be in addition to those set forth in the Declaration of Covenants and Restrictions:

1. All dwellings on any Lot shall be limited to single family residential use.
2. No Unit shall be located on any Lot nearer than thirty (30) feet to its front property line or any side street nor ten (10) feet to any side lot or property line; nor twenty-five (25) feet to the rear property line.
3. The improvements erected on each Unit shall be one of the following:
  - (A) A two-story residence with an attached double-automobile garage or carport, with at least one thousand five hundred (1,500) square feet on the first floor;
  - (B) A one-story residence with a double-automobile garage in the basement and at least two thousand four hundred (2,400) square feet in the main floor;
  - (C) A one-story residence with an attached double-automobile garage and at least two thousand two hundred (2,200) square feet;
  - (D) A one and one-half story residence with an attached double-automobile garage and at least one thousand eight hundred (1,800) square feet on the first floor; or
  - (E) A one and one-half story residence with a <sup>... (2) - automatic / in basement</sup> garage, and at least two thousand two hundred (2,200) square feet on the first floor.

The measurement of square footage in each of the above-described improvements (i.e., Paragraphs 3(A)-(E)) shall be exclusive of porches, unfinished basements or rooms, breezeways, garages, carports and similar areas.

**EXHIBIT "D"**  
**GENERAL PERCENTAGES**  
**FOR ASSESSMENT AND VOTING PURPOSES**

PHASE ONE LOT NUMBERS	PERCENTAGE OF OWNERSHIP	PHASE ONE LOT NUMBERS	PERCENTAGE OF OWNERSHIP
1	1.35	65	1.35
2	1.35	66	1.35
3	1.35	67	1.35
4	1.35	68	1.35
5	1.35	69	1.35
6	1.35	70	1.35
7	1.35	71	1.35
8	1.35	72	1.35
9	1.35	73	1.35
10	1.35	74	1.35
11	1.35		
12	1.35		
13	1.35		
14	1.35		
15	1.35		
16	1.35		
17	1.35		
18	1.35		
19	1.35		
20	1.35		
21	1.35		
22	1.35		
23	1.35		
24	1.35		
25	1.35		
26	1.35		
27	1.35		
28	1.35		
29	1.35		
30	1.35		
31	1.35		
32	1.35		
33	1.35		
34	1.35		
35	1.35		
36	1.35		
37	1.35		
38	1.35		
39	1.35		
40	1.35		
41	1.35		
42	1.35		
43	1.35		
44	1.35		
45	1.35		
46	1.35		
47	1.35		
48	1.35		
49	1.35		
50	1.35		
51	1.35		
52	1.35		
53	1.35		
54	1.35		
55	1.35		
56	1.35		
57	1.35		
58	1.35		
59	1.35		
60	1.35		
61	1.35		
62	1.35		
63	1.35		
64	1.35		

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ASSOCIATION  
RECORDS

IN 2 3 3 7

STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES  
CITY OF LOS ANGELES

FIRST AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS

OF  
RIVER RUN

THIS FIRST AMENDMENT ("Amendment"), is hereby made and entered into this 13<sup>th</sup> day of November, 1988, by DON WILLIAMS CONSTRUCTION CO., INC., a Tennessee corporation ("Developer");

WITNESSETH:

WHEREAS, Developer entered into a Declaration of Covenants and Restrictions by instrument dated January 11, 1988, which instrument was recorded with the Register's Office of Hamilton County, Tennessee in Book 3440, Page 488 (the "Declaration"); and

WHEREAS, said Declaration encumbers a certain property development known as River Run more particularly described therein (the "Property"), with certain covenants, restrictions and conditions also more particularly described therein; and

WHEREAS, Developer desires to amend said Declaration for the purposes of promoting the orderly growth and development of the Property of imposing uniform restrictive covenants over the whole of said Property and for other purposes more particularly discussed herein.

NOW, THEREFORE, in consideration of the premises, the mutual benefits and burdens to be realized from the modifications set forth herein which shall accrue to the respective owners of the Property and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer hereby amends and modifies the Declaration as follows:

1. Part One, Article 1 of the Declaration is hereby supplemented by adding the following definitions:

(u) "Townhouse Association" means and refers to the RIVER RUN TOWNHOME ASSOCIATION, INC., a Tennessee nonprofit corporation which may be formed pursuant to part Five, Article VI, Section 2.

*Prepared by [unclear]  
Shirley + Tompkins  
211500 NW 11th St  
Maitland, TN 37112*

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(v) "Townhouse Board" or "Townhouse Board of Directors" means the governing body of the Townhouse Association as ascertained by the Townhouse Bylaws (as defined herein below).

(w) "Buildings" means the structures containing the Townhouses (as defined herein below).

(x) "Townhouse Bylaws" means the bylaws of the Townhouse Association to be adopted.

(y) "Townhouse Common Expenses" means the proposed or actual expenses affecting the Townhouse Property, including reserves lawfully assessed by the Townhouse Board. Such Townhouse Common Expenses shall consist of the expenses, if any, of the administration, management, maintenance, operation, repair or replacement of and additions to any Common Property Article V, (as defined in Part Five, Article V, Section 1 herein), including expenses agreed upon as Townhouse Common Expenses by a majority of the Townhouse Owners (as defined herein below).

(z) "Townhouse Owner" means the person(s) whose estates or interests, individually or collectively, aggregate fee simple ownership of a Townhouse and of (as members of the Townhouse Association) the undivided interest in any Common Property appurtenant thereto, but shall not include those having an interest in a Townhouse merely as security for the performance of an obligation. Unless specifically provided otherwise herein, Developer shall be deemed a Townhouse Owner so long as it is the legal title holder of any Townhouse. Any provision to the contrary notwithstanding, joint owners shall be deemed one Townhouse Owner. If any Townhouse shall be owned by more than one person or by a corporation, partnership or one or more fiduciaries, such owner(s) shall designate one person to represent such Townhouse with respect to the Association and to cast the votes of such Townhouse.

(aa) "Townhouse Plat" means that Final Plat of River Run Townhouses recorded in the Register's Office of Hamilton County, Tennessee, in Plat Book 44, Page 213, as amended from time to time, which plat and revisions, amendments and supplements thereto, is incorporated herein by reference as fully as though copied herein.

(bb) "Townhouse Property" has the same meaning as Phase Three of the River Run Development as more particularly Exhibit "A-1" attached hereto and made a part hereof, and all structures and improvements constructed and to be constructed thereon and all easements, rights and appurtenances belonging thereto.

(cc) "Townhouse" means that portion of the Townhouse Property, as determined by the records in the Register's Office of Hamilton County, Tennessee, or designated on the Townhouse Plat by the term "Lot", which is not part of any Common Property and to which fee simple title has been or shall be conveyed exclusively to a Townhouse Owner for said Townhouse Owner's independent use.

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Unless the context otherwise requires, the terms defined in the Declaration, as supplemented by the terms set forth hereinabove, shall, for the purposes of this Amendment, be deemed to have the same meaning herein as that specified in the Declaration, as amended.

2. The second paragraph of Section 19, of Part Two, Article I of the Declaration is hereby deleted and the following is substituted in lieu thereof

Except for those Lots located in Phase Three of the Property, the provisions of this Section shall not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot shall be considered in the interpretation of these Covenants. Consolidation of Lots must be approved by Developer, said approval to be granted in Developer's sole discretion upon such terms and conditions as may be established by Developer from time to time, including specific provisions for the payment of assessments.

3. Section 22 is hereby added to Part Two, Article I of the Declaration as follows:

Section 22. Phases of Development. Pursuant to Part One, Article II, Section 4 herein, in addition to the covenants and restrictions set forth in this Declaration, the Lots within the respective phases of development the extent of which Phases shall be determined and designated in Developer's sole discretion (the "Phases") shall also be subject to the restrictions and covenants as set forth in Exhibit "C" attached hereto and made a part hereof, as amended from time to time.

4. Part Five is hereby added to the Declaration as follows:

**PART FIVE  
TOWNHOUSE DEVELOPMENT**

**ARTICLE I  
GENERAL INTENT**

It is the intent of Developer to add Phase Three to the Property as a townhouse development. Notwithstanding anything contained in this Part Five to the contrary, in addition to all other terms, provisions, covenants and restrictions of the Declaration, Phase Three shall also take subject to the terms, provisions, covenants and restrictions set forth in this Part Five.



ARTICLE II  
PLAN OF DEVELOPMENT

Section 1. Submission as a Townhouse Development. Developer, as the legal title holder in fee simple of the Townhouse Property, expressly intends that the Townhouse Property shall be known as RIVER RUN TOWNHOUSES, a townhouse development and as Phase Three or by such name or names as shall be selected from time to time by Developer.

Section 2. Description of Specific Townhouses. All of the Townhouses are or shall be delineated upon the Townhouse Plat, and the legal description of each Townhouse shall consist of the identifying number and/or letter of such Townhouse shown upon the Plat. Except as provided in this Declaration, no Townhouse Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause said Townhouse Owner's Townhouse to be separated into any tracts or parcels different from the whole Townhouse as shown on the Plat.

Section 3. Termination of the Townhouse Development. This Townhouse development shall be terminated only by not less than eighty percent (80%) of the affirmative vote of all Townhouse Owners and by written consent obtained from all those mortgagees which are subject to this Declaration.

ARTICLE III  
PROPERTY RIGHTS AND RESTRICTIONS

Section 1. Townhouse Owner's Rights - Exclusive and Common. A Townhouse Owner shall have:

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

(b) As an appurtenance to the ownership of such Townhouse, an equal and undivided interest in any Common Property.

Section 2. Use and Occupancy of Townhouses. Subject to the provision of this Declaration and the Townhouse Bylaws, the Townhouses shall be occupied and used according to the rules and regulations as created and adopted by the Townhouse Association, as amended from time to time (the "Rules and Regulations").

Section 3. Easements Affecting Townhouse Property. Each Townhouse Owner shall take title to said Townhouse Owner's Townhouse subject to the non-exclusive easements granted at the discretion of Developer to all suppliers of utilities, including cable television, serving the Townhouse Property, to install, lay, construct, operate, maintain, renew, repair and replace conduits, ducts, cables, pipes and wires and other equipment or structural components in, to, over, under, across

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and through any portion of the Townhouse Property for the purpose of providing the Townhouse Property with utility services, together with the reasonable right of ingress to and egress from the Townhouse Property or any part thereof for said purpose. In addition, Developer, at its discretion, may grant such other easements as Developer may deem consistent and beneficial to the development of the Townhouse Property and the Townhouse Owner takes subject to same.

Section 4. Rights of Mortgagees. (a) Each of the following actions shall require, as of the date such action is taken, the prior written approval of all holders or owners of a subsequently recorded mortgage or deed of trust constituting a first mortgage lien on any one or more Townhouses (the "mortgage"):

- (i) abandonment or termination of the Townhouse Property as a Townhouse development, except for removal provided by law, or in the case of destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;
- (ii) any amendment to this Declaration which effects the mortgagee's rights or interests in any portion of the Townhouse Property;
- (iii) any amendment to a provision of this Declaration which specifically grants rights to the mortgagee.

(b) The provisions hereof are in addition to all other rights of mortgagees herein contained or under law.

Section 5. Right of Use By Developer. During the period of construction and sale of any Townhouse by Developer, Developer and Developer's respective agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees and the respective agents and employees thereof, shall be entitled to use, parking and storage of vehicles and equipment, access, ingress to and egress from the Townhouse Property, without charges, as may be required for purposes of construction and sale of any Townhouse and other activities of Developer on or about the Property. While Developer owns any Townhouse and until each Townhouse sold by it is occupied by the purchasers thereof, Developer and its agents and employees may use and show one or more of such unsold or unoccupied Townhouses as a model and may use one or more of such unsold or unoccupied Townhouses without charge, as a sales office, administrative office, management office, or other uses and offices incidental to Developer's use of the Townhouse Property, and may maintain customary signs, banners and flags in connection therewith. This section may only be amended or modified with the express written consent of Developer.

ARTICLE IV  
THE TOWNHOUSE ASSOCIATION

Section 1. Association of Townhouse Owners; and Administration and Operation of The Townhouse Property. At the discretion of Developer or the majority of Townhouse Owners there may be formed an Association having the name "River Run Townhouse Association, Inc.", a Tennessee nonprofit

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corporation, which Townhouse Association shall be the governing body for all of the Townhouse Owners, with reference to the maintenance, repair, replacement, administration and operation of the Townhouse Property including any Common Property. The Townhouse Association shall have and exercise all powers necessary or convenient to affect any or all of the purposes for which the Townhouse Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in Part Five of this Declaration or the Townhouse Bylaws. In such event, all of the Townhouse Owners irrevocably constitute and appoint the Townhouse Association, in their names, as attorney-in-fact to effectuate the above. The Townhouse Board shall elect and shall serve in accordance with the provisions of this Declaration and the Townhouse Bylaws. Subject to the Townhouse Bylaws, the Townhouse Board shall have standing to act in a representative capacity in relation to matters involving the Townhouse Property or more than one Townhouse, on behalf of the Townhouse Owners, as their interest may appear. The fiscal year of the Townhouse Association shall be determined by the Townhouse Board, and may be changed from time to time as the Townhouse Board deems advisable. The Townhouse Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Townhouse Association shall be for the sole benefit of the Townhouse Owners, and all funds received by the Townhouse Association shall be held and applied by it for the use and benefit of the Townhouse Owners in accordance with the provisions of this Declaration and the Townhouse Bylaws. Each Townhouse Owner shall be a member of the Townhouse Association. A Townhouse Owner's membership shall automatically terminate upon the conveyance or transfer of said Townhouse Owner's title to said Townhouse Owner's Townhouse to a new Townhouse Owner and the new Townhouse Owner shall simultaneously succeed to the former Townhouse Owner's membership in the Townhouse Association. A Townhouse Owner shall be entitled to one (1) vote in the Townhouse Association for each Townhouse owned by said Townhouse Owner.

Section 4. Non-Liability of the Directors, Board, Officers and Developer. In connection with the Townhouse Association, neither the Directors, the Townhouse Board, or other officers of the Townhouse Association, nor Developer shall be personally liable to the Townhouse Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever of such Directors, the Townhouse Board, any officers, or Developer, except for any acts or omissions found by a court to constitute a crime, gross negligence or fraud. The Townhouse Owners shall indemnify and hold harmless each of the Directors, the Townhouse Board, any officers, and Developer or their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors, and assigns in accordance with the provisions of the Townhouse Bylaws. Notwithstanding the foregoing provisions, the Directors, the Townhouse Board, any other officers and Developer in their capacities as Townhouse Owners shall be subject to the liability standards which affect all other Townhouse Owners.

ARTICLE V  
COMMON PROPERTY

Section 1. Common Property. Developer may in its sole discretion (but in no event shall Developer be obligated to) convey title to property which shall be a part of the Townhouse Property, to the Townhouse Association for the undivided use and benefit to be shared in common by the Townhouse Owners as members of the Townhouse Association and shall be herein referred to as the "Common Property".

Section 2. Common Property Maintenance, Repairs and Replacements. (a) In the event Common Property as hereinabove defined shall exist upon the Townhouse Property, then maintenance of, repairs to and replacements of said Common Property shall be the responsibility of and shall be furnished by the Townhouse Association. The cost of maintenance of, repairs to and replacements of said Common Property shall be part of the Townhouse Common Expenses as hereinafter defined, subject to the Townhouse Bylaws and the Townhouse Rules and Regulations.

(b) If, due to the act or negligence of a Townhouse Owner, or said Townhouse Owner's agent, servant, tenant, family member, invitee, licensee or household pet, damage is caused to the Common Property, or to a Townhouse owned by others, and repair or replacement are required, the cost of which would otherwise be a Townhouse Common Expense (as hereinafter defined), then such Townhouse Owner shall pay for such damage or such repair and replacement, as may be determined by the Townhouse Association.

Section 3. Insurance. (a) The Townhouse Association shall also have authority to and may obtain such insurance as it deems desirable and increase insurance limits, in such amounts from such sources and in such forms as it deems desirable, insuring each member of the Board and officer of the Townhouse Association, and members of any committee appointed pursuant

to the Townhouse Bylaws, from liability arising from the fact that said person is or was a Director or officer of the Townhouse Association, or a member of such a committee. The premiums of such insurance shall be a Townhouse Common Expense.

(b) In the event any Common Property exists upon the Townhouse Property, the Townhouse Association shall also have the authority to and may obtain at its discretion such other insurance as it deems desirable or necessary in its reasonable discretion for any aspect of the ownership, operation or management of the Common Properties, in such amounts, from such sources and in such forms as the Board deems desirable. The premiums for such insurance shall be a Townhouse Common Expense.

Section 4. Townhouse Common Expense. (a) Each Townhouse Owner, excluding Developer, shall pay a proportionate share of the Townhouse Common Expenses, if any. Townhouse Common Expenses shall be divided equally among the respective Townhouse Owners. Payments of Townhouse Common Expenses shall be in such amounts and at such times as determined in the

manner provided in the Townhouse Bylaws. Townhouse Owners shall not be exempt from payment of said Townhouse Owner's proportionate share of the Common Townhouse Expenses by waiver or non-use or non-enjoyment of the Common Property or by abandonment of said Townhouse Owner's Townhouse. If any Townhouse Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with any reasonable late charges and further, together with interest thereon at the maximum contract rate as may then be permitted under the law of the State of Tennessee from and after the date said Common Expenses are assessed shall constitute a lien on the Townhouse of such non-paying Townhouse Owner. Provided, however, that such lien shall be subordinate to the lien of any prior recorded mortgage or deed of trust under Townhouse, except for the amount of said proportionate share of such Common Expenses which become due and payable from and after the date on which such lender either takes possession of the Townhouse or interest encumbered by such mortgage or deed of trust, or accepts a conveyance, transfer or assignment of the Townhouse or of any interest therein (other than as security) in lieu of any foreclosure of such mortgage or deed of trust. This provision shall not be amended, modified or rescinded without the prior written consent of all lenders who are the holders or owners of a mortgage or deed of trust recorded prior to the date of such amendment, modification or rescission.

(b) An adequate reserve fund for the replacement of any Common Property will be established and funded by regular monthly payments.

(c) Except as otherwise provided in this Declaration or in the Townhouse Bylaws, in the event of any transfer of any interest in a Townhouse, the transferee shall be jointly and severally liable with the transferor for all unpaid expenses and assessments of the transferor accrued and payable prior to the date of transfer.

**ARTICLE VI  
GENERAL PROVISIONS**

Section 1. Acceptance of Provisions. Each Townhouse Owner, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration and the Exhibits hereto, as amended from time to time or otherwise of record, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations imposed hereby and by the exhibits hereto or otherwise of record shall be deemed and taken to be covenants running with the land; shall bind any person having at any time any interest or estate in said land and shall inure to the benefit of such person in like manner as though the provisions of this Declaration and the Exhibits hereto and other recorded instruments were recited and stipulated at length in each and every deed of conveyance.

Section 2. Incorporation. If Developer deems it necessary in its reasonable determination to form an Townhouse Association, Developer shall form the Townhouse Association for the purposes of facilitating the administration and

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operation of the Townhouse Property, otherwise the Townhouse Owners at their discretion may form the Townhouse Association, in which event all Townhouse Owners as determined by the records in the Hamilton County Registrar's Office shall automatically become members of the Townhouse Association upon its incorporation.

Section 3. Townhouse Coverage. Each Townhouse Owner shall carry both a liability insurance policy with a minimum coverage of Three Hundred Thousand Dollars (\$300,000.00) and a homeowners policy with coverage for one hundred (100%) percent of the replacement cost of the Townhouse. In the event a Townhouse, or any part thereof, is damaged or destroyed by fire or other casualty, the Townhouse Owner shall, within six (6) months thereafter, either restore the Townhouse to the condition which existed prior to the damage or destruction or clear the property of any and all destruction and improvements (including the removal of building pad), and maintain the property in a clean and safe manner, free from all debris, including the sodding and landscaping of same and the finishing of any exposed wall of any adjoining Townhouse with substantially the same materials as on other undamaged exterior walls. In the event said Townhouse Owner fails to restore or clear the Property as described, Developer shall clear the property on behalf of the Townhouse Owner and at said Townhouse Owners cost and expense which if not paid shall be a lien upon the property. And pursuant to the foregoing, the non-paying Townhouse Owner shall be the Trustee of any insurance funds received for the purposes set forth herein.

5a. Exhibit "D" to the Declaration is hereby deleted and Exhibit "D" attached hereto and made a part hereof is substitute in lieu thereof as fully as if attached to the Declaration and incorporated therein.

5. Exhibit "A" to the Declaration is hereby supplemented with Exhibit "A-1" attached hereto and made a part hereof as fully as if attached thereto and incorporated therein.

6. Exhibit "C" to the Declaration is hereby deleted and Exhibit "C" attached hereto and made a part hereof is substituted in lieu thereof as fully as if attached to the Declaration and incorporated therein.

7. Except as modified herein, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officers as of the day and date first above written.

DEVELOPER:

DON WILLIAMS CONSTRUCTION CO., INC.

ATTEST:

By [Signature]  
Secretary

By [Signature]  
Donald D. Williams, President

STATE OF TENNESSEE  
COUNTY OF HAMILTON

Before me, Lathan E. Lee, of the state and county aforesaid, personally appeared Donald D. Williams and Vicki W. Crooke, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be the President and Secretary, respectively, of DON WILLIAMS CONSTRUCTION CO., INC., the within bargainer, a corporation, and that they as such officers, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by themselves as such officers.

WITNESS my hand and seal at office in Chattanooga, Tennessee, this 13th day of November, 1988.

My commission expires: January 10, 1990

[Signature]  
Notary Public

64.00

644.00

EXHIBIT "A-1"Legal Description of Property

All those tracts or parcels of land located in Hamilton County, Tennessee and more particularly described as follows:

Tract One (Phase One): That Property described in Exhibit "A" of the Declaration which shall be further defined and supplemented to include the following:

Lots 1 through 74 including Lots 51A, 52A, 56A, 56B, 56C and 56D of River Run Subdivision as shown by Final Plat recorded with the Register's Office of Hamilton County, Tennessee in Plat Book 43, Page 38-1 through 38-2, as amended and corrected by those Corrective Plats recorded in Plat Book 38, Page 246 and Plat Book 44, Page 220, respectively and that Plats recorded in Plat Book 44, Page 208 in said Register's Office, as said Plats are amended and supplemented from time to time.

Tract Two (Phase Two):

Lot 75 through 105 and Lot 122 of the River Run Subdivision as shown on that Final Plat recorded in Plat Book 43, Page 98 in said Register's Office, as said Plat is amended and supplemented from time to time.

Tract Three (Phase Three):

Lots 137 through 186 as shown on that Final Plat recorded in Plat Book 44, Page 213 in said Register's Office, as said Plat is amended and supplemented from time to time.



EXHIBIT "C"

PHASE ONE OF RIVER RUN DEVELOPMENT

A Phase of development of the Property more particularly described as Phase One on Exhibit "A" hereto, as supplemented by Exhibit "A-1" hereto and herein referred to for the purposes of this Exhibit as Phase One of River Run and is herewith submitted to the Declaration as Lots.

Each Lot within Phase One of River Run shall be subject to the following covenants and restrictions which shall be in addition to those set forth in the Declaration of Covenants and Restrictions, as amended from time to time:

1. All dwellings on any Lot shall be limited to single family residential use.
2. No Unit shall be located on any Lot closer than thirty (30) feet to its front property line or any side street nor ten (10) feet to any side lot or property line; nor twenty-five (25) feet to the rear property line.
3. The improvements erected on each Lot shall be one of the following:
  - (A) A two-story residence with an attached double-automobile garage or carport, with at least one thousand five hundred (1,500) square feet on the first floor;
  - (B) A one-story residence with a double-automobile garage in the basement and at least two thousand six hundred (2,600) square feet in the main floor;
  - (C) A one-story residence with an attached double-automobile garage and at least two thousand four hundred (2,400) square feet;
  - (D) A one and one-half story residence with an attached double-automobile garage and at least one thousand eight hundred (1,800) square feet on the first floor; or
  - (E) A one and one-half story residence with a two (2) automobile garage in basement and at least two thousand six hundred (2,600) square feet on the first floor.

The measurement of square footage in each of the above-described improvements [i.e., Paragraphs 3(A)-(E)] shall be exclusive of porches, unfinished basements or rooms, breezeways, garages, carports and similar areas.

4. All front yards shall be sodded rather than seeded.
5. All mailboxes shall be composed of brick or stone.

EXHIBIT "C"  
(continued)PHASE TWO OF RIVER RUN DEVELOPMENT

A Phase of development of the Property more particularly described as Phase Two on Exhibit "A-1" hereto, herein referred to for the purposes of this Exhibit as Phase Two of River Run and is herewith submitted to the Declaration as Lots.

Each Lot within Phase Two of River Run shall be subject to the following covenants and restrictions which shall be in addition to those set forth in the Declaration of Covenants and Restrictions:

1. All dwellings on any Lot shall be limited to single family residential use.
2. No Unit shall be located on any Lot nearer than thirty (30) feet to its front property line or any side street nor ten (10) feet to any side lot or property line; nor twenty-five (25) feet to the rear property line.
3. The improvements erected on each Lot shall be one of the following:
  - (A) A two-story residence with an attached double-automobile garage or carport, with at least one thousand five hundred (1,500) square feet on the first floor;
  - (B) A one-story residence with a double-automobile garage in the basement and at least two thousand six hundred (2,600) square feet in the main floor;
  - (C) A one-story residence with an attached double-automobile garage and at least two thousand four hundred (2,400) square feet;
  - (D) A one and one-half story residence with an attached double-automobile garage and at least one thousand eight hundred (1,800) square feet on the first floor; or
  - (E) A one and one-half story residence with a two (2) automobile garage in basement and at least two thousand six hundred (2,600) square feet on the first floor.

The measurement of square footage in each of the above-described improvements (i.e., Paragraphs 3(A)-(E)) shall be exclusive of porches, unfinished basements or roofs, breezeways, garages, carports and similar areas.

4. All front yards shall be sodded rather than seeded.
5. All mailboxes shall be composed of brick or stone.

EXHIBIT "C"  
(continued)PHASE THREE OF RIVER RUN DEVELOPMENT

A Phase of the development of the Property more particularly described as Phase Three on Exhibit "A-1" hereto and herein referred to for purposes of this Exhibit as Phase Three of River Run and is herewith submitted to the Declaration as Lots.

Each Lot within Phase Three of River Run shall be subject to the following covenants which shall be in addition to those set forth in the Declaration of Covenants and Restrictions, as amended from time to time:

1. All dwellings on any Lot shall be limited to townhouses and used for residential purposes.
2. No Townhouse shall be located on any Lot nearer than twenty-five (25) feet to its front property line.
3. All front yards shall be sodded rather than seeded.
4. The coloring of the roof and exterior paint shall be uniform.

EXHIBIT "D"  
OWNER'S PERCENTAGES  
FOR ASSESSMENTS AND VOTING PURPOSES

PHASE ONE LOT NUMBERS	PERCENTAGE OF OWNERSHIP	PHASE ONE LOT NUMBERS	PERCENTAGE OF OWNERSHIP
1	.621	62	.621
2	.621	63	.621
3	.621	64	.621
4	.621	65	.621
5	.621	66	.621
6	.621	67	.621
7	.621	68	.621
8	.621	69	.621
9	.621	70	.621
10	.621	71	.621
11	.621	72	.621
12	.621	73	.621
13	.621	74	.621
14	.621	75	.621
15	.621	76	.621
16	.621	77	.621
17	.621	78	.621
18	.621	79	.621
19	.621	80	.621
20	.621	81	.621
21	.621	82	.621
22	.621	83	.621
23	.621	84	.621
24	.621	85	.621
25	.621	86	.621
26	.621	87	.621
27	.621	88	.621
28	.621	89	.621
29	.621	90	.621
30	.621	91	.621
31	.621	92	.621
32	.621	93	.621
33	.621	94	.621
34	.621	95	.621
35	.621	96	.621
36	.621	97	.621
37	.621	98	.621
38	.621	99	.621
39	.621	100	.621
40	.621	101	.621
41	.621	102	.621
42	.621	103	.621
43	.621	104	.621
44	.621	105	.621
45	.621	122	.621
46	.621	137	.621
47	.621	138	.621
48	.621	139	.621
49	.621	140	.621
50	.621	141	.621
51	.621	142	.621
51A	.621	143	.621
52	.621	144	.621
52A	.621	145	.621
53	.621	146	.621
54	.621	147	.621
55	.621	148	.621
56	.621	149	.621
56A	.621	150	.621
56B	.621	151	.621
56C	.621	152	.621
56D	.621	153	.621
57	.621	154	.621
58	.621	155	.621
59	.621	156	.621
60	.621	157	.621
61	.621		

PHASE ONE  
LOT NUMBERS

PERCENTAGE OF  
OWNERSHIP

PHASE ONE  
LOT NUMBERS

PERCENTAGE OF  
OWNERSHIP

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IDENTIFICATION  
REFERENCE

Nov 15 1 36 PM '68

SADAM P. DE FRIESE  
REGISTER  
HAMILTON COUNTY  
STATE OF TENNESSEE

FIRST AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS  
OF  
RIVER RUN

THIS FIRST AMENDMENT ("Amendment"), is hereby made and entered into this 15<sup>th</sup> day of November, 1988, by DON WILLIAMS CONSTRUCTION CO., INC., a Tennessee corporation ("Developer");

WITNESSETH:

WHEREAS, Developer entered into a Declaration of Covenants and Restrictions by instrument dated January 11, 1988, which instrument was recorded with the Register's Office of Hamilton County, Tennessee in Book 3440, Page 488 (the "Declaration"); and

WHEREAS, said Declaration encumbers a certain property development known as River Run more particularly described therein (the "Property"), with certain covenants, restrictions and conditions also more particularly described therein; and

WHEREAS, Developer desires to amend said Declaration for the purposes of promoting the orderly growth and development of the Property of imposing uniform restrictive covenants over the whole of said Property and for other purposes more particularly discussed herein.

NOW, THEREFORE, in consideration of the premises, the mutual benefits and burdens to be realized from the modifications set forth herein which shall accrue to the respective owners of the Property and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer hereby amends and modifies the Declaration as follows:

1. Part One, Article 1 of the Declaration is hereby supplemented by adding the following definitions:

(u) "Townhouse Association" means and refers to the RIVER RUN TOWNHOME ASSOCIATION, INC., a Tennessee nonprofit corporation which may be formed pursuant to part Five, Article VI, Section 2.

*Proposed by: [unclear]*  
*Shirley A. Thompson*  
*2150 500 W. Tennessee Hwy*  
*(Murfreesboro, TN 37132)*

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(v) "Townhouse Board" or "Townhouse Board of Directors" means the governing body of the Townhouse Association as ascertained by the Townhouse Bylaws (as defined herein below).

(w) "Buildings" means the structures containing the Townhouses (as defined herein below).

(x) "Townhouse Bylaws" means the bylaws of the Townhouse Association to be adopted.

(y) "Townhouse Common Expenses" means the proposed or actual expenses affecting the Townhouse Property, including reserves lawfully assessed by the Townhouse Board. Such Townhouse Common Expenses shall consist of the expenses, if any, of the administration, management, maintenance, operation, repair or replacement of and additions to any Common Property Article V, (as defined in Part Five, Article V, Section 1 herein), including expenses agreed upon as Townhouse Common Expenses by a majority of the Townhouse Owners (as defined herein below).

(z) "Townhouse Owner" means the person(s) whose estates or interests, individually or collectively, aggregate fee simple ownership of a Townhouse and of (as members of the Townhouse Association) the undivided interest in any Common Property appurtenant thereto, but shall not include those having an interest in a Townhouse merely as security for the performance of an obligation. Unless specifically provided otherwise herein, Developer shall be deemed a Townhouse Owner so long as it is the legal title holder of any Townhouse. Any provision to the contrary notwithstanding, joint owners shall be deemed one Townhouse Owner. If any Townhouse shall be owned by more than one person or by a corporation, partnership or one or more fiduciaries, such owner(s) shall designate one person to represent such Townhouse with respect to the Association and to cast the votes of such Townhouse.

(aa) "Townhouse Plat" means that Final Plat of River Run Townhouses recorded in the Register's Office of Hamilton County, Tennessee, in Plat Book 44, Page 213, as amended from time to time, which plat and revisions, amendments and supplements thereto, is incorporated herein by reference as fully as though copied herein.

(bb) "Townhouse Property" has the same meaning as Phase Three of the River Run Development as more particularly Exhibit "A-1" attached hereto and made a part hereof, and all structures and improvements constructed and to be constructed thereon and all easements, rights and appurtenances belonging thereto.

(cc) "Townhouse" means that portion of the Townhouse Property, as determined by the records in the Register's Office of Hamilton County, Tennessee, or designated on the Townhouse Plat by the term "Lot", which is not part of any Common Property and to which fee simple title has been or shall be conveyed exclusively to a Townhouse Owner for said Townhouse Owner's independent use.

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Unless the context otherwise requires, the terms defined in the Declaration, as supplemented by the terms set forth hereinabove, shall, for the purposes of this Amendment, be deemed to have the same meaning herein as that specified in the Declaration, as amended.

2. The second paragraph of Section 19, of Part Two, Article I of the Declaration is hereby deleted and the following is substituted in lieu thereof

Except for those Lots located in Phase Three of the Property, the provisions of this Section shall not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot shall be considered in the interpretation of these Covenants. Consolidation of Lots must be approved by Developer, said approval to be granted in Developer's sole discretion upon such terms and conditions as may be established by Developer from time to time, including specific provisions for the payment of assessments.

3. Section 22 is hereby added to Part Two, Article I of the Declaration as follows:

Section 22. Phases of Development. Pursuant to Part One, Article II, Section 4 herein, in addition to the covenants and restrictions set forth in this Declaration, the Lots within the respective phases of development the extent of which Phases shall be determined and designated in Developer's sole discretion (the "Phases") shall also be subject to the restrictions and covenants as set forth in Exhibit "C" attached hereto and made a part hereof, as amended from time to time.

4. Part Five is hereby added to the Declaration as follows:

**PART FIVE  
TOWNHOUSE DEVELOPMENT**

**ARTICLE I  
GENERAL INTENT**

It is the intent of Developer to add Phase Three to the Property as a townhouse development. Notwithstanding anything contained in this Part Five to the contrary, in addition to all other terms, provisions, covenants and restrictions of the Declaration, Phase Three shall also take subject to the terms, provisions, covenants and restrictions set forth in this Part Five.



ARTICLE II  
PLAN OF DEVELOPMENT

Section 1. Submission as a Townhouse Development. Developer, as the legal title holder in fee simple of the Townhouse Property, expressly intends that the Townhouse Property shall be known as RIVER RUN TOWNHOUSES, a townhouse development and as Phase Three or by such name or names as shall be selected from time to time by Developer.

Section 2. Description of Specific Townhouses. All of the Townhouses are or shall be delineated upon the Townhouse Plat, and the legal description of each Townhouse shall consist of the identifying number and/or letter of such Townhouse shown upon the Plat. Except as provided in this Declaration, no Townhouse Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause said Townhouse Owner's Townhouse to be separated into any tracts or parcels different from the whole Townhouse as shown on the Plat.

Section 3. Termination of the Townhouse Development. This Townhouse development shall be terminated only by not less than eighty percent (80%) of the affirmative vote of all Townhouse Owners and by written consent obtained from all those mortgagees which are subject to this Declaration.

ARTICLE III  
PROPERTY RIGHTS AND RESTRICTIONS

Section 1. Townhouse Owner's Rights - Exclusive and Common. A Townhouse Owner shall have:

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

(b) As an appurtenance to the ownership of such Townhouse, an equal and undivided interest in any Common Property.

Section 2. Use and Occupancy of Townhouses. Subject to the provision of this Declaration and the Townhouse Bylaws, the Townhouses shall be occupied and used according to the rules and regulations as created and adopted by the Townhouse Association, as amended from time to time (the "Rules and Regulations").

Section 3. Easements Affecting Townhouse Property. Each Townhouse Owner shall take title to said Townhouse Owner's Townhouse subject to the non-exclusive easements granted at the discretion of Developer to all suppliers of utilities, including cable television, serving the Townhouse Property, to install, lay, construct, operate, maintain, renew, repair and replace conduits, ducts, cables, pipes and wires and other equipment or structural components in, to, over, under, across

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and through any portion of the Townhouse Property for the purpose of providing the Townhouse Property with utility services, together with the reasonable right of ingress to and egress from the Townhouse Property or any part thereof for said purpose. In addition, Developer, at its discretion, may grant such other easements as Developer may deem consistent and beneficial to the development of the Townhouse Property and the Townhouse Owner takes subject to same.

Section 4. Rights of Mortgagees. (a) Each of the following actions shall require, as of the date such action is taken, the prior written approval of all holders or owners of a subsequently recorded mortgage or deed of trust constituting a first mortgage lien on any one or more Townhouses (the "mortgagee"):

- (i) abandonment or termination of the Townhouse Property as a Townhouse development, except for removal provided by law, or in the case of destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;
- (ii) any amendment to this Declaration which effects the mortgagee's rights or interests in any portion of the Townhouse Property;
- (iii) any amendment to a provision of this Declaration which specifically grants rights to the mortgagee.

(b) The provisions hereof are in addition to all other rights of mortgagees herein contained or under law.

Section 5. Right of Use By Developer. During the period of construction and sale of any Townhouse by Developer, Developer and Developer's respective agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees and the respective agents and employees thereof, shall be entitled to use, parking and storage of vehicles and equipment, access, ingress to and egress from the Townhouse Property, without charges, as may be required for purposes of construction and sale of any Townhouse and other activities of Developer on or about the Property. While Developer owns any Townhouse and until each Townhouse sold by it is occupied by the purchasers thereof, Developer and its agents and employees may use and show one or more of such unsold or unoccupied Townhouses as a model and may use one or more of such unsold or unoccupied Townhouses without charge, as a sales office, administrative office, management office, or other uses and offices incidental to Developer's use of the Townhouse Property, and may maintain customary signs, banners and flags in connection therewith. This section may only be amended or modified with the express written consent of Developer.

#### ARTICLE IV THE TOWNHOUSE ASSOCIATION

Section 1. Association of Townhouse Owners; and Administration and Operation of The Townhouse Property. At the discretion of Developer or the majority of Townhouse Owners there may be formed an Association having the name "River Run Townhouse Association, Inc.", a Tennessee nonprofit

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corporation, which Townhouse Association shall be the governing body for all of the Townhouse Owners, with reference to the maintenance, repair, replacement, administration and operation of the Townhouse Property including any Common Property. The Townhouse Association shall have and exercise all powers necessary or convenient to affect any or all of the purposes for which the Townhouse Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in Part Five of this Declaration or the Townhouse Bylaws. In such event, all of the Townhouse Owners irrevocably constitute and appoint the Townhouse Association, in their names, as attorney-in-fact to effectuate the above. The Townhouse Board shall elect and shall serve in accordance with the provisions of this Declaration and the Townhouse Bylaws. Subject to the Townhouse Bylaws, the Townhouse Board shall have standing to act in a representative capacity in relation to matters involving the Townhouse Property or more than one Townhouse, on behalf of the Townhouse Owners, as their interest may appear. The fiscal year of the Townhouse Association shall be determined by the Townhouse Board, and may be changed from time to time as the Townhouse Board deems advisable. The Townhouse Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Townhouse Association shall be for the sole benefit of the Townhouse Owners, and all funds received by the Townhouse Association shall be held and applied by it for the use and benefit of the Townhouse Owners in accordance with the provisions of this Declaration and the Townhouse Bylaws. Each Townhouse Owner shall be a member of the Townhouse Association. A Townhouse Owner's membership shall automatically terminate upon the conveyance or transfer of said Townhouse Owner's title to said Townhouse Owner's Townhouse to a new Townhouse Owner and the new Townhouse Owner shall simultaneously succeed to the former Townhouse Owner's membership in the Townhouse Association. A Townhouse Owner shall be entitled to one (1) vote in the Townhouse Association for each Townhouse owned by said Townhouse Owner.

Section 4. Non-Liability of the Directors, Board, Officers and Developer. In connection with the Townhouse Association, neither the Directors, the Townhouse Board, or other officers of the Townhouse Association, nor Developer shall be personally liable to the Townhouse Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever of such Directors, the Townhouse Board, any officers, or Developer, except for any acts or omissions found by a court to constitute a crime, gross negligence or fraud. The Townhouse Owners shall indemnify and hold harmless each of the Directors, the Townhouse Board, any officers, and Developer or their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors, and assigns in accordance with the provisions of the Townhouse Bylaws. Notwithstanding the foregoing provisions, the Directors, the Townhouse Board, any other officers and Developer in their capacities as Townhouse Owners shall be subject to the liability standards which affect all other Townhouse Owners.

ARTICLE V  
COMMON PROPERTY

Section 1. Common Property. Developer may in its sole discretion (but in no event shall Developer be obligated to) convey title to property which shall be a part of the Townhouse Property, to the Townhouse Association for the undivided use and benefit to be shared in common by the Townhouse Owners as members of the Townhouse Association and shall be herein referred to as the "Common Property".

Section 2. Common Property Maintenance, Repairs and Replacements. (a) In the event Common Property as hereinabove defined shall exist upon the Townhouse Property, then maintenance of, repairs to and replacements of said Common Property shall be the responsibility of and shall be furnished by the Townhouse Association. The cost of maintenance of, repairs to and replacements of said Common Property shall be part of the Townhouse Common Expenses as hereinafter defined, subject to the Townhouse Bylaws and the Townhouse Rules and Regulations.

(b) If, due to the act or negligence of a Townhouse Owner, or said Townhouse Owner's agent, servant, tenant, family member, invitee, licensee or household pet, damage is caused to the Common Property, or to a Townhouse owned by others, and repair or replacement are required, the cost of which would otherwise be a Townhouse Common Expense (as hereinafter defined), then such Townhouse Owner shall pay for such damage or such repair and replacement, as may be determined by the Townhouse Association.

Section 3. Insurance. (a) The Townhouse Association shall also have authority to and may obtain such insurance as it deems desirable and increase insurance limits, in such amounts from such sources and in such forms as it deems desirable, insuring each member of the Board and officer of the Townhouse Association, and members of any committee appointed pursuant

to the Townhouse Bylaws, from liability arising from the fact that said person is or was a Director or officer of the Townhouse Association, or a member of such a committee. The premiums of such insurance shall be a Townhouse Common Expense.

(b) In the event any Common Property exists upon the Townhouse Property, the Townhouse Association shall also have the authority to and may obtain at its discretion such other insurance as it deems desirable or necessary in its reasonable discretion for any aspect of the ownership, operation or management of the Common Properties, in such amounts, from such sources and in such forms as the Board deems desirable. The premiums for such insurance shall be a Townhouse Common Expense.

Section 4. Townhouse Common Expense. (a) Each Townhouse Owner, excluding Developer, shall pay a proportionate share of the Townhouse Common Expenses, if any. Townhouse Common Expenses shall be divided equally among the respective Townhouse Owners. Payments of Townhouse Common Expenses shall be in such amounts and at such times as determined in the

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manner provided in the Townhouse Bylaws. Townhouse Owners shall not be exempt from payment of said Townhouse Owner's proportionate share of the Common Townhouse Expenses by waiver or non-use or non-enjoyment of the Common Property or by abandonment of said Townhouse Owner's Townhouse. If any Townhouse Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with any reasonable late charges and further, together with interest thereon at the maximum contract rate as may then be permitted under the law of the State of Tennessee from and after the date said Common Expenses are assessed shall constitute a lien on the Townhouse of such non-paying Townhouse Owner. Provided, however, that such lien shall be subordinate to the lien of any prior recorded mortgage or deed of trust under Townhouse, except for the amount of said proportionate share of such Common Expenses which become due and payable from and after the date on which such lender either takes possession of the Townhouse or interest encumbered by such mortgage or deed of trust, or accepts a conveyance, transfer or assignment of the Townhouse or of any interest therein (other than as security) in lieu of any foreclosure of such mortgage or deed of trust. This provision shall not be amended, modified or rescinded without the prior written consent of all lenders who are the holders or owners of a mortgage or deed of trust recorded prior to the date of such amendment, modification or rescission.

(b) An adequate reserve fund for the replacement of any Common Property will be established and funded by regular monthly payments.

(c) Except as otherwise provided in this Declaration or in the Townhouse Bylaws, in the event of any transfer of any interest in a Townhouse, the transferee shall be jointly and severally liable with the transferor for all unpaid expenses and assessments of the transferor accrued and payable prior to the date of transfer.

#### ARTICLE VI GENERAL PROVISIONS

Section 1. Acceptance of Provisions. Each Townhouse Owner, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration and the Exhibits hereto, as amended from time to time or otherwise of record, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations imposed hereby and by the exhibits hereto or otherwise of record shall be deemed and taken to be covenants running with the land, shall bind any person having at any time any interest or estate in said land and shall inure to the benefit of such person in like manner as though the provisions of this Declaration and the Exhibits hereto and other recorded instruments were recited and stipulated at length in each and every deed of conveyance.

Section 2. Incorporation. If Developer deems it necessary in its reasonable determination to form an Townhouse Association, Developer shall form the Townhouse Association for the purposes of facilitating the administration and

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operation of the Townhouse Property, otherwise the Townhouse Owners at their discretion may form the Townhouse Association, in which event all Townhouse Owners as determined by the records in the Hamilton County Register's Office shall automatically become members of the Townhouse Association upon its incorporation.

Section 3. Townhouse Coverage. Each Townhouse Owner shall carry both a liability insurance policy with a minimum coverage of Three Hundred Thousand Dollars (\$300,000.00) and a homeowners policy with coverage for one hundred (100%) percent of the replacement cost of the Townhouse. In the event a Townhouse, or any part thereof, is damaged or destroyed by fire or other casualty, the Townhouse Owner shall, within six (6) months thereafter, either restore the Townhouse to the condition which existed prior to the damage or destruction or clear the property of any and all destruction and improvements (including the removal of building pad), and maintain the property in a clean and safe manner, free from all debris, including the sodding and landscaping of same and the finishing of any exposed wall of any adjoining Townhouse with substantially the same materials as on other undamaged exterior walls. In the event said Townhouse Owner fails to restore or clear the Property as described, Developer shall clear the property on behalf of the Townhouse Owner and at said Townhouse Owners cost and expense which if not paid shall be a lien upon the property. And pursuant to the foregoing, the non-paying Townhouse Owner shall be the Trustee of any insurance funds received for the purposes set forth herein.

5a. Exhibit "D" to the Declaration is hereby deleted and Exhibit "D" attached hereto and made a part hereof is substitute in lieu thereof as fully as if attached to the Declaration and incorporated therein.

5. Exhibit "A" to the Declaration is hereby supplemented with Exhibit "A-1" attached hereto and made a part hereof as fully as if attached thereto and incorporated therein.

6. Exhibit "C" to the Declaration is hereby deleted and Exhibit "C" attached hereto and made a part hereof is substituted in lieu thereof as fully as if attached to the Declaration and incorporated therein.

7. Except as modified herein, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officers as of the day and date first above written.

DEVELOPER:

DON WILLIAMS CONSTRUCTION CO., INC.

ATTEST:

By

William W. Cook, Sec.  
Secretary

By

Donald D. Williams, Pres.  
Donald D. Williams, President

STATE OF TENNESSEE  
COUNTY OF HAMILTON

Before me, Kathryn E. Lee, of the state and county aforesaid, personally appeared Donald D. Williams and Vicki W. Cooke, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be the President and Secretary, respectively, of DON WILLIAMS CONSTRUCTION CO., INC., the within bargainer, a corporation, and that they as such officers, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by themselves as such officers.

WITNESS my hand and seal at office in Chattanooga, Tennessee, this 13th day of November, 1988.

My commission expires:

January 10, 1990

Kathryn E. Lee  
Notary Public

64.00 2244.00

EXHIBIT "A-1"Legal Description of Property

All those tracts or parcels of land located in Hamilton County, Tennessee and more particularly described as follows:

Tract One (Phase One): That Property described in Exhibit "A" of the Declaration which shall be further defined and supplemented to include the following:

Lots 1 through 74 including Lots 51A, 52A, 56A, 56B, 56C and 56D of River Run Subdivision as shown by Final Plat recorded with the Register's Office of Hamilton County, Tennessee in Plat Book 43, Page 38-1 through 38-2, as amended and corrected by those Corrective Plats recorded in Plat Book 38, Page 246 and Plat Book 44, Page 220, respectively and that Plats recorded in Plat Book 44, Page 208 in said Register's Office, as said Plats are amended and supplemented from time to time.

Tract Two (Phase Two):

Lot 75 through 105 and Lot 122 of the River Run Subdivision as shown on that Final Plat recorded in Plat Book 43, Page 98 in said Register's Office, as said Plat is amended and supplemented from time to time.

Tract Three (Phase Three):

Lots 137 through 186 as shown on that Final Plat recorded in Plat Book 44, Page 213 in said Register's Office, as said Plat is amended and supplemented from time to time.



EXHIBIT "C"

PHASE ONE OF RIVER RUN DEVELOPMENT

A Phase of development of the Property more particularly described as Phase One on Exhibit "A" hereto, as supplemented by Exhibit "A-1" hereto and herein referred to for the purposes of this Exhibit as Phase One of River Run and is herewith submitted to the Declaration as Lots.

Each Lot within Phase One of River Run shall be subject to the following covenants and restrictions which shall be in addition to those set forth in the Declaration of Covenants and Restrictions, as amended from time to time:

1. All dwellings on any Lot shall be limited to single family residential use.
  2. No Unit shall be located on any Lot more than thirty (30) feet to its front property line or any side street nor ten (10) feet to any side lot or property line; nor twenty-five (25) feet to the rear property line.
  3. The improvements erected on each Lot shall be one of the following:
    - (A) A two-story residence with an attached double-automobile garage or carport, with at least one thousand five hundred (1,500) square feet on the first floor;
    - (B) A one-story residence with a double-automobile garage in the basement and at least two thousand six hundred (2,600) square feet in the main floor;
    - (C) A one-story residence with an attached double-automobile garage and at least two thousand four hundred (2,400) square feet;
    - (D) A one and one-half story residence with an attached double-automobile garage and at least one thousand eight hundred (1,800) square feet on the first floor; or
    - (E) A one and one-half story residence with a two (2) automobile garage in basement and at least two thousand six hundred (2,600) square feet on the first floor.
- The measurement of square footage in each of the above-described improvements [i.e., Paragraphs 3(A)-(E)] shall be exclusive of porches, unfinished basements or rooms, breezeways, garages, carports and similar areas.
4. All front yards shall be sodded rather than seeded.
  5. All mailboxes shall be composed of brick or stone.

EXHIBIT "C"  
(continued)

PHASE TWO OF RIVER RUN DEVELOPMENT

A Phase of development of the Property more particularly described as Phase Two on Exhibit "A-1" hereto, herein referred to for the purposes of this Exhibit as Phase Two of River Run and is herewith submitted to the Declaration as Lots.

Each Lot within Phase Two of River Run shall be subject to the following covenants and restrictions which shall be in addition to those set forth in the Declaration of Covenants and Restrictions:

1. All dwellings on any Lot shall be limited to single family residential use.
2. No Unit shall be located on any Lot nearer than thirty (30) feet to its front property line or any side street nor ten (10) feet to any side lot or property line; nor twenty-five (25) feet to the rear property line.
3. The improvements erected on each Lot shall be one of the following:
  - (A) A two-story residence with an attached double-automobile garage or carport, with at least one thousand five hundred (1,500) square feet on the first floor;
  - (B) A one-story residence with a double-automobile garage in the basement and at least two thousand six hundred (2,600) square feet in the main floor;
  - (C) A one-story residence with an attached double-automobile garage and at least two thousand four hundred (2,400) square feet;
  - (D) A one and one-half story residence with an attached double-automobile garage and at least one thousand eight hundred (1,800) square feet on the first floor; or
  - (E) A one and one-half story residence with a two (2) automobile garage in basement and at least two thousand six hundred (2,600) square feet on the first floor.

The measurement of square footage in each of the above-described improvements (i.e., Paragraphs 3(A)-(E)) shall be exclusive of porches, unfinished basements or rooms, breezeways, garages, carports and similar areas.
4. All front yards shall be sodded rather than seeded.
5. All mailboxes shall be composed of brick or stone.

EXHIBIT "C"  
(continued)PHASE THREE OF RIVER RUN DEVELOPMENT

A Phase of the development of the Property more particularly described as Phase Three on Exhibit "A-1" hereto and herein referred to for purposes of this Exhibit as Phase Three of River Run and is herewith submitted to the Declaration as Lots.

Each Lot within Phase Three of River Run shall be subject to the following covenants which shall be in addition to those set forth in the Declaration of Covenants and Restrictions, as amended from time to time:

1. All dwellings on any Lot shall be limited to townhouses and used for residential purposes.
2. No Townhouse shall be located on any Lot nearer than twenty-five (25) feet to its front property line.
3. All front yards shall be sodded rather than seeded.
4. The coloring of the roof and exterior paint shall be uniform.

EXHIBIT "D"  
OWNER'S PERCENTAGES  
FOR ASSESSMENTS AND VOTING PURPOSES

PHASE ONE LOT NUMBERS	PERCENTAGE OF OWNERSHIP	PHASE ONE LOT NUMBERS	PERCENTAGE OF OWNERSHIP
1	.621	62	.621
2	.621	63	.621
3	.621	64	.621
4	.621	65	.621
5	.621	66	.621
6	.621	67	.621
7	.621	68	.621
8	.621	69	.621
9	.621	70	.621
10	.621	71	.621
11	.621	72	.621
12	.621	73	.621
13	.621	74	.621
14	.621	75	.621
15	.621	76	.621
16	.621	77	.621
17	.621	78	.621
18	.621	79	.621
19	.621	80	.621
20	.621	81	.621
21	.621	82	.621
22	.621	83	.621
23	.621	84	.621
24	.621	85	.621
25	.621	86	.621
26	.621	87	.621
27	.621	88	.621
28	.621	89	.621
29	.621	90	.621
30	.621	91	.621
31	.621	92	.621
32	.621	93	.621
33	.621	94	.621
34	.621	95	.621
35	.621	96	.621
36	.621	97	.621
37	.621	98	.621
38	.621	99	.621
39	.621	100	.621
40	.621	101	.621
41	.621	102	.621
42	.621	103	.621
43	.621	104	.621
44	.621	105	.621
45	.621	122	.621
46	.621	137	.621
47	.621	138	.621
48	.621	139	.621
49	.621	140	.621
50	.621	141	.621
51	.621	142	.621
51A	.621	143	.621
52	.621	144	.621
52A	.621	145	.621
53	.621	146	.621
54	.621	147	.621
55	.621	148	.621
56	.621	149	.621
56A	.621	150	.621
56B	.621	151	.621
56C	.621	152	.621
56D	.621	153	.621
57	.621	154	.621
58	.621	155	.621
59	.621	156	.621
60	.621	157	.621
61	.621		

PHASE ONE  
LOT NUMBERS

PERCENTAGE OF  
OWNERSHIP

PHASE ONE  
LOT NUMBERS

PERCENTAGE OF  
OWNERSHIP

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IDENTIFICATION  
REFERENCE

Nov 15 1 36 7H '68

SARAH P. DE FRIESE  
REGISTER  
HAMILTON COUNTY  
STATE OF TENNESSEE

This instrument prepared by:  
 S. Shumaker & Thompson  
 Suite 212, One Park Place  
 6148 Lee Highway  
 Chattanooga, Tennessee 37421

DECLARATION OF COVENANTS AND RESTRICTIONS OF RIVER RUN

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DECLARATION OF COVENANTS AND RESTRICTIONS

OF

RIVER RUN

THIS DECLARATION, is made, entered into and executed this \_\_\_\_\_ day of January, 1988, by DON WILLIAMS CONSTRUCTION CO., INC., a Tennessee corporation ("Developer").

## WITNESSETH:

WHEREAS, Developer, as owner of certain real property located in Hamilton County, Tennessee, as more particularly described in Exhibit "A", desires to create thereon a development known as RIVER RUN with certain facilities, amenities and services for the use and benefit of all property owners within such development; and

WHEREAS, Developer desires to provide for the preservation of the values and amenities and for the maintenance of common facilities, services and properties; and to this end, Developer desires to subject the Property together with such additions as may hereafter be made, as provided herein, to the covenants, restrictions, easements, affirmative obligations, charges and liens, hereinafter set forth, each and all of which is hereby declared to be for the benefit of the Property and each and every owner of any and all parts thereof; and

WHEREAS, Developer has caused to be incorporated under the laws of the State of Tennessee, a not-for-profit corporation, River Run Homeowners Association, Inc., for the purpose of exercising the power and authority to maintain, administer and enforce the covenants and restrictions governing the Property, and collect and disburse all assessments and charges necessary for such maintenance, administration and enforcement which functions are hereinafter more fully set forth.

WHEREAS, this Declaration of Covenants and Restrictions will be referred to as the Declaration of Covenants and Restrictions of River Run and will be recorded in the Register's Office of Hamilton County, Tennessee and may be incorporated by reference in deeds to property issued by Developer, its successors and assigns, by reference to the Book and Page of recording in said Register's Office.

NOW, THEREFORE, Developer declares that the Property, and such additions thereto as may hereinafter be made pursuant to Part One, Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens hereinafter set forth. These Covenants (as hereinafter defined), the benefit of these Covenants, and the affirmative and negative burdens of these Covenants, shall touch and concern and run with the land herein referred to as the Property.

PART ONE  
GENERAL REFERENCESARTICLE I  
DEFINITIONS

The following words and terms (and those other words and terms defined herein) when used in this Declaration or any supplemental declaration or any modifications or amendments hereof (unless the context shall clearly indicate otherwise) shall have the following meanings:

- (a) "Approval by Developer" shall mean written approval issued by Developer, signed by its officer.
- (b) "Association" shall mean and refer to the River Run Homeowners Association, Inc., a Tennessee not-for-profit corporation, its successors and assigns.
- (c) "Bylaws" shall mean and refer to the Bylaws of the Association the initial text of which is set forth in Exhibit "A" attached hereto and made a part hereof.
- (d) "Club" shall mean and refer collectively to one or more unincorporated Tennessee for-profit or not-for-profit corporations or any partnerships or other entities including, without limitation, Developer, which may own, lease and/or operate one or more private recreational clubs strictly for the use and benefit of its members.

and their guests and guests of Developer which may or may not include Owners (as hereinafter defined). The Club facilities may consist of various recreational facilities which may include, without limitation, tennis courts, swimming pools, health club facilities and a full-length 18-hole golf course.

- (e) "Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded to the Association and designated in said deed as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated a "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners, persons occupying dwelling places or accommodations of Owners on a guest or tenant basis, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association.
- (f) "Covenants" or "Declaration" shall mean and refer to this "Declaration of Covenants and Restrictions of River Run," including all covenants, conditions, restrictions and obligations set forth herein and any amendments, modifications and supplements thereto.
- (g) "Developer" shall mean Don Williams Construction Co., Inc., a Tennessee corporation, its successors and assigns..
- (h) "Horizontal Property Regime" or "Condominium", shall be interchangeable terms and shall mean and refer to the legal entity established under the laws of Tennessee in which the owners of a Unit in (a) multi-Unit building(s) or structure(s), own such Units individually and hold a co-ownership with other Unit holders in the underlying property and certain common property areas and facilities held in common for all owners of that multi-Unit complex to the exclusion of others.
- (i) "Lot" shall mean and refer to any unimproved parcel of land which is to be used as a site for a single-family dwelling, as shown upon any recorded plat of any part of the Property. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved properties.
- (j) "Master Plan" shall mean and refer to the drawings, as amended and revised, which represent the conceptual land plan for the future development of River Run. No implied reciprocal covenants shall arise with respect to lands which have been retained by Developer for future development except that all the covenants, restrictions, obligations and conditions set forth in this Declaration shall apply to all portions of the Property retained by Developer. THIS DECLARATION DOES NOT DESIGNATE ANY PORTION OF THE PROPERTY FOR ANY PARTICULAR USE, EXCEPT AS EXPRESSLY SET FORTH IN THIS DECLARATION AND IN THE RECORDED PLAT WHICH IS FILED WITH THE REGISTER PRIOR TO OR SIMULTANEOUSLY WITH THIS DECLARATION. PORTIONS OF THE PROPERTY NOT DESIGNATED FOR A PARTICULAR USE HEREUNDER MAY BE LATER DESIGNATED, SUCH DESIGNATION TO BE MADE BY SEPARATE, SUBSEQUENT AMENDMENTS OR SUPPLEMENTS TO THIS DECLARATION AND/OR BY RECORDED PLAT WITH SUCH DESIGNATION CLEARLY AND UNEQUIVOCALLY SHOWN THEREON. DEVELOPER SHALL NOT BE BOUND BY ANY DEVELOPMENT PLAN, USE OR RESTRICTION OF USE SHOWN ON ANY MASTER PLAN, AND MAY AT ANY TIME CHANGE OR REVISE SAID MASTER PLAN.
- (k) "Member" shall mean and refer to Developer and all those Owners who are Members of the Association as provided in Part Three, Article I hereof.
- (l) "Multi-Family Tract" shall mean any unimproved parcel of land located within the Property intended for use as a site for multi-family dwellings including, without limitation, Condominiums. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multi-Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such Property for multi-family use is recorded in the Register's Office, and further shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved Property.
- (m) "Offensive or Nuisance" activity or behavior shall include but not be limited to a public nuisance or nuisance per se and shall also include any behavior or activity which is inconsistent with the

- reasonable use and enjoyment of the Property by a substantial number of the Owners, their lessees or guest.
- (n) "Owner" shall mean and refer to the owner, as shown by the real estate records in the Register's Office (whether it be one or more persons, firms, associations, corporations, or other legal entities), of fee simple title to any portion of the Property;
  - (o) "Property" or "River Run" shall mean and refer to the Property described in Exhibit "A" hereto and additions thereto, as taken subject to this Declaration or any supplemental declaration under the provisions of Part One, Article II hereof;
  - (p) "Private Recreational Tract" shall mean and refer to those parcels or tracts of land located within the Property owned by Developer for the purposes of operating the Club and its facilities under covenants and restrictions permitting or requiring development and operation of such property as a private-member recreational facility, the membership criteria of which may be totally selected and determined solely by Developer.
  - (q) "Register" shall mean and refer to the Register of Deeds of Hamilton County, Tennessee and the respective successor to that office.
  - (r) "Unit" shall mean and refer to any improved property intended for use as a single-family dwelling, including, without limitation, any single-family detached dwelling, patio home, condominium unit, townhouse unit, or other residential units located upon the Property.
  - (s) "Unsubdivided Land" shall mean and refer to all land located within the Property and such additions thereto as are subjected to this Declaration or any supplemental declaration under the provisions of Part One, Article II, hereof, which has not been subdivided into, developed or designated as Common Property, Lots, Multi-Family Tracts, Units or Private Recreational Tracts, through subdivision plats filed for record with the Register expressly declaring or labeling such portions of the Property for development for such uses.
  - (t) "Use or Used for Residential Purposes" shall mean to be used as one's residence or normal and customary place of abode as hereinafter more fully set forth in Part Two, Article I, Section 2.

ARTICLE II  
PROPERTY AND ADDITIONS THERETO

Section 1. Property. The Property shall be held, transferred, sold, conveyed, given, donated, leased, used and occupied subject to these Covenants.

Section 2. Master Plan. Developer intends to develop the Property in accordance with its Master Plan, as subsequently modified from time to time, as a residential community featuring certain recreational facilities, various amenities and other lawful activities which Developer deems appropriate as uses for such Property. Developer reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. Developer shall not be bound to adhere to the Master Plan in the development of the Property except as expressly set forth in this Declaration, or supplements hereto. Developer shall have full power to add to, subtract from or to make changes in the Master Plan. Developer shall not be required to follow any predetermined sequence or order of improvements and development, and it may bring within these Covenants any additional lands, and develop the same before completing the development of the Property.

Section 3. Transfer of Property to Association. Developer may, at its option, convey to the Association such parcels of land within the Property as, in its sole discretion, it so chooses without regard to the relative location of such land within the context of the Master Plan. Once conveyed to the Association, these properties or lands shall become Common Properties, Multi-Family Tracts, Lots and/or Unsubdivided Lands, as designated in a supplement to this Declaration and on a revised plat.

Section 4. Further Development of and Additions to Property. Developer reserves the right unto itself to develop or cause to be developed undeveloped portions of the Property and to bring within the Property existing at any given time, additional lands, and to subject them to this Declaration, all in the following manner:

- (a) Further Development within the Property. Developer herewith reserves and is granted the unilateral right, without further consent of the Association, or Owners to develop the Property in phases, to include, but not be limited to, additional Lots, Units, Multi-Family Tracts, Common Properties, Private Recreational Tracts, and/or Unsubdivided Land, or any combination of the foregoing, which shall be developed at such time and in such phases as Developer may deem expedient, and to include these development phases within the operation of this Declaration. Each phase shall be submitted to the operation and effect thereof no later than the closing of a sale of any portion of such phase by Developer, and prior to completion of development of any Private Recreational Tract within such phase. Developer shall execute and record unilaterally an Exhibit to this Declaration and a plat (in the case of the initial recording of this Declaration and the Plat), and thereafter, an amendment or supplement to this Declaration and a revised plat, in each instance, describing the area under development; the uses to which the area may be put as permitted in this Declaration; the maximum density of development, if any; height and yard restrictions, if any; and other additional restrictions, covenants and easements, if any, which Developer deems appropriate or desirable.
- (b) Additional Properties. Developer shall have the unilateral right, without further consent of the Association, or Owners, to bring within the Property at any given time, and to develop as fully as said existing Property, additional properties beyond those described in Exhibit "A" so long as they are contiguous with the then existing portions of the Property. For purposes of this paragraph, contiguity shall not be defeated or denied where the only impediment to actual "touching" is a separation caused by a road, right-of-way or easement, and such shall be deemed contiguous. The additions authorized under this Section 4(b) shall be made in the same manner required or permitted, and with the same rights reserved to Developer as set forth under Section 4(a) above.
- (c) Additions to and Modifications of Declaration. The supplements and amendments to the Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of Developer, to reflect the different character, if any, of the phases and/or additional properties and as are not inconsistent with this Declaration.
- (d) Separate Associations. For any property subjected to this Declaration or subsequently added, or for any portions thereof, there may be established by Developer an additional association limited to the Owners and/or residents of such property in order to promote the enjoyment of their portion(s) of the Property, provided, however, that members of such additional associations are nonetheless subject to these Covenants.

Notwithstanding anything contained in this Article II, Section 4 to the contrary, Developer's rights to further develop and add to the Property as provided hereunder, are held by Developer in its capacity as a developer of land and such rights shall not succeed to other Owners as successors in title to Lots, Units or other portions of the Property and such Owners (other than Developer) shall have no right or ability to further develop the Property in phases or to add additional properties to River Run.

Section 5. Nonexpansion. Notwithstanding any provision of this Article II, which might be construed to the contrary, Developer shall not be required to expand the Property or to add any additional lands or to proceed with any additional phases of development within the Property.

Section 6. Roadway and Utility Easement Alteration. Until a plat is recorded showing the exact location, any roadways and utility easements may be altered and relocated by Developer from time to time; provided that:

- (a) ingress and egress to Vincent Road shall be maintained in such relocation;
- (b) utilities shall not be unreasonably interrupted.

PART TWO  
COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE  
TO DEVELOPMENT OF RIVER RUN

ARTICLE I  
GENERAL COVENANTS

Section 1. Purpose. The primary purpose of these Covenants and the foremost consideration in the origin of same has been the creation of a residential community aesthetically pleasing, functionally convenient, capable of maintaining itself while retaining private control, and providing for the ultimate ownership, operation and maintenance through Developer, the Owners and the Association. Developer recognizes that the establishment of objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of property. For this reason, such standards are not established hereby, but may be established by Developer. These standards shall be and this Declaration is consistent with and serve to complement applicable zoning ordinances. To implement these Covenants, Developer shall establish and amend from time to time objective standards and guidelines which shall be in addition to, and perhaps more restrictive than, said governmental standards, and which shall be incorporated herein by reference.

Section 2. Residential Use. (a) All Lots in areas of the Property designated for residential use either by reference on a plat, deed, this Declaration or any supplement hereto or any other document or by zoning designation shall be used for residential purposes exclusively. This Declaration, as supplemented and amended, or the deed transferring a parcel to be used for residential purposes may, in the sole discretion of Developer, among other things, expressly determine and limit the number or density of the Lots, Condominiums or Units applicable to that specific residential parcel. It may also impose height restrictions, minimum parking and landscaping requirements applicable to that specific parcel as well as other specific development constraints. All individual lots which are platted and recorded shall be deemed to be Lots to be used for residential purposes only unless some other use or intention is indicated on the plat or some related recorded document.

(b) "Residential," referring to a mode of occupancy, is 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 land as well as to buildings constructed thereon. No Lot or Unit restricted to "residential" purposes may be used as a means of service to business establishments on adjacent property, including but not limited to supplementary facilities or an intentional passageway or entrance into a business.

Section 3. Architectural and Design Review.

(a) Purpose. In order to preserve the natural beauty of the Property and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of Property, Developer shall create a body of rules and regulations covering details of placement, architectural details and the like which shall be incorporated herein by reference. No building, fence (including but not limited to chain-link fences), paving, lighting, wall, sign, swimming pool, tennis court, roof, or other structure 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, specifications (including height, and composition of roof, siding, or other exterior materials and finish), plot plan (showing the proposed location of such building or structure, drives and parking areas), drainage plan, and construction schedule shall have been approved in writing by Developer. Developer may, by written notice to the Owners from time to time, exempt certain matters of a non-essential nature, from the review requirements subject to the terms and conditions and for the time periods established by Developer.

(b) Objectives: Developer's architectural and design review shall be directed towards attaining, inter alia, the following objectives for River Run:

- (1) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses.
- (2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the surrounding Property and improvements thereon.
- (3) Ensuring that the architectural design and structures and their materials and colors are visually harmonious with River Run's overall appearance, and with development plans officially approved by Developer, or any governmental or public authority, if any.

- (4) Ensuring that plans for landscaping provide visually pleasing settings for structures on the same lot and on adjoining or nearby lots.
  - (5) Ensuring that any development, structure, building or landscaping complies with the provisions of these Covenants.
  - (6) Promoting building design and construction techniques that respond to efficient energy consumption and environmental quality considerations such as heat loss, air emissions and run-off water quality.
- (c) Architectural Review Board. Developer may at its option and sole discretion establish an Architectural Review Board (the "Review Board") which shall consist of the Developer until at Developer's sole election and discretion, it elects to transfer review authority to the Association. Developer reserves the right to assign to the Review Board its rights reserved in these Covenants to approve (or disapprove) improvements proposed in River Run and nearby areas, including, but not limited to, the right to approve (or disapprove) architectural or other plans or drawings, specifications, finish, plat or site plan and construction schedules, and any other rights or prerogatives reserved unto Developer.

Section 4. Siting (Location of Improvements). To assure that buildings and other structures will be located so that the maximum view, privacy and breeze will be available to each building or structure, and that structures will be located with regard to the topography of each property taking into consideration the location of trees, structures previously built or approved pursuant to this Article for adjacent parcels of land and other aesthetic and environmental considerations, Developer shall have the right to control and to decide solely (as long as (a) its decisions are not arbitrary and capricious, and (b) subject to the provisions of the pertinent land use regulations of public authorities having jurisdiction) the precise site and location of any building or structure on any portion of the Property, notwithstanding any set-backs or other matters shown on any recorded plats. No trees, shrubs, or other vegetation of any type may be cut or removed from the proposed site before Developer's Approval.

Notwithstanding the requirements of the preceding paragraph, in the event an agreed location is stipulated in writing in the contract of purchase and approved by Developer, and such location complies with the rules, regulations and ordinances of Hamilton County, Tennessee, Developer shall automatically approve such location for a residence or group of Units.

Section 5. Parking. Each Owner subject to these Covenants shall provide space off of streets or community roads for the parking of at least two (2) automobiles for each Unit prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by Developer.

Section 6. Completion of Construction. Unless a longer period is granted in a deed from Developer to an Owner of a Lot, construction of all dwellings and other structures on Lots must be completed within nine (9) months after the date of the first pouring of footings, except where such completion is impossible or would result in great hardship to the Owner or contractor due to circumstances beyond the Owner's or contractor's control. All construction work performed on an Owner's behalf shall be performed under the supervision of a general contractor licensed in the State of Tennessee. Units and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the Owner shall require the contractor to maintain the Lot in a reasonably clean and ungluttered condition. Upon completion of construction, the Owner shall cause the contractor to immediately remove all equipment, tools and construction material from the Lot. Any damage to roads, Common Properties, or property owned by others caused by the Owner's contractor or other parties providing labor or services to the Owner shall be repaired by the Owner or in default of Owner's performance by Developer, at Owner's expense.

Section 7. Other Buildings and Vehicles. No mobile home, trailer, tent, barn, or other similar out-building, vehicle, or structure shall be placed on any portion of the Property at any time, either temporarily or permanently, without prior approval from Developer and such approval shall normally be limited to temporary use of such structures reasonably essential to economical, orderly and efficient construction during the construction process only. No home trailers or residence trailer shall be permitted on any portion of the Property, and no boats, boat trailers, campers, privately owned golf carts, motorcycles, motorbikes, recreational vehicles (campers), trucks, or utility trailers may be maintained on the Property, without prior written approval of Developer, and in no event shall same be maintained except in an enclosed garage or in areas designated by Developer. The term "truck" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles or hauling quantities of cargo and which are used in a trade or business in which the truck is used because of its commercial capabilities and not merely as a means of transportation, or which displays identification on the exterior of the vehicle to a

commercial enterprise. This is not intended to include such dual purpose vehicles as station wagons, jeeps, "scouts" or "wagoneer" type vehicles or similar vehicles driven and maintained primarily as a means of transportation.

Section 8. Unsightly Conditions. It shall be the responsibility of each Owner to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkept condition of buildings or grounds on said Owner's property or surrounding properties either before, during or after construction, and to prevent accumulation which shall tend to substantially decrease the beauty of the community in that specific area or as a whole.

Section 9. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, kept or pastured within the residential areas of the Property, except that a reasonable number of common household pets such as dogs and cats may be kept in any one Unit. In order to preserve the aesthetic qualities of the Property, to maintain sanitary conditions on the Property, to prevent the spread of infectious disease, and to maintain a proper respect for other Owners and users of the Common Properties, each person who keeps a pet within a Unit shall abide by the following restrictions, conditions, and affirmative obligations.

- (a) No pets may be kept, bred, or maintained for any commercial purpose;
- (b) The pet owner shall exercise best efforts to prohibit the pets from excreting upon the portions of the Property owned by others or in any area within the Common Properties or Private Recreational Tract, which are regularly traversed by children or in which children may be expected to play;
- (c) The pet owner shall use a scoop or other device to clean up any defecation or solid excrement left by their pet upon the portions of the Property owned by others or on the Common Properties;
- (d) The pet owner will not allow the pet to roam unattended on the Property, it being the responsibility of each pet owner to either leash their pets or retain voice control while the pets are out of doors; and
- (e) The pet owner shall muzzle any pet which consistently barks.

The breach of any of these five (5) restrictions, conditions, obligations and duties shall be an Offensive or Noxious activity constituting a nuisance.

Section 10. Children Not Permitted on Private Recreational Tract. Children under the age of majority shall not be permitted to play on the Private Recreational Tract, including the Club's golf course unless accompanied by their parent or guardian or after first obtaining the prior written consent of Developer.

Section 11. Offensive Activity. No Offensive or Noxious activity, shall be carried on upon any portion of the Property nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the community.

Section 12. Certain Easements. Developer reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right in, on, over and under the ground of the Property to erect, maintain, and use electric, cable television, and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone, gas, sewer, water, drainage or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to such portion of the Property as may be designated as the site for a building on a plot plan or for erection of a building which has received Approval by Developer.

Section 13. Antennas. Except on the Private Recreational Tract, no television antenna, dish, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any dwelling or other structure or property within River Run without the prior written consent of Developer which may not be unreasonably withheld; nor shall radio, television signals, nor any other form of electromagnetic radiation shall be permitted to originate from any Unit, Lot, Multi-Family Tract, or Unsubdivided Land, 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 Developer from installing equipment necessary for a master antenna system, security system, cable television and mobile radio systems or other similar systems within River Run.

Section 14. Temporary Structures. No temporary building, trailer, garage, shed or other temporary structure shall be used temporarily or permanently as a residence by an Owner. Notwithstanding the foregoing, Developer may, in its sole discretion have a trailer on the Property to be used as a sales office for the purposes of selling portions of the Property.

Section 15. 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 lands within River Run. The playing of loud music within a Unit or other structure or from the balcony thereof shall be Offensive or Noxious activity constituting a nuisance.

Section 16. Laundry. No Owner, guest, or tenant, shall hang laundry from any area within or outside a Unit if such laundry is within the public view, or hang laundry in full public view to dry, such as on balcony or terrace railings. This provision may, however, be temporarily waived by Developer during periods of severe energy shortages or other conditions where enforcement of this Section would create a hardship.

Section 17. Duty to Rebuild or Clear and Landscape upon Casualty or Destruction. In order to preserve the aesthetic and economical value of all individual properties within the Property, 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, 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 establishing that the overall purpose of these Covenants will be best effected by allowing such a variation. Variations to this Section are to be strictly construed and the allowance of a variance by Developer shall not be deemed to be a waiver of the binding effect of this Section on all other Owners.

Section 18. Dumping Prohibited. No dumping of trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon the Property by any Owner except as is temporary and incidental to the bona fide improvement of the area. Notwithstanding the foregoing, Developer shall be allowed a temporary pit or ravine upon the Property for the development purposes of River Run, including but not limited to the placing of tree stumps which are removed from portions of the Property. Upon completion of construction, such pit or ravine shall be filled with dirt from the Property to the extent necessary to make the area safe and presentable in appearance.

Section 19. Parcels. No Lot, Unsubdivided Land, or Multi-Family Tract shall be subdivided, or its boundary lines changed, nor shall governmental application for same be made, except with the written consent of Developer. However, Developer hereby expressly reserves to itself, its successors or assigns, the right to replat any such Lot or portion of the Property and to take such other steps as are reasonably necessary to make such replatted Lot or portion of the Property suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, recreational facilities and Lots.

The provisions of this Section shall not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot shall be considered in the interpretation of these Covenants. Consolidation of Lots must be approved by Developer, said approval to be granted in Developer's sole discretion upon such terms and conditions as may be established by developer from time to time, including specific provisions for the payment of assessments.

Section 20. Certain Restrictions. No structure shall be built on any portion of the Property which does not comply with height, setback, lot area percentage, density or other restrictions imposed on a particular area (or phase) of River Run, as set forth in this Declaration or in supplements or amendments hereto or by governmental codes and ordinances.

Section 21. Ingress and Egress: Roadways. The Owner, in accepting title to property conveyed subject to the covenants and restrictions of this Declaration, waives all rights of uncontrolled and unlimited egress and ingress to such property (and waives such rights for any person claiming entry rights by virtue of any relationship or permission of such Owners and successors-in-title) and agrees that such ingress and egress to its property may be limited to roads built by Developer. Developer reserves the right for itself, its successors and assigns, but not the obligation, to maintain manned security stations controlling access to such roads.

ARTICLE II  
SPECIAL DEFINITIONS AND RESTRICTIONS AFFECTING GOLF COURSE  
AND GOLF FAIRWAY RESIDENTIAL AREAS

Section 1. Golf Course Defined. Developer is developing a golf course and related facilities upon a portion of the Property. The area of the fairways, greens and tees shall upon completion be designated as a Private Recreational Tract and may be owned, leased or operated by the Club.



Section 2. Golf Fairway Residential Areas Defined. "Golf Fairway Residential Areas" is defined as all those Lots, tracts or blocks of land intended for residential development located adjacent to the Golf Course.

Section 3. Landscape Requirements. That portion of any Golf Fairway Residential Area and/or Lot or tract within twenty (20) feet of the property line bordering the Golf Course shall be in general conformity with the overall landscaping pattern for the Golf Course Fairway Area established by Developer including landscaping plans for which Developer Approval must be obtained.

Section 4. Golf Course Maintenance Easement. There is reserved to Developer a "Golf Course Maintenance Easement Area" on each Lot or tract adjacent to the Golf Course. This reserved easement shall permit Developer at its election, to go onto any Golf Course Maintenance Easement Area for the purpose of landscaping or maintaining said area. Such maintenance and landscaping may include but not be limited to regular removal of underbrush, trees less than five (5) inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer, and mowing the Easement Area. This Golf Course Maintenance Easement Area shall be limited to the portion of such Lots or tract within twenty (20) feet of the Lot line(s) or tract line bordering the Golf Course, or such lesser area as may be shown as "Golf Course Maintenance Area". The described maintenance and landscaping rights shall apply to the entire Lot or tract until a Unit has been constructed on the tract. Developer reserves the right to waive the easement herein reserved in whole or in part in its sole discretion.

Section 5. Golf Course Ingress, Egress and Utility Easements. Developer reserves unto itself, its successors and assigns, easements for unlimited egress and ingress in, on, over, across, and under roadways and utilities within the Common Properties for the benefit of the Club's golf course. These easements are in addition to all other easements reserved under this Declaration.

Section 6. Permissive Easement Prior to Dwelling Construction. Until such time as a Unit is constructed on a Lot, Developer reserves an easement to permit and authorize registered golf course players and their caddies to enter upon a Lot to recover a ball or play a ball, subject to the official rules of the course, without such entering and playing being deemed a trespass. After and for as long as a Unit is constructed on such property, such easement shall no longer be enforceable with respect to that improved Lot. Golfers or caddies shall not be entitled to enter any such Lot with a golf cart or other vehicle, nor spend unreasonable time on such Lot, or in any way commit a nuisance while on such Lot. "Out of Bounds" markers may be placed on said Lot (before and after the construction of a Unit) at the expense of Developer.

Section 7. Disturbing Activity Prohibited. Owners of Golf Fairway Residential Area Lots or Units shall be obligated to refrain from any activities which would detract from the playing qualities of the golf course or the development of an attractive overall landscaping plan for the entire golf course area. Such prohibited actions shall include, but are not limited to, such activities as the maintenance of unfenced dogs or other pets on the Lot or residential tract adjacent to the golf course under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.

PART THREE  
RIVER RUN HOMEOWNERS ASSOCIATION, INC.

ARTICLE I  
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner, including Developer, shall be a Member of the Association. A Member's membership shall automatically terminate upon the conveyance or transfer of a Member's ownership interest to a new Owner and the new Owner shall simultaneously succeed to the former Owner's membership in the Association. In the event of multiple ownership of a Lot, Unit, or ownership by a partnership or corporation, the name of the Owner designated as Member shall be submitted to Developer and/or the Association each year not later than the 1st day of January of each year, and only the designated Member shall be entitled to have access to the facilities of the Association as a Member of the Association. Remaining Owners shall be entitled to access only in accordance with rules and regulations established by the Association, its successors and assigns, for guests.

Section 2. Voting Rights. The Association shall have one regular voting membership classification. Each Member shall be entitled to a percentage vote equal to the amount of assessment paid pursuant to Article III for each Lot or Unit owned by such Member. Any provision to the contrary notwithstanding, joint owners shall be deemed one Member. If any Lot or Unit shall be owned by more than one person or by a corporation, partnership or one or more fiduciaries, such Owner(s) shall designate in writing to the Association one person to represent such Lot or Unit with respect to the Association and to casting the vote of such Lot or Unit. The Association shall be entitled to rely in good faith upon the actions of and votes cast by such designee of said Owner(s).

Section 3. Developer's Voting Rights. Developer or its successors or assigns shall at all times retain the votes representing any previously unsold Lots or Units and will also retain the vote of all Lots or Units until seventy-five percent (75%) of the Lots, Units and other properties in Phase One of the Property (as is set forth and more particularly described in Exhibit "C" attached hereto and made a part hereof and designated on the recorded plat of the Property as "Unit 1 - Lots 1 Thru 74") have been sold, or until December 31, 1998, whichever shall first occur.

Section 4. Purpose and Powers. The Association shall be the governing body for all of the Members for the maintenance, repair, replacement, administration and operation of the Common Properties as provided in this Declaration and the Bylaws. The Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Bylaws. All Members irrevocably constitute and appoint the Association, in their names, as attorney in fact to effectuate the above. The Board of Directors of the Association (the "Board") shall be elected and shall serve in accordance with the provisions of the Bylaws. Subject to the Bylaws, the Board shall have standing to act in a representative capacity in relation to matters involving the Common Properties on behalf of the Members, as their interests may appear. The fiscal year of the Association shall be for the sole benefit of the Members, and all funds received by the Association shall be held and applied by it for the use and benefit of the Members in accordance with the provisions of this Declaration and the Bylaws.

Section 5. Non-Liability of the Directors, Board, Officers and Developer. Neither the Directors, the Board or officers of the Association, nor Developer (in its role of the Association, pursuant to Section 3) shall be personally liable to the Members for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Directors, Board, officers or Developer, except for any acts or omissions found by a court to constitute a crime, gross negligence or fraud. Members shall indemnify and hold harmless each of the Directors, Board, officers or Developer and their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors and assigns in accordance with the provisions of the Bylaws. Notwithstanding the foregoing provisions, the Directors, the Board, officers and Developer in their capacities as Members shall be subject to the liability standards which affect all other Members.

Section 6. Board's Determination Binding. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of this Declaration or Bylaws, such dispute or disagreement shall be submitted to the Board and the determination thereof by the Board, provided that it is not arbitrary or capricious, shall be final and binding on each and all such Members, subject to the right of the Member to seek other remedies provided by law after such determination by the Board.

Section 7. Proxies. Pursuant to the terms and provisions of the Bylaws, all Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing.

## ARTICLE II PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easement of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association, and the payment of any fees or charges established by the Association, every Member and every tenant and guest of such Member shall have a right of easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every Lot, Unit, Multi-Family Tract, and Private Recreational Tract or any other portion of the Property. The privilege granted to guests and tenants of twelve (12) months or less of Members to use and enjoy the Common

Properties, subject to the rules, regulations and fees, if any, established by the Association for such use may be denied to or withdrawn from such guests or tenants of twelve (12) months or less by an affirmative vote of ninety percent (90%) of the votes cast at a meeting of the Association called for the purpose of voting on such denial or withdrawal.

Section 2. Title to Common Properties. Developer covenants for itself, its successors and assigns, that it shall convey Common Properties, if any, to the Association, at no cost to the Association, by limited warranty deed, subject to all matters of record or discernible from a visual inspection of said property within seven (7) years after Developer has completed improvements thereon, if such be required. Upon such conveyance, the Association shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Board.

Section 3. Extent of Members' Easement. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures; and

(b) The right of the Association, as provided in its Bylaws, to suspend the rights and easements or enjoyment of any Member, or any tenant or guest of any Member, for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment.

(c) The right of Developer, or the Association by its Board, to dedicate or transfer: (1) to any public or private utility, utility easements on any part of the Common Properties; and (2) to appropriate governmental authorities, and roadways on any part of the Common Properties.

(d) The right of the Association to give or sell all or any part of the Common Properties to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale or determination as to the purposes or as to the conditions thereof shall be effective unless such dedication, transfer and determination as to purposes and conditions shall be authorized by the affirmative vote of two-thirds (2/3) of the votes cast at a duly called meeting of the Association, subject to the notice and quorum requirements established by the Bylaws.

#### ARTICLE III COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. Each Owner shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association: (a) annual assessments or charges, if any; and (b) special assessments or charges for the purposes set forth in this Article III, if any. Any such 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 real property and improvements thereon against which each such assessment is made and shall also be the personal obligation of the person or entity which was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Lot, Unit, Multi-Family Tract and Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The annual assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties, and to provide services which the Association is required or authorized to provide, including but not limited to, the cost of employing a security guard, upkeep of the guard house, and lighting of the street lights. In carrying out these duties, the Association may make payment

of taxes and insurance thereon, make improvements on Common Properties and on all properties owned or managed by the Association, pay the cost of labor, equipment, materials, management, supervision, accounting and Member information services, maintain offices and equipment, and take such other action as is necessary to carry out its required or authorized functions.

**Section 3. Calculation of Assessment.** The annual assessment shall be levied by the Association when the Board determines that the important and essential functions of the Association may be properly funded only by such an assessment. If the Board shall levy the applicable assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the Association cannot be funded by the assessment, the Board may, by the affirmative vote of two-thirds (2/3) of the votes at a duly called meeting, levy a supplemental assessment. The Board may, after consideration of current costs and future needs of the Association, fix the annual regular assessment for any year at an amount less than the applicable regular annual assessment, but such action shall not constitute a waiver by the Association of its right to revert to the full regular assessment in subsequent years.

Each Owner shall be responsible for said Owner's share of such assessment which has been assigned, and/or reassigned, to each Lot, Unit, Multi-Family Tract, Undivided Land and/or Private Recreational Tract. Developer shall use reasonable judgment in all such assignments and reassignments of the Owner's percentage share, and shall deliver to the Board a list of Owners' percentage share assigned and reassigned from time to time. The Owners' percentage share shall not be deemed to reflect or control the sales price or fair market value of any Lot, Unit, or other property, and no opinion, appraisal or fair market transaction at a different figure shall affect the assigned Owner's percentage share of any Lot, Unit, or other property. Once assigned, the Owner's percentage share may be decreased but shall not be increased without the written consent of the Owner affected by such increase. The list of assigned Owner's percentages is attached hereto and made a part hereof as Exhibit "D", which such percentages may be reassigned unilaterally by Developer.

**Section 4. Special Assessments for Improvements and Additions.** In addition to the annual regular assessments authorized by Section 3 hereinabove, the Association may levy special assessments, for the purpose of construction or reconstruction, repair or replacement of capital improvements upon the Common Properties, including but not limited to, the necessary facilities and equipment to offer the services authorized herein, to enable it to perform the duties and functions authorized herein, provided that such assessment shall have received the assent of a majority of the votes of the Members responding to a mail referendum within thirty (30) days of mailing, with such mail referendum to include a statement prepared by the Board favoring such assessments, stating the reasons therefore, together with a statement prepared by those members of the Board dissenting from such a assessment; provided further, however, that neither of such statements may exceed a maximum length of five (5) pages on each proposed assessment. Such special assessment in any one year may not exceed a sum equal to the amount of the annual assessment for such year except for emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss.

**Section 5. Reserve Fund.** The Association shall establish a reserve fund from its regular annual assessments to be held in reserve in an interest drawing account or investments as a reserve for (a) major rehabilitation or major repairs or replacements of improvements, and (b) for emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss. Such fund shall not exceed ten percent (10%) of its receipts from the regular annual assessments in each year. Moreover, the total of said reserve shall not exceed in the aggregate a sum equal to one hundred percent (100%) of the annual Association budget without approval of the Members in the same manner as specified for approval of special assessments for additions and improvements.

**Section 6. Proration of Annual Assessments: Due Date.** Unless otherwise provided herein, property shall be assessed according to its character as of January 1 of the assessment year, i.e. Lot, Unit, etc. The first annual assessment shall be made for the calendar year and shall become due and payable ninety (90) days after the day fixed for the commencement. The Board shall have the power to change the date upon which annual assessments become due and payable. Payment of annual assessments shall be made yearly, on a day to be selected by the Board. At closing of any Lot or Unit, an Owner shall pay its percentage share of any assessments prorated for the remaining portion of the closing year.

**Section 7. Duties of the Board.** The Board shall fix the amount of the assessment against each Lot, Unit, Multi-Family Tract, or Unsubdivided Land pursuant to the designated percentages set forth in Exhibit "D", as amended, and shall, at that time, direct the preparation of an index of the properties and assessments applicable thereto which shall be kept in the office of the Association and which shall be open to inspection by any Owner all in accordance with the provisions of this Declaration. Written notice of assessment shall thereupon be sent to every Owner subject thereto. The Board shall not have authority to levy a special assessment unless such special assessment is approved as herein provided and as dictated by the Bylaws. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence against all but the Owner of payment of any assessment therein stated to have been paid.

**Section 8. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner: The Lien: Remedies of the Association.** If the assessment is not paid on or before the past-due date specified herein, then such assessment shall become delinquent and shall, from the due date, together with interest thereon at the maximum permissible limit for contractual interest rates in the State of Tennessee, and together with cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made, in the hands of the then Owner, said Owner's heirs, devisees, personal representatives and assigns. The personal obligation of the Owner at the time when the assessment first became due and payable to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to said Owner's successors-in-title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the past due date, the Association may bring an action at law against the Owner personally and there shall be added to the amount such assessment the interest charges hereinabove specified until judgment, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment at the rate set forth above, a reasonable attorney's fee and the costs of the action.

In addition to the rights of action set forth above, the Board may suspend the membership rights of any Member during the period when the assessment remains unpaid. Upon payment of such assessment and all other related charges, the Owner's rights and privileges shall be automatically restored.

**Section 9. Subordination of the Lien to Mortgage.** The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or deed in lieu of foreclosure and, provided, further, that any delinquent assessments which are extinguished pursuant to the foregoing provision may be reallocated and assessed to all Members as an expense of the Association. Such sale or transfer shall not relieve such property from liability for any assessments accruing after conveyance by a mortgagee to a subsequent Owner; provided, however, that the mortgagee shall not be liable for assessments until it has held title to the property for more than one (1) year.

**Section 10. Exempt Property.** The following property, individuals, partnerships or corporations, subject to this Declaration shall be exempt from the assessment, charge and lien created herein:

- (a) The grantees in conveyance made for the purpose of granting utility easements;
- (b) All Common Properties;
- (c) All real and personal property owned by the Club;
- (d) Property which is used in the maintenance and service of facilities within the properties; and
- (e) Lots and Unsubdivided Land and any Private Recreational Tract held by Developer until sold or leased.

Section 11. Annual Statements. As specified in the Bylaws, the President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association. Such officer shall furnish to each Member of the Association and any holder of a first mortgage on any Lot or Unit who may make request therefore in writing, a copy of such statement within thirty (30) days after receipt of such request. Such copy may be furnished to the Member or mortgage holder either in person or by mail.

#### ARTICLE IV FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties. The Association shall be authorized to own and maintain Common Properties, equipment, furnishings, and improvements devoted to providing any of the services which the Association is authorized to offer hereunder; or for such purposes set out in deeds by which Common Properties are conveyed to the Association, provided that such purposes shall be approved by the Members.

Section 2. Authorized Services. The Association shall be required to provide for the lighting of roads, parkways, sidewalks and walking paths throughout the Property and for security protection, including but not limited to the employment of security guards; assistance in the apprehension and prosecution of persons who violate applicable laws and ordinances within the Property; the services necessary or desirable in the judgment of the Board to carry out the Association's obligations and business under the terms of this Declaration; and any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property. Notwithstanding the foregoing, Developer and Owners recognize that a security guard shall be employed at the expense of the Association and shall be stationed at the guard house located at the Vincent Road entrance way to River Run (as more particularly depicted on the recorded plat of River Run) which guard house shall be maintained at the expense of the Association. Such guard house has been built for the purposes of surveillance of persons entering and leaving the Property only, it being understood and acknowledged by Developer and Owners that the roads within River Run shall be or have been dedicated to Hamilton County, Tennessee and therefore said guard shall have no right to restrict public access by these public roads.

Section 3. Obligation of the Association. Except as herein expressly mandated, the functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board taking into consideration the funds available to the Association and the needs of the Members. Special assessments shall be submitted for referendum. The functions and services which the Association is authorized to carry out or to provide, may be increased or reduced at any time upon the affirmative vote of fifty-one percent (51%) or more of those voting in a referendum conducted by the Board under the same procedures as for a special assessment.

Section 4. Contracts. The Association shall not be bound either directly or indirectly by any contracts, including management contracts made by Developer, until the passage of control from Developer to the Association as herein provided.

Section 5. Working Capital. An additional function of the Association shall be to establish at the time of activation of the Association a working capital fund which shall collect an amount equivalent to at least two (2) months of the annual assessments for each Lot or Unit. Each Lot's or Unit's share of the working capital fund must be collected from the purchaser of the Lot or Unit and transferred to the Association at the time of closing of the initial sale of each Lot or Unit by Developer. The working capital funds shall be maintained in an account for the use and benefit of the Association. The purpose of this fund is to insure that the Board will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advanced payment of regular assessments.

Section 6. Information. It shall be the responsibility of the Association to make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and mortgage lenders making loans to Owners, and to holders, insurers or guarantors of any first mortgage on a Lot, Unit

or Multi-Family Tract, or Private Recreational Tract within the Property, current copies of the Declaration, Bylaws, other rules and regulations relating to the Property, and the books, records and financial statements of the Association. Further, upon written request of any holder of a first mortgage on a Lot or Unit to the Board, such holder shall be entitled to a financial statement for the immediately preceding year.

Section 7. Lenders' Notices. An additional function of the Association shall be to provide, upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot, Unit or other property address, written notice to any such mortgage holder, insurer or guarantor of any of the following matters:

- (a) Any condemnation or casualty loss that affects either a material portion of the Property or a Lot, Unit, or other property within River Run securing its mortgage;
- (b) Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot, Unit, or other property within River Run on which the lender holds the mortgage;
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

Section 8. Insurance Requirements. The Association shall at all times maintain in full force and effect casualty (hazard and flood) and liability insurance and fidelity bond coverage as hereinafter specified:

(a) Hazard Insurance. The hazard coverage required hereunder shall protect at least against loss or damage by fire or all other hazards that are normally covered by the standard extended coverage endorsements and all other perils customarily covered for similar structures, including those covered by the standard "All Risk" endorsement, and shall likewise include, but shall not necessarily be limited to, the following coverage:

(1) Required Coverage. The Association shall maintain a policy of property insurance, with the premiums being paid as a common expense. The policy must cover all of the Common Properties, except for those that are normally excluded from coverage, such as land, foundation, excavation, etc. Fixtures and building service equipment that are considered part of the Common Properties, as well as personal property and supplies of the Association, shall also be covered.

(2) Amount of Insurance. Insurance should cover one hundred percent (100%) of the current replacement cost of the insured facilities. Coverage does not need to include land, foundations, excavation or other items that are usually excluded from insurance coverage. A reasonable deductible may be included.

(3) Special Endorsements. The insurance coverage herein required shall include Agreed Amount and Inflation Guard Endorsements when it can be reasonably obtained. Construction code endorsements such as Demolition Costs Endorsements, Contingent Liability from Operation of Building Laws Endorsements and Increased Cost of Construction Endorsements shall be required when reasonably obtainable.

(b) Flood Insurance. If any part of the Common Properties is in a flood hazard zone, as defined by the Federal Emergency Management Agency, the Association must maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any buildings on Common Properties and any other real or personal property of the Association.

(c) Liability Insurance. The Association shall maintain a comprehensive general liability insurance policy covering all common areas, public ways and any other areas comprising the Common Properties which are under its supervision. The policy shall provide coverage of at least One Million and no/100 Dollars

(\$1,000,000.00) for bodily injury and property damage for a single occurrence. The liability insurance should provide coverage for both (1) bodily injury and property damage that results from the operation maintenance or use of the Common Properties, and any facilities thereon; and (2) any legal liability that results from lawsuits related to employment contracts in which the Association is a party. The Association's liability policy shall provide for at least ten (10) days' written notice to the Association before the insurer can cancel or substantially modify the policy.

(4) Fidelity Bonds. The Association shall have blanket fidelity bonds for person(s) who either handle or are responsible for funds held or administered by the Association, whether or not such person(s) receive compensation for their services. Any management agent retained by the Association that handles funds for the Association shall also be covered by its own fidelity bond. Except for fidelity bonds that a management agent obtains for its personnel, all other bonds shall name the Association as an obligee and shall have their premiums paid as a common expense by the Association. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. Additionally, the fidelity bond coverage must at least equal the sum of three (3) months of the total annual assessments of Lots and Units, plus the Association's reserve funds. The bonds must include a provision that calls for ten (10) days' written notice to the Association before the bond can be cancelled or substantially modified for any reason.

Section 9. Association's Right to Grant Easements, Permits and Licenses. The Association shall be authorized to grant easements, permits, and licenses over the Common Properties for purposes reasonably necessary or useful for the proper maintenance and/or operation of the overall project.

#### PART FOUR GENERAL PROVISIONS

##### ARTICLE I DURATION

The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, Developer or the Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors, and assigns, for a period of fifty (50) years from the date this Declaration is recorded. Upon the expiration of said fifty (50) year period this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial fifty (50) year period, or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, shall be given to each Member at least thirty (30) days in advance of said meeting. In the event that the Association votes to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating the Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be recorded with the Register, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

##### ARTICLE II AMENDMENTS

Section 1. Procedure for Amendments. Except for the unilateral right of amendment and supplement otherwise specifically reserved to Developer and/or association under the terms and provisions of this Declaration, the procedure for further amendment of this Declaration shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the



Association and any such proposed amendment shall be deemed approved if sixty-seven percent (67%) of the votes cast at such meeting vote in favor of such proposed amendment. Notwithstanding the foregoing, the percentage of votes required to approve an amendment reducing the percentage of votes required by Article I of this Part Four shall be seventy-five percent (75%) of the votes cast. Notice shall be given each Member at least ten (10) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an addendum, modification or supplement to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than ten (10) days after the date of the meeting of the Association at which such amendment was adopted), the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes necessary to adopt the amendment, and the total number of votes cast against the amendment. Such amendment shall be recorded with the Register. Notwithstanding anything contained in this Declaration to the contrary, the Declaration and the Exhibits thereto shall not be amended, changed or modified to increase Developer's obligations or liabilities hereunder without Developer's prior written consent.

Section 3. Quorum Required for Amendment by Members. The quorum required for any action authorized to be taken by the Association under this Article II shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Article II, the presence at the meeting of the Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty percent (50%) of the total vote of the Association.

#### ARTICLE III NOTICES

Section 1. How Notice Given. Any notice required to be sent to any Member or Owner under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as Owner in the Register's office, on the first day of the calendar month in which said notice is mailed.

Section 2. Notice to Co-Owners. Notice to one (1) of two (2) or more co-owners of a Lot, Unit, Multi-Family Tract, or Private Recreational Tract shall constitute notice to all co-owners.

Section 3. Notice Where Address or Ownership Changed. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to said Owner's predecessor-in-title.

#### ARTICLE IV ENFORCEMENT, SEVERABILITY AND INTERPRETATION

Section 1. Incorporation by Reference. This Declaration as amended, shall be incorporated by reference in deeds to property issued by Developer, its successors and assigns, by reference to the Book and Page of recording in the Register's Office.

Section 2. Who May Enforce Generally. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Owner or agent of such Owner, Developer or any other Owner, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

Section 3. Enforcement by Developer or Association. In addition to the foregoing, Developer or the Association shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent the violation or breach hereunder. Developer or the Association may engage a person or persons to

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respond to complaints received concerning violations of the Covenants and shall inform the violators of such complaint. If the violation is not expeditiously terminated, Developer or Association may engage legal counsel to bring an appropriate injunctive action, including any appeals, to enforce these Covenants. Violators shall be obligated to reimburse Developer or Association in full for all its direct and indirect costs, including but not limited to legal fees and court costs incurred in maintaining compliance with these Covenants.

Section 4. Against Whom May the Covenants be Enforced. The obligations and benefits prescribed by the Covenants shall run with the Property and shall be enforceable against Developer, its successors or assigns, the Association and against any Owner or other person whose activities bear a relation to the Property when the aforesaid parties engage in activities (including omissions and failures to act) which constitute violations or attempts to violate or circumvent the covenants and restrictions set forth in this Declaration.

Section 5. Means of Enforcement. Enforcement of these Covenants shall be by any proceeding at law or in equity, whether it be to restrain violation or to recover damages or to establish or enforce any lien provided for in these Covenants.

Section 6. Severability. Should any covenants and restrictions herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase or term in this Declaration be declared to be 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.

Section 7. Interpretation. In all cases, the provisions of this Declaration shall be given that interpretation or construction which will best tend toward the consummation of the general plan of development of the Property. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning or similar ordinance which allows a less restricted use of the Property.

Section 8. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board in the manner provided for in the Bylaws of the Association, unless the terms of this instrument provide otherwise.

Section 9. Trespass. Whenever the Association, and/or Developer are permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on any property or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

#### ARTICLE V TERMINATION OF ASSOCIATION

Section 1. Declaration of Invalidity Within Ten Years. In the event that this Declaration be declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Properties belonging to the Association at the time of such adjudication shall revert to Developer.

Section 2. Developer as Trustee for Owners. Developer shall own and operate said Common Properties as Trustee for the use and benefit of Owners within the Property until Developer conveys such property to the Association.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed the day and year first above written.

DEVELOPER:

DON WILLIAMS CONSTRUCTION CO., INC.

ATTEST:

William W. Cook - Sec.  
Secretary

By Donald D. Williams - Pres  
Donald Williams, President

STATE OF TENNESSEE  
COUNTY OF HAMILTON

Before me, Kathryn E. Lee of the state and county aforesaid, personally appeared Donald Williams and Vicki W. Cook, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be President and Secretary, respectively, of DON WILLIAMS CONSTRUCTION CO., INC., the within named bargainor, a corporation, and that they as such officers, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by themselves as such officers.

WITNESS my hand and seal at office in Chattanooga, this 11th January, 1988.

Kathryn E. Lee  
Notary Public

My commission expires:

January 19, 1992

EXHIBIT "A"

Legal Description of Property

TO FIND THE TRUE POINT OF BEGINNING, begin at a point in the Northern R.O.W. of Vincent Road located at the southeastern corner of U.S. T.V.A. Tract No. CR-310 and the David Property, thence leaving said R.O.W. and following along the eastern property line of said Tract with the David Property N 39 degrees 32 minutes 22 seconds W a distance of 477.06 feet to a T.V.A. Monument No. 31-5, thence N 23 degrees 45 minutes 45 seconds E a distance of 645.94 feet to a T.V.A. Monument No. 31-4 and the "TRUE POINT OF BEGINNING", thence leaving said point along the northern property line of the U.S. T.V.A. Tract No. CR-310, N 71 degree 38 minutes 28 seconds W a distance of 593.72 feet to a T.V.A. Monument No. 31-3, thence along the eastern property line of said Tract N 21 degree 56 minutes 35 seconds E a distance of 851.92 feet to an angle iron, thence along the northern property line of said Tract N 68 degrees 07 minutes 34 seconds W a distance of 635.32 feet to T.V.A. Monument No. 9-11 being the southeast corner of the State of Tennessee Tract No. XTCR-43, thence leaving U.S. T.V.A. Tract No. CR-310 northern property line and following the above described Tract No. XTCR-43 eastern property line, N 15 degrees 19 minutes 35 seconds E a distance of 1141.96 feet to an iron pin located in the northeastern corner of said Tract XTCR-43 and the southeast corner of Lot 2, Harrison Bluff S/D (R.O.H.C. P.B. 16 Pg. 117), thence along the rear lot lines of Lots 2, 4, 5 and part of 6 of the above said subdivision the following calls: N 33 degrees 57 minutes 00 seconds E a distance of 284.0 feet; thence N 34 degrees 59 minutes 00 seconds E a distance of 224.0 feet; thence N 36 degrees 58 minutes 00 seconds E a distance of 213.0 feet to the southeast corner of Lot 6 of the above said subdivision, thence along the rear lot line of said lot, N 35 degrees 35 minutes 00 seconds E a distance of 76.14 feet to a point, thence leaving the rear lot line of said lot 6 and following along the phase line, S 66 degrees 31 minutes 01 seconds E a distance 585.39 feet to T.V.A. Monument No. 79-2, thence following along the phase line S 66 degrees 31 minutes 01 seconds E a distance of 2797.80 feet to T.V.A. Monument No. 82-3, thence S 23 degrees 11 minutes 00 seconds W a distance of 2336.55 feet to the northeast corner of the Davis Property, thence along the northern David Property line N 65 degrees 19 minutes 35 seconds W a distance of 1348.80 to an iron pin, thence S 23 degrees 58 minutes 31 seconds W a distance of 305.0 feet to an angle iron, thence N 72 degree 00 minutes 38 seconds W a distance of 798.94 feet to the TRUE POINT OF BEGINNING.

EXHIBIT "B"  
ASSOCIATION BYLAWS

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BYLAWS OF

RIVER RUN HOMEOWNERS ASSOCIATION, INC.

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File #2126-89 cp

ADOPTION OF RESTRICTIONS

Whereas, Don Williams Construction Company, Inc. (hereinafter "Developer") has imposed restrictive covenants upon River Run Subdivision, Unit I, by an instrument recorded in Book 3440, page 488, in the Register's Office of Hamilton County, Tennessee; and

Whereas, said restrictive covenants have been amended and adopted to River Run Subdivision, Unit II and to River Run Townhomes by an instrument recorded in Book 3553, page 687, said Register's Office; and

Whereas, Developer is the owner in fee simple of an adjacent tract of land which has been subdivided into River Run Subdivision, Unit III, as shown by plat of record in Plat Book 43, page 175, said Register's Office; and

Whereas, Developer desires to impose uniform restrictive covenants upon all units of River Run Subdivision;

Now therefore, Developer does hereby impose the restrictive covenants as recorded in Book 3440, page 488 and as amended in Book 3553, page 687, upon the whole of River Run Subdivision, Unit III, as shown by plat of record in Plat Book 43, page 175, in their entirety.

Executed this 12th day of December, 1989.

DON WILLIAMS CONSTRUCTION COMPANY, INC.

By: Don Williams - Pres  
DON WILLIAMS, President

FILZ NATIONAL

Company of Law  
100 Georgia Ave.  
Atlanta, Ga. 30303 37402

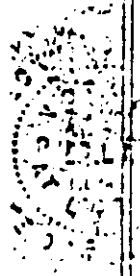
STATE OF TENNESSEE  
COUNTY OF HAMILTON

BEFORE me, Red Buchard a Notary Public, duly appointed, commissioned and qualified in and for the State and County aforesaid, personally appeared Don Williams, to me known (or proved to be on the basis of satisfactory evidence) to be the person described in and who executed the foregoing instrument and who upon oath acknowledged himself to be the President of Williams Construction Co the within named bargainor, a corporation, and that he as such Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Officer.

IN TESTIMONY WHEREOF, I have hereunto set my hand and Notarial Seal at Office in said State and County on this the 12th day of December 1989.

Red Buchard  
NOTARY PUBLIC

My Commission Expires: 6-25-90



A 5:28:6:

IDENTIFICATION  
REFERENCE

DEC 13 9 15 AM '89

PARAN P. H. B. SE



File #2323-90 cp

ADOPTION OF RESTRICTIONS

Whereas, Don Williams Construction Company, Inc. (hereinafter "Developer") has imposed restrictive covenants upon River Run Subdivision, Unit Four (4), by an instrument recorded in Book 3440, page 488, in the Register's Office of Hamilton County, Tennessee; and

Whereas, said restrictive covenants have been amended and adopted to River Run Subdivision, Unit II and to River Run Townhomes by an instrument recorded in Book 3553, page 687, said Register's Office; and

Whereas, Developer is the owner in fee simple of an adjacent tract of land which has been subdivided into River Run Subdivision, Unit Four (4), as shown by plat of record in Plat Book 45, page 99, said Register's Office; and

Whereas, Developer desires to impose uniform restrictive covenants upon all units of River Run Subdivision;

Now therefore, Developer does hereby impose the restrictive covenants as recorded in Book 3440, page 488 and as amended in Book 3553, page 687, upon the whole of River Run Subdivision, Unit Four (4), as shown by plat of record in Plat Book 45, page 99, in their entirety.

Executed this 21st day of May, 1990.

DON WILLIAMS CONSTRUCTION COMPANY, INC.

By: Don Williams, Pres.  
DON WILLIAMS, President

FILE NATIONAL

....., JR.  
Attorney at Law  
860 Georgia Ave.  
Chattanooga, TN 37402

STATE OF TENNESSEE  
COUNTY OF HAMILTON

BEFORE me, Becky Durchase a Notary Public, duly appointed, commissioned and qualified in and for the State and County aforesaid, personally appeared Don Williams, to me known (or proved to be on the basis of satisfactory evidence) to be the person described in and who executed the foregoing instrument and who upon oath acknowledged himself to be the President of Don Williams Construction Company, Inc. the within named bargainor, a corporation, and that he as such Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such Officer.

IN TESTIMONY WHEREOF, I have hereunto set my hand and Notarial Seal at Office in said State and County on this the 21st day of May, 1990.

*Becky Durchase*  
NOTARY PUBLIC

My Commission Expires: 6/25/90

07/10/90 MISC

8.00

\*\*8.00

D 2 7 6 3

IDENTIFICATION  
REFERENCE

JUL 10 3 07 PM '90

SARAH P. DE FRIESE  
REGISTER  
HAMILTON COUNTY  
STATE OF TENNESSEE

*J.P.C.*  
THIS INSTRUMENT PREPARED BY:  
B. Paul Hatcher, Attorney  
Suite 612  
First Tennessee Bank Building  
701 Market Street  
Chattanooga, TN 37402

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ADOPTION OF RESTRICTIONS

WHEREAS, Don Williams Construction Company, Inc. (hereinafter "Developer") has imposed restrictive covenants upon River Run Subdivision, Unit One (1), by an instrument recorded in Book 3440, page 488, in the Register's Office of Hamilton County, Tennessee; and

WHEREAS, said restrictive covenants have been amended and adopted to encumber and apply to River Run Subdivision, Unit II and to River Run Townhomes by an instrument recorded in Book 3553, page 687, said Register's Office, and said restrictive covenants have been amended and adopted to encumber and apply to River Run Subdivision, Unit III, by an instrument recorded in Book 3681, page 484, said Register's Office; and

WHEREAS, Jerry Farinash, Trustee for the estate of Don Williams Construction Co., Inc., in Bankruptcy Case # 91-13102, U.S. Bankruptcy Court, Eastern District of Tennessee ("Owner") is the owner in fee simple of an adjacent tract of land which has been subdivided into River Run Subdivision, Unit Four (4), as shown by plat of record in Plat Book 45, page 99, and Plat Book 46, page 157, said Register's Office; and

WHEREAS, Owner desires to impose uniform restrictive covenants upon all units of River Run Subdivision;

NOW THEREFORE, in consideration of the premises and for the protection of the Owner, as well as the future purchasers of lots in said Subdivision, Owner does hereby impose the restrictive covenants as recorded in Book 3440, page 488 and as amended in Book 3553, page 687, upon the whole of River Run Subdivision, Unit Four (4), as shown by plat of record in Plat Book 45, page 99, and Plat Book 46, page 157 in their entirety. Each and every conveyance of

*100-88-69512*

... of said Subdivision, Unit Four (4) shall

be subject to the conditions, reservations, covenants and agreements, which will run with the land, as stated in the aforesaid restrictive covenants, which are incorporated herein by reference.

Executed this 7th day of July 1992.

*Jerry Farinash*  
Jerry Farinash, Trustee

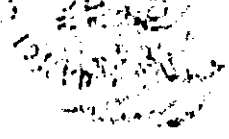
STATE OF TENNESSEE)  
COUNTY OF HAMILTON)

Before me, the undersigned authority, personally appeared JERRY FARINASH, TRUSTEE, the within named bargainer, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and official seal at office in Hamilton County, Tennessee, the 7th day of July, 1992.

My Comm. Exp. 3-23-94

*Robert L. Hunter*  
NOTARY PUBLIC



079265

SARAH P. DEFRIESE  
RECORDER  
HAMILTON COUNTY  
STATE OF TENNESSEE

07/09/92 MISC

8.00 \*\*8.00 (

\*92 JUL 9 AM 9 20

BY: *Amelia*  
DEPUTY

RECORDED # 549925

*gil*  
 This Instrument Prepared By:  
 W. Alan Nichols  
 Miller & Martin  
 Suite 1000  
 Volunteer State Life Building  
 432 Georgia Avenue  
 Chattanooga, Tennessee 37402-2200

ASSIGNMENT OF RIGHTS AND PERSONALTY

THIS ASSIGNMENT is made to be effective as of the 9th day of April, 1993 by JERRY FARINASS, TRUSTEE, the Trustee for the Estate of Don Williams Construction Co., Inc., in Bankruptcy Case No. 91-11102 in the United States Bankruptcy Court for the Eastern District of Tennessee ("Trustee") in favor of RIVER RUN HOMEOWNERS ASSOCIATION, INC., a Tennessee non-profit corporation (the "Association").

BACKGROUND

*cash*  
 1. Don Williams Construction Co., Inc. executed that certain Declaration of Covenants and Restrictions of River Run which is recorded in Book 3440, Page 488, in the Register's Office of Hamilton County, Tennessee as modified by amendment recorded in Book 3553, Page 687, aforesaid records (collectively the "Declaration"). Additional property has been submitted to the terms and provisions of the Declaration by instruments recorded in the Register's Office of Hamilton County, Tennessee in Book 3681, Page 484; Book 3748, Page 583; and Book 4010, Page 82A.

2. The Association has been organized pursuant to the terms and provisions of the Declaration. The Trustee desires to transfer, assign and convey to the Association (1) all rights of

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the "Developer" (as that term is defined in the Declaration) and (ii) the "Common Properties" (as defined in the Declaration).

NOW, THEREFORE, in order to comply with his obligations under the Declaration and for other good and valuable consideration, the legal sufficiency of all of which are acknowledged, Trustee hereby quitclaims, assigns and conveys to the Association all right, title and interest of the "Developer" under the Declaration and the "Common Properties" as those terms are defined therein.

The transfer and conveyance herein is made without representation or warranty of any kind, express or implied, and all personal property constituting the "Common Properties" is sold and conveyed on an "as is - where is" basis. By recordation of this instrument, the Association hereby releases and fully discharges Trustee from all liability, if any, arising from the failure of Developer or Trustee to organize the Association prior to March 22, 1993.

IN WITNESS WHEREOF, this instrument has been executed by Trustee to be effective as of the date first above written.

*Jerry Farinash*  
JERRY FARINASH, TRUSTEE OF  
Doh Williams Construction Co.,  
INC.

STATE OF TENNESSEE )  
COUNTY OF HAMILTON )

Personally appeared before me, Karen B. Collet,  
Notary Public, JERRY FARINASH, TRUSTEE of Don Williams Construction  
Co., Inc., with whom I am personally acquainted, and who acknowl-  
edged that he executed the within instrument for the purposes  
therein contained.

WITNESS my hand, at office, this 8th day of April  
1993.

Karen B. Collet  
Notary Public  
My Commission expires 5/25/94

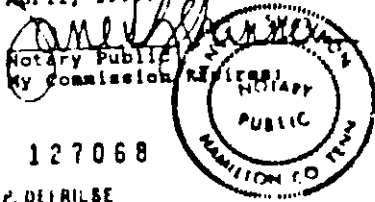
**AFFIDAVIT OF VALUE**

The undersigned swears or affirms that the actual  
consideration for this transfer is \$10.00.

Sworn to and subscribed  
before me this 27th day of  
April, 1993.

RIVER RUN HOMEOWNERS  
ASSOCIATION, INC.

By: Diam Nichols  
Title: Director and Mgt.



**NO TRANSFER TAX DUE**  
**SARAH P. DEFRILBE**  
County Register

127068

SARAH P. DEFRILBE  
REGISTER  
HAMILTON COUNTY  
STATE OF TENNESSEE

04/29/93 CONV 10.00  
04/29/93 MISC 12.00 \*\*12.00

'93 APR 29 PM 3 46

BY: K. Collet  
DEPUTY  
RECEPT. # 406734  
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