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DECLARATION OF COVENANTS AND RESTRICTIONS
FOR SOUTHERN LEGACY

This Instrument Prepared By and After Recording Return to:
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DECLARATION OF COVENANTS AND RESTRICTIONS
FOR SOUTHERN LEGACY

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made this 14th day of April, 2006, by RONDON DEVELOPMENT CORPORATION, a Tennessee corporation in its capacity as the Developer (herein defined) and owner of the Property (herein defined).

WITNESSETH:

WHEREAS, Developer, as owner of certain real property located in Hamilton County, Tennessee, and being more particularly described in Exhibit "A" hereto attached and herein incorporated, is in the process of creating thereon a residential development known as Southern Legacy; and

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

WHEREAS, it is the plan of the Developer to devote the Home Sites (herein defined) in the Development solely to restricted single family residential purposes; and

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

WHEREAS, Developer shall cause to be incorporated under the laws of the State of Tennessee, Southern Legacy Homeowners Association, Inc., a Tennessee corporation not for profit, for the purpose of exercising the above functions and those which are more fully set out hereafter; and

NOW, THEREFORE, Developer subjects the Property, as described in Exhibit A hereto attached and herein incorporated, to the terms of this Declaration and declares that the same is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens (sometimes referred to as "the Covenants") hereinafter set forth; and these Covenants shall touch and concern and run with the Property and each Home Site thereof.

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ARTICLE I **DEFINITIONS**

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

1.01 **Association**. "Association" shall mean Southern Legacy Homeowners Association, Inc., a Tennessee corporation not for profit, formed pursuant to the Charter hereto attached as Exhibit C.

1.02 **Board of Directors or Board**. "Board of Directors" or "Board" shall mean the governing body of the Association established pursuant to this Declaration.

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

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

1.05 **Common Properties**. "Common Properties" shall mean those items of personal property, fixtures, or areas of land, with any improvements thereon, whether owned in fee simple or by virtue of an easement, license or otherwise, which are conveyed to the Association and/or are intended for the common use and enjoyment of all Owners (e.g., street lights, sidewalks, and entrance signs).

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

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

1.08 **Development**. "Development" shall mean the whole of Southern Legacy development as being developed by Developer, including the Property described on Exhibit "A" and all other real property later subjected to this Declaration, if any.

1.09 **Developer**. "Developer" shall mean RonDon Development Corporation, a Tennessee corporation and its successors and assigns.

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

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

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

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

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

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

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

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

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

1.19 Property or Properties. "Property" or "Properties" shall mean all of that real property currently owned by Developer and described in Exhibit "A" hereto attached and herein incorporated.

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

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

2.01 Property. The real property which is covered by this Declaration (including both Home Sites already subdivided and yet to be subdivided as well as Common Properties) is described on Exhibit "A", which shall be held, transferred, sold, conveyed, leased and occupied, subject to the Covenants contained in this Declaration.

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

A. Additions by Developer. The Developer, its successors and assigns, shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional properties in future stages of the Development beyond that described in Exhibit "A" so long as they are contiguous with then existing portions of the Development. For purposes of this paragraph, contiguity shall not be defeated or denied where the only impediment to actual "touching" is a separation caused by a body of water, road, right-of-way or easement, and such shall be deemed contiguous. The additions authorized under this section shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants of this Declaration to such additional property after which it shall fall within the definition of Property as herein set forth. The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants contained in this Declaration as may be necessary or convenient, in the sole judgment of the Developer, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration.

B. Separate Associations. For any property subjected to this Declaration pursuant to the provisions of this section, there may be established by the Developer, at its option, additional associations limited to the Owners and/or residents of such additional property in order to promote their social welfare, including their health, safety, education, culture, comfort and convenience of such additional property, to separately administer the affairs of the additional property, and to make and enforce rules and regulations and the Covenants.

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

2.04 Common Properties and Improvements Thereon.

A. Nothing in this Declaration shall require the Developer to install or construct any Common Properties.

B. The Developer may install initially one or more entrance signs to the Development as well as one or more entrance walls, plantings, sidewalks and such other Common Properties as it desires. Any sign(s), wall(s), planting(s), and sidewalks are part of the Common Properties. The Association is responsible for the operation, maintenance, repair and replacement all Common Properties.

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2.05 Association and Board; Access. The enforcement of this Declaration, the management, maintenance and control of the Common Properties and the other business of the Development shall be conducted by the Association and the Board as provided herein and in the Bylaws. The Association shall be created and the Board shall be appointed/elected as provided in the Bylaws. To the extent reasonably necessary to enforce this Declaration or to perform any of the Covenants or the obligations of the Board and/or the Association, the Board and/or the Association shall have the right to access any Home Sites (but not to enter any Homes) and same shall not be deemed trespass.

ARTICLE III PURPOSES, USES AND RESTRICTIONS

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

3.02 Home Site Residential Use.

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

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

C. Home Sites, or any portion thereof, shall not be used as a means of service to business establishments or adjacent property, including but not limited to supplementary facilities or an intentional passageway or entrance into a business or another tract of land, whether or not a part of the Property, unless specifically consented to by Developer in writing.

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

3.04 Design Guidelines. All Homes shall have full masonry foundations, and no exposed block, concrete or plastered foundations shall be permitted on the exterior of a building above grade level. All exterior walls of a Home above the foundations and all retaining walls must be covered with stone, brick or siding to compliment the Home. All siding must be Hardie

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Siding only. Standard vinyl siding is prohibited. All sheet metal work (roof caps, flashings, vents, chimney caps) must be painted to match the roof. Each Home shall feature architectural shingles. Each Home must feature a covered front porch. All Homes shall comply with the most recent version of the Standard (Southern) Building Code, or any future recodification or restatement thereof. Developer shall make available approved floor plans for Homes prior to the commencement of construction to insure compliance with the terms of this Declaration; provided, however, that such approval shall be limited to compliance with this Declaration and shall not constitute any representation that the plans are adequate for any other purpose.

3.05 Minimum Square Footage. No dwelling house shall be erected or permitted to remain in the Development unless it has the number of square feet of enclosed living area, exclusive of covered porches or screened porches, carports, garages or basements, set forth in this section. For the purposes of this section, stated square footage shall mean the finished and heated living area contained within the residence, exclusive of open porches, garages, and steps. The minimum number of square feet required is 2,000.

3.06 Detached Buildings. Detached garages, outbuildings or servants quarters shall not be placed on any Home Site without the prior written consent of the Board which consent may be withheld or conditioned in the Board's sole discretion.

3.07 Garages. All garages must feature wood doors from the Ranch House Collection at the Overhead Door Company.

3.08 Fences. All fences constructed on any Home Site, including those to encompass a swimming pool, shall be constructed of vinyl picket "privacy fences," not exceeding six (6) feet in height. All Home Sites must have a picket fence in the front yard with gates accessing the sidewalk from the street to the front door. Chain link fences and wire fences (including but not limited to barbed wire fences) are prohibited.

3.09 Lawn Care. For the benefit of the Development, Owners are required to keep their lawns and landscaping healthy and manicured, including but not limited to keeping shrubs appropriately trimmed and lawns appropriately mowed and free of weeds and debris. The Developer and/or the Association may, in their sole discretion, elect to provide Owners a basic lawn care service (such as mowing grass and raking leaves) on either a voluntary or a mandatory basis; if same is provided on a voluntary basis, then Owners participating in the service may be charged a fee to cover the cost of service, which shall be in addition to the Association's customary assessments, and if same is provided on a mandatory basis, then the cost of such service shall be a Common Expense.

3.10 Signs; Mailboxes; Propane Tanks. No sign of any kind shall be displayed from any Home Site, with the exception of a customary "For Sale" sign to facilitate the sale of an Owner's personal residence. Developer is supplying uniform mailboxes for all Homes, and alternative mailboxes may not be used except upon prior written approval from the Board.

Home Site at any time, unless kept within a garage. No house trailer or other such vehicle shall be stored at a Home Site or otherwise in the Development.

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

3.17 Unightly Conditions; Exterior Colors, Styles, and Decor. All of the Homes and Home Sites in the Development must, from the date of purchase, be maintained by the Owner in a neat and orderly condition (grass being cut when needed, as well as leaves, broken limbs, dead trees, and other debris being removed when needed, and Homes being kept painted and in a neat and clean condition and in a state of good repair). Tree limbs, rocks and other debris must be kept out of the streets. In the event that an Owner of a Home Site in the Development fails, of his own volition, to maintain his Home Site or Home in a neat and clean condition and a good state of repair, Developer, or its duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Home Site without liability and proceed to put said Home Site into a state or condition compliant with this Section, billing the cost of such work to the Owner.

3.18 Offensive Activity. No noxious or offensive activity shall be carried on upon any Home Site, nor shall anything be done thereon which may be or may become an annoyance,

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discomfort, embarrassment or nuisance to the Development or which may disrupt the peaceful and quiet enjoyment of any other Owner, including but not limited to the emanation of foul odors or disruptive noise.

3.19 Duty to Rebuild or Clear Upon Casualty or Destruction. In order to preserve the aesthetic and economical value of all Home Sites within the Development, each Owner and Developer (with respect to improved Property owned by Developer) shall have the affirmative duty to rebuild, replace, repair, or clear, within a reasonable period of time, any Home or significant vegetation which shall be damaged or destroyed by fire or other casualty. Variations and waivers of this provision may be made only upon Developer or the Board establishing that the overall purpose of these Covenants would be best effected by allowing such a variation. Variations to this section are to be strictly construed and the allowance of a variance by the Developer or the Board shall not be deemed to be a waiver of the binding effect of this section upon all other Owners. In the event of damage or destruction by fire or other casualty, this provision shall control over other provisions contained herein regarding maintenance to and the condition of Homes and Home Sites.

3.20 Leasing and Subleasing. All leasing and subleasing of Homes and Home Sites, or any portion thereof, by any other party is strictly prohibited.

ARTICLE IV

assessments and special assessments for the purposes set forth herein, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Owner of each Home Site shall be personally liable, such liability to be joint and several if there are two or more Owners, to the Association for the payment of all assessments, whether annual or special, which may be levied while such party or parties are Owners of a Home Site. The annual and special assessments, together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Home Site and all of the improvements thereon against which each such assessment is made. Unpaid assessments shall bear interest from due date to date of payment at the rate set by the Board, and said rate can be changed from time to time so that the rate is reasonably related to the economic situation. In the event that two or more Home Sites are combined into a single Home Site by an Owner, the assessments will continue to be based upon the number of original Home Sites purchased.

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

5.03 Amount of Annual Assessment. Until the election of a Board to succeed Developer consisting entirely of persons other than Developer (or its appointees) as described in the Bylaws, the amount of the annual assessments shall be set and may be adjusted by the Developer as it deems appropriate relative to the budgetary needs of the Association. Annual assessments may be adjusted more frequently than annually if necessary (whether by the Developer or by the Board). After election of a Board consisting entirely of persons other than Developer, the annual budget for the Association and the amount of the annual assessments shall be set by the Board.

5.04 Special Assessments for Improvements and Additions. In addition to the annual assessments authorized by this Article, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of the Common Properties, including the necessary fixtures and personal property related thereto, capital improvements or additions to the Common Properties or any other unanticipated expense of the Association.

5.05 Property Subject to Assessment. Only Home Sites subject to this Declaration shall be subject to these assessments. Common Properties and projected locations for future platted Home Sites will not be subject to assessment, unless and until such locations are subdivided into Home Sites.

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

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

- (a) All Home Sites owned by the Developer.
- (b) The grantee of a utility easement.
- (c) All properties dedicated and accepted by a local public authority and devoted to public use.
- (d) All Common Properties.
- (e) All Properties exempted from taxation by the laws of the State of Tennessee, upon the terms and to the extent of such legal exemptions. This exemption shall not include special exemptions, now in force or enacted hereinafter, based upon age, sex, income levels or similar classification of the Owners.

5.07 Date of Commencement of Annual Assessments.

- A. Imposition of the annual assessments provided for herein shall commence with the first sale of the first Home Site.
- B. The amount of the first annual assessment on a Home Site shall be based pro rata upon the balance of the calendar year and shall become due and payable on the closing of the Home Site. The assessments for any year, after the first year, shall become due and payable the first day of January of said year.
- C. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

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

ARTICLE VI
MORTGAGES, MORTGAGEES AND PROCEDURES
AND RIGHTS RELATING THERETO

6.01 Subordination of Lien to First Mortgages. The liens provided for in this Declaration shall be subordinate to the lien of a First Mortgage on any Home Site if, and only if, all assessments, whether annual or special, with respect to such Home Site having a due date on or prior to the date such Mortgage is recorded have been paid. In the event any such First Mortgagee (i.e., one who records a Mortgage on a Home Site for which all assessments have been paid prior to recording) shall acquire title to any Home Site by virtue of any foreclosure, deed in lieu of foreclosure, or judicial sale, such Mortgagee acquiring title shall only be liable and obligated for assessments, whether annual or special, as shall accrue and become due and payable for said Home Site subsequent to date of acquisition of such title; provided, however, nothing contained herein shall be construed as releasing the party or parties liable for such delinquent assessments from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

ARTICLE VII
OWNER COMPLAINTS

7.01 Scope. The procedures set forth in this Article for Owner complaints shall apply to all complaints regarding the use or enjoyment of the Property or any portion thereof or regarding any matter within the control or jurisdiction of the Association, including, without limitation, decisions of the Association or of the Board. No Owner shall bring suit against the Board, the Association or another Owner without first complying with the procedures for complaints herein established.

7.02 Form of Complaint. All complaints shall be in writing and shall set forth the substance of the complaint and the facts upon which it is based. Complaints are to be addressed to the Board and sent in the manner provided in Section 9.03 for sending notices.

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

7.04 Hearing Before the Board. Within ten (10) days after notice of the decision of the Board, the complainant may, in a writing, request a hearing before the Board. Such hearing shall be held within twenty (20) days of receipt of complainant's request. The hearing may be adjourned from time to time as the Board in its discretion deems necessary or advisable. The Board shall render its decision and notify the complainant in writing of its decision and the reasons therefor within ten (10) days of the final adjournment of the hearing.

7.05 Further Relief. After complying with the provisions of this Article, an Owner may pursue such additional relief at law or in equity as he/she deems himself/herself to be entitled.

ARTICLE VIII REMEDIES ON DEFAULT

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

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

8.03 Recovery of Association Expenses. In any proceeding or other enforcement efforts arising because of an alleged breach by an Owner, the party seeking enforcement, if successful, shall, in addition to the relief provided for herein, be entitled to recover the costs of the proceeding and/or efforts and such reasonable attorneys' fees as may be allowed by the court, but in no event shall the allegedly defaulting Owner be entitled to such attorneys' fees if the party seeking enforcement is unsuccessful.

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

8.05 Election of Remedies. All rights, remedies and privileges granted to the Association, the Board, or an Owner or Owners pursuant to any term, provision, covenant or condition of this Declaration or the Bylaws shall be deemed to be cumulative and in addition to any and every other remedy given herein or otherwise existing, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to any such party at law or in equity.

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ARTICLE IX
GENERAL PROVISIONS

9.01 Duration. The Covenants of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Board, the Association, the Developer or Owner of any Home Site subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

9.02 Amendments. This Declaration may be amended, modified or revoked in any respect from time to time by the Developer prior to the date that a Board consisting entirely of persons other than the Developer (or its appointees) is elected in accordance herewith and with the Bylaws. Thereafter, this Declaration may be amended in accordance with the following procedure:

A. An amendment to this Declaration may be considered at any annual or special meeting of the Association; provided, however, that, if considered at an annual meeting, notice of consideration of the amendment and a general description of the terms of such amendment shall be included in the notice of the annual meeting provided for in the Bylaws, and, if considered at a special meeting, similar notice shall be included in the notice of the special meeting provided for in the Bylaws.

B. At any such meeting, the amendment must be approved by an affirmative three-fourths (3/4ths) vote of those Owners represented at the meeting.

C. An amendment adopted under Paragraph B of this section shall become effective upon its recording in the Register's Office of Hamilton County, Tennessee, and either the President of the Association or Secretary of the Association shall execute, acknowledge and record the amendment and shall certify on its face that it has been adopted in accordance with the provisions of this section. The certificate shall be conclusive evidence to any person who relies thereon in good faith, including, without limitation, any Mortgagee, prospective purchaser, tenant, lienor or title insurance company that the amendment was adopted in accordance with the provisions of this section.

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

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CERTIFICATE

I, _____, do hereby certify that I am the _____ of Southern Legacy Homeowners Association, Inc. and that the within amendment to the Declaration of Covenants and Restrictions of Southern Legacy was duly adopted by the Owners of said Association, in accordance with the provisions of Section 9.02 of said Declaration.

Witness my hand this _____ day of _____.

Print Name: _____

Title: _____

Southern Legacy Homeowners
Association, Inc.

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

3451 Brainerd Road
Chattanooga, Tennessee 37411

The address for the Board, the Association, or any officer thereof may be changed by the Secretary or President of the Association by executing, acknowledging and recording an amendment to this Declaration stating the new address or addresses. Likewise, the Developer may change its address by executing, acknowledging, and recording an amendment to this Declaration stating its new address. Amendments changing the Developer's or the Association's/Board's notice address shall not be subject to the voting requirements in Section 9.02.

9.04 Severability. Should any covenant or restriction herein contained, or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way

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affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

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

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

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

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

9.09 Effective Date. This Declaration shall become effective upon its recording.

[Signatures on Following Page]

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

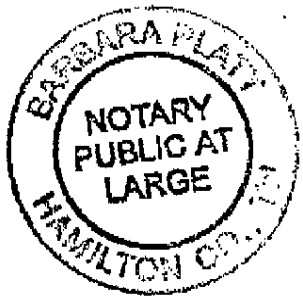
RONDON DEVELOPMENT CORPORATION, a Tennessee corporation

By: [Signature]
Print Name: Darren Kennedy
Title: President

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Personally appeared before me, Barbara Platt, a Notary Public in and for said State and County duly commissioned and qualified, Darren Kennedy, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the President of RonDon Development Corporation and is authorized by the Company to execute this instrument on behalf of the Company as agent.

WITNESS my hand, at office, this 14th day of April, 2006.



[Signature]
Notary Public

My Commission Expires: 6/06/07

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EXHIBIT B

[Bylaws of the Association; Attached]

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BYLAWS FOR
SOUTHERN LEGACY HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME

The following provisions shall constitute the Bylaws of SOUTHERN LEGACY HOMEOWNERS ASSOCIATION, INC. (the "Bylaws"), a not-for-profit corporation (the "Association") which shall, along with the provisions of the Declaration of Covenants and Restrictions for Southern Legacy (the "Declaration") and the rules and regulations adopted by the Board of Directors of the Association (the "Board"), govern the administration of SOUTHERN LEGACY, a residential development (the "Development"). The terms in these Bylaws (unless otherwise defined) shall have the same meaning as the terms defined in the Declaration for this Development.

ARTICLE II
OFFICES

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

3451 Brainerd Road
Chattanooga, Tennessee 37411

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

ARTICLE III
PURPOSES

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

ARTICLE IV
ASSOCIATION

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4.01 **Membership.** RonDon Development Corporation (the "Developer") and every person or entity who is a record Owner of a fee simple interest or an undivided fee simple interest of at least fifty percent (50%) in any Home Site which is subject to the Declaration shall be a Member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the Association. Membership shall be automatically transferred to the new Owner upon the conveyance of any Home Site and recording of the deed of conveyance in the Register's Office of Hamilton County, Tennessee. Membership shall be appurtenant to and may not be separated from ownership of any Home Site which is subject to assessment.

4.02 **Voting Rights.** The Association shall have one class of voting membership. Members shall be entitled to one vote for each Home Site in which they hold the interest required for membership by Section 4.01. When more than one person holds such interest or interests in any Home Site, all such persons shall be Members, and the vote for such Home Site shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Home Site. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a written instrument delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, the vote shall not be counted. The Developer shall be entitled to three (3) votes for each Home Site owned by it.

ARTICLE V
THE BOARD OF DIRECTORS

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

5.02 **Developer Performs Functions.** The rights, duties and functions of the Board shall be exercised solely by Developer, or by Darren Kennedy who is hereby appointed as the designee of the Developer for purposes of actions for the Board, until such time as the Developer calls a special meeting of the Association to elect the first Board to succeed Developer as herein provided. The Developer may, in its sole discretion, designate other individuals to act as the Board on behalf of the Developer during the period that the Developer is performing the functions of the Board. Such individuals designated by the Developer need not be Owners, and may be removed and replaced by the Developer at will. The Developer may also limit the scope of authority of such individuals. Developer shall call a special meeting of the Association not later than sixty (60) days following the sale of one hundred percent (100%) of the Home Sites in the Development, such special meeting

being for the purpose of the electing Owners to serve as members of the Board to succeed Developer as the acting Board.

5.03 Election. At each annual meeting, subject to the provisions of Section 5.02 hereof, the Association shall elect those members of the Board as required under Section 5.01 who shall serve the terms set out in Section 5.04; provided, however, the members of the Board elected to succeed the Developer shall be elected at a special meeting duly called and specifically called for that purpose by Developer. The Board elected at that special meeting shall serve until the next annual meeting of the Association held thereafter. Any person desiring to be a candidate for the Board shall so advise the Board (or the Developer if the first Board has not been elected) in writing, and his/her name shall be placed on the ballot. In the case of contested elections and elections for multiple Board seats, the persons obtaining the highest plurality of votes shall be elected, it not being necessary for any candidate to obtain a majority of votes to be elected.

5.04 Term. Members of the Board shall serve for a term of two (2) years; provided, however, that one (1) member of the first Board elected by the Association shall be elected and shall serve for a term of one (1) year and the other two (2) members shall be elected and serve for a term of two (2) years. Thereafter, all Board members elected each year shall serve for a term of two (2) years. The members of the Board shall serve until their respective successors are duly elected and qualified, or until their death, resignation or removal.

5.05 Resignation and Removal. Any member of the Board may resign at any time by giving written notice to the President, the remaining Board members or the Manager. Any member of the Board may be removed from membership on the Board by a two-thirds (2/3rds) majority affirmative vote of those members of the Association who are in attendance or represented at an annual or special meeting duly called for such purpose, except that a vacancy on the Board shall be deemed to exist in the event of the death of a member, the disability of a member which, in the opinion of a majority of the Board, renders such member incapable of performing Board duties, or in the event a member shall cease to be an Owner. Whenever there shall occur a vacancy on the Board for any reason, the remaining Board members shall elect a successor member to serve until the next annual meeting of the Association or until a special meeting is called for filling vacancies, at which time said vacancy shall be filled by the Association for the unexpired term, if any.

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

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

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

B. The services of a person or firm to manage its affairs (herein called "Manager"), to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Property, whether such personnel are employed directly by the Board or are furnished by the Manager. The Board may delegate any of its duties, powers or functions relating to the daily administrative affairs of the Association to any person or firm designated by the Board to act as Manager.

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

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

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

F. Painting, maintenance, repair, replacement and landscaping of the Common Properties and/or Home Sites to the extent permitted by the Declaration. The Board shall also have the exclusive right from time to time to acquire and dispose of by sale or otherwise and without the necessity of approval by any Owner, furnishings and equipment and other personal property for the Common Properties and to provide maintenance, repair and replacement thereof.

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

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

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

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5.09 Meetings of the Board. Meetings of the Board shall be held at such places within or without the State of Tennessee as the Board shall determine. Two (2) members of the Board shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Board. Any action required to be or which may be taken by the Board may be taken without a meeting of the Board pursuant to a written consent, setting forth the action so taken, signed by all members of the Board.

5.10 Special Meetings. Special meetings of the Board may be called by any two Board members.

5.11 Notice of Meetings. Regular meetings of the Board may be held without call or notice. The person or persons calling a special meeting of the Board shall, at least three (3) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. If an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

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

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

5.14 Special Committees. The Board, by resolution duly adopted, may designate one or more special committees, each committee to consist of two (2) or more Owners appointed by the Board, which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution.

5.15 Rules and Regulations. The Board shall have the power and right to adopt and amend rules and regulations for the purpose of governing the details of use and enjoyment of the Development (consistent with the Declaration) and setting forth restrictions on, and requirements respecting the use and maintenance of the Common Properties. Copies of the Rules and Regulations shall be furnished to each Owner prior to the time the same shall become effective.

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

5.17 Officers. The Board shall elect each year from among its members the officers of the Association. The officers of the Association shall be a President, and a Secretary/Treasurer. In the

event an office becomes vacant due to an officer ceasing to be an Owner, or due to the death or disability of an officer, or for any other reason, the Board shall immediately name from the Board a successor to that office to serve out the remainder of the term.

ARTICLE VI THE ASSOCIATION; MEETINGS, OFFICERS, ETC.

6.01 Quorum. The presence in person or by proxy at any meeting of the Association of fifty percent (50%) of the Owners of Home Sites subject to the Declaration in response to notice to all Owners properly given in accordance with Sections 6.02 or 6.03 of these Bylaws shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Association upon the affirmative vote of persons entitled to cast a majority of the votes which are represented at such meeting.

6.02 Annual Meeting. There shall be an annual meeting of the Association at such reasonable place and time as may be designated by written notice by the Board delivered to the Owners not less than fifteen (15) days prior to the date fixed for said meeting. At or prior to the annual meeting, the Board shall furnish to the Owners a budget for the coming fiscal year that shall itemize the estimated Common Expenses of the coming fiscal year with the estimated allocation thereof to each Owner.

6.03 Special Meeting. Special meetings of the Association may be held at any time and at any reasonable place to consider matters which, by the terms hereof, require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings shall be called by a majority of the Board, or by at least one-third (1/3) of the Owners by written notice, delivered to all Owners not less than ten (10) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and the matters to be considered.

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

ARTICLE VII LIABILITY AND INDEMNIFICATION

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

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Properties, or which might in any other way be assessed against or imputed to them as a result or by virtue of their capacity as such Board members and/or officers.

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

ARTICLE VIII GENERAL PROVISIONS

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

8.02 Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by Developer prior to the election of the first Board and thereafter by not less than two-thirds (2/3rds) of the affirmative vote of those members of the Association who are present or represented at a meeting duly called for that purpose, provided, however, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the laws of the State of Tennessee. Notwithstanding the foregoing, any amendment shall 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.

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

3451 Brainerd Road
Chattanooga, Tennessee 37411

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

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

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

8.07 Severability. The invalidity of any covenant, restriction, condition, limitation or any other provisions of these Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

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

ADOPTION OF BYLAWS

The undersigned as the Developer of the Property hereby adopts the foregoing Bylaws of its Association of Homeowners, this 7th day of April, 2006.

SOUTHERN LEGACY HOMEOWNERS ASSOCIATION, INC.

By: RONDON DEVELOPMENT CORPORATION, Developer and Acting as the Board of Directors

By: [Signature]

Print Name: Darren Kennedy

Title: President

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EXHIBIT C

[Charter of the Association; Attached]

licenses, taxes or other governmental charges levied or imposed against the property of the corporation.

(c) Have and exercise any and all powers, rights and privileges which a corporation organized under the provisions of the Tennessee Nonprofit Corporation Act relating to not-for-profit corporations may now or hereafter have or exercise.

10. Liquidation, Dissolution. In the event of liquidation, dissolution or winding up of the corporation, whether voluntary, involuntary or by operation of law, the residual assets of the corporation shall be distributed to the members of the corporation in accordance with their respective ownership interests therein at the time of dissolution.

11. Person Authorized to Perform Functions of Board. The rights, duties and functions of the Board of Directors shall be solely exercised by Darren Kennedy until such time as Darren Kennedy in his sole discretion determines to call a special meeting of the members of the Corporation to elect a Board of Directors to succeed Darren Kennedy.

12. Director's Liability. A director (or person performing the functions of the Board of Directors pursuant to Paragraph 10 hereof) of the corporation shall not be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the corporation or its members; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (c) under Section 48-58-204 of the Tennessee Nonprofit Corporation Act. If the Tennessee Nonprofit Corporation Act is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Tennessee Nonprofit Corporation Act.

13. Indemnification. The corporation shall have the power to indemnify its directors (including persons performing such functions pursuant to Paragraph 10 hereof) and officers to the fullest extent permitted by the Tennessee Nonprofit Corporation Act).

Dated this 28th day of April, 2006.



THOMAS L. HAYSLETT, III, Incorporator

5782.0496