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 Register of Deeds **MARC GRAVITT**

THIS INSTRUMENT PREPARED BY
 AND AFTER RECORDING RETURN TO:
 Miller & Martin PLLC (RWR)
 832 Georgia Avenue, Suite 1200
 Chattanooga, TN 37402

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
 THE ROUGE
 A HORIZONTAL PROPERTY REGIME WITH PRIVATE ELEMENTS**

THIS DECLARATION is made and entered into by ETHAN COLLIER CONSTRUCTION CO., INC., a Tennessee corporation, hereinafter referred to as the "Developer".

**ARTICLE I
 SUBMISSION; SEPARATELY TAXABLE AND ALIENABLE DWELLINGS;
 DEFINED TERMS; NOT A CONDOMINIUM**

Section 1.1. Submission of Real Estate. The Developer is the owner of certain real property located in the County of Hamilton, State of Tennessee, and described on Exhibit A attached hereto (the "Property"). The Developer intends to and does hereby submit the Property together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in any way pertaining thereto to the provisions of the Horizontal Property Act, Tenn. Code Ann. § 66-27-101 *et seq.* (the "Act"), for the express purpose of establishing thereon a horizontal property regime with private elements to be known as "The Rouge." The Developer further desires to establish said horizontal property regime for its own benefit and for the mutual benefit of all future owners or occupants of the Property, herein described, or any part thereof, and intends that all future owners, occupants, mortgagees, and any other persons hereinafter acquiring any interest in the Property, shall hold such interest subject to certain rights, easements and privileges in, over and upon the Property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; as hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspects of residence on the Property, and are established for the purpose of enhancing the value, desirability and attractiveness of the Property. See Exhibit C hereto attached, for the required Attorney's Certificate.

Section 1.2. Separate Dwellings. It is the intent of the Developer that it be established that each of the eleven (11) dwelling Units constructed on the Property be separately taxable and alienable residential dwellings. More specifically, it is the Developer's intent that by the filing of this Declaration the improvement existing on the Property be divided by the Hamilton County Property Assessor into eleven (11) separately taxed parcels, and that thereafter the eleven (11) Units may be sold or transferred to and owned by eleven (11) separate owners or groups of owners. In the event that such taxes for any year are not separately taxed to each Unit Owner (as defined herein), but rather are taxed on the Property as a whole, then each Unit Owner shall pay their proportionate share thereof in accordance with their respective percentage of ownership interest in

D.C.

the Common Elements (as defined herein), and, in said event, such taxes shall be a Common Expense (as defined herein).

Section 1.3. Defined Terms. Each capitalized term not otherwise defined in this Declaration shall have the meanings specified or used in the Act.

Section 1.4. Not a Condominium. The Developer specifically states that the intention of this Declaration is not to create a Condominium, as set out in Tenn. Code Ann. § 66-27-201 *et seq.*, but rather a Horizontal Property Regime with Private Elements as set out in the Tennessee Horizontal Property Act, Tenn. Code Ann. § 66-27-101 *et seq.*

ARTICLE II NAMES; DESCRIPTION OF REAL ESTATE; PLAT AND PLANS

Section 2.1. Names.

- (a) Declaration. This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE ROUGE, A HORIZONTAL PROPERTY REGIME WITH PRIVATE ELEMENTS, may hereinafter be referred to as “Declaration”.
- (b) Development. The name of the Development shall be “The Rouge”, a horizontal property regime with private elements, and includes the Property and all improvements thereon.
- (c) Association. The name of the Association is “The Rouge Owners’ Association, Inc.”, a Tennessee nonprofit corporation, which has or will be formed, to be managed by the owners of the Units.

Section 2.2. Real Estate. The Development is located in Hamilton County, Tennessee. The Property of the Development is described in Exhibit A, which is attached hereto and incorporated herein by reference. Each dwelling Unit to be constructed on the Property will have a form and style which is commonly referred to and known as “Townhomes.” Each Unit shall be separately taxable and alienable. The Property consists of all such lands and improvements.

Section 2.3. Plat. The Plat recorded at Book P3 124, Page 129 in the Register’s Office of Hamilton County, Tennessee, incorporated herewith and made a part of this Declaration for the purpose of describing the Development, and is referred to herein as the “Plat”. The Plat also includes that certain site plan attached hereto as Exhibit “A-1” (the “Plan”). The Plan identifies Private Elements and Common Elements pertaining to the Property. References to the Plat in the Declaration shall be deemed to additionally refer to the Plan.

ARTICLE III THE ASSOCIATION

Section 3.1. Authority. The business affairs regarding any Common Elements of the Development shall be managed by the Association. The Association shall be governed in accordance with its Bylaws attached hereto as Exhibit B.

Section 3.2. Powers. The Association shall have all of the powers, authority and duties permitted pursuant to the Act necessary and proper to manage the business and affairs regarding any Common Elements of the Development other than those matters designated as being the responsibility of the owner of an individual Unit, as set out herein, so long as the Act does not provide to the contrary. The Developer, shall have the rights and obligations of Developer set forth in this Declaration for a period of time ending upon the date that Developer no longer owns any Units on the Property (the "Association Turnover Date"). Upon the Association Turnover Date, all of Developer's rights, duties and obligations hereunder shall be assigned the Association, which shall expressly assume all such rights, duties and obligations and said assignment shall be evidenced by instrument executed by Developer, which assignment and assumption shall be recorded in the Register of Deeds of Hamilton County, Tennessee.

ARTICLE IV UNITS

Section 4.1. Identification of Units. "Unit" means that part of the Development intended for individual ownership and use, consisting of private elements and residential structures designated by identifying numbers or letters (the "Private Elements") on the Plat, which is attached hereto and incorporated herein by reference, located on the Property and having direct access to the Common Elements. "Private Elements" also means and includes the land upon which a Unit is located as shown on the Plat as being the Private Elements designated for each Unit depicted thereon for which fee simple ownership and exclusive use is reserved to that Unit only. Each Unit shall be subject to fee simple ownership and exclusive use by the owner thereof. The identification numbers, location, and boundary of each Unit are as shown on said Plat. The legal description of each Unit shall consist of the identifying number or letter of such Unit as shown on the Plat. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe a Unit by its identifying number or letter as shown on the Plat. "Owner" or "Unit Owner" means a person, firm, corporation, partnership, association, trust or other legal entity owning a fee simple title to any Unit or Units within the Development. When two or more persons own a Unit as tenants in common, joint tenants, tenants by the entireties, or otherwise, such persons shall collectively constitute the "Owner" with respect to that Unit.

Section 4.2. Unit Boundaries. The boundaries of each Unit include exterior perimeter walls, the middle of interior demising walls, the land located under said building, together with the heating, hot water, and air conditioning apparatus exclusively serving the Unit whether or not located within the boundaries of the Unit.

ARTICLE V GENERAL COMMON ELEMENTS

Section 5.1. General Common Elements. "Common Elements" means:

- (a) The Property in fee simple, except as included in the Private Elements as shown on the Plat.

- (b) All other devices or installations existing for common use, and all other elements of the structures erected upon the Property which are rationally of common use by the owners of the Units, or necessary to their existence, upkeep and safety.

ARTICLE VI
MAINTENANCE, REPAIR AND REPLACEMENT

In the event that repair, maintenance, or replacement of any element that serves all Common Elements shall become reasonably necessary in the reasonable discretion of the Developer or the Board, then such expenses shall be approved by the Association, and expenses related thereto shall be shared and paid by the owners of both Units equally. Such expenses are referred to as Common Expenses. Such Common Expenses may include, but not necessarily be limited to, repair, maintenance, or replacement of the roofs of the Units where they join, the driveways on the Property, the private access road located through the Property and currently known as The Rouge and/or the landscaping of the Common Elements.

The Board (as defined in the Bylaws) shall have the authority, but not the obligation, to obtain (i) insurance for the Property (not including additions within and improvements to the Units by the Unit Owners) against loss or damage by fire, vandalism, malicious mischief and other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Property, or other coverage amounts deemed suitable by the Board, and/or (ii) comprehensive public liability insurance in such amounts as the Board deems suitable. At the option of the Board, and upon written notice to the Unit Owners, premiums for such insurance shall be separately billed to each Unit Owner for their Unit at their corresponding percentage of ownership in the Common Elements.

ARTICLE VII
DEVELOPMENT RIGHTS

The Developer reserves the right to relocate, expand, modify, reduce, enlarge or extend existing parking areas, driveways and landscaped areas on the Property and to construct, relocate, expand, modify, reduce or extend sewers, utility lines or service connections in order to serve the Property and improvements located thereon.

ARTICLE VIII
ALLOCATED INTERESTS; USE OF COMMON ELEMENTS

The undivided interest in the Common Elements and the Common Expenses are allocated to the Association, and may be done so by separate deed, if deemed necessary. Voting rights in the Association shall be allocated equally to the Owners of each Unit, with each such owner having a single vote. The Common Elements shall remain undivided and shall not be the subject of an action for partition. Each Unit Owner shall have the right to use the Common Elements in common with all other Unit Owners, as may be required for the purposes of access and ingress to, egress from, use, occupancy, and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements shall be subject to and governed by the provisions of the Declaration, Bylaws and the reasonable rules and regulations of the Association. No Unit Owner

shall be exempt from payment of their proportionate share of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of their Unit.

ARTICLE IX
EASEMENTS AND LICENSES

All recorded easements and licenses actually known to Developer to which the Development is presently subject are depicted on the Plat. Additionally, Developer reserves unto itself, its successors and assigns, the right to establish easements across, through, over, on, and under the Property to the extent necessary for the construction and maintenance of utilities such as electricity, gas, water, sewerage, drainage, etc. for the benefit of the Property and/or the Units, and it shall be permitted the right, without the need for consent of any other party, to record amendments to the Declaration and/or the Plat to reflect any such easement, provided that the location of the easement does not materially and adversely affect the rights of then-existing Unit Owners, and after such recording no structure of any kind shall be erected or maintained upon or over said easement. Developer shall install a water quality unit for the benefit of the Property, and the Association shall maintain the same, and the Association shall have an easement across, through, over, on, and under the Property to the extent necessary for the maintenance of same.

ARTICLE X
OWNER OBLIGATIONS.

Each grantee of Developer, by acceptance of a deed of conveyance with respect to any Units and/or any part of the Property, accepts the same subject to all restrictions, covenants, reservations, liens and charges of, and the jurisdiction, rights and powers created or reserved by, this Declaration. All future Unit Owners shall be subject to and shall comply with the provisions of this Declaration. All rights, benefits, and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in the Property, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every such deed of conveyance or contract for conveyance. All present and future Unit Owners, and tenants and occupants of a Unit, shall be subject to and shall comply with the provisions of the Bylaws, as such may be amended from time to time.

Recognizing that the necessity for providing proper operation and management of the Common Elements entails the continuing payment of costs and expenses therefor, the Association is hereby granted a lien upon each Unit and the improvements thereon as security for the payment of all assessments against said Unit, 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 Unit. The lien shall become effective on a Unit immediately upon the closing of that Unit. The lien granted to the Association may be foreclosed as other liens are foreclosed in the state of Tennessee. Failure by the Unit Owner or Unit 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 XI
COVENANTS AND RESTRICTIONS

Section 1. General. No unlawful, noxious or offensive activities shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon that shall constitute a nuisance or that shall in the judgment of the Board cause unreasonable noise or disturbance to others.

Each Unit Owner shall maintain such Owner's Unit in good condition and in good order and repair, at such Owner's expense, and shall not do or allow anything to be done in such Owner's Unit that may increase the cost or cause the cancellation of insurance on other Units or on the Common Elements. Each Unit Owner shall be responsible for damage to the Property, Common Elements, and Units owned by other Owners to the extent caused by the negligence or intentional misconduct of such Unit Owner, including any damage caused by alterations, additions or improvements made by a Unit Owner to his Unit. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry, or other articles outside such Owner's Unit, or which may be visible from the outside of such Owner's Unit (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board) or paint or decorate or adorn the outside of such Owner's Unit, or install outside such Owner's Unit any canopy or awning, or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board or the written permission of the Managing Agent (as defined in the Bylaws), acting in accord with the Board's discretion. The foregoing restrictions as to use and occupancy shall not be construed to prohibit a Unit Owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on a patio that is a Private Element. No Owner of a Unit shall display, hang, store or use any sign or flag outside such Owner's Unit, in a hallway or elsewhere, or that may be visible from the outside of such Owner's Unit without the prior written permission of the Board or the written permission of the Managing Agent, acting in accord with the Board's discretion.

No structure of a temporary character, trailer, motor home, boat, tent, shack, garage, barn, or other out-buildings shall be permitted on the Property at any time, temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the buildings located on the Property (the "Buildings") or any portion thereof.

Section 2. Residential Use.

(a) All of the Units in the Development shall be, and be known and described as, residential units, and no structure shall be erected, altered, placed or permitted to remain on any Unit other than as provided in this Declaration and in supplements hereto, or except as provided for in a deed of conveyance from Developer or as otherwise specifically consented to by Developer or the Board in writing.

(b) "Residential," refers to a mode of occupancy, as used in contradistinction to "business" or "commercial" or "mercantile" activity and, except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant Units.

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

Section 3. Animals. No animals shall be raised, bred, or kept in any Unit, except for dogs, household cats and small birds owned as household pets by a Unit Owner, provided that said pet is not kept for any commercial purpose, and provided that said pet shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board, and provided that said pet shall not in the judgment of the Board constitute a nuisance to others. The pet owners shall also muzzle any pet which consistently barks. If the barking persists, the pet owner shall have the pet removed from the Development. If the pet owner refuses, it shall be deemed an "offensive activity".

All dogs owned by Unit Owners and kept in a Unit shall be on leash while outside the Unit. All such dogs shall be exercised by the Owner at places on the Property that do not interfere with the use and enjoyment of the same by other Owners. An Owner shall be responsible for all damage to Common Elements caused by said Owner's animals and the Owner shall clean up after such Owner's animals.

Section 4. Trash. Trash, garbage, and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time in rules and regulations of the Board. No fuel tanks or similar storage receptacles may be exposed to view, and such tanks or receptacles may be installed only within a Unit, within a screened area, or buried underground subject to environmental regulatory approvals.

Section 5. Use by Developer. During the period of sale by the Developer of any Units, the Developer, and the Developer's agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from said Buildings and Property as may be required for purposes of said sale of Units. While the Developer owns any of the Units and until each Unit sold by it is occupied by the purchasers, the Developer and its employees may use and show one or more of such unsold or unoccupied Units as a model Unit or Units and may use one or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

Section 6. Storage. Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in common areas unless the area is specifically designated for storage of that property. Storage of boats, trailers, campers, and motor homes on the Property shall not be permitted. Front porches of Units may not be used for exterior storage purposes.

Section 7. Wiring. No Unit Owner shall overload the electrical wiring in a Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written

consent of the Board or the prior written consent of the Managing Agent, given in accord with the Board's direction.

Section 8. Architectural Control. Prior to the Association Turnover Date, Developer shall have the right to control and approve all exterior architectural and aesthetic elements and characteristics of the Units, which shall remain unchanged from their appearance as initially constructed, so as to preserve the continuity and uniformity of the Units, unless such change is approved in writing in advance in accordance with this Section. Prior to the Association Turnover Date, the exterior of the Units shall not be altered or changed in any way without the written consent of the Developer. Thereafter, any such alterations or changes to the exterior of the Units shall require the written consent of at least seventy percent (70%) of the total Unit Owners of Units making up one (1) contiguous building.

Section 9. Patios. All patios and decks shall be maintained by the Unit Owner to which area is assigned and shall be designated as a Private Element.

Section 10. Intentionally Deleted.

Section 11. Fencing. No fencing shall be allowed other than fencing installed by the Developer or as approved by the Association.

Section 12. Parking. Parking shall be in the areas so designated to each Unit as prescribed herein and subject to rules and regulations of the Association. No Unit shall permit the overnight parking of trucks or other equipment inconsistent with ordinary residential uses. No panel, commercial or tractor trucks shall be habitually parked in driveways or overnight on streets in front of any of the Units. No inoperable vehicle, tractor or other machinery shall be stored outside on the premises at any time, even if not visible from the street. No house trailer or such vehicle shall be stored on the premises.

Section 13. Signs. One sign offering the Unit for sale and one sign reflecting the name of the builder may be placed upon a Unit. Such sign must be in form approved by the Developer or Board. No other signs shall be erected or maintained on any Unit, except in accordance with approved standards for signs as set by the Developer or the Board.

Section 14. Speakers. 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 Units within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance.

Section 15. Single Family Residence. Each Unit shall be used as one single family residence only unless approved by the Association. If approved for work/live commercial use, the owner of the Unit is responsible for all governmental approvals.

Section 16. Zoning. Whether expressly stated so or not in any deed conveying any one or more of said Units, each conveyance shall be subject to existing governmental zoning and subdivision ordinances or regulations in effect thereon.

Section 17. Unsightly Condition. All of the Units in the Development must, from the date of purchase, be maintained by the Unit Owner in a neat and orderly condition. In the event that an Unit Owner of a Unit in the Development fails, of his own volition, to maintain his Unit in a neat and orderly condition, Developer, or its duly appointed agent, or the Board, or its duly appointed agent, may proceed without liability to put said Unit into an orderly condition, billing the Unit Owner two hundred fifty percent (250%) of the cost of such work.

Section 18. Rules and Regulations. Unit Owners shall be subject to such further restrictions as may be contained in the rules and regulations of the Association concerning the use of Units and the Common Elements which may be enacted from time to time by the Association. Such rules and regulations shall be binding rules and regulations of the Association and copies of such rules and regulations and any amendments or additions thereto shall be furnished to all Unit Owners upon request.

Section 19. Leasing Restrictions. The leasing of a Unit shall not be prohibited by the terms of this Declaration; provided, however, that in order to make a Unit available for lease (whether such lease is for short-term or long-term purposes), the Unit Owner must abide by the following requirements:

(1) the Unit Owner must obtain and maintain any municipal permits as may be required in connection with the leasing activity;

(2) the Unit Owner must inform the Association in writing of its intent to lease the Unit;

(3) in the event of that a long-term tenancy (defined as longer than a one month tenancy), the Unit Owner must provide to the Association a copy of its proposed leasing instrument and must obtain the prior written permission of the Association, which permission shall not be unreasonably withheld by the Association, provided that the proposed lease (A) incorporates by reference the use restrictions of this Declaration, including the restrictions set forth in this Section 19, (B) obligates the tenant to abide by the terms of this Declaration with respect to the use and enjoyment of the Units and the Common Elements, together with the terms of any rules and regulations of the Association, and (C) establishes that a tenant's violation of the terms of the Declaration and any such rules and regulations constitutes an event of default by the tenant under the terms of the lease; and the permission required in this Subsection (4) shall be deemed given by the Association in the event that the Association does not respond to the Unit Owner within forty-eight (48) hours of a request that meets the requirements of this Subsection 4;

(4) in the event of a long-term tenancy, after permission is approved for the first long-term tenancy for a given Unit Owner, no additional permission by the Association shall be required in the event that the Unit Owner subsequently leases its Unit to a new tenant(s), provided, however, that in the event of any such tenant change, the Unit Owner must give notice to the Association of same, and must provide a copy of the proposed leasing instrument and the contact information of the proposed tenant(s) within five (5) business days of the tenant change, and any such

new long-term tenancy agreements shall continue to contain the requirements of subsection 3(A)-(C) herein; and

(5) in the event a Unit Owner desires to make its Unit available for short-term tenancy (defined as a one month tenancy or less, and including vacation rental services), the Unit Owner must (A) obtain all necessary permits and approvals from the City of Chattanooga or applicable governing authority, (B) obtain a Short-Term Leasing Permit (defined below) from Developer or the Board, and provide information reasonably requested from time to time by the Developer or Board, including copies of listings and short-term leasing arrangements, and (C) include in each of its listings for short-term leasing and occupancy of its Unit the supplemental restrictions described in Addendum A (the “Short Term Leasing Rules”), and require each short-term tenant to abide by all such Short Team Leasing Rules as a condition of booking the Unit. Such Unit Owner shall promptly provide evidence of its compliance with this requirement upon request by the Developer or Board from time to time. A Unit Owner desiring to lease its Unit for short-term tenancy may do so only if such Unit Owner has applied for and received from the Developer or the Board a “Short-Term Leasing Permit” the terms and conditions stipulated by the Developer or the Board. A Short-Term Leasing Permit will be automatically revoked if (i) the Unit Owner’s permit is revoked by the City of Chattanooga or other governing authority; (ii) upon the transfer or conveyance of the Unit to a new owner; or (iii) any violation of the Short-Term Leasing Rules, this Declaration, or the Bylaws. The term of any Short-Term Leasing Permit shall be determined by the Developer or the Board in their reasonable discretion.

No unlawful, obnoxious, boisterous, or offensive activities by either Unit Owners or by their tenants and invitees are permitted in the Development, including but not limited to block parties, reckless or dangerous conduct, conduct that materially and adversely interferes with the safety of the Development, and excessive noise, vibrations, odors or music emanating from a Unit. Each Unit Owner hereby indemnifies, defends and holds the Association harmless against all claims for personal injury or property damage sustained by such Unit Owner and such Unit Owner’s family tenants, and invitees in their use and enjoyment of the Common Elements and any other community amenities. All Unit Owners and their tenants and invitees must abide by any rules and regulations enacted from time to time by the Association governing the use and enjoyment of the Development and any Common Elements. In the event that the Association determines a Unit Owner’s tenant(s) is in material violation of the provisions of this Section 19 or any other provision of the Declaration on more than two (2) occasions in one (1) twelve (12) month period, then the Association in its discretion may revoke the permission given to such Unit Owner to make his or her Unit available for lease. In lieu of or in addition to revoking such permission, the Association in its discretion may assess a Twenty Five and 00/100 Dollar (\$25.00) fine against the Unit Owner whose tenant(s) are determined to be in material violation of the terms of the Declaration and/or Association rules and regulations, which fine shall be treated in the same manner as an assessment duly owed by such Unit Owner pursuant to the terms of this Declaration.

Section 20. Enforcement. In the event of the violation, or attempted violation, of any one or more of the provisions of the Declaration or these Bylaws, the Developer, its successors or assigns, or the Association, its successors or assigns, including all parties hereinafter becoming

Unit Owners of any one or more of the Units to which provisions of the Declaration apply, may bring an action or actions against the Owner in violation, or attempting violation, and the said Owner shall be further liable for such damages as may accrue, including any court costs and reasonable attorneys' fees incidental to any such proceeding, which costs and fees shall constitute liquidated damages. Developer or the Board may grant variances of the restrictions set forth in this Declaration if such variances do not, in the sole discretion of Developer or the Board, adversely affect the purposes sought to be obtained hereby.

By reason of the rights of enforcement of the provisions of this section being given unto Unit Owners (subject to rights of variances reserved by the Developer and the Board), it shall not be incumbent upon the Developer or the Board to enforce the provisions of the Declaration and/or these Bylaws, or to prosecute any violation thereof. Developer shall not be responsible or liable for any violation of the Declaration and/or these Bylaws by any person other than itself.

ARTICLE XIII RIGHTS OF MORTGAGEES

Notwithstanding anything to the contrary contained in this Declaration or in the Bylaws of the Association, all terms, conditions, regulations, and requirements which are now existing, or which may be amended from time to time by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Federal Home Loan Bank Board, pertaining to planned unit developments, horizontal property regimes, or townhomes, are hereby incorporated as terms and conditions of this Declaration and Bylaws and such shall be governing upon the Property, Developer, and the Association, so long as such terms or conditions are not inconsistent with the Act.

ARTICLE XIII DURATION AND AMENDMENTS

Section 13.1. 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 Unit Association, the Developer, and/or any Owner of any Unit subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

Section 13.2. This Declaration may be amended, modified or revoked in any respect from time to time by the Developer prior to the Association Turnover Date.

Section 13.3. Thereafter, this Declaration may be amended in accordance with the following procedure:

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

Notice of any meeting to consider an amendment that would adversely affect Mortgagees' rights shall also be sent to each Mortgagee listed upon the register of the Association. "Mortgagee" shall mean a beneficiary, creditor, or holder of a deed of trust, as well as a holder of a Mortgage.

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

Section 13.4. An amendment adopted under Section 13.3 above shall become effective upon its recording with the Hamilton County Register's Office, and the President of the Association and Secretary of the Association shall execute, acknowledge and record the amendment and the Secretary shall certify on its face that it has been adopted in accordance with the provisions of this Section; provided, that in the event of the disability or other incapacity of either, the Vice President of the Association shall be empowered to execute, acknowledge and record the amendment. The certificate shall be conclusive evidence to any person who relies thereon in good faith, including, without limitation, any Mortgagee, prospective purchaser, tenant, lienor or title insurance company that the amendment was adopted in accordance with the provisions of this Section.

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ADDENDUM A
Short Term Leasing Rules

In connection with making a Unit available for short term lease, through online listing services or otherwise, each Unit Owner is required to include the following rules and regulations as part of the Unit listing, and require each short term tenant and their guests to abide by all such rules and regulations as a condition of booking the Unit, by incorporating the listing's terms and conditions by reference in the instrument executed by tenant.

1. No unlawful, obnoxious, boisterous, or offensive activities by tenants and their guests are permitted in The Rouge development (the "Development"). Prohibited activity includes:
 - a. Block parties;
 - b. Reckless or dangerous conduct;
 - c. Excessive noise, vibrations, odors or music emanating from a Unit (including the playing of loud music from any balconies or porches); and
 - d. Conduct that materially and adversely interferes with the safety of the Development.
2. Parking shall only be allowed in areas that are designated for each Unit.
3. Overnight parking of cargo, commercial, or oversized trucks or other equipment is prohibited. No panel, commercial or tractor trucks, house trailers, boats, or RV's are allowed in the Development.
4. No inoperable vehicle, tractor or other machinery shall be stored outside on the premises at any time, even if not visible from the street.
5. No animals shall be kept in any Unit, except for dogs, household cats and small birds owned as household pets (to the extent allowed by the Unit Owner). The pet owners shall also muzzle any pet which consistently barks. All dogs shall be on leash while outside the Unit. Pet waste must be disposed of properly.
6. Trash, garbage, and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time in rules and regulations of the Association.
7. All tenants shall indemnify, defend, and hold The Rouge Owners' Association, Inc. (the "Association") harmless against all claims for personal injury or property damage sustained by such tenant and their guests in their use and enjoyment of the common elements and community amenities of the Development.

EXHIBIT A
(Description of Property)

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

Lots 1, as shown on that certain plat of record entitled Final Plat Lot 1, Rogue S/D, recorded in Plat Book 124, Page 129, in the Register's Office of Hamilton County, Tennessee.

EXHIBIT A-1
(The Plans – Depicting the
Private Elements and Common Elements)

[SEE ATTACHED]

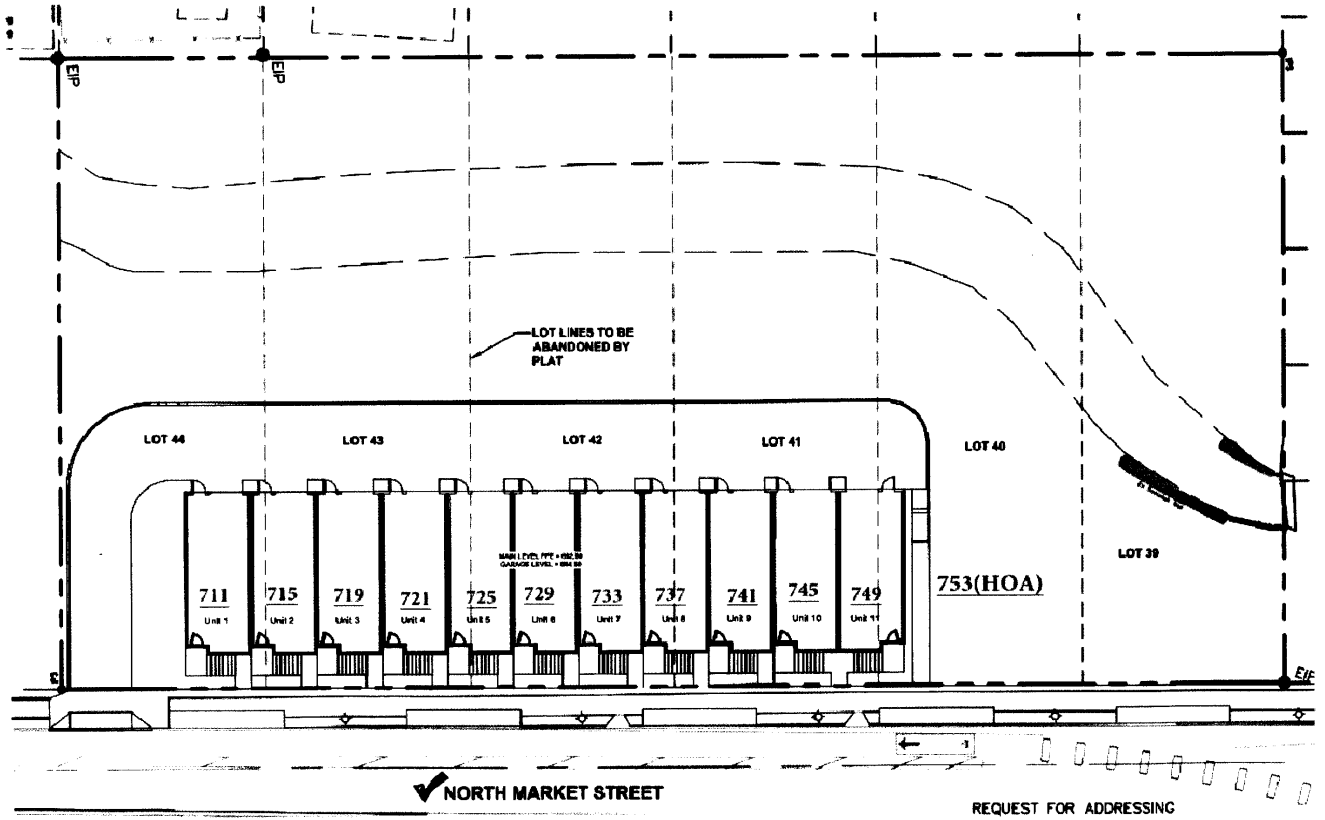


EXHIBIT B

BYLAWS OF

THE ROUGE OWNERS' ASSOCIATION, INC.
A HORIZONTAL PROPERTY REGIME WITH PRIVATE ELEMENTS

ARTICLE I

Members (Unit Owners)

Section 1. Eligibility. The members of The Rouge Owners' Association, Inc., a Tennessee nonprofit corporation (the "Association"), shall consist of the respective Unit Owners of The Rouge (the "Property"), in accordance with the respective percentages of ownership interest in the Private Elements of the Property owned by the respective Unit Owners. These and other terms are used in these Bylaws as they are defined in the Declaration of Covenants, Conditions and Restrictions for The Rouge, a Horizontal Property Regime with Private Elements, which Declaration is recorded in the Register's Office for Hamilton County, Tennessee. The words "member" or "members" as used in these Bylaws mean and shall refer to "Unit Owner(s)" or "Owner(s)," as the case may be, as defined in the Declaration. If a Unit Owner is a land title holding trust under the terms of which all powers of management, operation and control of the Unit remain vested in the trust beneficiary, then the member shall be said beneficiary of such trust.

Section 2. Succession. The membership of each Unit Owner shall terminate when such Owner ceases to be a Unit Owner, and upon the sale, transfer or other disposition of such Owner's ownership interest in the Property, such Owner's membership in the Association shall automatically be transferred to the new Unit Owner succeeding to such ownership interest.

Section 3. Annual Meetings. The annual meeting of Unit Owners shall be held at the time and place specified in the notice of such meeting, but such place shall be within five (5) miles of the Property. The annual meeting of Unit Owners shall be held on the sixtieth (60th) day following the end of the Association's fiscal year of each and every year, if not a legal holiday, and if a legal holiday, then on the next succeeding business day not a legal holiday. At the annual meeting, the Unit Owners shall elect Directors, receive reports on the activities and financial condition of the Association, and transact such other business as may properly come before the meeting.

Section 4. Special Meetings. The Association shall hold a special meeting of its Unit Owners upon the call of the Board of Directors or the President, or upon the written demand(s) to the Secretary by Unit Owners holding at least forty percent (40%) of all votes entitled to be cast on any issue to be considered at the proposed special meeting. Any call or demand for a special meeting shall describe the purpose(s) for which the special meeting is to be held. Only business within the purpose(s) described in the meeting notice for the special meeting may be conducted at such meeting.

Section 5. Notice of Meetings. The Association shall notify its Unit Owners of the date, time and place of each annual and special meeting of Unit Owners no fewer than ten (10), nor more than forty-five (45), days before the meeting date. The notice of a meeting shall also contain such other information which may be required by these Bylaws.

Section 6. Waiver of Notice. A Unit Owner's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting unless the Unit Owner at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting; and

(b) Waives objection to consideration of a particular matter at the meeting that is not within the purpose(s) described in the meeting notice, unless the Unit Owner objects to considering the matter when it is presented.

Section 7. Voting. The aggregate number of votes of all Unit Owners shall be equal to the total of all Units which are subject to the Declaration and shall be divided among the respective Unit Owners with one (1) vote allocated to each Unit, except the Developer, which shall have three (3) votes for each Unit it owns. If any Unit Owner consists of more than one (1) person, the voting rights of such Unit Owner shall not be divided but shall be exercised as if the Unit Owner consisted of only one (1) person in accordance with the proxy or other designation made by the persons constituting such Unit Owner. A "majority of the Unit Owners" means the owners of more than fifty percent (50%) of the voting rights of the Unit Owners.

Notwithstanding the foregoing, no Unit Owner who is in default in the payment of assessments hereunder shall be entitled to exercise the right to vote until the Unit Owner has cured such default. A Unit Owner shall be deemed to be in default if such Owner has not paid his or her assessments to the Board, or their agent, within ten (10) days after the date such assessments are due. A Unit Owner may protest the amount of the assessment, but it still must be paid during the pendency of the protest to the Board.

Section 8. Quorum. Unless otherwise required by law, a majority of the votes entitled to be cast by Unit Owners must be represented at any meeting of the Unit Owners to constitute a quorum on that matter. If, however, such quorum is not represented at any such meeting, the Unit Owners present at the meeting in person or represented by proxy shall have the power to adjourn from time to time without notice other than announcement at the meeting, until the requisite quorum is present or represented, when any business may be transacted which might have been transacted at the meeting as provided in the original notice.

Section 9. Voting Requirements. Except as otherwise provided in these Bylaws, the Declaration or the Horizontal Property Act, action on any matter voted upon at a meeting of the Unit Owners is approved if a majority of the Unit Owners vote in favor of the action. However, Directors shall be elected by a plurality of the votes cast by the Unit Owners entitled to vote in the election at a meeting of the Unit Owners at which a quorum is present

Section 10. Action by Written Consent. Action that is required or permitted to be taken at a meeting of the Unit Owners may be taken without such a meeting if all Unit Owners entitled to vote on the action consent to taking such action without a meeting. If all of such Unit Owners so consent, the affirmative vote of the number of votes that would be necessary to authorize or take such action at a meeting shall be the act of the Unit Owners, except as otherwise provided in these Bylaws. Such consent (or counterpart(s) thereof) shall describe the action taken, be in writing, be signed by each Unit Owner entitled to vote on the action, indicate each signing Unit Owner's vote

or abstention on the action, and be delivered to the Secretary of the Association and included in the minutes or Association records.

Section 11. Action by Written Ballot. Any action that may be taken at any annual or special meeting of Unit Owners may be taken without a meeting if the Association delivers a written ballot to every Unit Owner entitled to vote on the matter. The written ballot shall set forth each proposed action and shall provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall:

- (a) Indicate the number of responses needed to meet the quorum requirements.
- (b) State the percentage of approvals necessary to approve each matter other than election of Directors; and
- (c) Specify the time by which the ballot must be received by the Association in order to be counted.

ARTICLE II Board of Directors

Section 1. Number, Election and Term of Office. The Board of Directors of the Association (referred to in the Horizontal Property Act of the State of Tennessee as the “board of administration,” and sometimes referred to herein as the “Board”) shall consist of three (3) persons (hereinafter referred to as “Directors”). Directors shall be elected at the annual meeting of Association’s Unit Owners by the vote of Unit Owners as hereinafter provided, except that the Developer shall appoint the interim Board of Directors (“Interim Board”) until the first meeting. Developer shall be required to call the first meeting promptly following the Association Turnover Date. At the first meeting, the Unit Owners shall, among other business, elect three (3) members of the first Board of Directors (“First Board”). Those candidates for election as Director receiving the greatest number of votes cast either in person, or by proxy, at the meeting shall be elected. Directors, except for members of the First Board, Interim Board, and the member appointed by the deed of trust beneficiary shall hold office for the term of two (2) years and until his or her successor shall be elected and qualified. Two (2) members of the First Board shall hold office until the second annual meeting of the Association’s Unit Owners, and one (1) member of the First Board shall hold office until the third annual meeting of the Association’s Unit Owners.

Section 2. Qualification. Except for those persons making up the Interim Board, each Director shall be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of a trust, a Director may be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, a Director may be an officer, partner or employee of such Unit Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, such Director shall cease to be a Director and his or her place on the Board shall be deemed vacant.

Section 3. Regular Meetings. Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice at such time and place as the Board of Directors shall determine from time to time, but no less frequently than once a year.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any two (2) Directors.

Section 5. Notice of Meetings. Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Except as otherwise provided herein, special meetings of the Board of Directors must be preceded by at least two (2) days' notice to each Director of the date, time and place, but not the purpose, of such special meeting. Notice of any adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

Section 6. Waiver of Notice. If a Director attends or participates in a meeting, he or she waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 7. Quorum and Voting. A quorum of the Board of Directors consists of a majority of the Directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board of Directors, except as otherwise provided in these Bylaws.

Section 8. Vacancy. If a vacancy occurs on the Board of Directors, including a vacancy resulting from a removal of a Director with or without cause:

- (a) The Unit Owners may fill the vacancy;
- (b) The Board of Directors may fill the vacancy; or
- (c) If the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all Directors remaining in office.

Any Director elected to fill a vacancy shall hold office for a term equal to the unexpired term of the Director succeeded.

Section 9. Removal of Directors. The Unit Owners may remove any one (1) or more Directors, with or without cause, at any special meeting that is specifically called for that purpose by a vote of a majority of the Unit Owners.

Section 10. Action Without Meeting. Action that is required or permitted to be taken at a meeting of the Board of Directors may be taken without such a meeting if all Directors consent to taking such action without a meeting. If all Directors so consent, the affirmative vote of the number of Directors that would be necessary to authorize or take such action at a meeting shall be the act of the Board, except as otherwise provided in these Bylaws. Such consent(s) shall describe

the action taken, be in writing, be signed by each Director entitled to vote, indicate each signing Director's vote or abstention on the action, and be delivered to the Secretary of the Association and included in the minutes filed with the Association's records.

Section 11. Indemnification. With respect to claims or liabilities arising out of service as a Director of the Association, the Association shall indemnify and advance expenses to each present and future Director (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

Section 12. Immunity. To the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended, each present and future Director (and his or her estate, heirs, and personal representatives) shall be immune from suit arising from the conduct of the affairs of the Association.

Section 13. Compensation. Directors shall receive no compensation for their services as Directors, unless expressly provided for in resolutions duly adopted by the Unit Owners.

Section 14. Powers and Duties. The Board shall have the following powers and duties:

- (a) to elect and remove the officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association and the Property;
- (c) to engage the services of an agent (hereinafter sometimes called the "Managing Agent") pursuant to a management agreement (the "Management Agreement") to maintain, repair, replace, administer and operate the Property or any part thereof for all of the Unit Owners, upon such terms and for such compensation and with such authority as the Board may approve; provided further, that the Board shall not have the authority to adopt any form of management of the Property which excludes professional management by an independent agent;
- (d) to formulate policies for the administration, management and operation of the Property and the Common Elements thereof;
- (e) to adopt rules and regulations, with written notice thereof to all Unit Owners, governing the administration, management, operation and use of the Property and the Common Elements, and to amend such rules and regulations from time to time;
- (f) to provide for the maintenance, repair, and replacement of the Common Elements and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the Managing Agent;
- (g) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and the Common Elements, and to delegate any such powers to the Managing Agent;

(h) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(i) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable, but only as allowed by law;

(j) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Unit Owners their respective shares of such estimated expenses, as hereinafter provided;

(k) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Unit Owners, as expressed in a resolution duly adopted at any annual or special meeting of the Unit Owners;

(l) to resolve or mediate disputes, conflicts or problems between Unit Owners;

(m) when necessary, to interpret the rules and regulations of the Association and the Declaration;

(n) to enter into agreements with adjacent property owners and associations with respect to cost-sharing and maintenance agreements governing the Association's right to use and enjoy amenities, access roads, and improvements, as the Association deems necessary and appropriate; and

(o) to exercise all other powers and duties of a board of administration as referred to in the Horizontal Property Act of the State of Tennessee and all powers and duties of the Board of Directors referred to in the Declaration or these Bylaws.

Section 15. Non-Delegation. Nothing in this Article or elsewhere in these Bylaws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the Unit Owners.

ARTICLE III Officers

Section 1. Designation. At each regular meeting, the Directors present at said meeting shall elect the following officers of the Association by a majority vote, provided a quorum exists:

(a) a President, who shall be a Director and who shall preside over the meetings of the Board and of the Unit Owners, and who shall be the chief executive officer of the Association;

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Unit Owners, and who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Managing Agent;

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported and who may be the same person as the Secretary; and

(d) such additional officers as the Board shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. Term of Office. Each officer shall hold office for the term of one (1) year and until a successor shall have been appointed or elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the remaining Directors at a special meeting of said Board. Any Director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer succeeded.

Section 5. Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by the Unit Owners.

Section 6. Removal. The Board of Directors may remove any officer at any time with or without cause.

Section 7. Indemnification. With respect to claims or liabilities arising out of service as an officer of the Association, the Association shall indemnify and advance expenses to each present and future officer (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

ARTICLE IV Assessments

Section 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated Common Expenses (as defined in the Declaration) and cash requirements for the year, including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other Common Expenses. To the extent that the assessments and other cash income collected from the Unit Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board.

Section 2. Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Unit Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month and of each succeeding calendar month of the year covered by the annual budget, each Unit Owner shall pay, as such Owner's respective monthly assessment for the Common Expenses,

one-twelfth (1/12) of such Owner's proportionate share of the Common Expenses for such year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with such Owner's respective ownership interest in the Common Elements as set forth in the Declaration. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay each month the amount of such Owner's respective monthly assessment as last determined. Each Unit Owner shall pay such Owner's monthly assessment on or before the first day of each calendar month to the Managing Agent or as may be otherwise directed by the Board. No Unit Owner shall be relieved of the obligation to pay such Owner's assessment by abandoning or not using such Owner's Unit or the Common Elements.

Section 3. Initial Assessments. Each Unit in the project shall be allocated its appropriate assessment immediately upon conveyance from Developer to a Unit Owner. The initial assessment for each Unit is \$0.00 per month; Developer shall have the right to increase this amount as necessary at its discretion. The Developer shall not be required to pay assessments on any Units held for sale until 365 days from the conveyance of the first Unit to an Owner.

Section 4. Partial Year or Month. For the first fiscal year and thereafter until the First Board is elected, the annual budget shall be approved by the Interim Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Unit Owner shall be proportionate to the number of months and days in such period covered by such budget. Each Unit Owner shall pay such Owner's assessment for the following month or fraction of a month, which assessment shall be in proportion to the Owner's respective ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be computed by the Board.

Section 5. Annual Report. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Unit Owner, and to any other party required by the Declaration, a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 6. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated Common Expenses for the remainder of such year will be inadequate, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner, and thereupon a supplemental assessment shall be made to each Unit Owner for such Owner's proportionate share of such supplemental budget.

Section 7. Expenditures. Except for the Management Agreement described in Article II, Section 14(c) hereof and expenditures and contracts specifically authorized by the Declaration and Bylaws, the Board shall not approve any expenditure in excess of Ten Thousand and 00/100 Dollars (\$10,000.00) unless required for emergency repair, protection or operation of the Common Elements, nor enter any contract for more than two (2) years without the prior approval of no less than fifty percent (50%) of the votes of the Unit Owners.

Section 8. Lien. It shall be the duty of every Unit Owner to pay such Owner's proportionate share of the Common Expenses, as provided in the Declaration, and as assessed in the manner herein provided.

If any Unit Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof, together with interest thereon at the rate of ten percent (10.0%) per annum after said Common Expenses become due and payable, shall constitute a lien, as provided in the Act, enforceable by the Board, on the interest of such Unit Owner in the Property, provided, however, that such lien shall be subordinate to the lien of a recorded deed of trust on the interest of such Unit Owner, except for the amount of the proportionate share of Common Expenses which are due and payable from and after the date on which such deed of trust beneficiary either takes possession of the Unit, accepts a conveyance of any interest therein (other than as security), or files suit to foreclose on its deed of trust.

The Association or its successors and assigns, and the Board or its agents, shall have the right to enforce the lien as provided in the Declaration including these Bylaws, and there shall be added to the amount due the costs of any suit maintained to enforce the lien and other fees and expenses, together with legal interest and reasonable attorneys' fees. Furthermore, if any Unit Owner shall fail or refuse to pay when due such Owner's proportionate share of the Common Expenses and such Unit Owner withholds possession of such Owner's Unit after demand by the Board or the Association in writing setting forth the amount claimed, the Board or the Association shall have the right to possession of such Unit. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Horizontal Property Act, the Declaration or these Bylaws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 9. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in a book in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine. Said book and the vouchers shall be available for examination by all Unit Owners at convenient hours on working days which shall be set and announced for general knowledge.

The Board shall, upon receipt often (10) days' written notice to it or the Association and upon payment of a reasonable fee, furnish to any Unit Owner a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 10. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance that in the opinion of the Board may constitute a lien against the Property or the Common Elements, rather than a lien against only a particular Unit ownership. When fewer than all the Unit Owners are responsible for the existence of any such lien, the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

Section 11. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to

reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners.

Section 12. Association Records. The Association shall keep as permanent records minutes of all meetings of its Unit Owners and Board of Directors, a record of all actions taken by the Unit Owners and the Board of Directors without a meeting and all appropriate accounting records.

Section 13. Records at Principal Office. The Association shall keep at all times a copy of the following records at its principal office:

- (a) Its Charter or Restated Charter and all amendments thereto;
 - (b) These Bylaws and all amendments thereto;
 - (c) Resolutions adopted by the Board of Directors relating to the characteristics, qualifications, rights, limitations and obligations of Unit Owners or any class or category of Unit Owners;
 - (d) The minutes of all meetings of Unit Owners and the records of all actions taken by Unit Owners without a meeting for the past three (3) years;
 - (e) All written communications to Unit Owners generally within the past three (3) years, including the past three (3) years' annual financial statements;
 - (f) A list of the names and business or home addresses of its current Directors and officers;
 - (g) The most recent annual report delivered to the Tennessee Secretary of State;
- and
- (h) Its Declaration and all amendments thereto.

Section 13. Annual Financial Statements. The Association shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for that year, and such other information necessary to comply with the requirements of the applicable provisions of the Tennessee Nonprofit Corporation Act.

ARTICLE V Contractual Powers

No contract or other transaction between the Association and one or more of its Directors or between the Association and any corporation, firm or association in which one or more of the Directors of the Association are directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or

(b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VI Amendments

These Bylaws may be amended or modified from time to time by action of the Developer prior to the Association Turnover Date, and thereafter with approval of not less than eighty percent (80%) of the votes of the Unit Owners. Such amendment(s) shall not be operative until they are recorded in the office of the Register of Deeds for Hamilton County, Tennessee. These Bylaws may not be amended by the Board of Directors.

ARTICLE VII Deeds of Trust

Section 1. Notice to Board. A Unit Owner who mortgages his Unit shall notify the Board of the name and address of the deed of trust beneficiary and shall file a copy of the note and deed of trust with the Board. The Board shall maintain such information in a book entitled "Deeds of Trust on Units."

Section 2. Notice of Unpaid Common Charges. The Board, whenever so requested in writing by a deed of trust beneficiary of a Unit, shall promptly report any then unpaid assessments, fees or common charges due from, or any default by, the Owner of the mortgaged Unit.

Section 3. Notice of Default. The Board, when giving notice to a Unit Owner of a default in paying common charges or other default, shall send a copy of such notice to each deed of trust beneficiary of record covering such Unit whose name and address has theretofore been furnished to the Board and which has requested in writing to be sent a copy of such notice(s).

Section 4. Examination of Books. Each Unit Owner, and others as specified in the Declaration, shall be permitted to examine the books and records of the Association, current copies of the Declaration and Bylaws, and rules and regulations of the Association during normal business hours and upon request.

Section 5. Interest of Valid First Lien Deed of Trust. Each Unit Owner shall have the right, subject to the provisions hereof, to make separate mortgages and deeds of trust for his respective Unit together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to grant, make or create, or cause to be granted, made or created, any mortgage, deed of trust or other lien on or affecting the Property or any part thereof,

except only to the extent of his own Unit and the respective percentage interest in the Common Elements corresponding thereto. The interest of a valid first lien deed of trust shall be superior to the interest of the Board in the event of a default, and nothing in this instrument shall be construed to the contrary. If the first lien deed of trust has incorporated the terms of these Bylaws, the Declaration and the contract in its deed of trust, then said first lien deed of trust may at its option declare a default in its deed of trust by reason of any default hereunder, and may proceed to enforce its rights according to the terms of the deed of trust, notwithstanding any enforcement instituted by the Board.

ARTICLE VIII
Definition of Terms

The terms used in these Bylaws, to the extent they are defined herein, shall have the same definition as set forth in the Declaration for the horizontal property regime known as "The Rouge," as such may be amended from time to time, which Declaration is recorded in the office of the Register for Deeds of Hamilton County, Tennessee.

The term "member," as used in these Bylaws, generally means "Unit Owner" as defined in the Declaration, "Deed of trust," as used herein, includes a mortgage; and "deed of trust beneficiary" includes a mortgagee and a holder of a deed of trust.

ARTICLE IX
Miscellaneous Provisions

Section 1. No Seal. The Association shall have no seal.

Section 2. Notices. Whenever notice is required to be given to Unit Owners, Directors or officers, unless otherwise provided by law, the Declaration, the Charter or these Bylaws, such notice may be given in person or by telephone, telegraph, mail or private carrier. If such notice is given by mail, it shall be sent postage prepaid by first class United States mail or by registered or certified United States mail, return receipt requested, and addressed to the respective address which appears for each such person on the books of the Association. Written notice sent by mail to Unit Owners shall be deemed to have been given when it is mailed. Any other written notice shall be deemed to have been given at the earliest of the following:

- (a) When received;
- (b) Five (5) days after its deposit in the United States mail if sent first class, postage prepaid; or
- (c) On the date on the return receipt, if sent by registered or certified United States mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

Section 3. Waiver of Notice. Whenever any notice is required to be given under the provisions of any statute, or of the Declaration, the Charter or these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the date stated thereon, and delivered to the Secretary of the Association and included in the minutes or corporate records, shall be deemed equivalent thereto.

Section 4. Negotiable Instruments. All checks, drafts, notes or other obligations of the Association shall be signed by such of the officers of the Association or by such other person(s), as may be authorized by the Board of Directors.

Section 5. Deposits. The monies of the Association may be deposited in the name of the Association in such bank(s) or financial institution(s) as the Board of Directors shall designate from time to time and shall be drawn out by check signed by the officer(s) or person(s) designated by resolution adopted by the Board of Directors.

Section 6. Committee Members. With respect to claims or liabilities arising out of service as a member of a committee duly appointed by the Board of Directors of the Association, the Association shall indemnify and advance expenses to each such present and future committee member (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

Section 7. Developer. With respect to claims or liabilities arising out of service as an agent of the Association, the Association shall indemnify and advance expenses to the Developer (its officers, employees and successors) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect or as hereafter adopted or amended.

ARTICLE X Conflicts

These Bylaws are set forth to comply with the requirements of Chapter 27 of Title 66, Tennessee Code Annotated, as it may be amended from time to time, and to allow the Bylaws to control in specific situations where such law allows. In case any of the Bylaws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

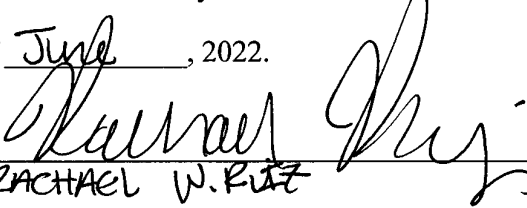
EXHIBIT C

(Attorney's Certificate)

This document is intended to serve as the attorney's opinion which is required under the terms of Tennessee Code Annotated § 66-27-103. The undersigned, Rachael W. Ruiz, an attorney licensed to practice law in the State of Tennessee, hereby declares that upon the proper recording of this certificate and the following additional documents, all legal requirements for the creation of a Horizontal Property Regime development under the terms of the Tennessee Horizontal Property Act, Tennessee Code Annotated, Section 66-27-101 et seq., will have been met:

- 1. Declaration of Covenants, Conditions, and Restrictions for The Rouge, a Horizontal Property Regime with Private Elements (the "Declaration"), filed simultaneously herewith; and
- 2. Plat for the development, recorded at Book P3 124, Page 129 in the Register's Office of Hamilton County, Tennessee, incorporated as part of the Declaration; and
- 3. Bylaws of The Rouge Owners' Association, Inc. attached as Exhibit B to the Declaration; and
- 4. Restrictions as set out in the Declaration and Bylaws to be revised as needed.

Witness my hand this 20th day of June, 2022.



 RACHAEL W. RUIZ

STATE OF TENNESSEE)
)
 COUNTY OF HAMILTON)

Personally appeared before me, the undersigned, a Notary Public in and for said county and state, the within named Rachael Ruiz, with whom I am personally acquainted, and who acknowledged that she executed the within instrument in the capacity and for the purposes therein contained.

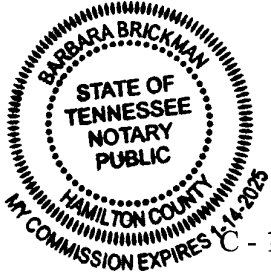
Witness my hand this 20th day of July, 2022.



 Notary Public

My Commission Expires:

1-14-2025



**LENDER CONSENT AND SUBORDINATION
TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

The undersigned, Sam Turnipseed, being the ~~Bank President~~ ^{Community} of **First Citizens National Bank**, the holder of certain mortgage liens and security interests in the Property (as defined in the foregoing Declaration of Covenants, Conditions, and Restrictions for The Rouge (the "Declaration") to which this Consent and Subordination is attached) pursuant to that certain Construction Deed of Trust recorded on June 30, 2022 in Book 13010, Page 758, in the Register's Office of Hamilton County, Tennessee (the "Security Instrument"), and other collateral documents recorded in said office in connection with the Security Instrument and the debt secured thereby, hereby consents to the Declaration. The undersigned further subordinates its mortgage lien on and security interests in the Property, however created or granted, to the easements, rights, restrictions and covenants created and established in the foregoing Declaration; for avoidance of doubt, this shall not impair or impede the ability or authority of the undersigned to foreclose on its Security Instrument, and in the event the undersigned does foreclose on its Security Instrument it acknowledges that the Property shall nonetheless remain subject to the easements, rights, restrictions and covenants created and established in the Declaration. The undersigned does not consent to any other matters other those expressly described herein.

Dated this 14th day of July, 2022.

FIRST CITIZENS NATIONAL BANK

By: [Signature]
Title: Community Bank President
Print Name: Sam Turnipseed

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Before me, Dee Seay of the state and county mentioned, personally appeared Sam Turnipseed with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be the ~~Bank President~~ ^{Community} of FIRST CITIZENS NATIONAL BANK, the within named bargainer, and that as such ~~Bank President~~ ^{Community}, executed the foregoing instrument for the purpose therein contained, by personally signing the name of FIRST CITIZENS NATIONAL BANK as its Community Bank President.

WITNESS my hand, at office, this 14th day of July, 2022.

[Signature]
Notary Public
My Commission Expires:

