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**DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS**

**RECITALS**

This Declaration made by Tree Studios Development, LLC, a Tennessee Limited Liability Company (sometimes referred to as "Developer" or "Declarant"), as owner of the real property located in Chattanooga, Hamilton County, Tennessee, more particularly described according to the plat ("Plat") recorded in Plat Book 77, Page 65, Register's Office of Hamilton County, Tennessee, (sometimes referred to as "1800 Cowart Street" or the "Property"). Developer submits this instrument for the purposes contained herein.

**DECLARATION**

*S*  
*J*  
*J*  
*Q*  
*M*  
 Developer declares that townhouses shall be constructed on the real property described in the Plat and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the following terms and conditions, limitations, restrictions, easements, covenants, liens, and charges, all of which are declared and agreed to be in furtherance of a plan of ownership for 1800 Cowart Street, and all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Property. All of said restrictions, easements, covenants, conditions, liens, and charges shall run with the land, shall be binding on and inure to the benefit of all parties having or acquiring any right, title and interest in the Property, and shall be binding on and inure to the benefit of the successors in interest of such parties.

**ARTICLE I**

**DEFINITIONS**

In addition to the terms elsewhere defined herein, the following terms shall have the following meanings whenever used in this Declaration:

(a) "BUILDING" shall mean and refer to any Townhouse or structure which is part of the Improvements on the real property.

(b) "DECLARATION" shall mean and refer to this Declaration as the same may be amended, changed or modified from time to time.

(c) "DESIGN GUIDELINES" shall mean and refer to the Design Guidelines attached as Exhibit "A" hereto, which govern the approval of all plans for construction or improvements.

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(d) "IMPROVEMENTS" shall mean and refer to all improvements now or hereafter constructed on the property.

(e) "LOT" shall mean and refer to the numbered parcels depicted on the Plat recorded from time to time related to the Property.

(f) "MORTGAGE" shall mean and refer to any security instrument encumbering any Lot at 1800 Cowart Street. As used herein the term "Mortgage" shall include a Deed of Trust.

(g) "MORTGAGEE" shall mean and refer to the record owner of a beneficial interest under a Mortgage.

(h) "OWNER" shall mean and refer to any person, firm, corporation or other association in which title to a Lot is vested, as shown by the Register's Office of Hamilton County, Tennessee, but excluding those having such interest in a Lot merely as security for the performance of an obligation.

(i) "REGULATION PLAN" shall mean and refer to the Regulation Plan attached as Exhibit "B" hereto setting forth the uses permissible for property subject to this Declaration.

(j) "TOWNHOUSE UNIT" or "Unit" shall mean any one of those residential units located at 1800 Cowart Street.

## ARTICLE II

### RESTRICTIVE COVENANTS

Owner hereby imposes and charges upon all Lots at 1800 Cowart Street for the period set forth herein the following special covenants and conditions which shall run with the land for the use and benefit of the present and future owners of the Lots.

(a) Prior Approval of Plans. All plans for the erection or alteration of any structure on any Lot and Improvements shall be subject to the Design Principles attached hereto as Exhibit "A." No building, fence, Improvement or other structure shall be commenced, erected or placed or altered on the Property unless the dimensions, materials, exterior color scheme and location of such structure shall have been submitted to and approved in writing by the Developer. However, if the Developer shall fail to approve, disapprove, ask further questions, or request additional information regarding any proposed plans, specifications or locations within thirty (30) days after submission for approval, such plans, specifications and locations shall be conclusively deemed to have received approval. The Developer shall have the right to reject or disapprove any plans which do not comply with these covenants, or which are inconsistent with the architectural standards of 1800 Cowart Street. If approved and erected, the Owner of the Lot shall have the

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responsibility of maintaining such structures so as to prevent their deterioration and becoming a distraction or an eyesore. All fences must be kept in good repair, with no peeling paint or broken members to be allowed. Replacement of members will be with matching material. All wooden fences that the Owner elects to paint shall be white or a color approved by the Developer.

Except as may be required by the City of Chattanooga, any and all drainage plans for any Lot shall provide that there shall be no increase in storm waters flowage for any adjoining Lot.

In reviewing the plans, specifications and locations, the Developer shall have the right to require drawings to scale that define in sufficient detail the design of any addition and its relationship to the overall development, and to take into consideration the suitability of the proposed structure and of the materials of which it is to be built. The Developer may also consider the total investment contemplated, the harmony thereof with the surroundings, and the effect of the structure, as planned, on the view from adjacent or neighboring properties.

It is contemplated that Owners may add apartments over their garages. Developer shall provide the design specifications for such apartments and shall have the approval rights set forth herein with respect to such apartments.

All builders and/or contractors must be licensed currently in the State of Tennessee and approved by The Developer prior to commencing work.

(b) Use of Land. (1) The Lots shall be used for those uses set forth on the Regulation Plan attached as Exhibit "B".

(2) Any damage done to street, drive, sidewalk or curbing by the Owner of any Lot or by a contractor employed to build improvements on any Lot will be repaired immediately at the expense of the Owner or contractor. Temporary construction support must be provided for the curbs and sidewalks by the Owner or contractor during the time of construction.

(3) Only quality materials and design will be accepted on any structure built on any Lot. Materials will be reviewed or rejected during design review.

(4) No satellite dishes or other such structures shall be allowed on any Lot, except on the roofs provided they do not protrude beyond the parapet wall.

(5) Air conditioning and heating units shall be architecturally screened or landscaped so as not to be visible from any street.

(6) All of the Lots must from the date of purchase from Declarant be maintained by the Owner in a neat and orderly condition with the grass being cut when needed and leaves, broken limbs and other debris being removed. In the event that an Owner of a Lot fails to maintain his Lot in a neat and orderly condition, Declarant may enter upon such Lot without liability, put the Lot into an orderly condition and bill the cost of such work to the Owner.

(7) No trailer, mobile home, junked or inoperable vehicles, tent, shack or other similar structure shall be placed or permitted to remain on any Lot, nor shall any incomplete structure be used as a residence, temporarily or permanently. No travel home, boat or other recreational vehicle may be stored or parked on any Lot, drive or street. No trailer trucks shall be parked or kept on any of the drives or streets or on any Lot. No vehicles may be parked on grass. Parking shall be only in designated spaces on the Owner's property.

(8) Common garbage holding enclosures are provided at the Southeast corner of Lot 1 and the Southwest corner of Lot 7. Units 1,2 & 3 will use the enclosure on Lot 1 and Units 4,5,6,7 will use the enclosure on Lot 7. If the Owners of Lot 1 or Lot 7 build over these enclosures with a garage or other approved structure, continuous access to the garbage enclosure shall be maintained during and after construction.

(9) All mailboxes must be of a material and design approved by the Developer.

(10) No garden tools, wheel barrows, lawn mowers, bicycles, other toys, BBQ grills, or equipment of any nature shall be permitted to be left in the front yard or front porch of any Lot nor shall said items be visible from any street. Clothes which are hung outside to dry must be in the rear of the Townhouse Units only. All garbage cans must be stored in the garbage can enclosures and out of view from the street so as not to destroy the attractiveness and the desirable appearance and character of the Townhouse Units. All garbage must be stored in a container with a tight fitting lid. Brush and leaves may be piled along the curb for pick-up if the Owner coordinates this pick-up with the City trash pick-up schedule. Brush and leaves should not be left by the curb longer than ten (10) days. In the event that any Owner shall after three (3) days written notice from the Developer fail to remove any of the above-described items from the front yard or front porch, then the Owner of Lot violating this provision shall be liable to the Developer for liquidated damages at the rate of Twenty- Five Dollars (\$25.00) per day until said items are removed and to payment of court costs and attorneys' fees as may be incurred.

(10) All dogs must be kept in accordance with applicable local and state laws and ordinances.

(11) Any and all vegetable gardens cultivated by the Owner of any Lot must be small and located in the back yard. Flowers, herbs and grasses are permissible in the front yard.

(12) The area in the front yards to the curb of all Lots are the responsibility of the Lot Owner and must be mowed regularly in order to maintain a neat and orderly appearance.

(13) Any sign used as an entrance sign or otherwise identifying the development must be approved in writing by the Developer.

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(14) Changes to the paint color of the exterior of a Unit shall require the prior approval of the Developer.

(c) Prohibition of Commercial Use or Nuisance. All uses shall be governed by the Regulation Plan attached as Exhibit "B". No nuisance shall be permitted or maintained upon any of the Lots. No livestock or fowl shall be kept or allowed to be or remain on any Lot, although ordinary household pets may be kept by the Owners of the Lots.

The Developer may grant permission for yard sales, bake sales and special events. Minor agricultural pursuits incidental to residential use of the Lots may be permitted, that such pursuits are to the rear of the Townhouse Units and do not include the raising of crops intended for marketing or sale to others.

(d) Easements. Developer reserves for itself, its successors and assigns, and/or the Lot Owners permanent easements as follows:

(1) Utility Easements. The permanent and perpetual use under, along and over those areas shown on the Plat for the installation and maintenance of utility lines, telephone cables, water lines, sewer and drain pipes, gas lines, and such other facilities provided to a Townhouse Unit, including the replacement and/or maintenance of said facilities.

(2) Driveway Easements. The permanent and perpetual joint use to each Owner of a Lot for ingress and egress and full and free right and liberty for each Owner of a Lot, their tenants, servants, visitors, and licensees in common with all other Lot Owners having the right at all times hereafter, with or without vehicles of any description, for all purposes connected with the use and enjoyment of the Townhouse Unit, to have ingress to and over and the right to pass and repass along the driveway easement shown on the Plat for all lawful purposes connected with the use and enjoyment of the Unit as a townhouse dwelling, including but not limited to vehicular and pedestrian ingress and egress but for no other purposes.

Each Owner is responsible for the maintenance of the driveway.

Notwithstanding the expiration of the covenants and restrictions set forth in this Declaration, the easements granted herein are permanent and perpetual and shall run with the land and shall be binding on the Developer, its agents, successors and assigns and anyone claiming under it as owner or occupants thereof, as well as on all Owners.

(3) Garbage Enclosures. The Owners of Lots 2 and 3 shall have an easement to use the garbage enclosure on Lot 1, and easements to access the garbage enclosure. The Owners of Lots 4, 5 and 6 shall have an easement to use the garbage enclosure on Lot 7 and easements to access the garbage enclosure.

(4) Stormwater Easement. The Developer, the City of Chattanooga and other Owners shall have an easement on all Lots for stormwater retention as may be required by the Developer or the City of Chattanooga from time to time. The stormwater easement is currently the same easement as the utility and ingress and egress easement.

(e) Sanitation. Before any Townhouse Unit shall be occupied, the Unit shall be connected to a public sewer.

(f) Right to Abate Violations. If any Owner at any time violates or attempts to violate any of the covenants, conditions, restrictions, agreements, reservations or easements herein provided, the Developer or any other Owner of a Lot may prosecute any proceedings at law or in equity against the Owner or Owners violating or attempting to violate and to prevent them from so doing or to recover damages for such violations or to obtain specific performance of these covenants.

(g) Right to Enforce. The provisions herein contained shall inure to the benefit of and be enforceable by: (1) the Developer; (2) the Developer's successors or assigns or its duly authorized representative; (3) the grantees in deeds of Lots conveyed in 1800 Cowart Street, their respective heirs, executors, administrators or assigns; (4) any Owner or subsequent Owner of any Lots in said development. The costs and expenses incurred for enforcing the provisions of this Declaration including reasonable attorneys' fees shall be borne by the Owner of the Lot against whom enforcement is sought. The failure of any of the above enumerated persons or organizations to enforce any restrictions, conditions, covenants or agreements herein contained shall in no event be deemed a waiver of the right to do so thereafter as to the same breach or any breach or subsequent thereto.

(h) Signs on Lots. No sign of any kind shall be displayed to the public view on any Lot except any signs used to advertise the property during the construction or a sales period. If the Developer approves a yard sale, bake sale or other special event pursuant to Article II(c) hereof, temporary signs may be posted provided these signs are removed within 24 hours after the event.

(i) Amendments and Duration. The covenants and restrictions of this Declaration shall run with and bind the Property for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless seventy-five percent (75%) of the Lot Owners record an instrument terminating this Declaration not less than ninety (90) days prior to the expiration of the initial term or any renewal term.

(j) Building Codes. The Property shall not be used or altered in any way that would constitute a violation of the building code or other ordinances of the City of Chattanooga.

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(k) Occupancy. For the duration of these Restrictive Covenants, the maximum number of persons who may occupy any Townhouse Unit at 1800 Cowart Street shall be based on the number of bedrooms contained in such residence and shall be as follows:

<u>Number of Bedrooms</u>	<u>Number of Persons</u>
1	2
2	4
3	6
4	8

The apartments, if any, shall have a maximum occupancy of two people per unit.

Further, it is desirable that the above ratios be maintained for the Townhouse Units, and, to that end, any extension of the nuclear single family will not be permitted by inclusion of in-laws or other than the owners and children of owners where such inclusion will exceed the above ratios.

### ARTICLE III

#### RESPONSIBILITIES AND PROCEDURES AS TO PAYMENT FOR REPAIRS, UTILITIES AND INSURANCE

##### (a) Repairs, Etc.

(1) Damage which occurs to a Unit or Lot is the responsibility of the Lot Owner, and the Lot Owner shall be responsible for the prompt reconstruction and repair after the casualty. In the event the Lot Owner fails to make such repairs or reconstruction promptly, the Developer reserves the right to make such repairs and to assess the Lot Owner therefor, plus fifteen percent (15%) of all sums expended in repair or reconstruction as a fee for the Developer's services. Should said Lot Owner fail to promptly pay said assessment to the Developer, the Board may elect to exercise any remedy contained in Article V hereof.

(2) The Developer shall have no obligation for the maintenance, repair or reconstruction of any Unit or Lot.

(b) Utilities. Each Lot Owner shall be required to have all utilities serving said Lot separately metered,

(c) Insurance. Each Lot Owner shall secure insurance on his or her unit in amounts such Lot Owner deems appropriate but not less than the minimum replacement value.

## ARTICLE IV

USE RESTRICTIONS

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No use or practice shall be permitted on the Lot or in the Units which is the source of annoyance to Owners or tenants, or which interferes with the peaceful possession and the proper use of the Units by its residents. All parts of the Townhouse Units shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate, nor any fire hazard allowed to exist. No improper, offensive, or unlawful use shall be made of the Unit or improvements thereon or any part thereof. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification, or repair of any improvements on a Unit shall be the responsibility of the person or entity responsible for the maintenance and repair of the property concerned.

## ARTICLE V

COMPLIANCE, DEFAULT AND REMEDIES

(a) Each Lot Owner shall be governed by, and shall comply with, the terms of this Declaration, and rules and regulations adopted pursuant thereto, as they all may be amended from time to time. A default shall entitle the Developer to the relief described in subparagraphs (b) and (c) of this Article V.

(b) Lot Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, invitees, or lessees.

(c) In the event of any violation of the provisions of this Declaration, or rules and regulations promulgated pursuant thereto by any Lot Owner (either by his conduct or by the conduct of any occupant of his Lot), the Developer, or its successors or assigns shall have each and all of the rights and remedies which may be provided for in this Declaration, or said rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Lot Owner and/or others for enforcement of any lien, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof. All expenses of the Developer in connection with any such action or proceeding, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the maximum interest rate allowed by Tennessee Law, until paid shall be charged to and assessed against such defaulting Lot Owner, and the Developer shall have a lien for all of the same, upon the Lot, of such defaulting Lot Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or Lot or located elsewhere on the Property; provided however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed to secure debt on the Lot. In the event of any such default by any Lot Owner, the Developer shall have the authority to correct such default, and to do whatever may be necessary for such purpose and all expenses in connection



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therewith shall be charged to and assessed against each defaulting Lot Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Developer.

(d) Upon the violation of any restriction or condition or regulation adopted by the Developer, the Developer shall have the right, in addition to any other rights provided for in this Declaration:

(1) To enter upon the Lot, as to which such violation or breach exists, and to summarily, abate and remove at the expense of defaulting Lot Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Developer, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or

(2) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

#### ARTICLE VI

##### TRANSFER OF A LOT

(a) Transfers. Any Lot Owner may sell, give, devise, lease or otherwise transfer his Lot, or any interest therein, to any party. The Lot shall remain subject to this Declaration.

#### ARTICLE VII

##### AMENDMENTS

This Declaration may be amended at any time in the following manner:

(a) Written notice of the subject matter of any proposed amendment shall be given to each Owner.

(b) The amendment must be approved in writing suitable for recording by seventy-five percent (75%) of the Lots.

(c) No amendment shall discriminate against any Lot Owner, or against any Lot or class or group of Lots, unless the Lot Owners so affected shall consent. No amendment shall change any Lot unless the Owner of the Lot(s) and all record holders of liens thereon shall join in the execution of the amendment, and the provisions of all other relevant Articles of this instrument are complied with.

(d) The original of each amendment must be duly recorded.

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(e) For a period of Ten (10) years from the date this Declaration is recorded, the consent of the Developer is also required to amend this Declaration.

#### ARTICLE VIII

##### NON-LIABILITY OF THE DEVELOPER

(a) The Developer shall not be liable to the Lot Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Developer, except for any acts or omissions found by a Court to constitute fraud.

(b) The Developer shall not be liable to any Lot Owner for the acts or omissions of any other Lot Owner or any third party.

(c) **IF NOTWITHSTANDING THE PROVISIONS OF PARAGRAPHS (A) AND (B) ABOVE, DEVELOPER IS FOUND TO BE LIABLE TO ANY LOT OWNER, TO THE FULLEST EXTENT PERMITTED BY LAW, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS DECLARATION OR ANY AGREEMENT WITH A LOT OWNER, THE TOTAL LIABILITY, IN THE AGGREGATE, OF THE DEVELOPER AND THE DEVELOPER'S OFFICERS, MEMBERS AND EMPLOYEES, AND ANY OF THEM TO THE LOT OWNER AND ANYONE CLAIMING BY OR THROUGH THE LOT OWNER, FOR ANY AND ALL CLAIMS, LOSSES, COSTS OR DAMAGES, INCLUDING ATTORNEYS' FEES AND COSTS AND EXPERT WITNESS FEES AND COSTS OF ANY NATURE WHATSOEVER RESULTING FROM OR IN ANY WAY RELATED TO THE 1800 COWART STREET DEVELOPMENT FROM ANY CAUSE OR CAUSES SHALL NOT EXCEED THE TOTAL PROFIT RECEIVED BY THE DEVELOPER FROM THE SALE OF THE UNIT OWNED BY THE LOT OWNER, OR THE TOTAL AMOUNT OF \$25,000.00, WHICHEVER IS GREATER. IT IS INTENDED THAT THIS LIMITATION SHALL APPLY TO ANY AND ALL LIABILITY, CLAIM OR CAUSE OF ACTION HOWEVER ALLEGED OR ARISING, UNLESS OTHERWISE PROHIBITED BY LAW.**

#### ARTICLE XIV

##### RELEASE OF ARCHITECT

(a) Hefferlin + Kronenberg Architects, PLLC, a Tennessee professional limited liability company, ("Architect") has served as architect for the Project. The Architect is a related party to the Developer. Each Owner by acceptance of the deed to the Unit, agrees to look solely to the Developer for any claims. Each Owner hereby releases the Architect for any and all liability in connection with the Project.

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- (b) IF NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (A) ABOVE, THE ARCHITECT IS FOUND TO BE LIABLE TO ANY OWNER, TO THE FULLEST EXTENT PERMITTED BY LAW, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS DECLARATION OR ANY AGREEMENT WITH AN OWNER, THE TOTAL LIABILITY, IN THE AGGREGATE, OF THE ARCHITECT AND THE ARCHITECT'S OFFICERS, MEMBERS AND EMPLOYEES, AND ANY OF THEM TO THE OWNER AND ANYONE CLAIMING BY OR THROUGH THE OWNER, FOR ANY AND ALL CLAIMS, LOSSES, COSTS OR DAMAGES, INCLUDING ATTORNEYS' FEES AND COSTS AND EXPERT WITNESS FEES AND COSTS OF ANY NATURE WHATSOEVER RESULTING FROM OR IN ANY WAY RELATED TO THE 1800 COWART STREET DEVELOPMENT FROM ANY CAUSE OR CAUSES SHALL NOT EXCEED THE TOTAL AMOUNT OF \$25,000.00. IT IS INTENDED THAT THIS LIMITATION SHALL APPLY TO ANY AND ALL LIABILITY, CLAIM OR CAUSE OF ACTION HOWEVER ALLEGED OR ARISING, UNLESS OTHERWISE PROHIBITED BY LAW.

#### ARTICLE X

##### SEVERABILITY

The invalidity in whole or in part of any covenant or restrictions, or any paragraph, subparagraph, sentence, clause, phrase, or word, or other provision of this Declaration, shall not affect the validity of the remaining portions thereof.

#### ARTICLE XI

##### CESSATION OF DEVELOPER'S RIGHTS

Developer may retain the rights granted to Developer by this Declaration for a period of up to Ten (10) years. After Ten (10) years, or such earlier time as the Developer relinquishes such rights by an instrument in writing recorded with the Register of Hamilton County, Tennessee, the Developer's rights hereunder shall cease. After the rights of the Developer cease, the rights formerly held by the Developer shall terminate. Notwithstanding the termination of Developer's rights, the Developer's right to have prior approval of plans as provided in Article II (a) shall be vested in and exercised by a majority of the Owners of other Units. Each Owner shall retain the right to enforce the provisions of this Declaration which can be enforced by an individual Owner.

#### ARTICLE XII

##### OWNER RIGHTS

After the rights of the Developer terminate pursuant to Article XI, each Owner shall be entitled to enforce a violation by another Owner of the provisions of this Declaration. After the

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rights of the Developer terminate pursuant to Article XI, powers formerly held by the Developer (e. g., the right to approve alterations to a Unit) shall vest in the Owners, acting by majority vote, provided that a change in the exterior paint color shall require the consent of six Owners. Each Unit shall be entitled to one vote.

ARTICLE XIII

AMENDMENT

Until all Units have been sold, Developer has the right to change and/or amend any of the provisions contained in these restrictive covenants. Any such amendment or change shall be in writing and recorded with the Hamilton County Register's Office.

IN WITNESS WHEREOF, Tree Studios Development, LLC has caused this Declaration to be executed this the 8 day of September, 2005.

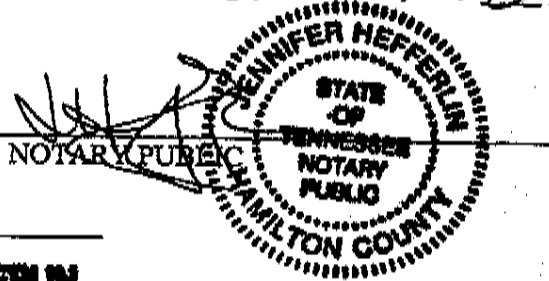
TREE STUDIOS DEVELOPMENT, LLC

By: [Signature]  
Its: PRESIDENT

STATE OF TENNESSEE  
COUNTY OF HAMILTON

Before me, Jennifer Hefferlin, of the state and county aforesaid, personally appeared Judi Hefferlin with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged to be the Chief Manager of Tree Studios Development, LLC, the within named bargainer, a limited liability corporation, and that he/she as such officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as such officer.

WITNESS my hand and seal at office in Chattanooga, Tennessee, this 8 day of September, 2005.



My Commission Expires: \_\_\_\_\_

**JENNIFER HEFFERLIN**  
NOTARY PUBLIC, STATE OF TENNESSEE  
MY COMMISSION EXPIRES 7-18-2008

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**EXHIBIT A**

**DESIGN PRINCIPLES**

The overriding principle is any change to exterior of the Unit or any garage be compatible with and enhance rather than detract from the appearance or the value of the whole development.

The Developer has endeavored to build a harmonious living environment in seven Townhouses whose properties extend from the 18th Street property line to the rear property line to the South. The Developer encourages individuals to improve their property to suit their lifestyle. The construction of new structures, such as a garage to the rear of the Units with perhaps a bonus room or an apartment above (if permitted by the City of Chattanooga), or a two-story, one or two unit apartment in lieu of a garage (if permitted by the City of Chattanooga) or the enclosing of the roof decks to the South are allowed by these covenants, as is. Individual expression of the Owners through landscaping, painting and incidental additions such as window boxes are allowed. All of these and any other alterations to the Units shall be submitted to the Developer for design review to insure compatibility with the Development. The minimum requirements for review are Drawings and/or Specifications that set forth in sufficient detail the proposed design and to ascertain the Scope of Work and its impact on the overall development. The Developer will have thirty (30) days to review the design and determine whether to allow the project, reject the project, or suggest modifications to be made and review the design changes for approval or to reject the project. The decision of the Developer shall be final and binding.

In summation, the Developer does not wish to prescribe designs, materials, methods or programs in these guidelines as it may limit sincere creative endeavor and material improvements to the overall development. However, the Developer retains the authority to reject any alteration proposal it deems inappropriate for any reason the Developer formulates.

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***EXHIBIT B***

**REGULATION PLAN**

The uses for the 1800 Cowart Street Townhouse development shall be single family residential. Home Occupations, as that term is defined from time to time in the City of Chattanooga zoning ordinance, are permitted.

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