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Hamilton County, Tennessee

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**DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS
FOR
WALNUT HILL TOWNHOMES**

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THIS DECLARATION ("Declaration") is made and entered into as of the 13th day of, February 2009, by **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company** ("Developer").

WITNESSETH:

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WHEREAS, Developer is the owner and/or developer of certain real property located in Hamilton County, Tennessee, and more particularly described in EXHIBIT "A" (the "Property"); and

WHEREAS, Developer wishes to submit the Property together with the improvements constructed and to be constructed thereon to the provisions of this declaration (to be referred to herein and in the future as the "Declaration").

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WHEREAS, Developer desires to provide a flexible and reasonable procedure for the overall development of the Property, including any Additional Property (as defined herein), and to establish a method for the administration, maintenance, preservation, use and enjoyment of such portions of the Property as are now or may hereafter be submitted to this Declaration;

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WHEREAS, Developer further desires to establish the provisions of this instrument for its own benefit and for the mutual benefit of all present and future owners or occupants of the Property or any part thereof, and intends that all present and future owners, occupants, future mortgagees, and any other persons hereinafter acquiring any interest in the Property shall hold said interest subject to certain rights, easements and privileges in, over and upon said Property and certain mutually beneficial restrictions, obligations and liens with respect to the proper use, conduct and maintenance thereof, hereinafter set forth, all of which rights, easements, privileges, restrictions, obligations and liens are declared to be in furtherance of a plan to promote and preserve the cooperative aspects of ownership of and residence on the Property and are established for the purpose of facilitating the proper administration of the Property and enhancing and perfecting the value, desirability and attractiveness of the Property.

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**ARTICLE I
DEFINITIONS**

- (a) "**Declaration**" means this instrument.
- (b) "**Association**" shall mean and refer to the WALNUT HILL TOWNHOME OWNERS' ASSOCIATION, INC., a Tennessee not for profit corporation.
- (c) "**Assessments**"/"**Association Dues**" shall mean and refer to charges levied against Lots to fund Common Expenses, and any other expenses of the Association.
- (d) "**Board or Board of Directors**" means the governing body of the Association as ascertained by the Bylaws (as defined herein below).
- (e) "**Buildings**" means the structures containing the Townhomes (as defined herein below).
- (f) "**Bylaws**" means the bylaws of the Association as set forth in Exhibit "B" attached hereto and made a part hereof.
- (g) "**Common Elements**" means those portions of the Property which are more particularly described in Exhibit "D" attached hereto and made a part hereof, including but not limited to, retaining walls, common driveways, common fencing, entrance signs, electronic devices, stormwater control facilities, and areas and facilities which are now or hereafter contained within the Property.
- (h) "**Common Expenses**" means the proposed or actual expenses affecting the Property, including reserves lawfully assessed by the Board. Such Common Expenses shall consist of the expenses of the administration, management, maintenance, operation, repair or replacement of and additions to the Common Elements and any other expenses incurred in conformance herewith, this Declaration, the Rules and Regulations, and the Bylaws.
- (i) "**Co-owner**" means the person(s) whose estates or interests, individually or collectively, aggregate fee simple ownership of a Townhome and of (as members of the Association) the undivided interest in the Common Elements appurtenant thereto, but shall not include those having an interest in a Townhome merely as security for the performance of an obligation. Unless specifically provided otherwise herein, Developer shall be deemed a Co-owner so long as it is the legal title holder of any Townhome. Any provision to the contrary notwithstanding, joint owners shall be deemed one Co-owner. If any Townhome shall be owned by more than one person or by a corporation, partnership or one or more fiduciaries, such owner(s) shall designate one person to represent such Townhome with respect to the Association and to cast the vote of such Townhome.
- (j) "**Developer**" means Urban Renaissance Group, LLC, a Tennessee limited liability company.
- (k) "**Lot**" or "**Lots**" means any improved or unimproved parcel of land located within the Property, which is intended for use or used as a site for a Townhome, as shown upon any recorded Plat.
- (l) "**Majority**" means, unless otherwise specified, Two-thirds (2/3) or more of the "total number of votes" present at a meeting of the Association. The total number of votes shall equal the total number of

Townhomes owned by Co-owners who are members of the Association. Each Co-owner shall hold one (1) vote for each Townhome owned.

(m) "Plat" or "Plats" means that plat or plats recorded or to be recorded in the Register's Office of Hamilton County, Tennessee, comprising the plat of Walnut Hill Townhomes, and revisions, amendments and supplements thereto, are incorporated herein by reference as fully as though copied herein.

(n) "Property" means and includes the real property described in Exhibit "A", attached hereto and made a part hereof, and all structures and improvements constructed and to be constructed thereon and all easements, rights and appurtenances belonging thereto. As provided for herein, Developer may unilaterally, in its sole discretion, add Lot Five (5), Walnut Hill Townhomes, as shown by plat of record in Plat Book 85, Page 21, in the Register's Office of Hamilton County, Tennessee ("Additional Property"), to the Property. The "Additional Property" shall be subject to the provisions of this Declaration.

(o) "Townhome Regime"/"Townhome Development" means the Walnut Hill Townhomes, which is a Townhome Development consisting of Lots and Common Elements as designated by the Plat which Lots and Common Elements are subject to this Declaration, the Bylaws and the Rules and Regulations of the Association.

(p) "Townhomes" means that portion of the Property, as determined by the records in the Register's Office of Hamilton County, Tennessee, or designated on the Plat(s) by the term "Lot", and to which fee simple title has been or shall be conveyed exclusively to a Co-owner for said Co-owner's independent use, subject to the terms and provisions herein.

ARTICLE II PLAN OF DEVELOPMENT

2.1 Submission to Declaration. Developer, as the legal title holder in fee simple of the Property, expressly intends the following:

(a) This Townhome Regime shall be known as Walnut Hill Townhomes, a Townhome Development, or by such name or names as shall be selected from time to time by Developer or the Association;

(b) The Property is hereby submitted to the provisions of this Declaration.

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

2.3 Property Development. Developer hereby expressly reserves the right to continue construction of improvements, from time to time and any time so long as Developer owns fee simple title to any portion of the Property, on that portion of the Property to which Developer holds fee simple title, in order to

improve the Common Elements and to construct Townhomes on those portions of the Property designated for individual Townhomes, as determined by the Plat.

2.4 Termination of the Townhome Regime. After the Turnover Date (as defined in the Bylaws), and subject to the provisions herein, this Townhome Regime shall only be terminated by not less than eighty percent (80%) of the affirmative vote of all Co-owners and by written consent obtained from all those mortgagees that are subject to this Declaration.

2.5 Annexation of Additional Property. Developer shall have the right, privilege, and option, in its sole discretion, to subject the Additional Property to the provisions of this Declaration and to the administration of the Association by filing an amendment to this Declaration in the public records of Hamilton County, Tennessee. Such amendment shall not require the consent of any of the Co-owners, any mortgagee of any Co-owner or the Association, but shall require the consent of the owner of such Additional Property, if the owner of such Additional Property is other than Developer. Any such annexation shall be effective upon the filing of record of such amendment, unless otherwise provided therein. Developer shall have the right, in its sole discretion, to transfer to any other person or entity the right, privilege, and option to annex Additional Property, which is reserved herein to Developer, provided that such transfer is memorialized in an amendment to this Declaration.

ARTICLE III PROPERTY RIGHTS AND RESTRICTIONS

3.1 Co-Owner's Rights - Exclusive And Common. A Co-owner shall have:

- (a) The exclusive ownership in fee to the Co-owner's Townhome, subject to the other provisions of this Declaration; and
- (b) As an appurtenance to the ownership of such Townhome, an equal and undivided interest in the Common Elements.

3.2 Use and Occupancy of Townhomes and Common Elements. Subject to the provision of this Declaration and the Bylaws, the Townhomes and Common Elements shall be occupied and used according to the rules and regulations as set forth in Exhibit "C" attached hereto and made a part hereof (the "Rules and Regulations"), as amended from time to time.

3.3 Easements Affecting the Property. Without hereby limiting the Board's authority to grant easements from time to time with respect to parts of the Common Elements, as set forth herein, each Co-owner shall take title to said Co-owner's Townhome subject to the rights of other Co-owner's to use the Common Elements and also subject to the following:

- (a) If any portion of the Common Elements encroaches upon any Townhome resulting from construction and development of the Property, or any Townhome encroaches upon any portion of the Common Elements, there shall hereby be granted and reserved mutual easements in favor of the Association as owner of the Common Elements and the respective Co-owner(s) involved, to the extent of such encroachment, so long as the same shall exist; provided, however, that no such easement shall arise in favor of any Co-owner if the encroachment interferes with the structural integrity of any of the Common Elements or the use and enjoyment thereof by other Co-owners; and provided further that no such easement shall arise in favor of any Co-owner who creates an

encroachment by said Co-owner's intentional or negligent conduct, or that of said Co-owner's agent.

(b) All suppliers of utilities, including cable television, serving the Property may be granted non-exclusive easements at the discretion of the Association to install, lay, construct, operate, maintain, renew, repair and replace conduits, ducts, cables, pipes and wires and other equipment or structural components in, to, over, under, across and through any portion of the Common Elements for the purpose of providing the Property with utility services, together with the reasonable right of ingress to and egress from the Property or any part thereof for said purpose.

(c) All suppliers of landscaping, and lawn care and maintenance, serving the Property may be granted non-exclusive easements at the discretion of the Association to install, maintain, repair and replace trees, shrubs, grass, mulch, etc., together with the reasonable right of ingress to and egress from the Property for said purposes.

(d) There shall be a non-exclusive, permanent and perpetual pedestrian ingress and egress easement over, across, and upon the sidewalk(s) located upon the Property and any Additional Property. Co-owners shall be responsible for the maintenance and repair of that portion of any sidewalk that exists upon his/her/their/its Lot or Lots.

(e) The Association, at its discretion, may grant such other easements as the Association may deem desirable.

3.4 Lease of a Townhome.

(a) With the exception of Subsection 3.4 (b) below (unless otherwise specified), this Section 3.4 shall not apply to the lease of a Townhome by a Co-owner to such Co-owner's spouse, child, parent, grandparent, brother, sister, grandchild or descendent, or to any one or more of them, (hereinafter individually or collectively "Family Member"), or to any trustee of a trust, the sole beneficiary of which is said Co-owner or said Co-owner's Family Member or any one or more of them, or to any partnership of which the Co-owner or said Co-owner's Family Member, or any one or more of them are the sole partners. It is provided, however, that notice of such lease shall be given by the Co-owner to the Board within ten (10) days following the consummation of such lease.

(b) A copy of any lease of a Townhome or interest therein, as and when executed, shall be furnished to the Board. The lessee under every such lease shall be bound by and subject to all of the obligations under this Declaration and the Bylaws and the lease shall expressly provide language to that effect. The Co-owner making such lease shall not be relieved thereby from any of said obligations. Upon the expiration or termination of such lease, or in the event of any attempted assigning or subleasing thereunder, the provisions of this Section 3.4 shall apply to said Townhome or interest therein.

(c) Whenever a Co-owner shall propose to lease said Co-owner's Townhome, or any interest therein, to any person or entity other than a person or entity described in Subsection 3.4(a) above, said Co-owner shall give the Board not less than twenty (20) days prior written notice of the lease proposed by the Co-owner and shall state the name and address, and occupation or employment, if any, of the proposed lessee. The notice shall also include a copy of the proposed

lease, or other documents affecting said lease and all pertinent terms and conditions of such lease.

(d) Lease of a Townhome by Developer shall not be subject to the provisions of this Section 3.4. Developer reserves the right to lease any unsold Townhome owned by Developer under such terms and conditions as Developer shall deem proper.

(e) A lease of a Townhome or interest therein by the holder of a first mortgage on a Townhome, in which the holder comes into possession of the mortgaged Townhome through foreclosure or other judicial sale, or through any conveyance made to such holder in lieu of foreclosure, shall not be subject to the provisions of this Section 3.4. Such first mortgage holder shall be entitled to do any of the following, all without being subject to any of the provisions of this Section 3.4:

- (i) foreclose or take title to a Townhome pursuant to the remedies provided in the mortgage; or
- (ii) accept a deed (or assignment) in lieu of foreclosure in the event of a default by a mortgagor; or
- (iii) sell or lease a Townhome acquired by the mortgagee.

(f) The Board may from time to time adopt rules and regulations not inconsistent with the provisions of this Section 3.4 for the purpose of implementing and effectuating said provisions.

(g) If any lease of a Townhome is made or attempted without complying with the provisions of this Section 3.4, such lease shall be subject to each and all rights and remedies and actions available to the Association hereunder or otherwise.

(h) Except as otherwise restricted in this Declaration, a Townhome is freely alienable as provided by applicable law.

(i) The lease of a Townhome by a Co-owner shall not relieve that Co-owner from paying his/her/their/its proportionate share of the Common Expenses. It is the Co-owner who is responsible for paying the Common Expenses to the Association. Co-owners are advised to collect the proportionate amount of Common Expenses from tenants, in addition to monthly rent payments. In any lease, Co-owners should place a provision for collecting Common Expenses, along with a provision setting forth the fact that the amount of Common Expenses may fluctuate.

3.5 Rights Reserved. A Co-owner's rights or enjoyments of the Common Elements as herein created shall be subject to:

- (a) The right of the Association to suspend the enjoyment rights of any Co-owner in utilities, ingress and egress, and all other rights in the Commons Elements for any period during which any Assessment remains unpaid, and for such period as it considers appropriate for any infraction of its Rules and Regulations; and
- (b) The right of the Association to charge reasonable fees for the use of any portion of the Common Elements; and
- (c) The right of the Association to diminish in any way or to dedicate or transfer all or any part of

the Common Elements to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Board, provided that no such diminution, dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless Developer, (so long as Developer owns a Townhome) and not less than eighty percent (80%) of the total vote of all of the Co-owners agree to such dedication, transfer, purpose or condition; and

(d) The right of the Association to grant such assessments and rights-of-way to such utility companies or public agencies or authorities as it shall deem necessary for the proper servicing and maintenance of the Common Elements and the individual Townhomes.

3.6 Rights of Mortgagees.

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

- (i) abandonment or termination of the Townhome Regime or removal of the Property from the provisions of this Declaration, except for removal provided by law, or in the case of destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;
- (ii) any amendment to this Declaration which changes the interest of the Co-owners in the Common Elements, except amendments pursuant to Paragraphs 6.2 and 8.1, hereof;
- (iii) use of hazard insurance proceeds for losses to the Common Elements for other than the repair, replacement, or reconstruction of such improvements, except in the case of substantial loss to the Townhomes and/or Common Elements as provided herein;
- (iv) any amendment to this section 3.6(a) or to any other provision in this Declaration which specifically grants rights to the holders of such first mortgages or deeds of trust.

(b) Upon written request, any mortgagee subject to this Declaration shall be entitled to:

- (i) inspect the books and records of the Association during normal business hours, upon reasonable notice;
- (ii) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Co-owner's;
- (iii) receive written notice of all meetings of the Association and permitted to designate a representative to attend all such meetings;
- (iv) receive written notice of any default in the obligations hereunder of any Co-owner of such Townhome encumbered by such first mortgage lien, not cured within thirty (30) days after notice of such default has been sent to such Co-owner by the Association; and
- (v) receive written notice of any material amendment to this Declaration, the Bylaws or the Charter of the Association.

However, the Association's failure to provide any of the preceding to a first mortgagee who has so requested same shall not affect the validity of any action or decision which is related to the foregoing, nor shall the Association have any liability on account of its good faith failures to so provide.

(c) Upon written request, a first mortgagee of any one or more Townhomes shall be entitled to timely written notice in the event of any substantial damage or destruction of any part of the Common Elements or if the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority. No Co-owner or other party shall be entitled to priority over such first mortgagee with respect to the distribution to such Co-owner or other party, with respect to such Townhome, of any insurance proceeds payable by reason of such damage or destruction or of the proceeds of any such condemnation award or settlement.

(d) When notice is to be given to any first mortgagee hereunder, the Board shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guaranteeing mortgages of Townhomes in the Townhome Regime, if the Board has notice of such participation.

3.7 Trustee as Townhome Owner. In the event title to any Townhome is conveyed to a trustee which holds title to a Townhome under the terms of which all powers of management, operation and control of the Townhome remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration and the Bylaws against such Townhome. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of any such lien or obligation shall continue to be a charge or lien upon the Townhome and the beneficiaries of such trust or any transfer of title to such Townhome.

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

3.9 No Partition. The Common Elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership thereof so long as the Common Elements are used for this Townhome Regime, and in any event, all lenders must either be paid in full prior to bringing an action for partition or their consent must be first obtained.

**ARTICLE IV
THE ASSOCIATION**

4.1 Association of Co-Owners; and Administration and Operation of the Property. There has been or will be formed [pursuant to the Charter of the Association to be recorded in the Register's Office of Hamilton County, Tennessee which Charter is made a part hereof as fully as if it were incorporated herein (the "Charter")] an Association having the name "Walnut Hill Townhome Owners' Association, Inc.," a Tennessee not for profit corporation, which Association shall be the owner of the Common Elements (as designated by the Plat or as stated herein). Upon the proper execution and recordation of this Declaration, the Association shall be the governing body for all of the Co-owners, with reference to the maintenance, repair, replacement, administration and operation of the Common Elements, as provided in this Declaration and the Bylaws. The Association shall have and exercise all powers necessary or convenient to affect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in this Declaration, the Bylaws, and the Rules and Regulations. All of the Co-owners irrevocably constitute and appoint the Association, in their names, as attorney in fact to effectuate the above. The Board shall elect and shall serve in accordance with the provisions of this Declaration and the Bylaws. Subject to this Declaration and Bylaws, the Board shall have standing to act in a representative capacity in relation to matters involving the Common Elements or more than one Townhome, on behalf of the Co-owners, as their interest may appear. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be for the sole benefit of the Co-owners, and all funds received by the Association shall be held and applied by it for the use and benefit of the Co-owners in accordance with the provisions of this Declaration and the Bylaws. Each Co-owner shall be a member of the Association. A Co-owner's membership shall automatically terminate upon the conveyance or transfer of said Co-owner's title to said Co-owner's Townhome to a new Co-owner, and the new Co-owner shall simultaneously succeed to the former Co-owner's membership in the Association. A Co-owner shall be entitled to one (1) vote in the Association for each Townhome owned by said Co-owner.

4.2 Management of Property. The Board shall have the authority to engage the services of a managing agent to maintain, repair, replace, administer and operate the Common Elements or any part thereof, and those items which are the responsibility of the Association, to the extent deemed advisable by the Board. The cost of such services shall be a Common Expense.

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

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

ARTICLE V MAINTENANCE

5.1 Maintenance, Repairs and Replacements.

(a) Maintenance of, repairs to, and replacements within the Common Elements, as set forth in Exhibit "D", shall be the responsibility of and shall be furnished by the Association. The cost of maintenance of, repairs to and replacements within the Common Elements shall be part of the Common Expenses, subject to the Bylaws and the Rules and Regulations of the Association. Said maintenance of, repairs to, and replacements within the Common Elements shall include, but not be limited to, irrigation (maintenance, repair, and operation of the irrigation system), the private common driveway (repair of pavement, sealing, de-icing), electronic entrance gate(s) (repair and maintenance), the retaining wall(s), and all of the Common Elements set forth in Exhibit "D."

(b) In addition to the discretionary authority provided herein for maintenance of all or any portion of the Common Elements, the Association shall also provide for the maintenance of, repairs to, and replacement of certain portions of the Co-owners' Lots, which shall include landscaping (installation, care, and replacement of trees, shrubs, mulch, etc.), and lawn care and maintenance (seeding, sodding, mowing, weed eating, irrigation, and aerification), which shall be a part of the Common Expenses.

(c) In addition to the discretionary authority provided herein for maintenance of all or any portion of the Common Elements, the Association shall have the authority to maintain and repair any Townhome, if such maintenance or repair is determined necessary in the reasonable discretion of the Board to protect the Common Elements, and, after prior written notice, the Co-owner of said Townhome has failed or refused to perform said maintenance or repair directed by the Board, and the Board shall have the right to levy a special Assessment against the Co-owner of such Townhome for the cost and expenses incurred for such necessary maintenance or repair.

(d) If, due to the act or negligence of a Co-owner, or said Co-owner's agent, servant, tenant, family member, invitee, licensee or household pet, damage is caused to the Common Elements or to a Townhome owned by others, or maintenance, repair or replacement are required, the cost of which would otherwise be a Common Expense, then such Co-owner shall pay for such damage or such maintenance, repair and replacement, as may be determined by the Association; however, the provisions of this Section 5.1 are subject to the provisions of section 6.1 hereof, providing for waiver of subrogation rights with respect to casualty damage insured against by reason of policies of insurance maintained by the Board.

(e) The authorized representatives of the Association, with approval of the Board, shall be entitled to reasonable access to the individual Townhomes as may be required in connection with

the preservation of the individual Townhomes in the event of an emergency, or in connection with maintenance of, repairs or replacements within the Common Elements, or any equipment, facilities or fixtures affecting or serving other Townhomes or the Common Elements, or to make any alteration required by any governmental authority.

(f) Co-owners shall be responsible for the maintenance and repair of that portion of any sidewalk that exists upon his/her/their/its Lot or Lots.

(g) The courtyards contained within each Lot are not part of the Common Elements, and each Co-owner shall maintain his/her/their own courtyard area.

5.2 Entry by Board. The Association, its agents or employees, may enter any Townhome when necessary in connection with the maintenance or reconstruction for which the Board is responsible, or which the Board has a right or duty to do. Such entry shall be made with as little inconvenience to a Co-owner as practicable, and any damage caused thereby shall be repaired by the Board as a Common Expense.

ARTICLE VI INSURANCE AND CASUALTY LOSS AND EMINENT DOMAIN

6.1 Insurance.

(a) The Board shall have the authority to and may obtain insurance for the Common Elements, against loss or damage by fire, vandalism, malicious mischief, and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements, and against such other hazards and for such amounts as the Board may deem advisable. Insurable replacement cost shall be deemed the cost of restoring the Common Elements, or any part thereof, to substantially the same condition as existed prior to damage or destruction. Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association, as the trustee for each of the Co-owners, and for the holders of mortgages on each Townhome, if any. Each such policy of insurance shall also contain, if possible, a waiver of subrogation rights by the insurer against individual Co-owners. The premiums for such insurance shall be Common Expense. The Board shall notify all persons insured under such policy in the event of any cancellation thereof.

(b) The Board shall also have authority to and may obtain comprehensive public liability insurance, in such amounts as it deems desirable, and worker's compensation and other liability insurance as it deems desirable, insuring the Co-owners, individually and severally, any mortgagee of record, the Association, its officers, Directors and Board, Developer, and the managing agent, if any, and their respective employees and agents and all persons acting as their respective agents, from liability in connection with the ownership, existence, use or management of the Common Elements. Developer and Developer's representatives shall be included as additional insureds in their capacities as Co-owners and/or Board members. The Co-owners shall be included as additional insureds, but only with respect to their interest in the Common Elements. Each such policy of insurance shall cover claims of one or more insured parties against other insured parties and shall also contain a waiver of subrogation rights by the insurer against such insured persons or entities. Each such policy shall also contain a "severability of interest" endorsement, which shall preclude the insurer from denying the claim of a Co-owner

because of negligent acts of the Association or any other Co-owner. The premiums for such insurance shall be a Common Expense. The Association shall notify all persons insured under any such public liability policy in the event of any cancellation thereof, and shall retain in safekeeping any such public liability policy for twenty (20) years after the expiration date of the policy. The comprehensive public liability insurance shall cover all the Common Elements, public ways and commercial spaces owned by the Association, whether or not the same are leased to a third party. Coverage shall be for at least an amount as may be required by private institutional mortgage investors for bodily injury, including deaths of persons and property damage arising out of a single occurrence.

Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons, in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy.

(c) The Association shall also have authority to and may obtain such insurance as it deems desirable and increase insurance limits, in such amounts from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officer of the Association, and member of any committee appointed pursuant to the Bylaws, from liability arising from the fact that said person is or was Director or officer of the Association, or a member of such a committee. The premiums of such insurance shall be a Common Expense.

(d) The Board shall also have the authority to and may obtain at the discretion of the Board:

(i) fidelity coverage to protect dishonest acts on the part of officers, Directors, trustees, and employees of the Association and all others who handle or are responsible for handling funds of the Association, including the managing agent. Such insurance shall name the Association as the insured and shall be in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves; and

(ii) such other insurance as it deems desirable or necessary for the Common Elements or any aspect of the ownership, operation or management thereof, in such amounts, from such sources and in such forms as the Board deems desirable. The premiums for such insurance shall be a Common Expense.

(e) A Co-owner shall be liable for any claim, damage or judgment entered as a result of the use or operation of said Co-owner's Townhome or caused by said Co-owner's own conduct. Each Co-owner shall be responsible for obtaining said Co-owner's own insurance on said Co-owner's own Townhome and its contents, as well as said Co-owner's additions and improvements thereto, decorations, furnishings and personal property therein, and personal property stored elsewhere on the Property. In addition, in the event a Co-owner desires to insure against said Co-owner's personal liability and loss or damage by fire or other hazards above and beyond the extent that said Co-owner's liability loss or damage is covered by the liability insurance carried by the Association for all of the Co-owners, as above provided, said Co-owner may, at said Co-owner's

option and expense, obtain additional insurance.

(f) All physical damage insurance policies purchased by the Association shall be for the benefit of the Association, the Co-owners, their mortgagees, and Developer, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed One Hundred Thousand Dollars (\$100,000.00) then all such proceeds shall be paid in trust to an insurance trustee designated for that purpose by the Board.

In the event of a casualty or loss aforesaid, the Board shall enter into an insurance trust agreement with an insurance trustee on behalf of the Association which shall provide that the insurance trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of the coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies nor for the failure to collect any insurance proceeds. The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in this Declaration and the Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

If such proceeds do not exceed One Hundred Thousand Dollars (\$100,000.00), then all such proceeds shall be paid to the Association to be applied pursuant to the terms contained herein. The Board is hereby irrevocably appointed the trustee for each Co-owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Property to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases upon the payment of claims.

(g) No provision contained herein shall give a Co-owner or any other party priority over the first mortgage or first deed of trust of a Townhome in the event of a distribution of the insurance proceeds covering losses from damage or destruction to a Townhome, Townhomes or the Common Elements.

6.2 Casualty and Eminent Domain.

(a) In the event of a fire or any other disaster causing loss, damage, or destruction to or of the Common Elements, the proceeds of any policy insuring against the same and payable by reason thereof, if sufficient to reconstruct the Common Elements, shall be applied to such reconstruction. As used throughout this Section 6.2, reconstruction means restoration of the Common Elements to substantially the same condition as existed prior to the fire or other casualty, with the Common Elements having the same vertical and horizontal boundaries as prior thereto.

(b) In the event of a fire or any other disaster causing loss, damage or destruction to or of the Common Elements, if the Common Elements are not insured against the peril causing the same or the proceeds of any policy insuring against the same and payable by reason thereof are insufficient to reconstruct the Common Elements, and more than fifty percent (50%) of the Townhomes remain inhabitable after such fire or other disaster, provision for reconstruction of the Common Elements may be made by the affirmative vote of not less than eighty percent (80%) of all the Co-owners voting at a meeting called for such purpose. Any such meeting shall be held not later than thirty (30) days following the final adjustment of insurance claims, or within ninety (90) days after such fire or other disaster, whichever shall first occur. At any such

meeting, the board or its representatives shall present to the Co-owners present an estimate of the cost of such reconstruction and the estimated amount of necessary special Assessments against each Co-owner, in order to pay therefore. If the Common Elements are reconstructed, any such insurance proceeds shall be applied thereto, and special Assessments may be made against the Co-owners in order to pay the balance of the cost thereof.

(c) In the event of a fire or any other disaster causing loss, damage to, or destruction of, the Common Elements, if the Common Elements are not insured against the peril causing the same or the proceeds of any policy insuring against the same and payable by reason thereof are insufficient to reconstruct the Common Elements, and if provision for reconstruction of the Common Elements is not made pursuant to Subsection 6.2(b) above, then provision for withdrawal of any portion of the Common Elements from the provisions of this Declaration may be made by the affirmative vote of not less than eighty percent (80%) of all the Co-owners. Any such meeting shall be held within sixty (60) days following the final adjustment of insurance claims, if any, or within ninety (90) days after such fire or other disaster, whichever shall first occur. As compensation for such withdrawals: (i) any such insurance proceeds allocated to withdrawn portions of the Common Elements shall be applied in payment to all Co-owners in equal proportions, and (ii) upon withdrawal of any Townhome, the Co-owner thereof shall be relieved of any further responsibility or liability for the payment of any Assessments after said withdrawal.

(d) In the event any portion of the Property is taken by eminent domain proceedings, provision for withdrawal from the provisions of this Declaration of such portion so taken may be made by the Association. Upon any such withdrawal of any Townhome, Common Element, or portion thereof, the responsibility or liability for payment of all or a portion of Assessments shall be reduced proportionally, and any condemnation award or other proceeds resulting from such proceeding shall be allocated and paid, in the same manner as provided by Subsection 6.2(c) above, with respect to casualty to the Property and insurance proceeds resulting therefrom.

(e) The provisions of the Section 6.2 shall be subject to the rights, if any, of the holders of mortgages on the Property or any part thereof or on any or all of the Townhomes and the Common Elements appurtenant thereto. The withdrawal and reapportionment contemplated by Subsection 6.2(c) and (d) above shall be effective upon execution and recordation of an amendment to this Declaration and an amended Plat, in accordance with the provisions of Section 10.7 herein below. No provision contained herein shall give a Co-owner or any other party priority over the first mortgage or first deed of trust of a Townhome in the event of a distribution of the proceeds covering losses from the taking of a Townhome, Townhomes or the Common Elements by condemnation or eminent domain. In the event of any loss mentioned herein, each first mortgagee of record will be given prior and timely written notice thereof.

ARTICLE VII TAXES AND EXPENSES

7.1 Separate Real Estate Taxes. It is intended that real estate taxes, direct and indirect, are to be separately taxed to each Co-owner for said Co-owner's Townhome. Each Co-owner shall pay to the Association said Co-owner's proportionate share of any taxes assessed to the Common Elements. Without limiting the authority of the Board provided for elsewhere herein, the Board acting on behalf of the Association shall have the power to seek relief or to collect from each Co-owner their proportionate

share of any such taxes, special assessments or charges, assessed and levied on the Common Elements, and to charge and collect all expenses incurred in connection therewith as a Common Expense.

7.2 Common Expenses.

(a) Common Expenses shall consist of the expenses of the administration, management, maintenance, operation, repair or replacement of and additions to the Common Elements and any other expenses incurred in conformance with this Declaration, the Rules and Regulations, and the Bylaws, which shall include, but not be limited to, (1) maintenance, repair, and replacement set forth in Article V, (2) insurance as set forth in Article VI, (3) sanitation services (weekly garbage collection for each Townhome), (4) Capital Fund (as defined herein) contributions, and (5) those items incurred in conformance with this Declaration, the Rules and Regulations, and the Bylaws

(b) Each Co-owner, including Developer subject to the provisions of Item (f) of this section, shall pay a proportionate share of the Common Expenses. Except for its responsibilities as a Co-owner, as provided herein, Developer shall not have the responsibility for the maintenance, repair or replacement of any part of the Common Elements after the date this Declaration is recorded, at which time the Association will become the governing body of the Co-owners, pursuant to the provisions of Article IV. Common Expenses shall be divided equally among the respective Co-owners. Payments of Common Expenses, including any payment thereof required by contract for sale of a Townhome, shall be in such amounts and at such times as determined in the manner provided in the Bylaws, and may be referred to as "Association Dues" or "Assessments". Assessments/Association Dues shall be paid in such manner and on such dates as may be fixed by the Board of Directors. Unless the Board of Directors provides otherwise, the Assessments/Association Dues shall be paid in advance on a quarterly basis. At the closing of a sale from Developer to a Co-owner, the Co-owner shall pay to the Association the amount of the Assessments/Association Dues for the remainder of the calendar year. Except as provided by this Declaration, no Co-owners shall be exempt from payment of said Co-owner's proportionate share of the Common Expenses by waiver or non-use or non-enjoyment of the Common Elements or by abandonment of said Co-owner's Townhome. If any Co-owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with any reasonable late charges, as determined by the Association, and further, together with interest thereon at the maximum contract rate as may then be permitted under the law of the State of Tennessee from and after the date said Common Expenses are assessed, shall constitute a lien on the interest of such Co-owner in the Property and said Townhome as provided in this Declaration. Provided, however, that such lien shall be subordinate to the lien of any prior recorded mortgage or deed of trust on the Property or any portion thereof, or on any interest of such Co-owner, which mortgage or deed of trust is recorded prior to the date such lien for unpaid Common Expenses attaches and is owned or held by any lender, except for the amount of said proportionate share of such common Expenses which become due and payable from and after the date on which such lender either takes possession of the Property or interest encumbered by such mortgage or deed of trust, or accepts a conveyance, transfer or assignment of the Townhome or of any interest therein (other than as security) in lieu of any foreclosure of such mortgage or deed of trust. This provision shall not be amended, modified or rescinded without the prior written consent of all lenders who are the holders or owners of a mortgage or deed of trust recorded prior to the date of such amendment, modification or rescission.

(c) A Co-owner or mortgagee of a Townhome shall have the right to acquire from the Association a certificate showing the amount of unpaid Assessments with respect to the Townhome. The Association may not enforce against a mortgagee who relies on the certificate any indebtedness as of that date in excess of the amount shown thereon. A purchaser of a Townhome shall have the right to acquire from the Association an estoppel letter effective on the date of closing of the Townhome, stating that no unpaid Assessments or other obligations with respect to the Townhome are due from the purchaser. In addition, the Association shall, upon request of a Co-owner or a prospective purchaser of a Townhome, prepare and deliver a letter stating either that there are no delinquent or unpaid Assessments, fees or other obligations outstanding in respect to such Townhome, or enumerating any outstanding and unpaid delinquent Assessments, fees or other obligations. The Association shall have the right to exercise and to enforce any and all rights and remedies as provided or available at law or in equity for the collection of unpaid Assessments or other obligations owing to the Association by its former Co-owner.

(d) The Association shall establish and maintain an adequate reserve fund for the replacement of Common Elements (the "Capital Fund"). The Capital Fund shall be funded by regular monthly payments, as a part of the Common Expenses. At the closing of a sale from Developer to a Co-owner, the Developer may, at its discretion, require the Co-owner to pay to the Association, an initial Capital Fund contribution in an amount set by the Developer.

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

(f) The Developer will pay for as many Assessments as is equal to the difference between the number of Lots sold to Co-owners by Developer and the number of Townhomes Developer plans to have completed at the end of a calendar year, with each Assessment thus determined to be payable by Developer to be hereinafter referred to as a "Developer pay obligation".

ARTICLE VIII ARCHITECTURAL STANDARDS AND DECORATING

8.1 Alterations, Additions, or Improvements. A Co-owner shall make no alteration of any Common Elements, any additions to or improvements of any Common Elements, or any exterior of a Townhome without the prior written approval of the Association, subject to section 8.3 of this article. The Association may authorize and charge as Common Expenses, costs for alterations, additions and improvements of the Common Elements, as provided in the Bylaws, and the Rules and Regulations. Any Co-owner may make any alterations, additions or improvements within the said Co-owner's respective Townhome without the prior written approval of the Board, but such Co-owner shall be responsible for any damage to other Townhomes, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions or improvements. EACH CO-OWNER ACKNOWLEDGES THAT PRIOR TO SUBMITTING AN APPLICATION FOR A BUILDING PERMIT FOR ANY EXTERIOR CONSTRUCTION OR THE INITIAL CONSTRUCTION OF AN IMPROVEMENT, THE PLANS FOR SUCH CONSTRUCTION OR IMPROVEMENT SHALL BE SUBJECT TO THE REVIEW AND WRITTEN APPROVAL OF THE ARCHITECTURAL REVIEW COMMITTEE ("ARC").

8.2 Decorating. Each Co-owner shall be entitled to the exclusive use of said Co-owner's Townhome and such Co-owner shall maintain said Townhome in good condition at said Co-owner's sole expense. Decorating of the Common Elements and any redecorating of the Townhomes, to the extent such redecorating of the Townhome is made necessary by damage to the Townhome caused by maintenance, repair or replacement of the Common Elements by the Association, shall be furnished by the Association as part of the Common Expenses.

8.3 Developer to Act as Architectural Review Committee ("ARC"). The Developer shall have sole architectural and design reviewing authority for the Development until the Developer has transferred governing authority to the Association in accordance with the Bylaws; provided, however, that prior to calling the meeting of the Association to elect a Board to succeed the Developer as provided for in the Bylaws, the Developer may execute and record in the office of the Register of Deeds for Hamilton County, Tennessee a document stating that the Developer reserves unto itself, its successors, and or assigns, the architectural and design reviewing authority provided in this Article, and stating that said reservation, notice of which is thus provided, shall survive the election of the Board to succeed the Developer. Thereafter, the Developer shall continue to exercise the rights thus reserved to it until such time as it shall execute and record in the office of the Register of Deeds for Hamilton County, Tennessee, a document assigning these rights to the Association. Upon such occurrence, the Association shall establish an Architectural Review Committee as soon as it is practicable. When such committee has been established, the Developer shall transfer authority to it.

ARTICLE IX REMEDIES

9.1 Event of Default; Notice. If any Co-owner (either by said Co-owner's own conduct or by the conduct of any occupant of said Co-owner's Townhome) shall violate any provision of this Declaration, the Bylaws or the Rules and Regulations, and if such default or violation shall continue for twenty (20) days after written notice to the Co-owner from the Association, or shall occur repeatedly during any ten (10) day period after such written notice, then such violation shall constitute an event of default ("Event of Default"), and the Association shall have the power to issue to said defaulting Co-owner a notice in writing terminating the rights of said defaulting Co-owner to occupy, control, use and enjoy the Common Elements and to vote as a member of the Association.

9.2 Event of Default; Remedies. In an Event of Default, the Association, or its successors and assigns, or its agent, shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws, the Rules and Regulations or the laws of the State of Tennessee, or which may be provided or permitted at law or in equity, and may prosecute an action or other proceedings against such defaulting Co-owner and/or others for enforcement of any lien and the appointment of a receiver for the Townhome and ownership interest of such Co-owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Townhome and such co-owner's interest in the Property, and to sell the same, as hereinafter in this Article provided, or for any combination of remedies, or for any other relief. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees, and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the maximum contract rate per annum permitted by law, shall be charged to and assessed against such defaulting Co-owner until paid, and shall be added to and deemed part of said Co-owner's respective share of the Common Expenses, and the Association shall have a lien for all of the

same, as well as for non-payment of said Co-owner's respective share of the Common Expenses, upon the Townhome and ownership interest in the Common Elements of such defaulting Co-owner and upon all of said Co-owner's additions and improvements thereto; provided, however, that such lien shall be subordinate to the lien of any prior recorded first mortgage or deed of trust on the Property or any portion thereof, or on any interest of such Co-owner, except for the amount of the proportionate share of said Common Expenses which became due and payable from and after the date on which the said mortgage owner or holder either takes possession of the Townhome or interest encumbered by such mortgage or deed of trust, accepts a conveyance of any interest therein (other than as a security) or files suit or commences other proceedings to foreclose such mortgage or deed of trust and causes a receiver to be appointed. In the Event of Default by any Co-owner, the Board and the manager or managing agent, if so authorized by the Association, shall have the authority to correct such Default, and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Co-owner, together with interest thereon at the rate aforesaid. The Association may exercise any and all such rights and remedies at any time and, from time to time, cumulatively or otherwise. This provision shall not be amended, modified or rescinded without the prior written consent of all lenders who are the holders or owners of a mortgage or deed of trust recorded prior to the date of such amendment, modification or rescission.

ARTICLE X GENERAL PROVISIONS

10.1 Party Walls. Each wall which is built as a part of the original construction of a Townhome upon the Lots and placed on the dividing lines between the Lots shall constitute a party wall and the general rules of law regarding party walls and liability for property damage from negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the Co-owners who made use of the wall, in equal proportions to such use. If a party wall is destroyed or damaged by fire or other casualty, any owner who uses the wall may restore it. If other Owners make use of this wall, they shall contribute to the restoration cost in proportion to such use, without prejudice, however, to the right of any such owner to call for a larger contribution from the owner under any rule of law regarding liability for negligent or willful acts or omissions. Notwithstanding any other provisions herein to the contrary, a Co-owner, who by his negligent or willful act causes the party wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary repairs as needed.

10.2 Mortgages and Other Liens.

(a) Each Co-owner shall have the right, subject to the provisions herein, to make or create, or cause to be made or created, any mortgage or other lien on or affecting said Co-owner's respective Townhome, together with said Co-owner's respective ownership interest in the Common Elements, provided however, that from the date this Declaration is recorded, no Co-owner shall have the right or authority to make or create, or cause to be made or created, any mortgage or other lien on or affecting the Property or any part thereof, except only to the extent of said Co-owner's own Townhome and the respective interest in the Common Elements corresponding thereto. Developer shall have the right to make or create, or cause to be made or created, one or more mortgages or other liens on or affecting all or some of the Townhomes to which Developer then owns fee simple title, and the Common Elements appurtenant thereto.

(b) Subsequent to the recording of this Declaration, no liens of any nature shall be created or arise against any portion of the Property except against an individual Townhome. No labor performed or materials furnished with the consent or at the request of a particular Co-owner shall be the basis for the filing of a mechanic's lien claim against any other Townhome. If the performance of the labor or furnishing of the materials is expressly authorized by the Association, each Co-owner shall be deemed to have expressly authorized and consented to such performance of labor and furnishing of materials, and each Co-owner shall be liable for the payment of said Townhomes proportionate share of any due and payable indebtedness, as set forth in this Declaration and the Bylaws. A Co-owner shall not be liable for any claims, damages or judgments entered as a result of any action or inaction of the Association, other than for mechanic's liens as set forth above. Each Co-owner's liability for any judgment entered against the Association shall be limited to said Co-owner's proportionate share of the indebtedness, as set forth in this Declaration and the Bylaws, whether collection is sought through Assessment or otherwise.

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

10.4 Incorporation. Developer (prior to the election of the first Board) or the Board shall form the Association for the purpose of facilitating the administration and operation of the Property and this Townhome Regime.

10.5 Failure To Enforce. No terms, obligations, covenants, conditions, restrictions or provisions imposed hereby or contained herein or the exhibits hereto shall be abrogated or waived by any failure to enforce the same, no matter how many violations or breaches may occur.

10.6 Notices. Any notices required or permitted to be given under this Declaration, unless otherwise specified, shall be either personally hand delivered or sent registered or certified mail with return receipt requested to the respective Townhome address of the Co-owners, or the Association, or to such other address as a Co-owner or the Association may from time to time designate in writing to the Association. Any notice shall be deemed to have been given at the time it is hand delivered or it is placed in the mail with sufficient postage prepaid.

10.7 Amendments. This Declaration and the Exhibits hereto may be amended, changed or modified by an instrument in writing setting forth such amendment, change or modification, signed and acknowledged by any three (3) Directors of the Association, the Co-owner's mortgagees, where applicable, if the interests of such mortgagees are to be materially adversely affected, and containing an affidavit by the Secretary of the Association certifying that a copy of the Amendment, change or modification has been mailed by certified mail to all parties having bona fide liens of record against any Townhome, not less than ten (10) days prior to the date of such affidavit. Any amendment, change or modification shall conform to the provisions of this Declaration and shall be effective upon recordation

thereof. Notwithstanding the foregoing, any revision, amendment or supplementation of the Plat by Developer shall not require an amendment to this Declaration or the approval of the Association. Notwithstanding the foregoing, this Declaration and the Exhibits hereto shall not be amended, changed or modified to increase Developer's obligations or liability hereunder without Developer's prior written consent. Notwithstanding the foregoing, until the Developer has transferred governing authority to the Association in accordance with the Bylaws, Developer, in its sole and absolute discretion, may alter or amend any provision(s) of this Declaration or any amendment thereto. Developer also reserves the right to withdraw any portion of the Property from the Townhome Regime, so long as no Buildings have been constructed on the withdrawn portion.

10.8 Severability. The invalidity of any restriction hereby imposed, or any provision hereof, or of any part of any such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, and all of the terms hereof and the Exhibits hereto are hereby declared to be severable.

10.9 Construction. The provisions of this Declaration and the Exhibits hereto shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a first class Townhome project.

10.10 Conveyance Of Interest In Common Elements. The undivided interest in the Common Elements shall not be separated from the Townhome to which such interest appertains and shall be deemed conveyed or encumbered with the Townhome, even though such interest is not expressly mentioned or described in the deed of conveyance or other instrument.

10.11 Effective Date. This Declaration and the Exhibits hereto shall be effective upon recordation.

10.12 Headings. The headings of paragraphs and sections in this Declaration and the Bylaws are for convenience or reference only and shall not in any way limit or define the content or substance or such paragraphs and sections.

10.13 Number And Gender. As used in this Declaration, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

10.14 Perpetuities And Restraints On Alienation. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of (a) the rule against perpetuities or some analogous statutory provision, (b) the rule restricting restraints on alienation, or (c) any other statutory or common law rules imposing time limits, then such provisions shall continue only twenty-one (21) years after the death of the survivor of the now lawful living descendants of George W. Bush, former President of the United States of America.

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

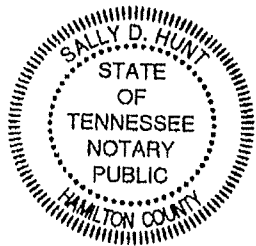
URBAN RENAISSANCE GROUP, LLC, a
Tennessee limited liability company

By: C. Dale Mabee
Name: C. DALE MABEE
Title: CHIEF MANAGER

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, a Notary Public of the state and county aforesaid, personally appeared C. DALE MABEE, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be CHIEF MANAGER of URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company, the within named bargainor, and that he as such CHIEF MANAGER, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself, as CHIEF MANAGER.

WITNESS my hand and seal, at office in Hamilton County, Tennessee this 26th day of
February, 2009.



Sally D. Hunt
NOTARY PUBLIC

July 7, 2012
Commission Expiration

Prepared by and
Return to:
Hon & Kopet, Attorneys
617 Walnut Street
Chattanooga, TN 37402

IN WITNESS WHEREOF, REGIONS BANK, as the holder of a Deed of Trust affecting the above described property, as recorded in Book 8452, Page 911, in the Register's Office of Hamilton County, Tennessee, and has caused these presents to be signed by EARL M. BAGBY, its A. V. PRESIDENT, to be effective as of this 26th day of FEBRUARY, 2009, for the sole purpose of subordinating its lien, under the said Deed of Trust, to this Declaration. By subordinating its lien in the Property to the Declaration, Regions Bank does not consent to any other matters.

REGIONS BANK

By: Earl M. Bagby
Name: EARL M. BAGBY
Title: ASSISTANT VICE PRESIDENT

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, Sally D. Hunt, a Notary Public, duly appointed, commissioned and qualified in and for the State of Tennessee, personally appeared Earl M. Bagby, with whom I am personally acquainted and who upon oath acknowledged himself/herself to be the Asst. Vice President of REGIONS BANK, the within named bargainor, and that he/she as such Asst. Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by himself/herself as such Asst. Vice President.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal at office in said State and County on this 26th day of February, 2009.



Sally D. Hunt
NOTARY PUBLIC
July 7, 2012
Commission Expiration

IN WITNESS WHEREOF, CHATTANOOGA DOWNTOWN DEVELOPMENT CORPORATION, as the holder of a Deed of Trust affecting the above described property, as recorded in Book 8452, Page 925, in the Register's Office of Hamilton County, Tennessee, and has caused these presents to be signed by Daisy W. Madison, its President, to be effective as of this 26th day of February, 2009, for the sole purpose of subordinating its lien, under the said Deed of Trust, to this Declaration. By subordinating its lien in the Property to the Declaration, Regions Bank does not consent to any other matters.

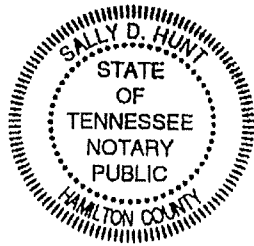
CHATTANOOGA DOWNTOWN DEVELOPMENT CORPORATION

By: Daisy W. Madison
Name: Daisy W. Madison
Title: President

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, Sally D. Hunt, a Notary Public, duly appointed, commissioned and qualified in and for the State of Tennessee, personally appeared Daisy W. Madison, with whom I am personally acquainted and who upon oath acknowledged himself/herself to be the President of CHATTANOOGA DOWNTOWN DEVELOPMENT CORPORATION, the within named bargainor, and that he/she as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by himself/herself as such President.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal at office in said State and County on this 26th day of February, 2009.



Sally D. Hunt
NOTARY PUBLIC

July 7 2012
Commission Expiration

Book and Page: GI 8864 845

EXHIBIT "A"

LEGAL DESCRIPTION

Lots One (1) through Four (4), Walnut Hill Townhomes, as shown by plat of record in Plat Book 85, Page 21, in the Register's Office of Hamilton County, Tennessee.

LESS AND EXCEPT that portion of Lot Three (3) conveyed to the City of Chattanooga by Right-of-way and Construction Easement recorded in Book 6340, Page 302, in the Register's Office of Hamilton County, Tennessee.

For prior title, see Deed recorded in Book 8452, Page 897, in the Register's Office of Hamilton County, Tennessee.

EXHIBIT "B"

**BYLAWS OF THE WALNUT HILL TOWNHOMES
OWNERS' ASSOCIATION, INC.**

**ARTICLE I
NAME**

The following provisions shall constitute the Bylaws of WALNUT HILL TOWNHOMES OWNERS' ASSOCIATION, INC., (the "Bylaws"), a nonprofit corporation (the "Association") which shall, along with the provisions of the Charter of the Association (the "Charter"), the Declaration of Covenants, Restrictions, and Easements for Walnut Hill Townhomes, as may be amended from time to time (the "Declaration") and the Rules and Regulations set forth in the Declaration and those adopted by the Board of Directors of the Association (the "Board"), govern the administration of Walnut Hill Townhomes, a residential townhome development (the "Development"), and the real property rights in the Development owned by the Association ("Common Elements"). The terms in these Bylaws (unless otherwise defined) shall have the same meaning as the terms defined in the Declaration for this Development.

**ARTICLE II
OFFICES**

The principal office of the Association shall be located at:

1014 Dallas Rd., Suite 104
Chattanooga, TN 37405

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

**ARTICLE III
PURPOSES**

The purposes of this Association shall be to provide for the establishment of a residents' association for the government of the Development in the manner provided by the Charter, the Declaration and these Bylaws. The aims of this Association are to be carried out through any and all lawful activities, including others not specifically stated in the Charter, the Declaration, or these Bylaws but incidental to the stated aims and purposes, provided that any such activity or contribution shall conform to any applicable restrictions or limitations set forth in the Charter or which are imposed on real estate.

ARTICLE IV ASSOCIATION

4.01 Membership. The Developer and every person or entity who is a record Member (Co-owner) of a fee simple interest or an undivided fee simple interest in any Townhome (Townhome being defined in Declaration as any Lot in the Development whether improved or unimproved) which is subject to the Declaration shall be a Member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the Association. Membership shall be automatically transferred to a new Member upon the conveyance of any Townhome and recording of the deed of conveyance in the Register's Office of Hamilton County, Tennessee. Membership shall be appurtenant to and may not be separated from ownership of any Townhome which is subject to assessment.

4.02 Voting Rights.

(a) Except as hereinafter provided in Section 4.02 (b), Members shall be entitled to one vote for each Townhome in which they hold the interest required for membership by Section 4.01. When more than one person holds such interest or interests in any Townhome, all such persons shall be Members, and the vote for such Townhome shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Townhome. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a written instrument delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, each co-owner will be entitled to a fractional vote equal to his fraction of ownership.

(b) After the Turnover Date (as defined in Section 5.02), the Developer shall be entitled to three (3) votes for each Townhome owned by the Developer.

ARTICLE V THE BOARD OF DIRECTORS

5.01 Board of Directors. Subject to Section 5.02 of this Article herein below, the administration of the Townhome Development and Common Elements on behalf of the Association shall be conducted by a Board of Directors ("Board") which shall consist of five (5) natural persons of legal age, each of whom, at all times during membership on the Board, shall be a Member, a member of the household of a Member, or the nominee of an entity, other than a natural person, which is a Member.

5.02 Developer Performs Functions.

(a) The rights, duties and functions of the Board shall be solely exercised by Developer until such time as the Developer has sold all of the Townhomes within the Townhome Development (including any Additional Property added), or at such time as solely determined by Developer (the "Turnover Date"). The Developer may, in its sole discretion, designate up to five individuals to serve on the Board on behalf of the Developer during the period that the Developer is performing the functions of the Board. Such individuals designated by the Developer need not be Members, and may be removed and replaced by the Developer at will. The Developer may also limit the scope of authority of such individuals. At such time as the Developer shall have sold all Townhomes or at such other time as solely determined by Developer, the Developer shall call a special meeting of Members to elect Directors to succeed to the positions held by individuals

designated by the Developer.

(b) Upon the sale of all of the Townhomes in the Townhome Development or at such time as the Developer determines to relinquish the rights it has reserved to itself, the Developer shall execute and record in the Register's Office of Hamilton County, Tennessee, a document assigning those rights to the Board.

5.03 Election. At each annual meeting, subject to the provisions of Section 5.02 hereof, the Association shall elect those members of the Board as required under Section 5.01, who shall serve the terms set out in Section 5.04; provided, however, the members of the Board elected to succeed the Developer shall be elected at a special meeting duly and specifically called for that purpose by the Developer. The Board elected at that special meeting shall serve until the next annual meeting of the Association held thereafter. At least thirty (30) days prior to any annual meeting of the Association, the Board shall elect from the Association a Nominating Committee of not less than two (2) Members which shall recommend to the annual meeting one nominee for each position on the Board to be filled at the particular annual meeting. Nomination for a position on the Board may also be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by one (1) or more Members and by the nominee named therein indicating his willingness to serve as a member of the Board, if elected.

5.04 Term. Members of the Board shall serve for a term of two (2) years; provided, however, that three (3) members of the first Board elected by the Association at the annual meeting thereof shall be elected and shall serve for a term of one (1) year, and the other two (2) members shall be elected and serve for a term of two (2) years. Thereafter, all Board members elected each year shall serve for a term of two (2) years. The members of the Board shall serve until their respective successors are duly elected and qualified, or until their death, resignation or removal.

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

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

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

- (a) Water, sewer, storm water assessment, garbage collection, electrical, telephone, gas and other necessary utility services, lawn maintenance, and pest infestation control for the Property.
- (b) The services of a person or firm to manage its affairs (herein called "Manager"), to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Common Elements and other items governed by the Association, whether such personnel are employed directly by the Board or are furnished by the Manager. All persons employed to manage or assist in the management or maintenance of the Common Elements and other items governed by the Association shall be employed at the will of the Board; provided that a manager may be employed for successive periods not exceeding a three (3) year term in each period. The Board may delegate any of its duties, powers or functions relating to the daily administrative affairs of the Association to any person or firm designated by the Board to act as Manager.
- (c) The services of a person or firm to provide security for the Development to the extent and in such manner (fixed or roving or a combination thereof) as allowed by law and as determined by the Board to be necessary or proper.
- (d) Legal and accounting services necessary or advisable in the operation of the Common Elements and the enforcement of this Declaration, these Bylaws, and any Rules and Regulations made pursuant thereto.
- (e) Officers and Directors Liability Insurance covering the Officers and Directors of the Association acting in such capacity.
- (f) A fidelity bond naming the Manager, and such other person as may be designated by the Board as principals and the Board, Association and members as obligees, in an amount to be determined from time to time by the Board.
- (g) Painting, maintenance, repair, replacement and landscaping of the Property. The Board shall also have the exclusive right from time to time to acquire and dispose of by sale or otherwise and without the necessity of approval by any Member, furnishings and equipment and other personal property for the Property and to provide maintenance, repair and replacement thereof.
- (h) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments that the Board is required to secure or pay for pursuant to the terms of the Declaration, these Bylaws or any Rules and Regulations promulgated hereunder or which, in its opinion, shall be necessary or advisable for the operation of the Common Elements or for the enforcement of the Declaration, these Bylaws, or the Rules and Regulations.

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

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

5.09 Meetings of the Board. Meetings of the Board shall be held at such places as the Board shall determine. Five (5) members of the Board shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Board. The President of the Association shall chair meetings of the Board, and the Secretary of the Association shall record the minutes, whether said Secretary is a Member of the Board or not. The Board shall annually elect all of the officers set forth in Section 6.05 hereof. The meeting for the election of officers shall be held at a meeting of the Board to be held immediately following the annual meeting of the Association. Any action required to be or which may be taken by the Board, may be taken without a meeting of the Board pursuant to a written consent, setting forth the action so taken and signed by all members of the Board.

5.10 Special Meetings. Special meetings of the Board may be called by the President of the Association or by any two (2) Board members.

5.11 Notice of Meetings. Regular meetings of the Board may be held without call or notice. The person or persons calling a special meeting of the Board shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. If an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

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

5.13 Notice of Election. After the election of the Board to succeed the first Board, the Secretary of the Association shall execute and, where desirable, acknowledge and record a certificate stating the names of all of the members of the then Board, provided, that, in the event of the disability or other incapacity of the Secretary, the President of the Association shall be empowered to execute the aforesaid certificate. The certificate shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

5.14 Fiscal Year. The Board shall determine the fiscal year of the Association.

5.15 Special Committees. The Board, by resolution duly adopted, may designate one or more special committees, including, without limitation, an Architectural Review Committee, with each committee to consist of two (2) or more Members appointed by the Board, which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. The Board may also

rescind any such resolution by a further resolution duly adopted. The Developer shall perform the functions of all Special Committees until such time as provided in Section 5.02 hereof. Such Special Committee or Committees shall have such name or names as may be determined from time to time by the Board. Such Special Committees shall keep regular minutes of their proceedings and report the same to the Board when required. The Board may appoint Members to fill vacancies on Special Committees.

5.16 Rules and Regulations. The Board shall have the power and right to adopt and amend rules and regulations for the purpose of governing the details of the operation and use of the Property and setting forth restrictions on, and requirements respecting the use and maintenance of the Property. Copies of the Rules and Regulations shall be furnished to each Member prior to the time the same shall become effective.

5.17 Limitation on Capital Additions, Etc. The Board shall authorize no structural alterations, capital additions to, or capital improvements of the Property, any of which require an expenditure in excess of Five Thousand Dollars (\$5,000.00) without approval of a majority of the votes of those members who are present or represented at any annual or special meeting of the Association duly called for such purpose; or in excess of Five Thousand Dollars (\$5,000.00) without approval of two-thirds (2/3) of the votes of those Members who are present or represented at any annual or special meeting of the Association duly called for such purpose; provided, however, that the Board shall have the power to make any such structural alterations, capital additions to, or capital improvements of the Property as are necessary, in the Board's reasonable judgment, to preserve or maintain the integrity thereof without obtaining such approval, if, in the opinion of the Board, an emergency exists which should be corrected before a meeting of the Association could be reasonably called and held.

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

ARTICLE VI THE ASSOCIATION: MEETINGS, OFFICERS, ETC.

6.01 Quorum. The presence, in person or by proxy, at any meeting of the Association of two-thirds (2/3) of the Members entitled to cast votes, in response to notice to all Members properly given in accordance with Sections 6.02 and 6.03 of these Bylaws, as the case may be, shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Association upon the affirmative vote of Members entitled to cast a majority of the votes which are represented at such meeting.

6.02 Annual Meeting. There shall be an annual meeting of the Association on the first Monday of February at 6:00 P. M. at such reasonable place or other time (but not more than sixty (60) days before or after such date) as may be designated by written notice by the Board delivered to the Members not less than fifteen (15) days prior to the date fixed for said meeting. At or prior to the annual meeting, the Board shall furnish to the Members: (1) a budget for the coming fiscal year that shall itemize the estimated Common Expenses of the coming fiscal year with the estimated allocation thereof to each

Member, and (2) a statement of the Common Expenses itemizing receipts and disbursements for the previous and, if then available, for the current fiscal year, together with the allocation thereof to each Member. Within ten (10) days after the annual meeting, the budget statement shall be delivered to the Members who were not present at the annual meeting, if not previously provided. The Developer, or its successors or assigns, shall have the right to approve or disapprove the budget for the coming year for a period of ten (10) years after the date on which the first Board is elected to succeed the Developer pursuant to Section 5.02 hereof.

6.03 Special Meeting. Special meetings of the Association may be held at any time and at any reasonable place to consider matters, which by the terms hereof, require the approval of all or some of the Members, or for any other reasonable purpose. Special meetings may be called by a majority of the Board, or by at least ten percent (10%) of the Members by written notice, delivered to all Members not less than thirty (30) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and the matters to be considered.

6.04 Telephone Meetings. Any regular or special meeting of the Board of Directors may be held by telephone conference, at which each participating director can hear and be heard by other participating directors.

6.05 Action Without Meeting. Any action required to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors or a committee of directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors or all of the members of the committee of directors, as the case may be, in accordance with the By Laws of the Association.

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

6.07 Officers. The officers of the Association shall be a Chairman of the Board, President, Vice-President, Secretary, and Treasurer. The Developer may, in its sole discretion, designate individuals to fill these positions during the period that the Developer is performing the functions of the Board pursuant to Section 5.02 hereof. Such officers designated by the Developer need not be Members, and may be removed and replaced by the Developer at will. The Developer shall determine the scope of the authority of each such designated officer.

Once the Developer has turned over authority to a successor Board pursuant to Section 5.03 hereof, the following provisions shall become applicable: Each officer shall be required to be a Member, and the President must be a member of the Board. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Board and may be removed and replaced by the Board. In the event an office becomes vacant due to an officer ceasing to be a Member, or due to the death or disability of an officer, or for any other reason, the Board shall immediately name a successor to that office to serve out the remainder of the term. The Board may, in its discretion, require that officers be subject to fidelity bond coverage.

(a) Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Association and he shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. He shall have the authority and power to execute on behalf of

the Association contracts, notes, bonds, mortgages, deeds of trust, security deeds, leases, waivers of liens and other documents and instruments arising in the ordinary course of business.

(b) President. The President shall be the chief operating officer of the Association and in the absence of the Chairman of the Board, he shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. He shall have the authority and power to execute on behalf of the Association contracts, notes, bonds, mortgages, deeds of trust, security deeds, leases, waivers of liens and other documents and instruments arising in the ordinary course of business.

(c) Vice-President. In the absence or inability of the President, the Vice-President shall perform the functions of the President.

(d) Secretary. The Secretary shall keep the minutes of all proceedings of the Board and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Association and the Board, including the minute book wherein the resolutions shall be recorded.

(e) Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Board and the Association, but may delegate the daily handling of funds to the Manager and accounting to accountants selected by the Board.

ARTICLE VII LIABILITY AND INDEMNIFICATION

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

7.02 Indemnification by Association. To the extent now or hereafter permitted by applicable law, the Association shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any an all personal liability and all expenses, including, without limitation, counsel fees and court costs, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more Members or any other persons or entities, to which he shall be, or shall be threatened to be made a party, by reason of the fact that he is or was a member of the Board or an officer or agent or employee of the Association; provided, in the case of any settlement, that the Board shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of

indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or by vote of the Association or the Board, or otherwise. The indemnification by the Association set forth in this Article VII shall be paid by the Board on behalf of the Association and shall constitute a Common Expense.

7.03 Costs of Suit in Actions Brought by One or More Members on Behalf of All Members. No suit shall be brought by one or more but less than all Members on behalf of all members without approval of a majority of Members and, if approval is obtained, the plaintiff's expenses, including reasonable counsel's fees and court costs, shall be a Common Expense, unless such suit is brought by one or more Members against other Members, the Association, or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all Members as defendants, in which event the plaintiff's expenses, including counsel's fees and court costs, shall not be charged as a Common Expense.

7.04 Notice of Suit and Opportunity to Defend. Suits brought against the Association, or the Board, or the officers, employees or agents thereof, in their respective capacities as such, or the Common Elements as a whole, shall be directed to the President of the Association, who shall promptly give written notice thereof to the other members of the Board and any Mortgagees, and shall be defended by the Board, and the Association and all Members shall have no right to participate other than through the Board in such defense. Suits against one or more, but less than all Members, shall be directed to such Members, who shall promptly give written notice thereof to the Board and to the Mortgagees of the Lots affected, and shall be defended by such Members at their expense.

ARTICLE VIII GENERAL PROVISIONS

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

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

1014 Dallas Rd., Suite 103
Chattanooga, TN 37405

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

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

may occur.

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

8.06 Severability. The invalidity of any covenants, restrictions, conditions, limitations or any other provisions of these Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

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

EXHIBIT "C"

RULES AND REGULATIONS

1. No Townhome shall be used except as a single-family dwelling.
2. No fence or wall of any type shall be placed, constructed or allowed to remain upon any Lot without the expressed and written consent of the Architectural Review Committee "ARC". Such written consent shall be recorded in the Register's Office of Hamilton County, Tennessee.
3. No noxious or obnoxious, or offensive activity shall be carried on upon or within any Townhome or Lot, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to the other Owners or the neighborhood in general.
4. No sign shall be displayed on any Lot other than one of not more than four (4) square feet advertising the Townhome or Lot for sale or for rent, unless approved by the "ARC" in writing and such approval shall not be unreasonably withheld.
5. If any Townhome shall be used for rental purposes, the Townhome Owner, his agent and the tenant shall insure that no objectionable or offensive activity is permitted that might disturb any other Townhome resident or owner.
6. No animals, reptiles, livestock, or poultry shall be raised or kept on any Lot, except that no more than three (3) household pets consisting of domesticated dogs or cats may be kept indoors and providing that they do not disturb other owners by constant or loud barking, and that they are not kept for commercial purposes. However, pets may be on the exterior of a Townhome provided that no owner shall leave a pet unattended on the exterior of a Townhome, including porches, at any time. Unattended pets are those which are not leashed and under the direct control of the Owner or the Owner's representative. It is only permissible to allow an unleashed pet outside of the Owner's Townhome if the pet is released into a fenced area at the rear of the Owner's Lot for a period not to exceed fifteen (15) minutes every two (2) hours, as long as the Owner or the Owner's representative controls the pet and is, at all times, also outside of the Townhome and in close proximity to the pet. An Owner may walk a leashed pet on the roadways of the Property as long as the Owner maintains control of the pet at all times and removes all excrement the pet(s) leaves on the roadways and/or Property.
7. Each Owner shall keep his Lot and Townhome clean and orderly. No materials or equipment such as disabled autos or other unsightly objects shall be kept on the Lot. Carports shall be kept in a clean and orderly fashion and free of debris, boxes, tools, storage containers or other items which detract from the visual appeal of the open carport. Garbage and debris shall be placed in appropriate containers or cans. Such containers or cans shall be placed at the curb for garbage pick-up no sooner than one day prior to the scheduled pick-up, and shall be removed from the curb no later than one day after the scheduled pick-up. Owners shall immediately clean up any garbage or refuse which is scattered or spread by animals.
8. Satellite dishes may be permitted upon approval of the Developer. However, under no circumstances shall they exceed twenty-four inches in width. Permission for and placement of a satellite dish will be considered on a case by case basis by the "ARC." Basketball goals and other play structures shall not be allowed on any Lot.

9. Co-owners shall not cut or remove trees, shrubs, or additional landscaping on individual Lots without written permission from the "ARC." No statues, flags, decorative signs or any type of "lawn art" shall be placed on any Lot without the written permission of the "ARC."

10. The exterior appearance of any Townhome shall not be altered in any way whatsoever (including color of paint, exterior surface, doors, roof and lighting) unless written consent shall be given by the "ARC." The color and style of roofs and exterior finishes of all Townhomes shall be maintained, unless a change is approved by the "ARC." When a Townhome is in need of a new roof, from either normal weathering or disaster (wind, fire, etc.), the replacement roofing material shall be of like quality, style and color. If the age and/or weathering of other Lots within a set (Townhomes sharing a zero (0) lot line) is such that the roofing does not match, then all Lots within a set shall join together and re-roof as one project. It shall be the decision of the "ARC" as to the need for re-roofing one or all Lots within a set. All window and door coverings, such as draperies, blinds, sheers, etc., exposed to the front exterior shall be white or lined in white.

11. Each Owner shall perform promptly all maintenance and repair work within his Townhome, which, if not maintained or repaired, would affect the Property in its entirety, or parts of the Property belonging to other Owner(s), and each Owner is expressly responsible for damages and liability which result from his failure to promptly perform such maintenance and repair work. Unless otherwise provided for in other Articles of this Declaration, each owner shall be responsible for the costs of performing all such maintenance and repair work. Maintenance and repairs needed to the exterior of the Townhome shall be the responsibility of and at the expense of that Townhome's Owner, which includes painting, roofing, grounds, parking areas, fences and other outside repairs and maintenance needs, whether by normal usage, weather related, preventive or incidental repairs, unless the Association has agreed to make such repairs and maintenance as a Common Expense. The Owner must obtain written authorization from the "ARC" before making any such exterior maintenance or repair work.

12. In the event of any dispute arising concerning a party wall, or under the provisions of this Declaration, the Association shall govern with its decision to be final and conclusive.

13. Each Owner shall obtain fire and extended coverage insurance on his Townhome in an amount which shall be equal to the maximum insurable replacement value as determined annually and shall annually provide a certificate evidencing the existence of insurance to the Secretary of the Association. Each Owner shall purchase public liability insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) to protect himself against claims due to accidents within his Townhome and on the outside ground of his Townhome and the Common Elements, and annually provide a certificate evidencing same to the Secretary of the Association. Payment of any claim for damage or loss to a Townhome shall be used exclusively for the cost of repair and restoration of such damaged Townhome in its entirety.

14. Each Owner shall pay his property tax as billed. If any taxing authority shall levy and tax against any Common Elements, then each owner shall pay an equal share of said tax.

15. The Association shall perform and maintain as a Common Expense, contracts for landscaping (installation, care, and replacement), irrigation, and lawn care and maintenance. The costs of these items are to be included in the Annual Budget of the Association. Owners shall allow the Association, and its agents, access to their Townhome to perform the services under such contracts upon reasonable notice of

when these services are to occur. The Association shall adopt a standardized landscape and irrigation maintenance standards requirement, including, but not limited to, frequency and quantity of maintenance and frequency, quantity and time of day of irrigation. All such standards shall be adopted in accordance with good agronomical practices. The Association shall provide landscape, and lawn care and maintenance services to Co-Owners' individual fee simple Lots, except that the Association shall not maintain the courtyard areas located upon each Lot.

16. Owners shall promptly remove any deposits or wastes made by their pets upon the Common Elements or the properties of other Owners.

17. The patio of any Townhome shall not be screened in or enclosed without the written consent of the "ARC."

18. Unless kept inside the garage and from view of any street or neighbor, no boat(s), boat trailers, campers or other towed vehicles, motor homes, or cars under repair shall be parked, stored or allowed to remain on any Lot for more than 10 days within any six month period. In the event it is necessary to park such prohibited vehicles for more than said 10 day period, the Townhome Owner may request permission from the Board of Directors. It is permissible to park operating cars in the driveway. No vehicles, trucks or cars shall be habitually parked on the street.

19. All exterior holiday lighting and decorations shall be removed within 14 days of said holiday.

20. No above or below ground swimming pools shall be allowed to be installed or remain on any Townhome Lot.

21. No basketball goals shall be allowed on any Townhome Lot or be attached to the Townhome.

22. No detached outbuildings or storage buildings shall be allowed to be installed or remain on any Townhome Lot. Outbuildings or storage buildings to be attached to the Townhome may be permitted with written permission from the "ARC."

23. The Association, at its option, may perform and maintain as a Common Expense, annual contracts for termites and wood destroying insects

24. In the event of violations of any one or more of these Rules and Regulations or any other provisions of this Article or this Declaration, the Association, its successors and assigns, including all parties hereafter becoming Owners of any one or more of the Lots to which the provisions of this Declaration apply, may bring action or actions against the Owner seeking to enjoin such violation, or attempted violation, and the Owner shall be further liable for such damages as may accrue, including court costs and reasonable attorney's fees incident to any such proceedings, which costs and fees shall constitute liquidated damages. By reason of the rights of enforcement of the provisions of this Declaration being given unto Owners of Lots (subject to rights of variance reserved by the Board), it shall not be incumbent upon the Association to enforce the provisions of this Declaration or to prosecute any violation thereof. In the event of a violation of these restrictions, a waiver thereof may be made by the Board, in its sole discretion, if said waiver does not adversely affect the purposes contained herein.

EXHIBIT "D"

COMMON ELEMENTS

All easements shown on the plat of Lots One (1) through Four (4), Walnut Hill Townhomes, of record in Plat Book 85, Page 21, in the Register's Office of Hamilton County, Tennessee, and any amendment thereto or further subdivision thereof.

and

All retaining walls, entrance gate(s) (for vehicles and/or pedestrians), common driveways, common fencing, entrance signs, outdoor sprinkler systems, electronic devices, stormwater control facilities, utility service lines and easements, drainage easements and areas and facilities which are now or hereafter contained within the Property.

Instrument: 2014032000116
Book and Page: G1 10177 796
MISC RECORDING FEE \$15.00
DATA PROCESSING FEE \$2.00
Total Fees: \$17.00
User: HNS
Date: 3/20/2014
Time: 2:09:09 PM
Contact: Pam Hurst, Register
Hamilton County, Tennessee

Prepared by and return to:
Hon & Kopet, Attorneys
617 Walnut Street
Chattanooga, TN 37402

*Mail: Dale Mabree
1014 Dallas Rd.
Ste. 104
Chatt., TN 37405*

**AMENDMENT TO THE
DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS,
AND BYLAWS
FOR
WALNUT HILL TOWNHOMES**

WHEREAS, the DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES (the "Declaration") is of record in Book 8864, Page 822, in the Register's Office of Hamilton County, Tennessee; and,

cc WHEREAS, pursuant to the terms of the Declaration, **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company**, is the Developer of Walnut Hill Townhomes (the "Development"); and,

WHEREAS, Article X, Section 10.7 of the Declaration provides that the "until the Developer has transferred governing authority to the Association in accordance with the Bylaws, Developer, in its sole and absolute discretion, may alter or amend any provision(s) of this Declaration or any amendment thereto;" and,

WHEREAS, the Developer has not transferred the governing authority to the Board; and

WHEREAS, the Developer desires to amend the Declaration.

NOW, THEREFORE, the Developer does hereby amend the Declaration as follows:

The following Section is hereby added to Article III, Section 3.3:

3.3 Easements Affecting the Property.

(f) A perpetual, non-exclusive easement over, across, and upon the common driveways located upon the Property, with said common driveways being a part of the Common Elements, to the City of Chattanooga for ingress and egress by the

City of Chattanooga for the purpose of trash and recycling collection by the City of Chattanooga. Said easement shall be effective as of the date hereof and shall run with the land and constitute an appurtenant benefit to the Lots and a servitude upon the Property.

Article IV, Section 4.3 of the Declaration is hereby amended to read as follows:

4.3 Non-Liability of the Directors, Board, Officers and Developer. In connection with the Association, neither the Directors, the Board, or other officers of the Association, nor Developer shall be personally liable to the Co-owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Directors, the Board, any officers, or Developer, except for any acts or omissions found by a court to constitute a crime, gross negligence or fraud. The Co-owners shall indemnify and hold harmless each of the Directors, the Board, any officers, and Developer or their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors and assigns in accordance with the provisions of the Bylaws. Notwithstanding the foregoing provisions, the Directors, the Board, any other officers and Developer in their capacities as Co-owners shall be subject to the liability standards which affect all other Co-owners. Further, the Developer shall not be liable to the Association or the Co-owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever with regard to the Common Elements created, constructed, installed, improved, and/or operated by Developer in the development and operation of the Property, whether before or after the Turnover Date, as defined herein.

Article VII, Section 7.2(f) of the Declaration is hereby amended to read as follows:

(f) The Developer shall only pay Assessments on Lots that it owns that contain a completed Townhome that (1) is occupied by a member of Developer as that person's personal residence; (2) is being leased by a Developer to a 3rd party; or (3) is unoccupied but completed landscaping and irrigation have been installed on the Lot and the Developer has started using the Association water and landscape maintenance services on that Lot. If a Lot owned by Developer does not utilize any trash pickup services, then that Lot's Assessments shall be reduced by an amount equal to any trash pickup service fee that would be assessed to Developer's subject Lot.

Article IV, Section 4.02(b) of the Bylaws attached to the Declaration is hereby amended to read as follows:

(b) After the Turnover Date (as defined in Section 5.02), the Developer shall be entitled to three (3) votes for each Townhome or Lot owned by the Developer and/or Chattanooga Downtown Development Corporation. After the Turnover Date, no Member shall have any Voting Rights unless said Member is current and

paid in full with regard to all Association Dues and Assessments assessed by the Association.

The Declaration shall remain in full force and effect, except as herein amended above.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officer to be effective as of the 20th day of March, 2014.

**URBAN RENAISSANCE GROUP, LLC, a
Tennessee limited liability company**

By: C. Dale Mabee
Name: **C. DALE MABEE**
Title: **CHIEF MANAGER**

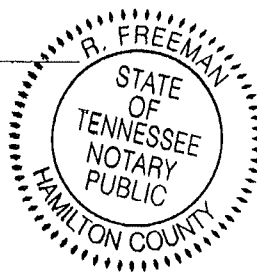
STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, a Notary Public of the state and county aforesaid, personally appeared **C. DALE MABEE**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be **CHIEF MANAGER** of **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company**, the within named bargainer, and that he as such **CHIEF MANAGER**, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself, as **CHIEF MANAGER**.

WITNESS my hand and seal, at office in Hamilton County, Tennessee this 20th day of March, 2014.

R. Freeman
NOTARY PUBLIC

Commission Expiration: 2/18/15



Prepared by and return to:
Hon & Kopet, Attorneys
617 Walnut Street
Chattanooga, TN 37402

Book/Page: **GI 10854 / 78**
Instrument 2016091500174
9 Page RESTRICTIONS
Recorded by TLF on 9/15/2016 at 3:27 PM
MISC RECORDING FEE 45.00
DATA PROCESSING FEE 2.00

TOTAL FEES \$47.00
State of Tennessee Hamilton County
Register of Deeds **PAM HURST**

1/2
cc

**SECOND AMENDMENT TO THE
DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS,
AND BYLAWS
FOR
WALNUT HILL TOWNHOMES**

WHEREAS, the DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES (the "Declaration") is of record in Book 8864, Page 822, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, an AMENDMENT TO THE DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES is of record in Book 10177, Page 796, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, pursuant to the terms of the Declaration, **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company**, is the Developer of Walnut Hill Townhomes (the "Development"); and,

WHEREAS, Article X, Section 10.7 of the Declaration provides that the "until the Developer has transferred governing authority to the Association in accordance with the Bylaws, Developer, in its sole and absolute discretion, may alter or amend any provision(s) of this Declaration or any amendment thereto;" and,

WHEREAS, the Developer has not transferred the governing authority to the Board; and

WHEREAS, the Developer desires to amend the Declaration.

NOW, THEREFORE, the Developer does hereby amend the Declaration as follows:

ma

**URBAN RENAISSANCE GROUP LLC
1014 DALLAS RD
STE 104
CHATT TN, 37405**

10854 78

v

Article I, Section (j) of the Declaration is hereby amended to read as follows:

Article I – Definitions.

(j) "Developer" means Urban Renaissance Group, LLC, a Tennessee limited liability company, its successors or assigns, and the Developer rights contained herein are freely assignable by the Developer. All of Developer's rights contained herein shall survive the Turnover Date and shall be retained by Developer (and shall not be lessened or diminished by the Association) until the Developer no longer owns or has an interest in any portion of the Property or Additional Property, with an option or right to purchase the Additional Property being an interest.

Article I, Section (l) of the Declaration is hereby amended to read as follows:

Article I – Definitions.

(l) "Majority" means, unless otherwise specified, more than one-half (1/2) of the "total number of votes" present at a meeting of the Association. The total number of votes shall equal the total number of Townhomes owned by Co-owners who are members of the Association. Each Co-owner shall hold one (1) vote for each Townhome owned, subject to the provisions of Article IV of the Bylaws.

Article I, Section (n) of the Declaration is hereby amended to read as follows:

Article I – Definitions.

(n) "Property" means and includes the real property described in Exhibit "A", attached hereto and made a part hereof, and all structures and improvements constructed and to be constructed thereon and all easements, rights and appurtenances belonging thereto. As provided for herein, Developer may unilaterally, in its sole discretion, add Lot Five (5), Walnut Hill Townhomes, as shown by plat of record in Plat Book 85, Page 21, in the Register's Office of Hamilton County, Tennessee ("Additional Property"), to the Property. If the Additional Property is added to the Property, the Additional Property shall be subject to the provisions of this Declaration. As set forth in Article I, Section (j), hereinabove, this right shall survive the Turnover Date and shall be retained by Developer (and shall not be lessened or diminished by the Association) until the Developer no longer owns or has an interest in any portion of the Property or Additional Property, with an option or right to purchase the Additional Property being an interest.

Article II, Section 2.5 of the Declaration is hereby amended to read as follows:

2.5 Annexation of Additional Property. Developer shall have the right, privilege, and option, in its sole discretion, to subject the Additional Property to the provisions of this Declaration and to the administration of the Association by filing an amendment to this Declaration in the public records of Hamilton County, Tennessee. Such amendment shall not require the consent of any of the Co-owners, any mortgagee of any Co-owner or the Association, but shall require the consent of the owner of such Additional Property, if the owner of such Additional Property is other than Developer. Any such annexation shall be effective upon the filing of record of such amendment, unless otherwise provided therein. Developer shall have the right, in its sole discretion, to transfer to any other person or entity the right, privilege, and option to annex Additional Property, which is reserved herein to Developer, provided that such transfer is memorialized in an amendment to this Declaration. These rights shall survive the Turnover Date, shall be retained by Developer, and shall not be lessened or diminished by the Association.

If Developer, its successors or assigns, chooses to not add the Additional Property to the provisions of this Declaration, but, instead, chooses to develop the Additional Property as a separate development with its own, separate owners' association, the Association shall grant, upon receiving notice from the owner of the Additional Property, a access and utility easement, with a joint maintenance agreement, over, across, and within the common driveways located within the Property, so that the owners of the Additional Property shall be able to use the driveways and gates to access the public roads serving the Property (E. Aquarium Way, Cherry Street, and Walnut Street) and to have access to any utility lines located within or adjacent to said driveways. The owners of the Additional Property shall then contribute to the maintenance and repair of the driveways, gates, and utility lines, on a pro rata basis. These rights shall survive the Turnover Date, shall be retained by Developer, its successors or assigns, and shall not be lessened or diminished by the Association.

In addition, if Developer chooses to develop the Additional Property as a separate development with its own, separate owners' association, Developer's rights and powers created and retained in this Declaration shall in no way be diminished, shall survive the Turnover Date, shall be retained by Developer, its successors or assigns, and shall not be lessened or diminished by the Association.

Article III, Section 3.3(b) of the Declaration is hereby amended to read as follows:

3.3 Easements Affecting the Property.

(b) All suppliers of utilities, including cable television, serving the Property may be granted non-exclusive easements at the discretion of the Association or Developer to install, lay, construct, operate, maintain, renew, repair and replace conduits, ducts, cables, pipes and wires and other equipment or structural components in, to, over, under, across and through any portion of the Common Elements for the purpose of providing the Property with utility services, together with the reasonable right of ingress to and egress from the Property or any part thereof for said purpose.

Article III, Section 3.5(c) of the Declaration is hereby amended to read as follows:

3.5 Rights Reserved.

(c) The right of the Association to diminish in any way or to dedicate or transfer all or any part of the Common Elements to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Board, provided that no such diminution, dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless Developer (so long as Developer owns a Townhome, Lot, or has an interest in the Additional Property, with an interest to include and option or right to purchase) and not less than eighty percent (80%) of the total vote of all of the Co-owners agree to such dedication, transfer, purpose or condition; and

Article III, Section 3.5(d) of the Declaration is hereby amended to read as follows:

3.5 Rights Reserved.

(d) The right of the Association or Developer to grant such assessments and rights-of-way to such utility companies or public agencies or authorities as it shall deem necessary for the proper servicing and maintenance of the Common Elements and the individual Townhomes.

Article III, Section 3.8 of the Declaration is hereby amended to read as follows:

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

Article V, Section 5.1(d) of the Declaration is hereby amended to read as follows:

5.1 Maintenance, Repairs and Replacements.

(d) If, due to the act or negligence of a Co-owner, or said Co-owner's agent, servant, tenant, Family Member, invitee, licensee or household pet, damage is caused to the Common Elements or to a Townhome owned by others, or maintenance, repair or replacement are required, the cost of which would otherwise be a Common Expense, then such Co-owner shall pay for such damage or such maintenance, repair and replacement, as may be determined by the Association; however, the provisions of this Section 5.1 are subject to the provisions of section 6.1 hereof, providing for waiver of subrogation rights with respect to casualty damage insured against by reason of policies of insurance maintained by the Board. In order to clarify one of the intents of this Section 5.1, if the introduction of a household pet(s) to the lawn and landscaped area of a Townhome Lot and subsequent use of said area by said household pets(s) causes a degradation of the lawn and/or landscaped area, the owner of said household pet(s) shall pay for the damages caused by said household pet(s), including any new sod, landscaping, and/or mulch, as may be determined by the Association.

The following section is hereby added to the Declaration as Article IX, Section 9.3:

9.3 No right to Setoff. No Co-owner may withhold any portion of his/her/their/its Association Dues for any reason, including but not limited to (1) any dissatisfaction with maintenance services or (2) as a setoff against any expenses said Co-owner may have incurred for any services that are to be performed by the Association.

Article X, Section 10.7 of the Declaration is hereby amended to read as follows:

10.7 Amendments. This Declaration and the Exhibits hereto may be amended, changed or modified by an instrument in writing setting forth such amendment, change or modification, signed and acknowledged by any three (3) Directors of the Association, the Co-owner's mortgagees, where applicable, if the interests of such mortgagees are to be materially adversely affected, and containing an affidavit by the Secretary of the Association certifying that a copy of the Amendment, change or modification has been mailed by certified mail to all parties having bona fide liens of record against any Townhome, not less than ten (10) days prior to the date of such affidavit. Any amendment, change or modification shall conform to the provisions of this Declaration and shall be effective upon recordation thereof. Notwithstanding the foregoing, any revision, amendment or supplementation of the Plat by Developer shall not require an amendment to this Declaration or the approval of the Association. Notwithstanding the foregoing, this Declaration and the Exhibits hereto shall not be amended, changed or modified to increase Developer's obligations or liability hereunder without Developer's prior written consent. Notwithstanding the foregoing, until the Developer has transferred governing authority to the Association in accordance with the Bylaws, Developer, in its sole and absolute discretion, may alter or amend any provision(s) of this Declaration, the Bylaws, or any amendment thereto. Developer also reserves the right to withdraw any portion of the Property from the Townhome Regime, so long completed Units located on said withdrawn property have not been sold to new Owners. Notwithstanding the foregoing, after the Developer has transferred governing authority to the Association (after the Turnover Date, as defined in the Bylaws) and until the Developer no longer owns or has an interest in any portion of the Property or Additional Property, with an option or right to purchase the Additional Property being an interest, the Association may not alter or amend any provision(s) of this Declaration, the Bylaws, or any amendment thereto, without the written consent of the Developer.

Article V, Section 5.03 of the Bylaws attached to the Declaration is hereby amended to read as follows:

5.03 Election. At each annual meeting, subject to the provisions of Section 5.02 hereof, the Association shall elect those members of the Board as required under Section 5.01, who shall serve the terms set out in Section 5.04; provided, however, the members of the Board elected to succeed the Developer shall be elected at a special meeting called by the Developer. The Board elected at that special meeting shall serve until the next annual meeting of the Association held thereafter. At least thirty (30) days prior to any annual meeting of the Association, the Board shall elect from the Association a Nominating Committee of not less than two (2) Members which shall recommend to the annual meeting one nominee for each position on the Board to be filled at the particular annual meeting. Nomination for a position on the Board may also be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by one (1) or more Members and by the nominee named therein indicating his willingness to serve as a member of the Board, if elected. No Member may be elected to the Board (at the special meeting to elect members of the Board to succeed Developer, at the annual meeting to elect the Board, or at the time of any appointment of a member of the Board) unless said Member is current and paid in full with regard to all Association Dues and Assessments assessed by the Association, at the time of the Member's election or appointment to the Board.

Article V, Section 5.05 of the Bylaws attached to the Declaration is hereby amended to read as follows:

5.05 Resignation and Removal. Any member of the Board may resign at any time by giving written notice to the President or the remaining Board members. Any member of the Board may be removed from membership on the Board by the approval of two-thirds (2/3) of the votes of those Members of the Association who are in attendance or represented at any annual or special meeting duly called for such purpose. Additionally, no member of the Board shall have any voting rights with regard to any vote of the Board unless said member of the Board is current and paid in full with regard to all Association Dues and Assessments assessed by the Association. If a member of the Board is more than ninety (90) days delinquent with regard to Association Dues and Assessments, said member of the Board shall be automatically expelled from the Board and, therefore, there shall be a vacancy on the Board. A vacancy on the Board shall also be deemed to exist in the event of the death of a Board member, the disability of a Board member which, in the opinion of a majority of the members of the Board, renders such Board member incapable of performing Board duties, or in the event a Board member shall cease to be a Member. Whenever there shall occur a vacancy on the

Board for any reason, the remaining Board members shall elect a successor Member to serve until the next annual meeting of the Association or until a special meeting is called for filling vacancies, at which time said vacancy shall be filled by the Association for the un-expired term, if any.

Article VIII, Section 8.07 of the Bylaws attached to the Declaration is hereby amended to read as follows:

8.07 Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Charter and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs. In addition, after the Turnover Date, the Board shall be required to furnish to all Co-Owners on a quarterly basis, via e-mail or regular mail, the following reports: (a) a general ledger, which shall include: a detail of expenses, payments, and accounts receivable for each Co-Owner that reflects current payment status of dues and or assessments, (b) a Balance Sheet: which shall include assets & liabilities, undeposited dunds, cash on hand, and accounts payable, and (c) other accounting information that may be commonly used in reporting of the above items (a) and (b).

Item 17 of the Rules and Regulations attached to the Declaration as Exhibit "C" is hereby amended to read as follows:

17. The patio/courtyard of any Townhome shall not be screened in or enclosed without the written consent of the "ARC."

The Declaration shall remain in full force and effect, except as herein amended above.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officer to be effective as of the 14th day of September, 2016.

**URBAN RENAISSANCE GROUP, LLC, a
Tennessee limited liability company**

By: C. Dale Mabee
Name: **C. DALE MABEE**
Title: **CHIEF MANAGER**

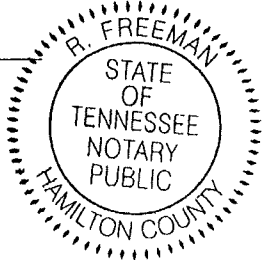
STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, a Notary Public of the state and county aforesaid, personally appeared **C. DALE MABEE**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be **CHIEF MANAGER** of **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company**, the within named bargainer, and that he as such **CHIEF MANAGER**, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself, as **CHIEF MANAGER**.

WITNESS my hand and seal, at office in Hamilton County, Tennessee this 14th day of September, 2016.

R. Freeman
NOTARY PUBLIC

Commission Expiration: 2/23/19



2/2

Prepared by and return to:
Hon & Kopet, Attorneys
617 Walnut Street
Chattanooga, TN 37402

| | |
|--|----------------------|
| Book/Page: | GI 10854 / 87 |
| Instrument: | 2016091500175 |
| 2 Page AGREEMENT | |
| Recorded by TLF on 9/15/2016 at 3:27 PM | |
| MISC RECORDING FEE | 10.00 |
| DATA PROCESSING FEE | 2.00 |
| TOTAL FEES | \$12.00 |
| State of Tennessee Hamilton County Register of Deeds PAM HURST | |

**RESERVATION OF ARCHITECTURAL AND DESIGN REVIEW AUTHORITY
FOR
WALNUT HILL TOWNHOMES**

WHEREAS, the DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES (the "Declaration") is of record in Book 8864, Page 822, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, an AMENDMENT TO THE DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES is of record in Book 10177, Page 796, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, a SECOND AMENDMENT TO THE DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES is of record in Book 10854, Page 78, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, pursuant to the terms of the Declaration, **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company**, is the Developer of Walnut Hill Townhomes (the "Development"); and,

WHEREAS, the Developer intends to transfer the governing authority to the Board.

HOWEVER, prior to the transfer of the governing authority to the Board, Developer desires to reserve unto itself, its successors or assigns, the architectural and design reviewing authority provided in Declaration, and such reservation shall survive the election of the Board.

mao
URBAN RENAISSANCE GROUP LLC
1014 DALLAS RD
STE 104
CHATT TN, 37405

10854 87

v

NOW, THEREFORE, in accordance with the powers set forth in Article VIII, Section 8.03 of the Declaration, Developer hereby reserves unto itself, its successors or assigns, the architectural and design reviewing authority provided in Declaration, and such reservation shall survive the election of a Board, as provided for in the Bylaws. In addition, Developer hereby reiterates that (1) any exterior architectural changes to a Townhome require the approval of the Architectural Review Committee ("ARC"), and (2) a Co-owner desiring to make any exterior architectural changes to a Townhome must submit a detailed drawing and information pertaining to said desired changes, along with any other information the ARC deems would assist it in reviewing the proposed changes.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officer to be effective as of the 14th day of September, 2016.

URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company

By: C. Dale Mabee
Name: **C. DALE MABEE**
Title: **CHIEF MANAGER**

STATE OF TENNESSEE
COUNTY OF HAMILTON

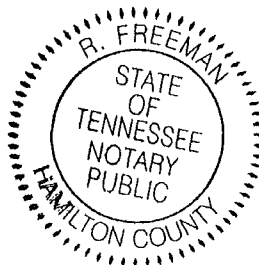
Before me, a Notary Public of the state and county aforesaid, personally appeared **C. DALE MABEE**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be **CHIEF MANAGER** of **URBAN RENAISSANCE GROUP, LLC, a Tennessee limited liability company**, the within named bargainer, and that he as such **CHIEF MANAGER**, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself, as **CHIEF MANAGER**.

WITNESS my hand and seal, at office in Hamilton County, Tennessee this 14th day of September, 2016.

R. Freeman
NOTARY PUBLIC

Commission Expiration: 2/23/19

H:restrictions/amendments/arc reservation.walnut hill townhomes



mail
Prepared by and return to:
Hon & Kopet, Attorneys
617 Walnut Street
Chattanooga, TN 37402

CONSTRUCTION GROUP LLC
1014 DALLAS RD
STE 104
CHATT TN, 37405

10882 703

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| Book/Page | GI 10882 / 703 |
| Instrument | 2016101800116 |
| 3 Page RESTRICTIONS | |
| Recorded by DLS on 10/18/2016 at 1:20 PM | |
| MISC RECORDING FEE | 15.00 |
| DATA PROCESSING FEE | 2.00 |
| | |
| TOTAL FEES | \$17.00 |
| State of Tennessee Hamilton County Register of Deeds PAM HURST | |

**THIRD AMENDMENT TO THE
DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS,
AND BYLAWS
FOR
WALNUT HILL TOWNHOMES**

WHEREAS, the DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES (the "Declaration") is of record in Book 8864, Page 822, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, an AMBNDMENT TO THE DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES is of record in Book 10177, Page 796, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, the SECOND AMENDMENT TO THE DECLARATION OF COVENANTS, RESTRICTIONS, EASEMENTS, AND BYLAWS FOR WALNUT HILL TOWNHOMES is of record in Book 10854, Page 78, in the Register's Office of Hamilton County, Tennessee; and,

WHEREAS, pursuant to the terms of the Declaration, **URBAN RENAISSANCE GROUP, LLC**, a Tennessee limited liability company, is the Developer of Walnut Hill Townhomes (the "Development"); and,

WHEREAS, Article X, Section 10.7 of the Declaration provides that the "until the Developer has transferred governing authority to the Association in accordance with the Bylaws, Developer, in its sole and absolute discretion, may alter or amend any provision(s) of this Declaration or any amendment thereto;" and,

WHEREAS, the Developer has not transferred the governing authority to the Board; and

WHEREAS, the Developer desires to amend the Declaration.

NOW, THEREFORE, the following paragraph is hereby added to Article III, Section 3.8 of the Declaration, as amended:

During the development of the Additional Property, whether as a part of Walnut Hill Townhomes or as a separate development with its own, separate owners' association, Developer, and Developer's agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees and the respective agents and employees thereof, shall have unimpeded and uninterrupted pedestrian and vehicular ingress and egress easements over, across, and upon the common driveway areas and gates located upon the Property, for the purpose of accessing the Additional Property from E. Aquarium Way, Cherry Street, and Walnut Street, as well as utility easements to access the utility lines located upon the Property. These easements shall exist for the benefit of the Developer, and Developer's agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees and the respective agents and employees thereof for the duration of the construction, marketing, and sale of improvements located upon the Additional Property, during which time, the Association shall also grant the access and utility easements for the benefit of the owner(s) of the Additional Property, as set forth in Article II, Section 2.5 of the Declaration, as amended.

The Declaration shall remain in full force and effect, except as herein amended above.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officer to be effective as of the 18th day of October, 2016.

URBAN RENAISSANCE GROUP, LLC, a
Tennessee limited liability company

By: C. Dale Mabee

Name: C. DALE MABEE

Title: CHIEF MANAGER

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, a Notary Public of the state and county aforesaid, personally appeared **C. DALE MABEE**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be **CHIEF MANAGER** of **URBAN RENAISSANCE GROUP, LLC**, a Tennessee limited liability company, the within named bargainor, and that he as such **CHIEF MANAGER**, executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself, as **CHIEF MANAGER**.

WITNESS my hand and seal, at office in Hamilton County, Tennessee this 18th day of October, 2016.



NOTARY PUBLIC

Commission Expiration: 3/7/18

