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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
 FOR  
 WILLOWS RIDGE AT WATERS EDGE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS for WILLOWS RIDGE AT WATERS EDGE ("Declaration") is made, imposed and declared as of this the 23 day of August, 2005, by Wilson and Rogers, a Tennessee general partnership ("Developer").

**WITNESSETH:**

**WHEREAS**, Developer is the owner of certain property located in the 10<sup>th</sup> Civil District of Washington County, Tennessee, which it desires to develop into a first class residential neighborhood; and

**WHEREAS**, Developer desires to impose restrictions on said property to govern the use thereof and insure the orderly development and to maintain the value of the same; and

**WHEREAS**, Developer has caused to be recorded a subdivision plat of record in Plat Book 19, Page 131 in the Washington County Register's Office, which, together with any future additions hereto, shall hereafter be referred to as the "Subdivision".

**NOW, THEREFORE**, in accordance with the foregoing recitals and premises, Developer hereby declares that the real property as hereafter described, and such additional real property as may hereafter be made subject to this Declaration pursuant to Article I below, shall be owned, held, used, leased, sold, conveyed and occupied subject to the rights, privileges, covenants, conditions, restrictions, easements, assessments, charges and liens set forth in, and other provisions of this Declaration, all of which are declared and agreed to be in furtherance of Developer's common plat and scheme for the Subdivision, and the development, sale and improvement of the real property made subject hereto, and

which are for the purpose of protecting the value, desirability and attractiveness of such real property and portions thereof hereafter conveyed to others. The rights, privileges, covenants, conditions, restrictions, easements, assessments, charges and liens set forth in, and other provisions of this Declaration shall run with the real property made subject hereto, and be binding upon and inure to the benefit of all parties having any right, title or interest therein, their respective heirs, personal representatives, successors and assigns.

## ARTICLE I - PROPERTY SUBJECT TO THIS DECLARATION

Section 1.1 Subject Property. For purposes of this Declaration, the term "Property" shall mean and be a reference to all of the residential and common property shown on Plat Book 19, Page 131.

Section 1.2 Common Area. The "Common Area" covered by this Declaration and created pursuant to the plat or as otherwise provided and described herein shall be subject to the provisions of this Declaration and shall inure to the benefit of the owner's of lots within the subdivision. No portion of the common area may be partitioned by or for the benefit of any Lot owner.

## ARTICLE II - USE RESTRICTIONS

Section 2.1 Primary Use Restrictions

(a) Single-Family Residential Use

(i) Except as otherwise expressly provided in this Declaration, no Lot shall be used except for private single-family residential purposes. No structure shall be erected, placed or altered or permitted to remain on any Lot except one single-family residence designed for the occupancy by one family (except that any reasonable number of domestic servants living on the premises in accordance with applicable law shall be permitted), not to exceed two stories in height, unless approved otherwise by Developer in its sole discretion and permitted by applicable law, or except as otherwise provided in this Declaration.

(ii) References to "Structure" in this Declaration shall include, without limitation, any building, residence, garage, shed, fence, wall, antennae, microwave and other receivers and/or transmitters

(including those currently called "satellite dishes"), dock, boat slip, patio, deck, swimming pool, hot tub, or spa.

(iii) Each residence on a Lot shall include an attached (with garage doors) capable of housing at least two (2) vehicles, for the sole use of the owner and occupants of the Lot.

(iv) The Common Area and any facilities located within the subdivision whether operated and maintained by the Developer, its successors and assigns, or the Association (hereinafter defined) shall be exempt from the use restrictions of this Section 2.1, but shall remain subject to the rules and regulations of the Association.

(v) For purposes of this Declaration, there shall be specifically excluded from the meaning of the phrase "private single-family residential purposes," and shall not be permitted on any Lot within the Subdivision, regardless of whether any of the same would otherwise be permitted by any applicable zoning regulations or other governmental laws, rules and regulations, any uses which constitute or relate to (1) boarding houses, (2) lodging houses, (3) fraternities or sororities, (4) clubs, (5) hotels, (6) residences or homes for social rehabilitation, (7) nursing homes, (8) boarding homes, (9) residences or homes for the aged or infirm, (10) programs with respect to which admission to residency or occupancy of the premises is limited to or intended in whole or in part for persons in the custody of the criminal justice system or the juvenile justice system and/or persons engaged in the care, custody, nurturance or supervision of such persons, and (11) any "group home" or (12) any other similar use as determined by Developer.

(b) Intentionally left blank.

(c) No Subdivision. No Lot shall be subdivided or its boundary lines changed, except with the prior written approval of the Developer in its sole discretion, which approval may be arbitrarily and unreasonably withheld. All Lot owners are hereby notified that Developer has the express right, in its sole discretion, to subdivide, replat and/or alter the boundary line of any Lot or Lots owned by Developer. Any such division, boundary line change, or replating of any Lots shall not be in violation of applicable subdivision and zoning regulations.

(d) No Time-Shares. No Lot shall be subjected to any time-share program or any similar division of interest or program whereby the right to use of the Lot rotates among members of the program or holders of interests in the Lot on a recurring or reservation basis.

Section 2.2 Nuisances. No noxious or offensive trade or activity shall be conducted or permitted to exist on any Lot, nor shall any Lot owner do anything on any Lot, or otherwise within the Subdivision, which may be or become an annoyance or nuisance to the residents of the Property.

Section 2.3 Uses of Other Structures and Vehicles.

(a) Restrictions on Structures. No used or previously erected or temporary house shall ever be placed, erected or allowed to remain on any Lot. No structure of a temporary character shall be permitted on any Lot, except for temporary tool sheds, field offices or sales offices used by Developer, or by a Builder (as hereinafter defined) as Developer may permit by written consent, which shall be removed by Builder when construction or redevelopment on a Lot is completed or as directed by Developer. A Builder shall remove any such temporary structure within ten (10) days of receipt of written notice from Developer.

(b) No Temporary Residences. No bus, mobile home, trailer, camping unit, camping vehicle, motor home, or other vehicle, or outbuilding, basement, tent, shed, shack, garage or barn, or any structure other than the main residence erected on a Lot, shall at any time be used as a residence, temporarily or permanently, on any Lot or otherwise within the Property.

(c) Restrictions on Vehicles and Parking.

(i) No bus, mobile home, motor home, trailer, truck, motorcycle, commercial vehicle, camper trailer, camping unit, camping vehicle or boat shall be parked or kept on any Lot at any time unless housed in a closed garage or basement, except as otherwise may be acceptable to Developer in its sole discretion.

(ii) Each Lot owner and resident of the Property is hereby advised that any other vehicle determined to be objectionable or unsightly by Developer must upon notice from the Developer, be thereafter kept in a closed garage or basement or removed from the Property.

(iii) No vehicle which is inoperable shall be habitually or repeatedly parked or kept on any Lot (except in the garage) or on any street in the Subdivision.

(iv) No trailer, boat, truck or other vehicle shall be parked on any street in the Subdivision for a continuous period in excess of ten (10) hours, or for an aggregate period in excess of twenty-four (24) hours in any one calendar year.

(d) No Street Parking: No Semi-Tractor Trailers. No motor vehicle or other vehicle shall be continuously or habitually parked on any street, common area or public right-of-way in the Subdivision, it being the intent of Developer and this Declaration that vehicles be kept in driveways and garages. No semi-tractor trailers, or other large trucks, vans or other vehicles as determined by Developer in its sole discretion, shall be permitted within the Property, except for limited periods as determined by Developer in its sole discretion for moving vans being utilized by residents for moving in or out of a residence, and except for such construction, delivery or other vehicles as Developer may permit from time to time in its sole discretion.

Section 2.4 Animals. No animals, including, without limitation, reptiles, livestock or poultry of any kind, shall be raised, bred or kept on any Lot, except that a reasonable number of dogs, cats or other traditional household pets (meaning the domestic pets traditionally recognized as household pets in the Johnson City vicinity) may be kept in the residence on a Lot, provided they are not kept, bred, or maintained for any commercial or breeding purposes. No dog or other pet runs are permitted on any Lot, except for those the design, placement and landscaping of which have been approved in writing by Developer in its sole discretion. The Lot owner keeping any such pets shall keep the Lot free of pet waste and feces. No animal shall be left on a chain in any yard. Lot owners with pets must keep such pets confined to their own Lot, and must comply with applicable laws at all times.

Section 2.5 Clothes Lines; Fences and Walls; Tennis and Basketball Courts; Swimming Pools; Antennae and Receivers/Transmitters; Exterior Lighting; Play Equipment.

(a) Clothes Lines. No outside clotheslines shall be erected or placed on any Lot.

(b) Fences and Walls.

All fences and walls are subject to prior written approval by Developer in its sole discretion. No fence or wall of any nature may be extended toward the front or street side property line on any Lot (or, if a corner lot beyond the side wall of the residence facing the second street), and all fences and walls shall be constructed so that the finished side thereof, as determined by Developer in its

sole discretion, shall face away from the Lot upon which such fence or wall is constructed. No wire or chain link fences are permitted on any Lot.

(c) Antennae. Antennae or microwave or other receivers and/or transmitters (including, without limitation, those currently referred to as "satellite dishes") shall be erected or placed on any residence or any Lot so that they are contained either wholly within the interior of a residence or if outside on the Lot are not viewable from any street, as determined and approved in writing by Developer, which approval shall be within the sole and absolute discretion of Developer and may be arbitrarily and unreasonably withheld.

(d) Exterior Lighting. Any exterior lighting installed on any Lot shall either be indirect or of such controlled focus and intensity so as not to disturb the residents of adjacent or nearby Lots, as determined by Developer. All Lot owners and residents of the Subdivision are hereby advised that all exterior lighting, ornamental post lights and other ornamental yard decorations located or proposed to be located on any Lot are subject to the prior written approval of Developer in its sole discretion.

(e) Play Equipment. No exterior or outside play equipment may be located on any Lot, including, without limitation, swing sets, trampolines, jungle gyms and similar equipment.

#### Section 2.6 Duty to Maintain Lot.

(a) Developer's Maintenance and Fees. From and after the date of purchase of a Lot until construction of a single family residence is started thereon, Developer shall have the exclusive right, but not the obligation, to perform all normal maintenance on the Lot which Developer deems necessary, including, without limitation, mowing; provided, that Developer shall have no obligation to remove damaged, dead or dying trees or limbs thereon, or fallen portions thereof from the Lot, although Developer may elect to do so in its discretion, and all of which the Lot owner shall promptly cut and remove from the Lot after falling, or otherwise after a determination and notice by Developer to the Lot owner that any of the same constitute a danger or are unsightly. If Developer decides in its sole discretion, that any mowing or other maintenance is appropriate, each owner of a Lot requiring such maintenance shall be assessed a fee payable in advance upon notice, at the initial rate of \$50.00 per month, provided Developer may assess each Lot owner at a greater or lesser amount as Developer determines in its sole discretion is necessary to maintain the Lot as provided herein, or as may otherwise be stated in the applicable Supplemental Declaration and/or Plat for any Phase. The Lot owner shall pay such maintenance fees, in any case, within ten (10) days of demand by Developer.

(b) Lot Owner's Maintenance. From and after the date construction of a single family residence on a Lot is started, it shall be the duty of each Lot owner to keep the grass on the Lot properly cut, to keep the Lot free from weeds, waste and trash, including, without limitation, construction waste, and to keep it otherwise neat and attractive in appearance to the satisfaction of Developer. Should any Lot owner fail to do so, then Developer may take such action as it deems appropriate, including, without limitation, mowing and trash removal, in order to make the Lot neat and attractive, and the Lot owner shall, immediately upon demand, reimburse Developer or other performing entity for all expenses incurred in so doing.

(c) Indemnification By Lot Owner. Each Lot owner, by acceptance of a deed for the Lot, releases and shall indemnify and hold harmless Developer and any and all of its owners, officers and directors from and against all losses or damages which may accrue to such Lot owner's Lot, and the vegetation thereon, arising from any activities of Developer and its agents and/or the Lot owner pursuant to this Section 2.6.

#### Section 2.7 Duty to Repair and Rebuild Structures.

(a) Normal Repairs. Each Lot owner shall, at its sole cost and expense, repair and maintain the residence and other approved structures on such Lot owner's Lot, keeping the same in first class condition and repair acceptable to Developer and the Board of the Association (the "Board") and otherwise in a condition comparable to the condition of such residence at the time of its initial construction consistent with the approved plans therefore. In the event any such residence or other structures on any Lot are not so repaired and maintained, the Lot owner shall, within thirty (30) days after written notice from Developer or the Board (or such greater period as Developer or the Board shall specify in such notice), cause the same to be fully repaired and maintained to the satisfaction of Developer and the Board, or, if the existing status of the residence or other structures on the Lot are such that the same cannot be reasonably repaired and maintained within such thirty (30) day period, the Lot owner shall immediately commence and proceed with all due diligence and best efforts toward the completion of such repair and maintenance, which shall in any case be completed within sixty (60) days of such notice from Developer or the Board or within such other period as shall be reasonably specified by Developer or the Board (which specification shall be deemed reasonable if confirmed in writing by at least two (2) Builders). Should such Lot owner fail to complete such repairs and maintenance within the applicable period provided above, Developer or the Board may, in their respective sole discretion, elect to cause such repairs and maintenance to be so completed to its satisfaction, and Developer and/or the Board, and

their respective agents, employees and contractors, may enter upon the Lot and all improvements thereon during the period from 7:00 a.m. through 7:00 p.m. each weekday and 8:00 a.m. through 1:00 p.m. Saturdays (Washington County, Tennessee time) in connection with such repairs and maintenance, and may at all other times store necessary materials on the Lot, without liability or obligation of any kind to such Lot owner or any resident or lessee of such Lot, and the Lot owner shall reimburse Developer or the Board, as applicable, upon demand for all costs and expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees and court costs, and all such costs and expenses shall constitute a charge on the Lot and Developer or the Board, as applicable, shall have a lien on such Lot to secure the payment thereof of equal priority to the lien for assessments provided for in Article IV below.

(b) Repair of Damage. If all or any portion of a residence or other approved structure is damaged or destroyed by vandalism, fire or other casualty, then the Lot owner shall, with all due diligence, promptly (as acceptable to the Developer and the Board) rebuild, repair or reconstruct such residence or structure in a manner which will substantially restore it to first class repair and condition consistent with the approved plans therefore. In the event any such residence or other structures on any Lot are not so rebuilt, repaired or reconstructed, the Lot owner shall within thirty (30) days after written notice from Developer or the Board (or such greater period as Developer or the Board shall specify in such notice), cause the same to be fully rebuilt, repaired, or reconstructed to the satisfaction of Developer and the Board, or, if the existing status of the residence or other structures on the Lot are such that the same cannot be reasonably rebuilt, repaired or reconstructed within such thirty (30) day period, the Lot owner shall immediately commence and proceed with all due diligence and best efforts toward the completion of such residence or other structures, which shall in any case be completed within one hundred twenty (120) days of such notice from Developer or the Board, or within such other period as shall be reasonably specified by Developer or the Board (which specification shall be deemed reasonable if confirmed in writing by at least two (2) Builders). Should such Lot owner fail to complete such rebuilding, repairs or reconstruction within the applicable period provided above, Developer or the Board may, in their respective sole discretion, elect to cause such rebuilding, repairs or reconstruction to be completed to their respective satisfaction in accordance with the approved plans for such structure, and Developer and/or the Board, and their respective agents, employees and contractors, may enter upon the Lot and all improvements thereon during the period of 7:00 a.m. through 7:00 p.m. each weekday and 8:00 a.m. through 1:00 p.m. Saturdays (Washington County, Tennessee time) in connection with such rebuilding, repairs, or reconstruction, and may at all other times store necessary materials on the Lot, without liability or obligation of any such kind to such Lot owner or any resident or lessee of such Lot, and the Lot owner shall reimburse Developer or the Board, as allocable, upon demand for all costs and

expenses incurred in connection therewith, including, without limitation, reasonable attorneys' fees and court costs, and all such costs and expenses shall constitute a charge on the Lot, and Developer or the Board, as applicable, shall have a lien on such Lot to secure the payment thereof of equal priority to the lien for assessments provided for in Article IV below.

Section 2.8 Restrictions on Business and Home Occupations. No trade or business of any kind (and no practice of any profession, including, without limitation cosmetology, medicine, dentistry, chiropody, osteopathy, accounting, law or other like endeavors) shall be conducted on any Lot, nor shall anything be done thereon which constitutes or may become an annoyance or nuisance to the neighborhood or other residents in the Subdivision, as determined by Developer or the Board. Notwithstanding the provisions hereof or of Section 2.1 above, a new house may be used by the Builder thereof as a model home for display of the Builder's work in the Subdivision or for the Builder's own office, provided said use terminates within eighteen (18) months from completion of such house by the Builder or at such other time as may be determined by Developer, and provided further that such use otherwise conforms to this Declaration and/or such rules as Developer may from time to time issue.

Section 2.9 Signs.

(a) Sign Limits. No sign for advertising or for any other purpose shall be displayed on any Lot or on a building or a structure on any Lot, except reasonable burglar alarm or security company signs, and one neat and attractive sign for advertising the sale or lease thereof, which shall not be greater in area than nine square feet and shall be acceptable in condition, format, appearance and content to Developer. For Lots with residences under construction, the primary builder may place an additional single sign to designate the name of that builder, however no subcontractors or supplier signs are allowed except as otherwise stated in this paragraph.

(b) Developer's Signs. Each Lot owner and resident of the Subdivision is hereby advised that Developer may elect from time to time (i) to erect larger signs when advertising the Subdivision, (ii) to place signs on Lots designating the lot number of the Lots, and (iii) following the sale of a Lot, to place signs on such Lot indicating the name of the purchaser of that Lot and/or the fact that it has been sold.

(c) Street Numbers. This Section 2.9 shall not prohibit placement of occupant name signs and lot numbers as allowed by Developer's guidelines (which may be included in the Design Guidelines as such term is hereafter defined, or otherwise) or as are otherwise acceptable to Developer, and which signs and numbers are in compliance with applicable zoning regulations.

(d) Uniform Sign Program. Developer shall have the unfettered right in its sole discretion to establish from time to time a uniform sales sign program for all Lots, whether improved or unimproved, within any Phase and/or to require Lot owners to obtain all signs advertising the sale or lease of a Lot, whether improved or unimproved, from Developer or any of its related entities or from a designated third party.

Section 2.10 Drainage And Storm Water. Drainage of each Lot shall conform to the general drainage plans of Developer. No construction upon a Lot by those other than Developer shall cause storm water to drain upon any adjacent Lot unless appropriate easements have been provided for such drainage or such drainage is otherwise allowed by local ordinances and permitted by Developer. No storm water, drains, roof downspouts or ground water shall be introduced into the common Wastewater System. All systems for storm water or drainage must be totally separate and may not be connected to the Wastewater System as described in Section 2.17 herein. All connections for the Wastewater System, and for other drainage and storm sewers, on each Lot shall be made with watertight joints and otherwise in accordance with all applicable plumbing and building code requirements. No Hazardous Substance (as hereinafter defined) shall be dumped or introduced into the Wastewater System, or other drainage or storm sewer systems for the Lot or Subdivision, or otherwise improperly stored or disposed of on any Lot.

Section 2.11 Disposal of Trash; No Hazardous Substances. No Lot shall be used or maintained as a dumping ground for, or for the storage or keeping of disposal of, rubbish, trash, or garbage or other waste or Hazardous Substances. Rubbish, trash, garbage or other waste shall not be kept on any Lot except for normal household rubbish, trash, garbage and similar waste kept indoors within sanitary closed containers temporarily prior to collection. There shall be no burning of trash or other refuse on any Lot. Such containers shall be placed at appropriate collection points not earlier than the night preceding a scheduled collection, and shall be promptly removed and returned indoors after each collection. Developer and the Association reserve the right from time to time to establish and maintain a uniform and exclusive trash collection program for the Subdivision with one or more contractors or companies selected by Developer or the Board on such terms as may be deemed acceptable by the Developer or the Board in their respective discretion. For purposes of this Declaration, the term "Hazardous Substances" shall include, without limitation, petroleum, its products and by-products and petrochemicals, and any compound containing any of the same, asbestos, radioactive substances, polychlorinated biphenals, any pollutant or contaminant and any hazardous, toxic, dangerous or flammable waste, substance or material, including any of the same defined as such in, for purposes of, or otherwise regulated or classified by or pursuant to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")

(43 U.S.C. Section 9601, et. seq.) and regulations promulgated thereunder, as amended, any so-called "superfund" or "superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree (whether not existing or hereafter enacted, promulgated or issued) or any judicial or administrative interpretation of any of the same, and including "oil" or "oil waste" as defined in the Clean Water Act (33 U.S.C. Section 1251, et. seq.) as amended. The definition of "Hazardous Substances" for purposes of this Declaration shall not include, however, small quantities of such substances described above which constitute or are included within normal household cleaning substances or other substances used in connection with normal single-family residential purposes which are in all cases kept within approved containers and stores, used and disposed of in accordance with all applicable governmental laws, rules and regulations and other applicable guidelines existing or established from time to time (such substances being hereinafter referred to as "Permitted Substances"). Each Lot owner shall indemnify and hold harmless Developer, its officers, employees, stockholders, successors and assigns, the Board and the Association, and all related entities from and against any and all liabilities, damages, actions and causes of action, costs and expenses arising from or related to the introduction and or use of any Hazardous Substances and/or permitted Substances by such Lot owner or otherwise on such Lot owner's Lot during the ownership of the Lot by such Lot owner.

Section 2.12 Use of Common Areas. Any dock, boat slip, walking path, median, landscaping or retaining furnished by the Developer or the Association shall be used at the sole risk of the user, and the Developer and the Association shall not be held liable to any person or entity for any claim, damage, liability or injury occurring there or related to use thereof.

Section 2.13 Air Conditioning Units. Except as may be permitted from time by time by Developer in its sole discretion, no window air conditioning units may kept or used on any Lot, and all exterior mechanical units must be housed in approved enclosures.

Section 2.14 Lighting. Except for seasonal Christmas/Holiday season decorative lights, and attendant displays and decorations, which may be displayed from November 15 of each year through the following January 10 and only as shall be acceptable to Developer in its sole discretion, all exterior lights must receive the prior written approval of Developer.

Section 2.15 Utility Service.

(a) Underground Service to Lots.

(i) Each Lot owner's electric, cable and telephone utility service lines shall be underground throughout the length of the service line, from Johnson City Power Board ("JCPB") and Comcast and Sprint or other utility's respective points of delivery to a Lot, to the residence on such Lot; and the cost of installation and maintenance thereof shall be borne by the owner of the Lot upon which such service lines are located.

(ii) Appropriate easements as shall be acceptable to Developer, are hereby dedicated and reserved to JCPB, Comcast, Sprint, as applicable, together with the right of ingress and egress over abutting Lots or properties, to install, operate and maintain electric, cable and telephone service lines from each Lot to the utility's respective termination points. Electric, cable and telephone service lines, as installed from time to time in locations acceptable to Developer, shall determine the exact location of said easements.

(iii) The electric, cable and telephone easements shown on the Plat for any Phase, if any, shall be maintained and preserved in their present condition, and no encroachment therein and no change in the grade or elevation thereof shall be made by any person or Lot owner without the express written consent of Developer, and of JCPB, Comcast and Sprint, and their respective successors and assigns, as applicable.

(b) Intentionally left blank.

(c) Cable Television Easement: The electric and telephone easements dedicated and reserved in this Section 2.15, and those as shown on the Plat shall include easements for the installation, operation and maintenance of cable television service to the Lots including the underground installation and service of coaxial cables, cable drop wires, converters, home terminal units and other necessary or appropriate equipment, as well as easements for the installation, operation and maintenance of future communications, telecommunications and energy transmission mediums.

(d) Intentionally left blank.

Section 2.16 Exclusive Water Service. Each Lot owner shall be obligated upon the construction of a residence on any Lot to connect to, and obtain service from, the central water systems provided for the Subdivision by the City of Johnson City, Tennessee, or their respective successors and assigns. No other utility water system shall be permitted on or for any Lot. No

private water treatment systems shall be permitted in the Subdivision except for systems designed for home use and housed solely within a residence.

Section 2.17 Exclusive Storm & Sanitary Sewer. (Same as 2.10)

Section 2.18 Intentionally left blank.

### ARTICLE III-ARCHITECTURAL CONTROL

Section 3.1 Design Review Board: Approval of Construction and Landscape Plans. Developer shall appoint a Design Review Board (the "Design Review Board") to oversee the approval of all construction, architectural and landscape plans. The Design Review Board may be composed of one or more individuals or firms as Developer shall determine. Developer may appoint a design or architectural firm to serve as the Design Review Board. One or more representatives of the Developer may serve on the Design Review Board. The Developer may appoint a Design Review Administrator who shall serve as the primary contact between Lot Owners and their Builder and the Design Review Board.

(a) Site Plan and Basic Landscape Plan. (i) No clearing or grading of any Lot shall be permitted, and no structure may be erected, placed or altered on any Lot or shoreline, until the Lot owner has submitted, and Design Review Board has approved, in writing, in its sole discretion, a Site Plan, Basic Landscape Plan and any other information or documents as the Design Review Board in its sole discretion shall determine. The Site Plan shall show (1) the location of all improvements and proposed improvements on the Lot and the minimum elevation of any proposed improvements, (2) the final grade elevation (including rear, front and side elevation) and first floor elevation, which must be in compliance with Developer's drainage and grade plans for the Subdivision, (3) the type of exterior material (including delivery of samples thereof requested by Developer), and (4) the time frame within which all construction shall be completed. Developer may further specify the requirements of such plans and specifications and other requirements in the Design Guidelines (as defined below) or otherwise as shall be acceptable to Developer.

(b) Landscape Plan.

(i) The landscape plan shall be submitted by such Lot owner to the Design

Review Board for its approval in writing, which plan shall show the trees, shrubs, and the other plantings then existing and/or to be planted on the Lot, and specify the time frame within which such landscaping shall be completed. Each landscape plan for a Lot submitted to the Design Review Board shall show that the Lot has or will have prior to occupancy a minimum of six existing or new trees, with three trees (at least 2-1/2 inches in diameter) in the front yard of the Lot and an additional three trees (at least 1-1/2 inches in diameter) on the Lot, and shall further obligate, and this Declaration does so obligate, each Lot owner to install such approved landscaping in good health at all times thereafter, and to replace such approved landscaping as necessary, in the front and side yards of each Lot, readily visible from the street(s) adjacent to the Lot, if any. Further, any portion of the yard not to be landscaped pursuant to an approved landscape plan shall be sodded by the Lot owner. All Lot owners shall install an irrigation system at the time the landscaping and sod are installed. Developer has approved Landlords Landscaping for all landscaping design, however, other landscape architects may be used with prior approval of landscaping plans.

(ii) The Lot owner shall install all required landscaping and the irrigation system for inspection by the Developer at its request at any time following commencement of occupancy of the residence on the Lot, provided, that when seasonal limitations prohibit, the approved landscaping on, and/or sodding of, the Lot must be installed within fifteen (15) days from the time planting operations can be feasibly undertaken as determined by Developer. Moreover, when seasonal limitations do not permit planting, erosion control measures must be immediately implemented in accordance with generally accepted practices in the real estate development industry, as approved by Developer in its sole discretion, and as otherwise may be required by applicable laws, rules, regulations, and ordinances, and as otherwise provided in this Declaration. In no event shall any irrigation or other water system on any Lot be permitted to draw or otherwise use water from any interior lakes within the Subdivision. Developer reserves the right to waive or modify, in its discretion, all or any of the requirements of this Section 3.1(b) with respect to any Lot.

(iii) In the event that the Lot owner shall fail to diligently proceed with and/or complete the landscaping of the Lot within the time frame established pursuant to the landscape plans therefore approved by the Design Review Board, the Lot owner shall, within fifteen (15) days after written notice from Developer (or within such greater period as specified by Developer considering seasonal limitations in Developer's sole discretion), cause such landscaping to be completed in a good, workmanlike and professional manner. Should such Lot owner fail to complete such landscaping within the applicable period provided above, Developer may, in its sole discretion, elect to complete such landscaping on such Lot in accordance with the approved plan therefore, and

Developer, its agents, employees and contractors, may enter upon the Lot at any time and from time to time in connection therewith, without liability or obligation of any kind to such Lot owner or any resident or lessee of such Lot, and the Lot owner shall reimburse Developer upon demand for all costs and expenses incurred in connection therewith.

(c) Modification of Standards. Developer reserves the right to compile and modify from time to time architectural and design review and /or construction standards manuals and guidelines, or other written standards (collectively, "Design Guidelines"), for use by Lot owners for control and guidance in the design and construction of any Structure(s) and other improvements on the Lots, and for such other purposes as described in this Declaration, and all improvements addressed therein shall be constructed by Lot owners in accordance therewith and pursuant to the plan(s) therefore approved pursuant to this Article III. All such manuals and guidelines constituting Design Guidelines shall, from time to time when issued by Developer, be deemed to constitute a part of and be incorporated within this Declaration.

(d) Time for Completion. All approved construction activities and landscape activities shall be completed by the Lot owner within the time frame specified in the approved plans contemplated by this Section 3.1, with such period, from the date plans are approved by Developer, not to exceed twelve (12) months for primary residences with 4,000 square feet or less and eighteen (18) months for residences greater than 4,000 square feet (except for waivers granted by Developer in its sole and absolute discretion). Upon completion of all such construction, the Lot owner shall, at the Lot owner's cost, furnish to Developer upon request a written statement and certification of the Lot owner's Builder and/or an engineer acceptable to Developer, to the effect that (1) the improvements constructed upon the Lot substantially conform to the plans and specifications approved pursuant to this Section 3.1, and (2) drainage of the Lot after improvement is in positive drainage compliance with the drainage plans for the Subdivision.

(e) Non-Compliance. In the event any such Structure(s), landscaping or other improvements constructed on any Lot, and/or the final grade of any Lot, do not conform to the approved construction plans, drainage plans or landscape plans for the Subdivision, the Lot owner shall, within thirty (30) days after written notice from Developer (or such greater period as Developer shall specify in such notice), cause such non-compliance to be fully remedied to the satisfaction of Developer. Further, in the event that the Lot owner shall fail to diligently proceed with and/or complete the construction of any improvements on a Lot within the time frame established pursuant to the construction plans and specifications therefore approved by Design Review Board, the Lot

owner shall, within thirty (30) days after written notice from Developer, complete such improvements in a good, workmanlike and professional manner, or, if the existing status of the improvements on the Lot are such that the same cannot be reasonably completed within such thirty (30) day period, the Lot owner shall immediately commence and proceed with all due diligence and best effort toward the completion of all such improvements, which such in any case shall be completed within ninety (90) days of such notice from Developer or within such other greater or lesser period as shall be reasonably specified by Developer (which specification shall be deemed reasonable if confirmed in writing by at least two (2) Builders of Developer's choosing). Should such Lot owner fail to cure such non-compliance if confirmed or to complete such construction within the applicable period provided above, Developer may in its sole discretion, elect to cause such non-compliance to be so cured, and may, in its sole discretion, elect to complete such construction on such Lot in accordance with the approved plans therefore and Developer and/or the Board and their respective agents, employees and contractors, may enter upon the Lot and all improvements thereon at any time and from time to time in connection therewith, without liability or obligation of any kind to such Lot owner or any resident or lessee of such Lot, and the Lot owner shall reimburse Developer upon demand for all costs and expenses incurred in connection therewith.

(f) Modifications. Any modifications to the existing grade of any Lot shall comply with any approved drainage plans for the Property.

(g) Approval of Plans. A complete and final set of architectural plans and drawings for any residence to be constructed on any lot shall be submitted to the Design Review Board with a request for approval. The Design Review Board shall be the sole arbiter of same and may withhold approval for any reason including truly aesthetic considerations. In the event the Design Review Board fails to approve or disapprove the plans for design, specifications, and location within thirty (30) days after all documents and information requested by the Design Review Board have been received and accepted as complete, approval will be implied and this section will be deemed to have been fully complied with. A complete set of final plans and specifications of the house or other structure to be built shall be left with the Design Review Board during the time of construction.

(h) Architectural Standards. Developer reserves the right to issue and modify from time to time architectural and other standards and design guidelines as a part of the Design Guidelines to control and assist Lot owners in their initial design efforts prior to submitting plans and specifications for approval pursuant to Section 3.1 hereof. All Lot owners and their Builders and other contractors shall comply with the construction regulations portions, if any, of the Design

Guidelines. Such regulations may affect, without limitation, the following: appearance, materials, design and construction of any structure; size and placement of structures; required landscaping; construction rules, trash and debris removal; sanitary facilities; work trailers; parking areas; outside storage; conduct and behavior of Builders, contractors, subcontractors and Lot owners; the conservation of landscape materials; and fire protection.

(i) No Occupancy Before Completion. No occupancy of any residence shall be permitted prior to the completion thereof to the satisfaction of Developer, and the compliance with the provisions of this Declaration, including, without limitation, this Article III, in connection with the construction thereof and other Structure(s) and improvements on the Lot.

Section 3.2 Building Materials, Roof, Builder, Architectural Standards and Design Guidelines.

(a) Building Materials.

(i) The exterior building material of all residences and structures on any Lot shall extend to ground level, and the exterior building materials of all residences shall be brick, stone, stucco, wood shakes, cement-fiber products or a combination of same, or such other materials as shall hereafter be limited or specified in the Design Guidelines. Developer recognizes that the appearance of other exterior building materials may be attractive and innovative and reserves to the Design Review Board the right to approve in writing the use of other exterior building materials. Exposed smooth or brick mold-poured concrete walls shall not be permitted.

(ii) Each Lot owner and resident of the Subdivision is hereby advised that rights of approval reserved by Developer to the Design Review Board in this Declaration include, without limitation, the right of prior approval and specification, in its sole discretion, of the color, texture and appearance of all stucco, wood, brick, stone, mortar and other materials to be used on the exterior of residences or other structures built on Lots.

(b) Roof Pitch and Height. The roof pitch of any residential structure shall not be less than a plane of 8 inches vertical for every plane of 12 inches horizontal for structures with more than one story, provided, however, porch or patio roofs and the dormers on one and one-half story houses may have a roof pitch of less than 8 inches vertical for every 12 inches horizontal with the prior written consent of the Design Review Board in its sole discretion, which consent may be arbitrarily



Guidelines. Such regulations may affect, without limitation, the following: appearance, materials, design and construction of any structure; size and placement of structures; required landscaping; construction rules, trash and debris removal; sanitary facilities; work trailers; parking areas; outside storage; conduct and behavior of Builders, contractors, subcontractors and Lot owners; the conservation of landscape materials; and fire protection.

(i) No Occupancy Before Completion. No occupancy of any residence shall be permitted prior to the completion thereof to the satisfaction of Developer, and the compliance with the provisions of this Declaration, including, without limitation, this Article III, in connection with the construction thereof and other Structure(s) and improvements on the Lot.

Section 3.2 Building Materials; Roof; Builder; Architectural Standards and Design Guidelines.

(a) Building Materials.

(i) The exterior building material of all residences and structures on any Lot shall extend to ground level, and the exterior building materials of all residences shall be brick, stone, stucco, wood shakes, cement-fiber products or a combination of same, or such other materials as shall hereafter be limited or specified in the Design Guidelines. Developer recognizes that the appearance of other exterior building materials may be attractive and innovative and reserves to the Design Review Board the right to approve in writing the use of other exterior building materials. Exposed smooth or brick mold-poured concrete walls shall not be permitted.

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(b) Roof Pitch and Height. The roof pitch of any residential structure shall not be less than a plane of 8 inches vertical for every plane of 12 inches horizontal for structures with more than one story, provided, however, porch or patio roofs and the dormers on one and one-half story houses may have a roof pitch of less than 8 inches vertical for every 12 inches horizontal with the prior written consent of the Design Review Board in its sole discretion, which consent may be arbitrarily

and unreasonably withheld; or such other plane(s) as shall otherwise be specified from time to time in the Design Guidelines. The Design Review Board may waive or modify the requirements of this Section 3.2(b) in its sole discretion in special cases where architectural design warrants or requires for proper perspective. No residence shall exceed two stories in height above ground level.

(c) Erosion Control. During the clearing of any Lot and the construction of, or addition to, a residence thereon, each Lot owner shall cause to be placed, and maintained in good repair and condition, a fabric silt fence with a minimum height of eighteen inches (18") above-ground, and a minimum burial of six inches (6") underground, along that portion of the perimeter of the Lot bordering, backing up to or otherwise in the near vicinity of any developed Lot in order to prevent silt/or fill migration and contamination. The silt fence may be removed only upon sodding of the Lot or establishment of grass thereon.

(d) Driveways. All driveways on any Lot shall be of stamped concrete, pavers, exposed aggregate, or any material approved by the Design Review Board, which shall be constructed in final finished form not later than thirty (30) days subsequent to the substantial completion of any residence on a Lot, as determined by the Design Review Board in its sole discretion.

(e) Builder Approval. Developer reserves the right of prior approval, in its sole and absolute discretion, of each general contractor, contractor, builder, subcontractor or other person or entity (collectively, as so approved, the "Builders" and individually, a "Builder"), which proposes or is contracted with, hired or otherwise retained by or on behalf of any Lot owner to construct, modify or repair a residence or other Structure on any Lot, which approval must be obtained prior to the commencement of any such construction. No Lot owner, unless an approved Builder, may construct a residence on the Lot. Developer reserves this right of prior approval because the Subdivision is a planned community of high aesthetic and construction quality with which the Developer's name and reputation, and the name and reputation of Developer and that of its affiliated and related entities, shall continue to be associated and identified and further, in an attempt to ensure (i) the maintenance of a high quality of construction within the subdivision, (ii) that the economic value of other Lots and structures within the Subdivision will not be impaired by the construction of residential structures not of the same or comparable quality as now exist in the Subdivision, (iii) the maintenance of the existing high aesthetic quality of the Subdivision, and (iv) a uniform subdivision, development, improvement and marketing program for the Subdivision. Nothing contained in this Section 3.2 or otherwise within this Declaration shall constitute or be deemed to be a representation or warranty by Developer or the Design Review Board with regard to any matter

whatsoever pertaining to any Builder, or of the value or quality of any Lot, or any residence or other structure or improvement constructed thereon or otherwise within the Subdivision.

(f) Sanitation. At all times during construction, the Builder will keep and maintain on site a portable toilet and dumpster. The Builder shall provide Developer with copies of maintenance agreements for each.

Section 3.3 Minimum Finished Floor Areas. The following shall be the minimum finished and heated floor areas for homes to be constructed within the subdivision:

(a) One-Story. The ground floor area of a one-story residence shall be a minimum of 2,200 finished and habitable square feet.

(b) One and One Half-Story And Two-Story. The area of a one and one half-story or two-story residence shall be a minimum of 2,700 finished and habitable square feet.

(c) Exclusions. Finished basement areas, bonus rooms over detached garages, garages and open porches, unfinished and non-heated areas are not included in computing minimum square footage and floor areas pursuant to this Section 3.3.

(d) Waiver. Design Review Board shall have the right, but no obligation, to waive the square footage required of this section and to approve plans for a residence containing less than the minimum square footage specified herein.

Section 3.4 Setbacks. No structure shall be located on any Lot nearer to the front lot line, the side street line or other side lot lines, or to rear lot lines or shorelines, than the minimum building setback lines required by the applicable zoning regulations and as approved by the Design Review Board. Developer may from time to time vary the established building setback lines, and/or grant variances therefrom, in its sole discretion, where not in conflict with applicable zoning regulations or other applicable law. Lot owners may seek variances from the minimum building setback line required by applicable zoning with the consent of the Design Review Board.

Section 3.5 Garages: Carports.

(a) Openings. All Lots shall have at least a two-car garage with doors.

- (b) No Carports. No carport shall be constructed on any Lot.

Section 3.6 Landscaping; Sidewalks; Driveways; Trees.

(a) Landscaping.

(i) Sod. After the construction of a residence, the Lot owner shall grade and sod the front and side yards, and shall otherwise landscape and seed all remaining portions of the Lot in accordance with the provisions of this Declaration and the landscape plan for such Lot which has been approved pursuant to Article III hereof, and each Lot owner shall thereafter maintain (and replace, as necessary) all of the same in good health and in a neat, attractive and well-kept condition satisfactory to Developer. The requirements of this section shall also be subject to the Design Guidelines.

(ii) Sprinkler Systems. All Lot owners shall install a sprinkler system covering all front and side yard areas.

- (b) Intentionally left blank.

(c) Trees. Each Lot owner shall cause to be planted on the Lot such trees as shall be required and otherwise approved pursuant to Section 3.1 hereof. No tree shall be removed from any Lot subsequent to the implementation of the approved initial lot-grading plan for such Lot without the prior written approval of Developer in its sole discretion. No Lot owner shall cause or allow any placement or storage of any chemicals, solvents, material construction machinery or temporary soil deposits within the drip line of any tree. The term "drip line" as used herein shall mean an imaginary perpendicular line that extends downward from the outermost tips of the tree branches to the ground. Except as permitted by Developer in its sole discretion, no trenching shall be allowed within two-thirds of the drip line of any tree having a trunk diameter of six inches or greater. Developer reserves the right to establish, from time to time, regulations or rules relating to the preservation and planting of trees. In addition to its other remedies hereunder, Developer may require any Lot owner to immediately replace all damaged or improperly removed trees with a new tree of type and size required by the Developer.

(d) Default. Upon a Lot owner's failure to comply with the provisions of this Section 3.6, Developer may take or cause to be taken such action as may be necessary in Developer's opinion to cause compliance therewith, without liability of Developer, the Association or any of their respective

successors, assigns, officers, employees, stockholders, directors, partners, agents, servants or contractors, or affiliates or related entities for trespass or otherwise, and the Lot owner shall immediately, upon demand, reimburse Developer or other performing party for all expenses incurred in so doing.

Section 3.7 Mail and Paper Boxes. Only mailboxes and paper boxes as approved by the Developer may be used or placed on a Lot. Currently Developer has approved a mailbox offered by American Lighting Company.

Section 3.8 Design Guidelines. Notwithstanding anything to the contrary in this Declaration, the Design Review Board reserves the right to reject any plans that do not comply with such architectural and other standards set forth in this Declaration, or within the Design Guidelines as the same may be modified and issued from time to time by Developer.

Section 3.9 Maintenance of Roads and Curbs. Any builder performing construction services on the Property, and any Lot owner purchasing such services, shall be jointly and severally liable for any damage caused by either party, or any subcontractors, material suppliers or other parties claiming by, under, or through such parties, to any portion of the Property, including, without limitation, curbs, roadways and signage. All builders and Lot owners shall take such measures as are necessary to avoid the deposit of any mud, dirt, concrete or other substance on roads within the Subdivision.

Section 3.10 Temporary Window Treatments. Any temporary window treatments, including, without limitation, sheets, canvas, plywood or other opaque or security coverings, shall not be permitted to remain more than thirty (30) days except as may be permitted by Developer, in its sole discretion.

Section 3.11 Street Lights. Developer will install streetlights within the Subdivision where Developer deems appropriate. After installation, the maintenance, repair, replacement and utility costs of all streetlights will be the sole responsibility of the City of Johnson City.

#### ARTICLE IV - COMMUNITY ASSOCIATION; ASSESSMENTS

Section 4.1 Association. The Developer has created the Willows Ridge at Waters Edge Association, Inc., a Tennessee non-profit corporation (the "Association") and has filed articles of

incorporation of same in the Office of the Secretary of State of Tennessee and in the corporation records in the Register of Deed's Office in Washington County, Tennessee. The operation of the Association shall be governed by a Board of Directors (the "Board") elected by the members in accordance with the Association's By-Laws. Developer shall, and hereby reserves the right to, assign certain of its rights hereunder to such Association, such assignment to be effective upon recording by Developer of an assignment to the Association. Until such assignment, all rights of the Association as set forth in this Declaration shall run to the benefit of, and be exercised by, Developer. All owners of Lots within the Property (and within any additional sections of the Subdivision as are added by Developer) shall be members of the Association and shall have one vote for each Lot, provided that, so long as Developer owns any of the Lots within the Property, Developer shall have one vote for each Lot within the Property, without regard to whether or not such Lot is owned by Developer. Each owner of a Lot within the real Property shall automatically, by acceptance of the deed thereto, become a member of the Association, regardless of any other abilities, intentions or desires of such Lot owner, and each Lot owner agrees to abide by all rules, regulations, and by-laws and to pay the fees and assessments of the Association.

#### Section 4.2 Easements of Enjoyment.

(a) Common Area. (i) Every Lot owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the easements and other reservations set forth in this Declaration. Further, Developer, and its successors and assigns, shall have a superior right and easement in gross for ingress, egress and access on and over, and use of, the Common Area for so long as Developer, its successors or assigns, owns any Lot or any portion of the Subdivision. The term "Common Area" as used in this Declaration means and refers to all of the following, and all facilities and amenities thereon designated by Developer as a part of the Common Area:

- (1) The median located on Sweet Water Court;
- (2) The walking path along the division line between Lots 3 and 4;
- (3) The walking path located on Lots 3 and 4 near the 1390 contour line in the area of the dock and the boat slips;
- (4) The dock ramp connecting thereto;

(5) The boat slips and all walkways connected thereto;

(6) The landscaping and landscape easements on Lots 1 and 7 as shown on the plat;

(8) The wall and wall easement located on Lots 1 and 7 as shown on the plat;

(9) Such other areas of the Property subject to this Declaration, and facilities thereon, as Developer shall designate from time to time as a part of the "Common Area":

(ii) Any entranceways, gates, gate houses, walls, signs, signature entrances, and other similar structures, and attendant lighting fixtures and landscaping, to or within the Subdivision and/or the Property, and landscaped medians, although constructed and/or located in areas intended for or dedicated to public use are also part of the Common Area subject to maintenance by the Association.

(iii) Developer may convey the Common Area to the Association at any time but not later than such time as the Developer no longer owns any lots.

(b) Reservations. The rights and easements of enjoyment granted pursuant to Section 4.2(a) above, and the provisions of Article II above, are further subject to the following:

(i) The right of the Association to permit the construction and use of and to charge reasonable admission and other fees for the use of any recreational facilities and other amenities situated upon the Common Area, and to adopt rules and regulations with regard to the use of the Common Area.

(ii) The right of the Association to borrow money for the purpose of improving the Common Area, or for constructing, repairing or improving any facilities and/or amenities located or to be located thereon, and to give as security for the payment thereof, a mortgage encumbering all or any part of the Common Area.

(iii) The right of the Association to suspend the voting rights and the right to use the recreational facilities and other Common Area amenities by a Lot owner for any period during which a violation of this Declaration by such Lot owner or a resident of such Lot exists, or any assessments or liens against the Lot owner's Lot or other sums due to the Association by such Lot owner, remain unpaid, and for a period of time for any infraction of this Declaration, and/or the rules and regulations

of the Association.

(iv) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Board, and to grant permits and licenses as well as easements for access, utilities, drainage, water facilities and other matters, in, on, over, across or under the Common Area, as may be deemed necessary or useful by the Board. Developer may dedicate access, utility, drainage, water facility, service and other easements, rights and licenses on or over the Common Area, and any recreational facilities and other amenities thereon, owned by the Association at Developer's sole discretion for so long as Developer, its successors or assigns, owns any Lot or any portion of the Subdivision.

(v) An easement in gross on and over the Common Area in favor of Developer, its successors and assigns, for so long as Developer, its successors or assigns, owns any Lot or portion of a Lot in the Subdivision.

(vi) Developer shall be entitled to modify, restrict, and/or confirm any of the foregoing rights and easements provided for in this Section 4.2(b), and/or to grant additional rights and easements on or over the Common Area in favor of Developer, its successors and assigns.

c. Construction Mortgages. Developer may from time to time construct certain recreational facilities and/or amenities on portions of the Common Area owned or to be owned by Developer, and, in order to finance this construction and the development of the Subdivision in general, Developer shall have the right to subject all or any portion of the Common Area and any improvements thereon to the lien of a mortgage on terms acceptable to Developer in its sole discretion.

Section 4.3 Delegation of Use. Any Lot owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment to the Common Area, and facilities and amenities thereon, to the members of his family residing on the Lot or to (a) his tenant(s) actually occupying a residence on the Lot pursuant to a lease supplied to Developer, and of which Developer receives proper notice, pursuant to, and which otherwise complies with, Section 2.1 hereof, or (b) contract purchaser(s) who reside on the Lot, but membership in the Association cannot be shared with a tenant(s) or contract purchaser(s). Membership in the Association may not be conveyed separately from ownership of the Lot.

Section 4.4 Right of Entry. The officers, employees, agents and authorized representatives of Developer, the Association and the Board shall be entitled to reasonable access to the individual Lots as may be required (a) in connection with the preservation of property on an individual Lot or in the event of an emergency or in connection with the maintenance of, repairs or replacements within the Common Area or the remainder of the Subdivision, of any equipment, facilities or fixtures affecting or serving other Lots and or the Common Area, or to make any alteration required by any governmental authority, and (b) in connection with and reasonably related to the exercise and performance by Developer, the Association or the Board of their respective rights and responsibilities pursuant to this Declaration, including, without limitation, the right of access to each Lot at reasonable times and intervals and in a manner which does not unreasonably interfere with the use thereof to inspect the Lot for purpose of verifying conformance with this Declaration, whether in connection with the construction of improvements thereon in accordance with Article III of this Declaration, or otherwise.

Section 4.5 Assessments, Lien and Personal Obligation.

(a) Payment. Each Lot owner, except for Developer, by acceptance of a deed for the Lot, whether or not it shall be so expressed in such deed, covenants and agrees to observe and conform to, and to cause the residents of the Lot to observe and conform to, the provisions of this Declaration, and such Lot owner further covenants and agrees, and incurs an obligation, to pay to the Association, except as otherwise provided in this Declaration, (i) annual assessments or charges ("Annual Assessments"), and (ii) special assessments for capital improvements ("Special Assessments"), such assessments to be established and collected as provided in this Article IV. At the sole discretion and direction of Developer or the Board, however, the Association may elect, from time to time, not to levy any assessment against one or more specific Lots conveyed to certain Builders (other than assessments with respect to such Builder's residence or sales office) until the first anniversary of such conveyance or the conveyance of the Lot by the Builder, whichever first occurs, or until such other time as Developer or the Board may elect.

(b) Charge and Lien. The Annual Assessments, Special Assessments and Maintenance Assessments (as defined in Section 5.3 herein) and any other amount owed to the Association or to developer or their agents or contractors shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with reasonable attorneys' fees, costs and such interest, shall also be the personal obligation of each and

every person or entity which was the Lot owner of such Lot at the time when the assessment fell due, and the personal obligation for delinquent assessments shall pass jointly and severally on such Lot owner's successor in title, regardless of whether expressly assumed by such successor, and such delinquent assessments shall remain a charge on and continuing lien against the Lot, which may be foreclosed by the Developer or the Association in the manner prescribed by law.

Section 4.6 Purpose of Assessments.

(a) Use. The assessments levied by the Association shall be used as provided in this Declaration and otherwise to promote the recreation, health, safety and welfare of the residents and Lot owners in the Subdivision, and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, and for the improvement, maintenance, use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of utilities, labor, equipment, materials, management and supervision and other services, payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the Articles and/or Bylaws of the Association, the employment of attorneys to represent the Association when necessary and such other needs as may arise, and for the improvement and maintenance of the Common Area. The Association shall maintain, operate and repair, unless such obligations are assumed to the satisfaction of the Developer by any municipal or governmental authority or agency having jurisdiction thereof and are relinquished by the Association, the Common Area.

(b) Administration. Until assignment of its rights hereunder to the Association, Developer or its nominee shall administer the assessments and receipts therefrom, which may only be used for purposes permitted in this Declaration and/or the Articles and Bylaws of the Association.

Section 4.7 Initial Annual Assessment.

(a) Initial Annual Assessments will begin January 1st in the calendar year 2006, with the initial Annual Assessment set at a rate of \$1,200.00 per year per Lot, and shall be thereafter increased or reduced for each year as shall be determined by the Association's Board. The full pro-rated amount (based upon the days of ownership within the remainder of applicable current calendar year) of the initial Annual Assessment or the then current Annual Assessment shall be due and payable upon the purchase of each Lot. Lots purchased in 2005 shall pay the full initial Annual Assessment for 2006 in advance at the time of closing.

(b) Payment. The Annual Assessment as provided above shall be due and payable in full annually in advance on or before each January 1st.

Section 4.8 Special Assessments. In addition to the Annual Assessments, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the current or future cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto. Any such assessment shall have the assent of the members of the Association in accordance with the Bylaws of the Association. Each Special Assessment shall be due from Lot owners at a time and schedule as determined by the Board and described in a written notice to the Lot owners.

Section 4.9 Uniform Rate of Assessment. Subject to Section 4.5 and 4.7, each Annual Assessment and Special Assessments shall be fixed at a uniform rate for all Lots. The Board and/or Developer may at its respective discretion waive or reduce any assessment in whole or in part for any year or part of a year for any Lot where construction of a residence has not yet begun.

Section 4.10 Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments shall begin as to any Lot at the time the Lot is initially conveyed by Developer to a person or entity unless otherwise provided in the deed for such Lot, but shall not begin before January 1, 2006. The first Annual Assessment for a Lot shall be adjusted according to the number of days remaining in the assessment calendar year when the Lot is so first conveyed.

Section 4.11 Effect of Nonpayment of Assessments Or Any Other Amount Due Developer Or Association Hereunder; Remedies of Developer And Association.

(a) Late Payments And Interest Accrued And Payable. Any unpaid fee, charge, deposit, reimbursement, expense, Annual Assessment, Special Assessment, Maintenance Assessment (as described in Article V), accrued interest, and any other amount charged or assessed against a Lot or payable by any Lot owner(s) to the Association or to Developer or their agent or contractor (as the case may be) and not paid by the due date (such amounts called "Late Payments") shall bear interest from the due date at a rate of twelve percent (12%) per annum accrued monthly, or such lower rate as may constitute the maximum then permitted by applicable law.

(b) Attorney's Fees And Collection Costs. Should Developer and/or Association take any action to collect any Late Payment or other amount due from a Lot owner, then Lot owner shall immediately reimburse and pay any and all cost and expense of such action ("Collection Costs"), including but not limited to collection agency costs, reasonable attorneys' fees and court costs, and shall bear interest at the rate prescribed in Section 4.11(a) above.

(c) Charge And Lien Upon A Lot. All Late Payments and other amounts owed to Developer and/or Association hereunder, plus Collection Costs and accrued interest thereon, shall constitute a charge and lien upon the Lot to secure the payment thereof of equal priority to the lien for assessments provided for in Article IV of this Declaration. The Developer and/or the Association may bring an action against the Lot owner(s) and/or persons personally obligated to pay such amounts, and/or may foreclose the lien against the Lot, and costs and reasonable attorneys' fees of such action and/or foreclosure shall be added to the amount owed by Lot owner(s). No Lot owner may waive or otherwise escape liability for assessments or charges provided for herein by non-use or abandonment of the Lot, or by claim of set-off.

Section 4.12 Subordination of the Lien to First Mortgage. Annual Assessments, Special Assessments and Maintenance Assessments shall constitute a charge upon each Lot, and the lien of such assessments shall only be subordinate to the lien of any first mortgage encumbering a Lot in favor of a bona fide institutional lender, which mortgage encumbered the Lot prior to the due dates of any such assessments. Sale or transfer of any Lot shall not affect the assessment lien or other liens provided for in this Declaration.

Section 4.13 Membership. Developer and every Lot owner of a Lot which is subject to an assessment shall be a member of the Association, as provided herein and in the Articles and Bylaws of the Association. Each such Lot owner and member shall abide by the Association's Articles of Incorporation recorded in the corporation records in the Office of the Register of Deeds of WASHINGTON County, Tennessee ("Articles"), and By-Laws, rules and regulations, shall pay the assessments provided for in this Declaration when due, and shall comply with decisions of the Board. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment.

Section 4.14 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

(a) All properties to the extent of any easement or other interests therein dedicated and accepted by an applicable governmental authority or agency and devoted to public use; and

(b) All of the Common Area; and

(c) All Lots and property owned by the Developer.

Section 4.15 Lot Owner's Negligence. In the event that the need for maintenance, repair, or replacement of the Common Area or any portion thereof, is caused through or by the negligent or willful act or omission of any Lot owner, or by any member of a Lot owner's family, or by a Lot owner's tenants, guests, contractors, subcontractors, agents, or invitees, then the expenses, costs and fees incurred by the Association for such maintenance, repair, or replacement, in the amount for which the Lot owner or the Lot owner's family members, tenants, guests, contractors, subcontractors, agents, or invitees are liable under Tennessee law, shall be a personal obligation of such Lot owner.

Section 4.16 Recorded Easements. The Common Area, and all portions thereof, shall be subject to all easements shown on any recorded Plat affecting the Common Area, or any portion thereof, and to any other easements of record, which shall include without limitation, use for construction, installation and repair of utilities, maintenance, encroachment, drainage, and ingress and egress as of the date of recordation, hereof.

ARTICLE IV

(Intentionally left blank)

ARTICLE V

(Intentionally left blank)

ARTICLE VI

(Intentionally left blank)

#### ARTICLE VII - NO WARRANTIES

Section 7.1 "AS IS" Sales. All Lots within the Property are sold by Developer in their "AS

IS," "WHERE IS" condition. No warranty is made by Developer of any kind, including, without limitation, any warranty regarding the market value of any Lot within the Subdivision or of any use of the Lot for any purpose. All Lots are offered and sold for future use in building a home and are not represented as a business investment.

## ARTICLE VIII - GENERAL PROVISIONS

### Section 8.1 Enforcement.

(a) Parties. Enforcement of these restrictions shall be by proceeding at law and/or in equity, brought by Developer and/or the Association, or in the absence of any such action, by any Lot owner (although Developer and/or the Association shall at all times have the superior right to bring and/or assume and control the course of, as applicable, any such proceeding) against any party violating or attempting to violate any covenant or restriction or other provision of this Declaration, either to restrain violation, to direct restoration and/or to recover damages. Failure of any Lot owner, Developer or the Association to demand or insist upon observance of any of the provisions of this Declaration, or to proceed for restraint of violations, shall not be deemed a waiver of the violation or of the right to seek enforcement of that provision in that or any other case. Any such Lot owner, Developer and/or the Association enforcing this Declaration shall be entitled to recover all costs and expenses incurred in connection with such action, including, without limitation, court costs and reasonable attorney's fees. Any award of damages received by Developer or the Association in connection with any such action, and all costs and expenses incurred by Developer or the Association in connection therewith, shall constitute a lien upon the Lot, of equal priority to the lien for assessments provided for in Article IV, and any award of damages received by any Lot owner in connection with any such action shall accrue to the sole benefit of the Association.

(b) Liens. All liens created and/or imposed against any Lot pursuant to the provisions of this Declaration may be enforced in accordance with the applicable provisions of Tennessee law, including the judicial foreclosure thereof and sale of Lot encumbered thereby, with the Lot owner and any other persons responsible therefore remaining liable for any deficiency.

(c) Owner Liability. Either Lot owner (other than Developer) shall be responsible and liable for any violations made or caused by such Lot owner and every family member, agent, employee, contractor, material supplier, invitee, licensees and subleases and assigns of such Lot owner.

(d) Developer Written Waiver. Developer reserves the right to waive any obligation or violation of any Lot Owner under the terms of this Declaration upon Developer's determination, in its sole and absolute discretion, provided that such waiver shall be express and in writing.

Section 8.2 Severability. Invalidation of any provision of this Declaration by judgment or court order of a court of competent jurisdiction shall in no way affect any of the other provisions hereof, which shall remain in full force and effect, and such provision so invalidated shall remain in full force and effect in all permitted contexts.

Section 8.3 Declaration Runs With The Land.

(a) Term: Amendment. Unless cancelled, altered or amended under the provisions of this Section 8.3, the provisions of this Declaration shall be a covenant running with the land and shall be binding on the Lots, the owners of each Lot, heirs, scissors and assigns, and all other parties claiming under them, for a period forty (40) years from the date this Declaration is recorded. After such forty (40) years, this Declaration shall be deemed extended automatically for successive periods of ten (10) years, unless and until an instrument signed by at least seventy-five percent (75%) of the owners of the Lots subject to this Declaration has been recorded in the aforesaid Register's Office, agreeing to change this Declaration in whole or in part and the term hereof; provided, however, that if Developer, its designated successors or assigns, then owns any Lot, or any portion of the Subdivision, this Declaration may not be so changed in whole or in part without the prior written consent of Developer in its sole discretion. From the date of this Declaration and so long hereafter as Developer, its designated successors or assigns, as applicable, owns any Lot or any portion of the Property (i) this Declaration may hereafter be unilaterally amended by order, decree, judgment, or ordinance, and (ii) Developer may otherwise unilaterally amend this Declaration as Developer may elect in its sole discretion, provided, that any such amendment under this subpart (ii) shall not materially adversely affect the then existing planned residential nature of the Subdivision.

(b) Easements and Rights Unaffected. Notwithstanding any other provision of this Declaration, no cancellation, alteration or amendment of this Declaration shall in any event affect or impair the rights, privileges or easements granted pursuant to this Declaration in favor of Developer, its successors and assigns, or any other person or entity other than the Lot owners, without the express written consent of the foregoing entities and such other persons and entities benefited thereby.

(c) Assignment of Rights and Grant of Proxy. Until the Developer no longer owns any Lots or until Developer shall otherwise declare, each Lot owner, by the acceptance for a deed for such Lot, does automatically and irrevocably appoint the Developer as the attorney-in-fact and proxy for such Lot owner, in the name and stead of such Lot owner, (i) to act for such Lot owner in executing any document or taking any action to amend this Declaration and/or the Articles or Bylaws of the Association, as applicable, and (ii) to otherwise exclusively exercise all rights of such Lot owner to vote as a member of the Association on all matters coming before the members of the Association, and to cause such vote as Developer sees fit in its sole discretion. All actions so taken by the Developer as such attorney-in-fact and proxy shall be fully binding upon the Lot owner as if taken by the Lot owner in its, his or her own name without acting through an attorney-in-fact and proxy. Such irrevocable appointment of Developer as attorney-in-fact and proxy for each such Lot owner is a power coupled with an interest.

Section 8.4 Amendments to Articles and Bylaws of the Association. Nothing in this Declaration shall limit the right of the Association to Amend, from time to time, its Articles and Bylaws.

Section 8.5 Non-Liability of the Directors and Officers. Neither Developer, its owners, officers, directors or managers, nor the directors or officers of the Association, shall be personally liable to any of the Lot owners for any mistake of judgment or fact or for any other acts or omissions of any nature whatsoever while acting in their official capacity, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or actual fraud. The Lot owners shall indemnify and hold harmless each of the directors and officers of the Association and their respective heirs, executors, administrators, personal representative, successors and assigns, for acts or omissions of any nature whatsoever while acting in their official capacity and otherwise in accordance with the Articles and/or Bylaws of the Association.

Section 8.6 Binding Determination. In the event of any dispute or disagreement with or between any Lot owner(s) relating to, or of any other disputes, disagreements or questions regarding, the interpretation or application of the Declaration for so long as Developer owns any Lot or any portion of the Subdivision shall be final and binding on each and all such Lot owners.

Section 8.7 Association Easement. Developer hereby grants and conveys to the Association an easement in, on, under, over, above, and across and through the entirety of the Property for the use and benefit of the Association in order to permit the Association in or upon such portions of the Property as are reasonably necessary to discharge the rights and obligations of the Association enumerated in this

Declaration, which shall be exercised only to the extent reasonably necessary and appropriate to discharge those obligations.

Section 8.8 Incorporation by Reference on Resale. Upon the sale or other transfer of any Lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, conditions, restrictions, charges, liens, assessments and other provisions set forth in this Declaration; provided, however, that the failure of any such deed to so incorporate by reference this Declaration shall not affect the validity of such deed nor shall it be deemed to release the Lot conveyed thereby from the effect of this Declaration.

Section 8.9 Notices Upon purchase of any Lot, the purchaser thereof shall notify Developer and the Association in writing, sent to the address of Developer set forth above (or to such other address or to such other entity as shall be designated by Developer and/or the Association, whether by notice to Lot owners or by the filing of a statement and/or declaration in the aforesaid Register's Office), of such purchase and shall set forth in writing the then existing address of such purchaser and the Lot purchased. Any notice required to be sent to any Lot owner pursuant to the provisions of this Declaration shall be deemed to have been properly given upon personal delivery, or when mailed, by ordinary mail, postage-paid, to the last known address of the person or entity which appears as the Lot owner on the records of Developer or the Association at the time of such mailing, or as specified on the deed of the Lot to such Lot owner.

Section 8.10 Exhibits. All exhibits attached to this Declaration and referred to herein as designated Exhibits are hereby incorporated herein above the signature lines hereof.

Section 8.11 Captions and Headings. All captions and headings used in, and the title page and table of contents of, this Declaration are for convenience of reference only and shall not affect the interpretation of the provisions hereof.

Section 8.12 Additional Rights of Developer. Notwithstanding any provisions contained in this Declaration to the contrary, so long as Developer owns any lots or other portions of the Subdivision, it shall be expressly permissible for Developer to maintain and carry on upon portions of the Common Area and facilities thereon, such activities as, in the sole opinion of Developer, may be reasonably required, convenient or incidental to the construction, development, improvement and marketing of Lots within the subdivision, including, without limitation, business offices, signs and sales offices, and Developer shall have an easement for access to such facilities.

Review Board. Developer, its successors and assigns shall have the right to so assign all or any such rights or obligations to the Association, which assignment the Association hereby irrevocably agrees to accept when executed by Developer.

IN WITNESS WHEREOF, the undersigned have duly executed this Declaration of Covenants, Conditions and Restrictions as of the day, month and year first above written.

[Signature]  
Joe M. Wilson

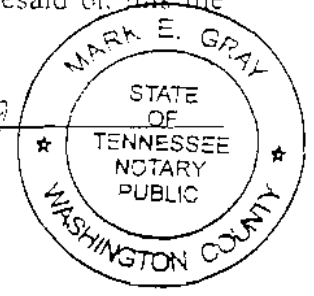
[Signature]  
Teresa R. Rogers

STATE OF TENNESSEE  
COUNTY OF WASHINGTON

Before me, the undersigned Notary Public, of the State and County aforesaid, personally appeared **Joe M. Wilson and Teresa R. Rogers**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged themselves to be the partners of **Wilson and Rogers, a Tennessee general partnership**, the within named bargainer, a partnership, and that they as such partner, executed the foregoing instrument for the purpose therein contained, by signing the name of the partnership by themselves as partner.

WITNESS my hand and seal at office in the State and County aforesaid on this the 23<sup>rd</sup> day of August, 2005.

[Signature]  
Notary Public



My Commission Expires: Monday October 27, 2005

State of Tennessee, County of WASHINGTON  
Received for record the 23 day of  
AUGUST 2005 at 1:55 PM. (RECH 193685)  
Recorded in official records  
file Roll 459 Image 2015-2046  
State Tax \$ .00 Clerks Fee \$ .00  
Recording \$ 177.00, Total \$ 177.00  
Register of Deeds GINGER E. JILTON  
Deputy Register AMY WILLIS