

DECLARATION OF COVENANTS AND RESTRICTIONS **BOOK 3525 PAGE 480**
FOR FLIBETA BOAT CLUB AND BY-LAWS FOR THE FLIBETA BOARD OF DIRECTORS

THIS declaration is made this 7TH DAY OF SEPTEMBER, 1987, BY FLIBETA BOAT CLUB, INC., A TENNESSEE CORPORATION not for Profit; hereinafter the corporation shall sometimes be collectively referred to as the "developers."

RECITALS

Developers are owners of the real property described in the Deed Recorded in Book 1173, Page 393 in the Registers Office of Hamilton County, Tn. and shown on Plat of Record in Plat Book 21, Page 54 said Register's Office. and have created a residential community known as the FLIBETA BOAT CLUB with permanent parks, playgrounds, open spaces and other common properties for the benefit of the community; and

Developers desire to provide for preservation of values and amenities in the community and for the maintenance of said parks, playgrounds, open spaces and other common properties; and to this end, desire to subject the real property described in Article II, together with such additional land as may be added hereto as provided in Article II, to the covenants, restrictions, easements, affirmative obligations, charges, and liens, hereinafter set forth, each and all of which is and are hereby declared to be for the benefit of the Property and each and every Owner of any and all parts thereof; and

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

Developers have caused to be incorporated under the laws of the State of Tennessee, FLIBETA BOAT CLUB, INC., a Corporation not for Profit, for the purpose of exercising the above functions and those which are more fully set out hereafter;

DECLARATION

NOW, THEREFORE, the Developers subject the real property described in Article II, and such Additional Land as may be added and subjected pursuant to Article II hereof to the terms of this Declaration and declare that the same is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens (sometimes referred to as "the Covenants") hereinafter set forth.

ARTICLE I

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DEFINITIONS

THE FOLLOWING WORDS AND TERMS, WHEN USED IN THIS DECLARATION, OR ANY SUPPLEMENTAL Declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

1.01 Additional Land. "Additional Land" SHALL MEAN REAL PROPERTY that may become subject to this Declaration in accordance with the terms and conditions of Article II hereof.

1.02 Association. "Association" shall mean FLIBETA BOAT CLUB, INC., a Tennessee corporation not for Profit.

1.03 Board of Directors. "Board of Directors" or "Board" shall mean the governing body of the Association established and elected pursuant to this Declaration.

1.04 Common Expense. "Common Expense" shall mean and include (1) expense of administration, maintenance, repair or replacement of the Common Properties; (2) expenses agreed upon as Common expenses by the Association; (3) expenses declared Common Expenses by the provisions of this Declaration; and (4) all other sums assessed by the Board pursuant to the provisions of this Declaration.

1.05 Common Properties. "Common Properties" shall mean those areas of land with any improvements thereon which are conveyed to the Association or to any governmental entity and required to be maintained by the Association, and are intended for the common use and development of all Owners, including without limitation, parks, walks, streets and roads at such time as the same are closed to the general public.

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

1.07 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions for FLIBETA BOAT CLUB and BY LAWS for Same, and any Supplemental Declaration filed pursuant to the terms hereof.

1.08 Developers. "Developers" shall mean The FLIBETA BOAT CLUB, INC., a Tennessee Corporation not for Profit.

1.09 Dwelling Unit. "Dwelling Unit" shall mean a building situated upon the Properties designated and authorized for use and occupancy by a single family.

1.10 Existing Land. "Existing Land" shall mean the Real Property described in Article II hereof.

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

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

1.13 Lot or Lots. "Lot or Lots" shall mean any improved or unimproved plat of land shown as a Lot upon any recorded map of any part of the Properties, with the exception of Common Properties.

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

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

1.16 Mortgagee. "Mortgagee" shall mean a beneficiary, creditor, or holder of a deed of trust, as well as a holder of a Mortgage.

1.17 Owner or Owners. "Owner or Owners" shall mean the recorded owner or owners, whether one or more persons, firms, associations, corporations, or other legal entities, of the fee simple title to any Lot situated upon the Properties but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the Mortgagee, unless and until such Mortgagee has acquired title pursuant to foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an owner. The Developers may be an Owner.

1.18 Property or Properties. "Property or Properties" shall mean the Existing Land and any Additional Land which is subject to this Declaration or any Supplemental Declaration under the provisions hereof.

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

ARTICLE II
Properties, Additional Land and
Common Properties and Improvements Thereon

2.01 Existing Land. The real property which is, and shall be held, transferred, sold, conveyed, leased, and occupied, subject to these covenants, is located in Hamilton County, Tennessee and is more particularly described as follows:

See Exhibit "A".

2.02 Additional Land

A. Flibeta Boat Club, Inc., its successors and assigns shall have the right, to bring within the plan and operation of the Declaration, additional Properties for the benefit of the Club and its Association. The additions shall be made by filing a Supplemental Declaration of Covenants and Restrictions with respect to the additional land which shall extend the operation and effect of the Covenants of this Declaration.

In the event additional properties are brought within the plan and operation of this Declaration, adequate, just and equitable provisions must first be made as to equalize the costs and burdens between the members who own lots in the Existing Properties and those who own or will own lots in the additional properties with relation to the Common Properties including the initial costs, costs of facilities, improvements and operation and maintenance of same.

2.03. Common Properties and Improvements Thereon.

A. The Board may, with a simple majority vote, improve the Common Properties with such other improvements as they deem desirable.

ARTICLE III

ASSOCIATION

3.01. Membership. Every person or entity who is a record Owner of a fee simple interest in any lot which is subject to this 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 automatically be transferred to the new owner upon the conveyance of any Lot and recording of the Deed of Conveyance in the Register's Office of Hamilton County, Tennessee, plus, payment of any association initiation fees, assessments, or dues. Membership shall be appertenant to ownership of any Lot which is subject to assessment.

A. The Board of Directors may also permit a special Membership for purposes of use of Common Properties, Recreational Facilities, and/or rental (lease) of residential member property. This special membership shall permit voting rights on membership issues which pertain to the common properties. This Special Membership may be required, if the Board should so ascertain, to be subject to any assessment for improvements to the Common Properties.

3.02. Voting Rights. The Association shall have two classes of voting membership.

A. Lot Owners shall have full voting privileges at the Annual Association Meeting concerning all Common Properties, improvements, changes to this Declaration, changes to the Board of Directors, President of the Association, Vice-President of the Association, Secretary-Treasurer, and any interest concerning the Association.

B. Special Membership which restricts voting to President, Vice-President, Secretary-Treasurer, Board of Directors, and any interest in the Common Properties or improvements thereon.

In no event shall more than one vote be cast with respect to any Lot or special membership. When an owner or Special Member signs a proxy such vote shall be counted when such proxy is in a written instrument delivered to the Secretary of the Association before the vote is counted.

ARTICLE IV
THE BOARD OF DIRECTORS
and OFFICERS

4.01. Board of Directors. The administration of the Property on behalf of the Association shall be conducted by a Board of Directors ("board") which shall consist of Ten natural persons of legal age, each of whom shall be a member in good standing of the Association and will maintain such representation during membership on the Board. Should a "special Member" be elected to the Board he/she will assume full voting rights involving the Association.

4.02. Election. At each annual meeting, subject to the provisions of Section 4.12 hereof, the Association shall elect those members of the Board, President, Vice-President, and Secretary-Treasurer as required under Sections 4.02 and 4.03 who shall serve the terms set out under Section 4.02; provided, however, the members of the Board elected to succeed the prior elected officers may be elected at a special meeting duly called and specifically called for that purpose by the Board, the Board elected at that special meeting to serve until the first annual meeting of the Association held thereafter. Five members of the board shall be elected every other year. The President shall be elected in alternating years with the Vice-President.

4.03 Term. Members of the Board shall serve for a term of two years. Five members shall be elected every other year. The Members of the Board, President, Vice-President and Secretary-Treasurer shall serve until their respective successors are duly elected and qualified, or until their death, resignation or removal. The President, Vice-President and Secretary-Treasurer shall serve for a term of two years.

4.04. Resignation or Removal. Any member of the Board, President, or Vice President, Secretary-Treasurer may resign at any time by giving written notice to the President or Vice President should the resigning member be the President. Any member of the Board or elected officer may be removed from elected office by a two-thirds (2/3rds) majority affirmative vote of the Association except that a vacancy on the Board shall be deemed to exist in the event of the death of a member, the disability of a member which, in the opinion of a majority of the Board, renders such member incapable of performing his elected duties, or in the event a member shall cease to be a member of the Association. Whenever there shall occur a vacancy on the Board for any reason, the remaining members shall elect a successor member to serve until the next annual meeting of the Association or a Special Meeting called for filling vacancies. at which time said vacancy shall be filled by the Association for the unexpired term.

4.05. COMPENSATION. The members of the board and elected officers shall receive no compensation for their services unless expressly provided for by the Association but shall be reimbursed for reasonable expenses incurred by them in the performance of their duties.

4.06. Powers and Authority by the Board. The Board and elected officers, for the benefit of the property and the Association,

shall enforce the provisions of this Declaration, these By-Laws, and the Rules and Regulations governing the property. Subject to any provision herein, the Board and Elected Officers 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, electrical, and other necessary utilities for the Common Properties.

B. Legal and accounting services necessary or advisable in the operation of the Property and the enforcement of this Declaration, these By-Laws, and any rules and regulations made pursuant thereto.

C. Painting, maintenance, repair, replacement and landscaping of the Common Properties, including resurfacing of existing roads. The Board shall also have the right from time to time to acquire and dispose of by sale or otherwise and without the necessity of approval by any Owner, furnishings and equipment and other personal property for the Common Properties and to provide maintenance, repair and replacement thereof.

D. 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 this Declaration, these By-Laws or any Rules or Regulations promulgated hereunder or which, in its opinion, shall be necessary or advisable for the operation of the Property or for the enforcement of this Declaration, these By-Laws, or the Rules and Regulations.

The Board shall have the exclusive right to contract for all goods, services, including security, and insurance, payment for which is to be made from Common Expenses.

4.07. Additional Powers of the Board. The Board shall have the right to acquire, operate, lease, manage, trade and otherwise deal with the Common Properties as may be necessary or convenient in the operation and management of the Common Properties, and in accomplishing the purposes set forth herein.

4.08. Meetings of the Board. Meetings of the Board shall be held at such places within the State of Tennessee as the Board shall determine at least once per quarter. Five members of the Board, the President or Vice President, and the Secretary-Treasurer (or his appointee from 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. Meetings of the Board shall be chaired by the President or Vice-President of the Association and the minutes shall be recorded by the Secretary-Treasurer of the Association (or an appointee of the Board). Any action required to be or which may be taken by the Board may be taken without a meeting of the Board pursuant to a written consent, setting forth the action so taken, signed by a majority of the members of the Board.

4.09. Special Meetings. Special meetings of the Board may be called by the President of the Association or by any two Board members.

4.10. 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.

4.11. 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 of any member of the Board at any meeting thereof shall constitute a waiver of notice of such meeting unless a Board member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called and does so object by delivering a written document to that effect.

4.12. Fiscal Year. The fiscal year shall be determined by the Board.

4.13. Special Committees. Special Committees shall be appointed by the President. The Board shall have rights to call for the formation of committees by motion.

4.14. 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 common properties and setting forth restrictions on, and requirements respecting the use and maintenance of the Common Properties. Copies of the Rules and Regulations shall be furnished to each Owner prior to the time the same shall become effective.

4.15. Limitation on Capital Additions, Etc. Except as permitted in Article 4.06(e) and article XI, the Board shall authorize no structural alterations, capital additions to, or capital improvements of the Common Properties, any of which require an expenditure in excess of Three (3) Thousand Dollars (\$3,000) without approval of the majority vote of the Association; provided, however, that the Board shall have the power to make any such structural alterations, capital additions to, or capital improvements of, the Common Properties 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.

4.16. Failure to Insist on Strict Performance Not Waiver. The failure of the Board or its agents to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions in this Declaration of 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 V

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THE ASSOCIATION; MEETINGS, OFFICERS, ETC.

5.01. Quorum. The presence in person or by proxy at any meeting of the Association of two-thirds (2/3) of the Owners of Lots subject to assessment in response to notice to all Owners properly given in accordance with Sections 5.02 or 5.03 of the By-Laws, as the case may be, shall constitute a Quorum. Unless otherwise expressly provided in this Declaration, any action may be taken at any meeting of the Association upon the affirmative vote of persons entitled to cast a two-thirds majority of the votes which are represented at such meeting. Proxy vote representation shall be recognized and counted, should members not submit a Proxy then a vote "For" the recommendation of the Board will be assumed.

5.02. Annual Meeting. There shall be an annual meeting of the Association on the First Monday of September at 6:00 P.M. at the Club Pavilion or at any place or time (but not more than thirty days(30) before or after such date) so designated by the Board. The Secretary-Treasurer shall present a review of expenses for the prior year and a Budget for the coming year of any pertinent actions passed by the Board.

5.03. Special Meeting. Special meetings of the Association may be held at any time and at any reasonable place to consider matters which require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings shall be called by a majority of the Board, or at least by one-third(1/3) of the Owners by written notice, delivered to all owners not less than fifteen(15) days prior to the date fixed for said meeting. The notice shall contain matters to be considered.

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

5.05. Officers. The officers of the Association shall be a President, Vice-President, Secretary-Treasurer. Each officer shall be required to be a member-in-good-standing, 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 Association and may be removed or replaced by same. The Board may, in its discretion, require that officers be subject to fidelity bond coverage.

A. President. The President 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. The President shall be authorized to provide payment for Association expenses not to exceed \$400.

E. Vice-President. In the absence or inability of the President, The Vice-President shall perform the functions of the President.

C. Secretary-Treasurer. The Secretary shall keep the minutes of all proceedings of the Board and the Association and shall keep such books and records as may be necessary for the records of the Association and the Board, including the minute book wherein the resolutions shall be recorded. As Treasurer he shall be responsible for the fiscal affairs of the Board and the Association.

Article VI
LIABILITY AND INDEMNIFICATION

6.01. Liability of members of the Board and Officers. The members of the Board, officers and any agents or future employees of the Association:

(1) shall not be liable to the Owners of the Association as a result of their activities as such for any mistake of judgement, or otherwise, except for their own willful misconduct, bad faith, or failure to exercise that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions;

(2) shall have no personal liability to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Owners in their capacity as such;

(3) shall have no personal liability in tort to an Owner or any other person or entity direct or imputed by virtue of acts performed by them as Board members and/or Officers except for their own willful misconduct, bad faith, or failure to exercise that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions;

and (4) shall have no personal liability arising out of the use, misuse or condition of the Common Properties or which might in any other way be assessed against or imputed to them as a result of or by virtue of their capacity as such Board members or Officers.

6.02. Indemnification by Association. To the extent now or hereafter permitted by applicable law, the Association shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including without limitation counsel fees and court costs, incurred or imposed, or arising out of or in settlement of any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more Owners or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board or Officer 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 indemnification by the Association herein set forth shall be paid by the Board on behalf of the Association and shall constitute a Common expense.

6.03. Costs of Suit in Actions Brought by one or more Owners on Behalf of all Owners. No suit shall be brought by one or more but less than all owners on behalf of all owners without approval of a majority of all Owners. Such costs, if approved by majority of all Owners would constitute Common expense unless such suit is brought by one or more owners against other Owners, the Association or the Board, in which event the plaintiff's expenses, including counsel's fees and court costs, shall not be charged as common expense.

6.04. Notice of Suit and Opportunity to Defend.
Suits brought against the Association, or the Board, or Officers.

in their respective capacities as such, or the Property as a whole, shall be directed to the President of the Association, who shall promptly give written notice to the members of the Board and any Mortgagees, and shall be defended by the Board, and the Association and all Owners shall have no right to participate other than through the Board in such defense. Suits against one or more Owners shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to Mortgagees of the Lots affected, and shall be defended by such owners at their expense.

ARTICLE VII

Purpose, Uses and Restrictions

7.01. Common Properties. The common properties shall not be used except for one or more of the following purposes:

- A. Recreational facilities, the primary purpose of which is to serve the residents and members of the Flibeta Club.
- B. Parks and Parkway areas.
- C. Natural sites
- D. Roads, Paths, and Bicycle trails.
- E. For the installation and maintenance of drainage systems, water lines, sewer lines, gas lines, telephone lines, power lines, cable TV lines, and all other utility and/or service lines.
- F. Ingress and Egress
- G. Construction and maintenance of Security fences, gates, alarms, etc.

The Common Properties shall remain permanently as open space and there will be no development of same. No building, structure or facility shall be placed, installed, erected, or constructed in or on said Common Properties, unless it is purely incidental to one or more of the uses above specified. Notwithstanding any other provision of this Declaration, no amendment shall be made which impairs or diminishes the rights of the members of the Association in the Common Properties.

7.02. Dwelling Unit. A dwelling unit shall be occupied and used only as a single-family private residence.

7.03. Business Use. No commercial or home business shall be permitted within the properties. Nothing contained herein shall prohibit the Association from permitting, maintaining or operating concessions, or vending machines, on the Common Properties.

7.04. OBSTRUCTIONS. No obstruction of the Common Properties shall be permitted.

7.05. Signs. No sign of any kind shall be displayed to the public view from any lot or from the Common Properties, without prior written consent of the Board.

7.06. Animals. No animals shall be raised, bred or kept on any lot or in or upon Common Properties, except that dogs, cats, and other household pets may be kept in any dwelling unit, but shall not be bred for commercial purposes.

7.07. Unkempt Conditions. It shall be the responsibility of the Owner to prevent the development of any unclear, unsightly, or unkempt conditions of building or grounds on such Owner's lot or lots which tend to substantially decrease the beauty of the specific area or of the neighborhood as a whole. The Board shall have the right to repair, clean-up or remove such unkempt conditions should it be deemed necessary and shall charge the member a reasonable fee.

7.08. Noxious Activity. No noxious or offensive activity

shall be carried on upon any lot. nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the neighborhood. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. Furthermore, no liquor, beer, wine or intoxicating substances shall be sold on or from the Property or Common Properties.

7.09. Parking. Each Owner shall provide space for parking automobiles off the street, except where express consent has been approved by the Board.

7.10. Mobile Homes and Towed Vehicles. No mobile type of home shall be placed or permitted to remain on any lot unless permission is obtained from the Board of Directors. Should permission be granted for a Mobile Home it shall be placed upon a permanent foundation and a permanent roof shall be built. Such dwelling should be beneficial to the community. No boat trailers, campers or other towed vehicle shall be stored on Common properties.

7.11. Subdivision of Lots. No lot shall be subdivided or its boundary changed, except with the written consent of the Board and the Hamilton County Planning Commission. Such subdivision shall not be to the detriment of the Association.

7.12. Combining Lots. Nothing herein shall prevent an Owner of two(2) or more lots from building a single dwelling unit upon said lots provided Restrictions from the Hamilton County Planning Commission are adhered to.

7.13. Swimming Pools. Swimming pools may be erected and installed on the lots provided: No part thereof shall be erected in front of the rear line or elevation of a dwelling unit unless approved by the Board and applicable governmental authorities, if any.

7.14. Lease to renters (Special Members). A member may lease a residence to a renter, providing that the renter is a Special Member before taking residence. A signed lease for no less than thirty (30) days must be provided by the owner (Member) to the lessee and it shall be approved by the Board before the lease is in effect. Leases shall be for one year periods and shall be re-negotiated annually from the original date of the lease. The owner shall be responsible for the conduct of said renter and if said renter is proven quarrelsome or of bad conduct the lease shall be revoked by a majority vote of the Board.

7.15. Square Footage Requirements. No new dwelling units shall be constructed and maintained on any Lot unless it shall conform to a minimum of at least 1200 square feet of enclosed dwelling area. "Enclosed dwelling area" shall mean the total enclosed area within a dwelling unit; provided, however, that such term does not include

garages, terraces, decks, open porches, etc. The term does include, however, screen porches if the roof of such porches forms an integral part of the roof line of the main dwelling unit.

7.16. Violations and Enforcement. In the event of violations of any one or more of the provisions of this Article or this Declaration, the Association, its successors or 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 any court costs and reasonable attorney's fees incident to any such proceeding, which costs and fees shall constitute liquidated damages. By reason of the rights of enforcement of the provisions of this Article 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 Article 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.

ARTICLE VIII
Assessments

8.01. Creation of Lien and Personal Obligation of Assessments. Each Owner by acceptance of a Deed conveying a Lot, whether it be expressed in any such deed or other conveyance, by submission of such lots to this Declaration under the provisions of 2.02 Section hereof, shall be deemed to covenant and agree to all of the terms and provisions of these covenants and pay to the Association annual assessments and special assessments for the purposes set forth in Section 8.04 of this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Owner of the lot shall be personally liable to the Association for the payments of all assessments, whether annual or special, which may be levied while such party is Owner of a lot. The assessments, together with interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Lot and all of the improvements thereon against which each such assessment is made. Unpaid assessments shall bear such interest from due date to date of payment at a rate set by the Board.

8.02. Purpose of Assessments. The assessments levied by the Board shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Common Properties. Special assessments shall be used as set forth in Section 8.04 of this Article.

8.03. Amount of Annual Assessments. The annual assessment per owner shall be one Hundred-Fifty Dollars (\$150.00) unless a majority of the Board should elect to increase or reduce said amount at an annual or special meeting approved by two-thirds of the members in attendance. Special members shall pay half (1/2) the owner assessment unless a majority of the board should elect to increase or reduce said amount.

8.04. Special Assessments for Improvements and Additions. The Board may levy special assessments for the purpose of defraying, in whole or in part, the cost (more than \$3000) of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including necessary fixtures and personal property related thereto or addition to the Common Properties, provided that any such assessment shall have the approval of two-thirds (2/3) of the Owners at a duly called meeting of the Association, written notice shall be sent to members thirty days (30) in advance setting forth the purpose of said meeting.

8.05. Date of Commencement of Annual Assessments. The annual assessment shall commence on the date fixed by the Board to be the date of commencement. Such annual assessment will be due and payable at the same date each year. The due date shall be fixed in the resolution authorizing such assessment.

8.06. Lien. Recognizing that the necessity for providing

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

8.07. Lease, Sale or Mortgage of Lot. Right of First Refusal. The Association retains the Right of First Refusal to purchase any lot described in Article II herein, at the price and terms of any Bona Fide written offer made for it. Said right to be exercised by notifying the owner of said lot by registered mail within 30 days of the Secretary-Treasurer receiving written notice that such bona fide offer has been made. Unless exercised as herein described, this Right of First Refusal shall automatically end and terminate after the 30 day period. It is understood and agreed that this Right of First Refusal is subordinate to the lien of any Mortgagee and shall not apply and is hereby subordinated to any offer tendered to a Mortgagee after said Mortgagee has taken title to said lot by means of foreclosure or Deed in lieu of Foreclosure; should this right be enacted it shall require a called meeting of the association and such right shall be enacted upon a TWO-THIRDS vote of members attending (Quorum). Whenever any lot may be leased, sold or mortgaged by the Owner thereof, which lease, sale or mortgage shall be concluded only upon compliance with other provisions of this Declaration, the Association, upon written request or the Owner of such Lot, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by the Owner of such Lot; such statement shall include whether there exists any matter in dispute between the Owners of such Lot and the Association under this Declaration. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such statement.

Should payment of any assessment be in default when such lease, sale or mortgage should be enacted, then the rent, proceeds of purchase or mortgage shall be applied by the lessee, purchaser or mortgagee first to payment of any delinquent assessment to the Association before payment of any rent, proceeds of purchase or mortgage to the Owner of any Lot who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a lot, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor and the Lot made prior to the time of such voluntary conveyance, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor.

ARTICLE IX
MORTGAGES, MORTGAGEES AND PROCEDURES AND
RIGHTS RELATING THERETO

9.01. Register of Owners and Mortgages. The Association shall at all times maintain a register setting forth the names of the Owners, and, in the event of a sale or transfer of any Lot to a third party, the purchaser or transferee shall notify the Association Board in writing of his interest in such Lot, together with such recording information that shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Lot. Further, the Owner shall at all times notify the Association of any Mortgage and the name of the Mortgagee on any Lot, and the recording information which shall be pertinent to identify the Mortgage and Mortgagee. The Mortgagee may, if it so desires, notify the Association of the existence of any Mortgage held by it, and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same.

9.02. Subordination of Lien to First Mortgages. The liens provided for in this Declaration shall be subordinate to the lien of a First Mortgage on any Lot if, and only if, all assessments, whether annual or special, with respect to such Lot having a due date on or prior to the date such Mortgage is recorded have been paid. In the event a First Mortgage shall acquire title to any Lot by virtue of any foreclosure, deed in lieu of foreclosure, or judicial sale, such Mortgagee acquiring title shall only be liable and obligated for assessments, whether annual or special, as shall accrue and become due and payable for said Lot subsequent to date of acquisition of such title. In the event of the acquisition of title to a Lot by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessments, whether annual or special, as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners as a part of the Common Expense; provided, however, nothing contained herein shall be construed as releasing the party or parties liable for such delinquent assessments from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

9.03. Amendments. No Amendment to this Article IX shall adversely affect the rights of any First Mortgage whose Mortgage was recorded prior to the Amendment unless such Mortgagee consents to such Amendment.

9.04. Extension of Benefits to Other Mortgagees. By subordination agreement executed by a majority of the Board, the benefits of Sections 9.02 and 9.03 of this Article may be extended to Mortgagees not otherwise entitled thereto.

9.05. Mortgagees' Approval of Certain Actions. Unless at least seventy-five percent (75%) of the First Mortgagees (based upon one vote for each First Mortgage owned) of the Lots have given their prior written approval, the Association shall

not be entitled to:

A. By act or omission seek to abandon, partition, sub-divided, encumber, sell or transfer the Common Properties owned, directly or indirectly, by the Association;

B. Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner;

C. By act or omission change, waive or abandon the plan of regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance of the units, the maintenance of the Common Properties or the upkeep thereof; or

D. Use hazard insurance proceeds for losses to any Common Properties for other than the repair, replacement or reconstruction of such Common Properties.

E. Property Taxes for the Common Properties shall be paid by the Board upon receipt of a Tax Notice from the Hamilton County Court Clerk should taxes be delinquent a Lender or Lender's shall retain the right to pay such delinquent taxes and collect that amount from the Association.

F. The Association duly represented by the Board will maintain liability insurance on the common areas for \$500,000. A two-thirds majority vote of members at an annual meeting or special meeting shall be required to reduce such amount or cancel coverage.

9.06. Notice of Default to First Mortgagees. If requested by a First Mortgagee, the Association shall notify each First Mortgagee of any default by the Mortgagor of a Lot in the performance of said Mortgagor's obligations under this Declaration which is not cured within sixty (60) days.

9.07. Examination of Books. Each Owner and each Mortgagee of a Lot shall be permitted to examine the books and records of the Board and Association during regular business hours.

9.08. Condemnation. Should the Properties be condemned the proceeds shall first be applied to lender's balances.

ARTICLE X
OWNER COMPLAINTS

10.01 Scope. The procedures set forth in this Article for Owner Complaints shall apply to all complaints regarding the use or enjoyment of the Property or any portion thereof or regarding any matter within the control or jurisdiction of the Association, including, without limitation, decisions of the Association or of the Board of Directors of the Association.

10.02 Grievance Committee. There shall be established a Grievance Committee (referred to in this Article as "the Committee") to receive and consider all Owner Complaints. The Committee shall be composed of the President of the Association and two other Owners appointed by and serving at the pleasure of the Board of Directors.

10.03 Form of Complaint. All complaints shall be in writing and shall set forth the substance of the complaint and the facts upon which it is based. Complaints are to be addressed to the President of the Association and sent in the manner provided in Section 12.03 for sending notices.

10.04 Consideration by the Committee. Within twenty (20) days of receipt of a complaint, the Committee shall consider the merits of the same and notify the complainant in writing of its decision and the reasons therefor. Within ten (10) days after notice of the decision, the complainant may proceed under Section 10.05; but if complainant does not, the decision shall be final and binding upon the complainant.

10.05 Hearing Before the Committee. Within ten (10) days after notice of the decision of the Committee, the complainant may, in a writing addressed to the President of the Association, request a hearing before the Committee. Such hearing shall be held within twenty (20) days of receipt of complainant's request. The complainant, at his expense, and the Committee, at the expense of the Association, shall be entitled to legal representation at such hearing. The hearing shall be conducted before at least two members of the Committee and may be adjourned from time to time as the Committee in its discretion deems necessary or advisable. The Committee shall render its decision and notify the complainant in writing of its decision and the reasons therefor within ten (10) days of the final adjournment of the hearing. If the decision is not submitted to arbitration within ten (10) days after notice of the decision, as provided for in Section 10.07, the decision shall be final and binding upon the complainant.

10.06 Questions of Law. Legal counsel for the Association shall decide all issues of law arising out of the complaint, and such decisions shall be binding on the complainant.

10.07 Questions of Fact; Arbitration. If there shall be any dispute as to any material fact, either the Committee or the complainant

may, at their option, within ten (10) days after notice of the decision as provided for in Section 10.05, submit the same to arbitration in accordance with the provisions for arbitration adopted by the American Arbitration Association by filing with the other party a notice of its intention to do so. The decision of the arbitrator shall be final and binding upon the complainant and the Committee. In the event of arbitration, each party shall bear one-half of the expense thereof.

10.08 Exclusive Remedy. The remedy for Owner complaints provided herein shall be exclusive of any other remedy, and no Owner shall bring suit against the Committee, the Association, the Board of Directors or any member of same in his capacity as such member without first complying with the procedures for complaints herein established.

10.09 Expenses. All expenses incurred by complainant, including, without limitation, attorney's fees and arbitration expenses and the like shall be the sole responsibility of complainant. All expenses of the Committee incident to such complaint shall be deemed a Common Expense of the Association.

ARTICLE XI
REMEDIES ON DEFAULT

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

11.02 Grounds for and Form of Relief. Failure to comply with any of the Covenants of this Declaration, the By-Laws, or the Rules and Regulations promulgated by the Board which may be adopted pursuant thereto shall constitute a default and shall entitle the Association to seek relief which may include, without limitation, an action to recover any unpaid assessment, annual or special, together with interest as provided for in Section 3.01, any sums due for damages, injunctive relief, fore-closure of lien or any combination thereof, and which relief may be sought by the Association or, if appropriate and not in conflict with the provisions of this Declaration and By-Laws, by an aggrieved Owner.

11.03 Recovery of Expenses. In any proceeding arising because of an alleged default by an Owner, the Association, if successful, shall, in addition to the relief provided for in Section 11.02, be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be allowed by the court, but in no event shall the Owner be entitled to such attorneys' fees.

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

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

ARTICLE XII
GENERAL PROVISIONS

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

12.02 Amendments. This Declaration may be amended in accordance with the following procedure:

A. An amendment to this Declaration may be considered at any annual or special meeting of the Association; provided however, that if an annual meeting, notice of consideration of the amendment and a general description of the terms of such amendment shall be included in the notice of the annual meeting provided for in Section 5.02, and, if a special meeting, similar notice shall be included in the notice of the special meeting provided for in Section 5.03. Notice of any meeting to consider an amendment shall also be sent to each Mortgagee listed upon the register of the Association.

B. At any such meeting, the amendment must be approved by an affirmative two-thirds (2/3) vote of those Owners present and voting.

C. If an amendment is approved as set forth in Paragraph B of this Section, the Secretary shall mail a true copy of the amendment to each Owner, informing each Owner that he shall have twenty (20) days from such notice within which to reply, in writing, to the Secretary and to indicate his approval or disapproval of such amendment. If seventy-five (75%) percent of those Owners responding within said twenty (20) day period shall indicate their approval of the amendment, it shall be deemed adopted.

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

E. The certificate referred to in paragraph D of this Section shall be in substantially the following form:

C E R T I F I C A T E

I, _____, do
hereby certify that I am the Secretary of Flibeta Boat Club, Inc. and
that the within amendment to the Declaration of Covenants and
Restrictions and By-Laws for Flibeta Boat Club, Inc. was duly adopted by
the Owners of said Association in accordance with the provisions of
Section 12.02 of said Declaration.

Witness my hand this _____ day of _____

Secretary
Flibeta Boat Club Association, Inc.

No amendment shall be made affecting the Common Properties which is in
any manner inconsistent with the permitted uses and purposes for such
properties set out in Section 7.01. No amendment to this
Declaration shall be made without the prior approval of the
Hamilton County Planning Commission. No amendment to this
Declaration shall be made which shall adversely effect the rights
of Mortgagees under Section 9.03.

12.03 Notices. Any notice required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the Owner 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 Owner to immediately notify the Secretary in writing of any change of address. Any notice required to be sent to the Board, the Association or any officer thereof, or the Developers under the provisions of this Declaration shall likewise be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to such entity or person at the following address:

FLIBETA BOAT CLUB, INC.

11103 Harbor Road

Soddy-Daisy, Tennessee 37379

The address for the Board, the Association, or any officer thereof may be changed by the Secretary or President of the Association by executing, acknowledging, and recording an amendment to this Declaration stating the new address or addresses. Likewise, any developer may change his or its address by executing, acknowledging, and recording an amendment to this Declaration stating his or its new address.

12.04 Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgement shall in no wise affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

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

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

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

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

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

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

FLIBETA BOAT CLUB, INC.

By: Percy C. Smith
SECRETARY

By: Ralph E. Dawn
PRESIDENT

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, William D. Jones,
of the state and county aforesaid, personally appeared
Percy C. Smith and Ralph E. Dawn,
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 Secretary and President
of Flibeta Boat Club, Inc., the within named bargainer,
a corporation, and that they as such Secretary and
President, executed the foregoing instrument for
the purpose contained, by signing the name of the corporation by
themselves as Secretary and President.

WITNESS my hand and seal, at office in Chattanooga
Tennessee, this 24th day of August,



William D. Jones
Notary Public

Commission Expires: 11-8-89

EXHIBIT A

LOCATED IN THE THIRD CIVIL DISTRICT OF HAMILTON COUNTY,
TENNESSEE:

TRACT NO. XCR-304

A tract of land lying in the Third Civil district of Hamilton County, State of Tennessee, on the west shore of an embayment on the west side of Chickamauga Lake, approximately 4-1/2 miles east of Daisy, and more particularly described as follows:

Beginning at US-TVA Monument 605-1 (Coordinates: N. 314,167; E. 2,266,871) in the boundary of the United States of America's land at a corner of the lands of W. R. Higgins et ux and Davis & J. F. Eldridge; thence with the United States of America's boundary line N. 6 degrees 47 minutes W., 766 feet to a metal marker; thence, leaving the United States of America's boundary line, S. 72 degrees 30 minutes E., 290 feet to a metal marker in the 690 foot contour on the shore of Chickamauga Lake; thence with the 690 foot contour as it meanders in a general southerly direction to a metal marker; thence, leaving the contour, N. 75 degrees 10 minutes W., 32 feet to the point of beginning, and containing 6.8 acres, more or less.

TRACT NO. XCR-305

Beginning at a metal marker (Coordinates: N. 314,840; E. 2,267,058) in the 690 foot contour on the south shore of a small inlet of the lake; thence N. 72 degrees 30 minutes W., 290 feet to a metal marker in the boundary of the United States of America's land; thence with the United States of America's boundary N. 6 degrees 47 minutes W., 1113 feet to a point in the center line of a road from which US-TVA Monument 606-3 bears N. 6 degrees 47 minutes W. at a distance of 26 feet; thence leaving the United States of America's boundary and with the center line of the road approximately along a bearing and distance of S. 38 degrees 05 minutes E., 304 feet to a point in the 690 foot contour on the north shore of an inlet of the lake from which US-TVA Monument 22-2 RM bears N. 44 degrees 32 minutes E. at a distance of 9 feet. The land as described above contains 9.3 acres, more or less.

2 4 2 4

FURTHERMORE, the right of ingress to and from the waters of Chickamauga Lake over and upon the adjoining land lying between the 690 foot contour elevation and the waters of the lake.

IDENTIFICATION REFERENCE
The source of grantor's interest is found in deed of record in Plat Book 1173, Page 393, Register's Office of Hamilton County, Tennessee.

Aug 26 2 49 PM '08
SARAH P. HARRIS
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE
FURTHERMORE, the right to construct, maintain, and use a road over, on and across a right of way 30 feet wide, the side right of way lying east of and adjacent to a line described as follows: Beginning at US-TVA Monument 605-1 in the south boundary of the above described Tract No. XCR-304; thence with the United States of America's boundary line S. 9 degrees 43 minutes W., approximately 50 feet to a point at the turn-around at the north end of Harbor Road in the Shady Grove Subdivision; together with the right to do the necessary work of construction and maintenance of said road and the necessary work in connection with the maintenance of any drainage ditches and other road appurtenances lying outside of but adjacent to the limits of the right of way.

ALL the above as shown on plat of record in Plat Book 21, Page 54, in the Register's Office of Hamilton County, Tennessee.

Prepared by Flibeta Boat Club, Inc.
11103 Harbor Road
Soddy Daisy, Tn. 37379