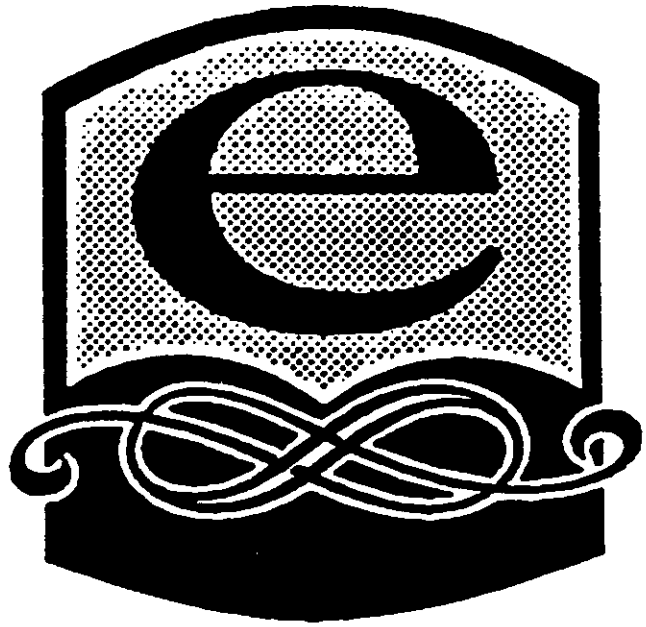

The Enclave

at RIVERVIEW

PO Box 21885 • Chattanooga, TN 37424

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Time: 04:05:04 P
Contact: Pam Hurst, Register

This Instrument Prepared by:
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(423) 266-5691

OK 1192 014 8.00

Tom Bright 7530 Goodwin Rd Ooltewah TN 37421 Mail

DECLARATION OF COVENANTS AND RESTRICTIONS FOR THE ENCLAVE AT RIVERVIEW SUBDIVISION

THIS DECLARATION made on November 28, 1997, by ENCLAVE, LLC, a Tennessee limited liability company, as the General Partner of CEMC, L.P., a Tennessee limited partnership (hereinafter the "Developer").

WITNESSETH

WHEREAS, Developer as owner of certain real property located in the City of Chattanooga, Hamilton County, Tennessee, and more particularly described in those two (2) deeds of record and recorded in Deed Book 4874, Page 85, and Deed Book 4874, Page 89, both in the Register's Office of Hamilton County, Tennessee, to which reference hereby is made and which are incorporated herein by reference (hereinafter the "property") desires to create thereon a residential development known as The Enclave at Riverview (hereinafter the "Development"); and

WHEREAS, Developer desires to provide for the preservation of the land and home values when and as the Property is improved and desires to subject the Development to certain covenants, restrictions, easements, affirmative obligations, charges and liens, as hereinafter set forth, each and all of which are hereby declared to be for the benefit of the Development and each and every owner of any and all parts thereof; and

WHEREAS, Developer has deemed it desirable for the efficient preservation of the values and amenities in the Development, 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 (as hereinafter defined) 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

WHEREAS, Developer has caused or will cause to be incorporated under the laws of the State of Tennessee, THE ENCLAVE AT RIVERVIEW RESIDENTIAL ASSOCIATION, a Tennessee non-profit corporation, for the purpose of exercising the above functions and those which are more fully set out hereafter;

NOW, THEREFORE, the Developer subjects the real property described in Article II hereof, and such additions thereto as may from time to time be made, to the terms of this Declaration and declares that the same is and shall be held, transferred, conveyed, sold, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens (sometimes referred to collectively as the "Covenants") hereinafter set forth. These Covenants shall touch and concern and run with the Property and each lot thereof.

ARTICLE I
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 Architectural Review Committee. "Architectural Review Committee" shall mean and refer to the committee formed and operated in the manner described in Section 4.01 hereof.

1.02 Association. "Association" shall mean THE ENCLAVE AT RIVERVIEW RESIDENTIAL ASSOCIATION, a Tennessee non-profit corporation.

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

1.04 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they now exist, or as they may be amended, from time to time.

1.05 Common Expense. "Common Expense" shall mean and include (a) expenses of administration, maintenance, repair or replacement of the Common Properties; (b) expenses agreed upon as Common Expense by the Association; (c) expenses declared Common Expense by the provisions of this Declaration; and (d) all other sums assessed by the Board of Directors pursuant to the provisions of this Declaration.

1.06 Common Properties. "Common Properties" shall mean and refer to those tracts of land and any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties." The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as a "Common Property." All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners, persons occupying Dwelling Units or accommodations of Owners on a guest or tenant basis, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association; provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such Lease. The Common Properties may include but not be limited to street lights, entrance and street signs, parks, ponds, medians in roadways, maintenance easement areas, landscaping easement areas, and walkways.

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

1.08 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions for The Enclave at Riverview and any Supplemental Declaration filed pursuant to the terms hereof.

1.09 Development. "Development" shall mean and refer to the real property described in Section 2.01 hereof as improved for use as a single family residential subdivision, and any and all additions thereto, which are subjected to this Declaration or any Supplemental Declaration under the provisions hereof.

1.10 Developer. "Developer" shall mean Enclave, LLC, as the General Partner of CEMC, L.P., a Tennessee limited partnership, and its successors and assigns.

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

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

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

1.14 Lot or Lots. "Lot" or "Lots" shall mean and refer to any improved or unimproved parcel of land located within the Property which is intended for use as a site for a single family detached Dwelling Unit as shown upon any recorded final subdivision map of any part of the Property, with the exception of the Common Properties.

1.15 Manager. "Manager" shall mean a person or firm appointed or employed by the Board to manage the daily affairs of the Association in accordance with instructions and directions of the Board.

1.16 Member. "Member" or "Members" shall mean any or all Owner or Owners.

1.17 Mortgage. Mortgage shall mean a deed of trust as well as a Mortgage.

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

1.19 Owner. "Owner" shall mean and refer to the Owner as shown by the real estate records in the office of the Register's Office of Hamilton County, Tennessee, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot, situated upon the Property, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the Mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of or tenant of an Owner. In the event that there is recorded in the office of the Register's Office of Hamilton County, Tennessee, a long-term contract of sale covering any Lot within the Property, the Owner of such Lot shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond twelve (12) months from the date of the contract, and where the purchaser does not receive title to the property

until such payments are made although the purchaser is given the use of said property. "Owner" shall also include Limited Owners.

1.20 Property. "Property" shall mean and refer to the real property described in Section 2.01 hereof, and additions thereto, which is subjected to this Declaration or any Supplemental Declaration under the provisions hereof.

1.21 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.

1.22 Recorder. "Recorder" shall mean and refer to the Register of Deeds of Hamilton County, Tennessee.

1.23 Supplemental Declaration. "Supplemental Declaration" shall mean any declaration filed subsequent in time to this Declaration in accordance with Article II, section 2.03 (a) hereof.

ARTICLE II
PROPERTIES, COMMON PROPERTIES AND IMPROVEMENTS THEREON

2.01 Property. The Covenants set forth in this Declaration, as amended from time to time, are hereby imposed upon the real property located in the City of Chattanooga, Hamilton County, in the State of Tennessee and more particularly described in Unit I only attached hereto and additions or amendments thereto, which shall hereafter be held, transferred, sold, conveyed, used, leased, occupied and mortgaged or otherwise encumbered subject to the Declaration. Additionally, any easements on any real property retained by or granted to the Developer or the Association for the purpose of carrying out one or more of the functions of a homeowners' association including, but not limited to, exercising all the powers and privileges and performing all the duties and obligations set forth in this Declaration. Every person who is an Owner shall be a member of the Association as more particularly set forth in the By-Laws of the Association.

2.02 Additions to Property. In the sole discretion of the Developer, additional lands may become subject to, but not limited to, this Declaration in the following manner:

(a) Additions. The Developer, its successors, and assigns, shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional properties in future stages of the Development beyond those described in the deeds referred to above and recorded in Deed Book 4874, Page 85, and Deed Book 4874, Page 89, both in the Register's Office of Hamilton County, Tennessee, so long as they are contiguous with the existing portions of the development. For purposes of this paragraph, contiguity shall not be defeated or denied where the only impediment to actual "touching" is a separation caused by a road, right-of-way or easement, and such shall be deemed contiguous. The additions authorized under this Section shall be made by filing a Supplementary Declaration of Covenants and Restrictions with

respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property after which it shall fall within the definition of Property as herein set forth.

The Supplementary Declaration may not increase or decrease the minimum square foot requirements for a Dwelling Unit; such Supplementary Declaration, however, may contain such other complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Developer, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on the Property as described in Section 2.01 above.

(b) Separate Associations. For any additional property subjected to this Declaration pursuant to the provisions of this Section, there may be established by the Developer, an additional association limited to the owners and/or residents of such additional property in order to promote their social welfare, including their health, safety, education, culture, comfort and convenience, to elect representatives to the Board of the Association, to receive from the Association a portion, as determined by the Developer or the Board of Directors of the Association, of the annual assessments levied pursuant hereto and use such funds for its general purposes, and to make and enforce rules and regulations of supplementary covenants and restrictions, if any, applicable to such lands.

2.03 Mergers. Upon a merger or consolidation of the Association with another association, its Properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations may, by operation of law, be added to the Properties of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants and Restrictions established by this Declaration.

2.04 Common Properties and Improvements Thereon. The Developer may install initially one or more entrance signs to the Development. The signs shall become part of the Common Properties when the Developer conveys the sign to the Association, at which time the Association shall become responsible for the operation, maintenance, repair and replacement of the signs. The Developer may also landscape the entrance areas (whether privately or publicly owned) and other areas where it may or may not have reserved an easement. These areas shall become Common Properties when conveyed to the Association and the Association shall then become responsible for maintenance of the landscaped areas. Additionally, the Developer will install street lights and street signs and certain other improvements which shall likewise become Common Properties when conveyed to the Association. The Developer may add additional Common Properties from time to time as it sees fit. The Common Properties shall remain permanently as open space, except as improved, and there shall be no subdivision of the same, except as otherwise provided herein. Except as permitted by the Developer, no building, structure or facility shall be placed, installed, erected or constructed in or on the Common Properties unless it is purely incidental to one or more of the uses above specified. The Developer may reserve to itself or its designees the exclusive use of any portion of the Common Properties for the placement and use of a mobile office or similar structure for use

as a sales office and as storage areas or construction yards as may be reasonably required, convenient or incidental to the sales of Lots and/or the construction improvements on the Common Properties.

ARTICLE III
COVENANTS, USES AND RESTRICTIONS

3.01 Application. It expressly stipulated that the Restrictive Covenants and Conditions set forth in this Article III apply solely to the Property described in the deeds referred to in paragraph 2.02(a), which Property is intended for use as single-family residential Lots only. These Restrictive Covenants and Conditions specifically are intended to apply to all other lots, tracts or parcels of land in the area or vicinity owned by the Developer, all of which is to be included within the entire project known as "The Enclave at Riverview."

3.02 Residential Use.

A. All of the Lots in the Development shall be, and be known and described as, residential lots, and no structure shall be erected, altered, placed or permitted to remain on any Lot other than as provided in these Covenants and Restrictions and in supplements hereto, or except as provided for in a deed of conveyance from the Developer.

B. "Residential" refers to a mode of occupancy, as used in contradistinction to "business" or "commercial" or "mercantile" activity, and except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant Lots as well as to buildings constructed thereon.

C. No Lot, street or any other land within the Development may be used as a means of service to business establishments or adjacent property, including, but not limited to supplementary facilities or an intentional passageway or entrance into a business, whether or not a part of the Property, unless consented to in writing by the Developer.

3.03 No Multi-Family Residences, Business, Trucks. No Residence shall be designed, patterned, constructed or maintained to serve or for the use of more than one single family, and no residence shall be used as a multiple family Dwelling Unit at any time, nor used in whole or in part for any business service or activity, or for any commercial purpose; nor shall any Lot be used for business purposes, or for trucks or other equipment with ordinary residential uses. No panel, commercial trucks shall be habitually parked in driveways or of the Lots. Nothing contained herein shall prohibit the Developer or the Association from permitting, maintaining or operating concessions or vending machines on the Common Properties. Provided, however, that nothing herein contained shall be construed to prohibit the construction of attached single family residences in areas designated by the Developer for such construction. And provided further that nothing contained herein shall be construed to prohibit the Developer from constructing and operating facilities and amenities for the benefit of, or to be made available to, Owners in the subdivision including, but not limited to, such things as a swimming pool, tennis courts, clubhouse, and boat storage facility, all to be on the property for the use of the Owners.

3.04 Minimum Square Footage. No single-family detached Dwelling Unit shall be erected or permitted to remain in the Property unless it has the number of square feet of enclosed living area measured from the exterior walls, exclusive of open porches or screened porches, garages or basements, set forth in this Section. For the purposes of this Section, stated square footage shall mean the minimum floor area required, and floor area shall mean the finished and heated living area contained within the Dwelling Unit, exclusive of open porches and garages. In the case of any question as to whether a sufficient number of square feet of inclosed living area have been provided, the decision of the Developer shall be final. The minimum number of square feet for each phase shall be set forth on the recorded plat for each phase. The minimum number of square feet required in each phase is as follows:

(a) A single level home shall contain not less than 3,000 square feet;

(b) All other homes shall contain not less than 3,300 square feet.

3.05 Set-Backs. No building shall be erected on any Lot less than forty (40) feet nor more than fifty (50) feet to the front Lot line, twenty-five (25) feet from the rear Lot line if such Lot line adjoins another Lot, and ten (10) feet from the side Lot lines, unless the side Lot line fronts on a street, in which case no building shall be erected nearer than twenty-five (25) feet to such side Lot line. No provision of this paragraph shall be construed to permit any structure to be constructed and erected upon any Lot that does not conform to the zoning laws and regulation applicable thereto; provided, however, that for good cause shown, an Owner may petition the Developer for a variance from such setback requirements. If the Developer grants such petition, Developer will not oppose such Owner's attempt to obtain a variance from applicable zoning laws and regulations.

3.06 Rearrangement of Lot Lines. Not more than one Dwelling Unit shall be erected or maintained on any one Lot. With the written approval of the Developer, contiguous Lots may be combined if the Lots have the same Owner, for the purpose of erecting an approved Dwelling Unit thereon; however, the assessments provided for herein will continue to be based upon the number of original Lots purchased. Lots may not be resubdivided so as to create a smaller area than originally deeded to a Lot Owner and as shown on the subdivision plat without the express written approval of the Developer.

3.07 Temporary Structures. No part of any Lot shall be used for residential purposes until a completed Dwelling Unit, conforming fully to the provisions of these Restrictive Covenants, shall have been erected thereon. The intent of this section is to prevent the use thereon of a garage, incomplete structure, trailer, barn, tent, outbuilding or other structure as temporary living quarters before or pending the erection of a permanent building. No structure of temporary character, including trailers and similar structures, shall be erected or permitted to remain on any Lot except during the period of construction. No house may be moved from another location to any Lot in this Development.

Neither the foregoing nor any other section of the Declaration shall prevent the Developer or any builder which has the prior written permission of the Developer from constructing a house for use as a model home that may contain office-type furniture and be used for conducting

the business of either selling that house or other houses within the Development, nor shall the foregoing or any other section of the Declaration prevent the Developer from designating a Lot or Lots from time to time for the temporary placement of a trailer or other similar structure for use as an office and/or sales center by the Developer and/or approved builders at the sole discretion of the Developer.

3.08 Rainwater Drainage. Each Lot must be landscaped so that rainwater and storm water run-off will drain into the street adjoining the Lot or into a drainage easement that drains into a street or the drainage system or plan of the Developer.

3.09 Utility Easement. A perpetual easement is reserved on each Lot, as shown on the recorded plat, for the construction and maintenance of utilities such as electricity, gas, water, sewage, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.

3.10 Frontal Appearance. All dwelling Units shall have conventional and acceptable frontal appearance from the main street fronting said Dwelling Unit. In the event that a question should arise as to the conventionality or acceptability of the frontal appearance of a Dwelling Unit, the decision of the Developer shall be final.

3.11 Building Requirements. All buildings or structures of any kind constructed on any Lot shall have full masonry foundations and chimneys and no exposed block, concrete or plastered foundations shall be exposed to the exterior above grade level. The exterior of each Dwelling Unit must be covered with stone, brick, sto or combination thereof. Alternatively the exterior of the Dwelling Unit may be all wood lap siding provided that the lap siding is true lap siding and not artificial laps. All materials must be approved in writing by the Developer. All exposed concrete block or poured concrete foundations and retaining walls must be covered with stone, brick or sto to compliment the Dwelling Unit. All sheet metal work (roof caps, flashings, vents chimney caps, etc.) must be painted to match the roof. Gutters and downspouts must be painted in approved colors. All roof stacks and plumbing vents must be placed on rear slopes of roofs; provided, however, for good cause shown, the Developer may make exceptions as to the placement of such roof stacks and plumbing vents. In connection with the construction of improvements and utility service for the Development, natural gas service for all Lots in the subdivision has or will be available from a gas line constructed all at the sole cost and expense of the Developer. Accordingly, Lots in the subdivision are required to use natural gas utility service for heating and hot water in all homes, residences and Dwelling Units in the subdivision. The Developer, in its sole discretion, may waive this requirement with respect to natural gas utility service to a specific Lot.

3.12 Fences. No fence will be allowed on any Lot without the prior written consent of the Developer. Wire or chain link fences are prohibited. All wood fences must be painted or stained. All proposed fences must be submitted to the Developer for approval showing materials, design, height and location.

3.13 Driveways and Walkways. Each Dwelling Unit constructed upon a Lot must be served by a driveway and by walkways constructed of hard surface materials such as brick,

exposed aggregate, or pre-cast pavers. All other hard surface materials must be approved in writing by the Developer. Where a Lot borders on more than one street, the Lot shall be entered from the secondary street; all other lots shall have the garage on the approved side of the dwelling. It shall be obligatory on all owners of Lots in this subdivision to construct or place any driveways, culverts or other structures, or gradings which are within the limits of any dedicated roadways, in strict accordance with the specifications therefor, as set forth on the recorded subdivision plat, in order that the roads or streets, which may be affected by such placement or construction, may not be disqualified for acceptance into the road system of the City of Chattanooga, Tennessee.

3.14 Curbs and Sidewalks. No permanent cuts may be made in the curbs or sidewalks for any purpose other than driveways. Curb cuts shall be made with a concrete saw. Irregular cuts using sledge hammers and the like are prohibited. Driveways shall be added so as to form a smooth transitional surface with the remaining curb and sidewalk at locations where the approved driveway locations meet the street; after the cut in the curb is made, the permanent pour back will be completed within seven (7) days. Damaged curbs and sidewalks shall be replaced by the Owner of the adjoining Lot unless the damage is caused by another who causes the damage to be corrected. Notwithstanding the foregoing, nothing herein shall permit any curb or sidewalk cuts where such cuts are prohibited by any applicable city, county or state regulation, ordinance or law.

3.15 Signs. One sign offering the Lot and/or Dwelling Unit for sale and one sign reflecting the name of the builder may be placed upon a Lot. Upon sale of any Lot to an Owner, or upon sale of any Lot owned by a Builder upon which a speculative Dwelling Unit is constructed or is being constructed, one sign reflecting that such Lot and/or Dwelling Unit is sold may be placed upon the Lot. Such signs must be in a form approved by the Developer. No other signs shall be erected or maintained on any Lot, except in accordance with approved standards for signs as set by the Developer. Nothing in the foregoing shall be construed prevent Developer from erecting and maintaining signs in the Development as provided herein.

3.16 Service Area. Each Dwelling Unit shall provide an area or areas on the rear or side yard of the Lot to accommodate air conditioner compressors, garbage cans, the electrical service entrance, or other ancillary residential functions that by nature may present an unsightly appearance. Service areas shall be convenient to the utility services and screened from public view by an enclosure that is an integral part of the site development plan (the site development plan being more fully described in paragraph 4.01 C hereof), using materials, colors or landscaping that are harmonious with the Dwelling Unit it serves.

3.17 Garages. Each Dwelling Unit shall have at least a double car attached garage constructed at the same time as the Dwelling Unit. No carports will be permitted. Garage doors may not face the street upon which the Dwelling Unit fronts. The inside walls of garages must be finished. Garage doors may not be allowed to stand open.

3.18 Landscaping. A landscape plan shall accompany every new home application (the new home application being more particularly described in paragraph 4.01 C hereof) submitted to the Developer for approval. If a Dwelling Unit has a rear exterior which faces Common Property, another Lot, street, or waterway, the Developer may require the placement of up to two (2), three (3)

or four (4) inch caliper trees in the rear of the Lot, or other acceptable landscape buffer, to provide screening for the Dwelling Unit. Landscaping in accordance with the approved landscape plan must be substantially completed within one year after commencement of construction of the Dwelling Unit. Shrubbery plantings adjacent to roadways and sidewalks shall not impede the vision of vehicle operators. Care shall be taken to assure that sight lines to the lake from Lots other than the Lot covered by the landscape plan are not obscured by landscaping or by future growth of the landscape plantings. Any plantings made subsequent to the planting covered by the landscape plan must be approved by the Developer (i) to assure the maintenance of sight lines to the Tennessee River from other Lots, and (ii) to provide for continued aesthetic acceptability of the Property.

3.19 Windows. Materials to be used in windows and glass doors must be approved by the Developer. Wood windows will be permitted. Metal and vinyl windows are not permitted, nor are aluminum awnings permitted. Mullions shall be used in all windows; provided that use of mullions may be waived by the Developer in the case of windows facing the river when, in the opinion of the Developer mullions would be architecturally or aesthetically undesirable. Any such waiver must be granted in writing.

3.20 Animals. No poultry, livestock or animals shall be allowed or maintained on any Lot at any time except that the keeping of dogs, cats or other inside household pets is permitted provided, however, that nothing contained herein shall permit the keeping of dogs, cats or other animals for commercial purposes. Pet owners shall not allow pets to roam unattended. All pets must be leashed, or maintained in an enclosed and fenced yard, or maintained indoors. The pet owner shall muzzle any pet which consistently barks. If barking persists the pet owner shall have the pet removed from the Development. If the pet owner refuses, it shall be deemed an "offensive activity". Nothing contained herein shall be deemed to permit the keeping of an unreasonable number of pets, or the keeping of any animal deemed to be a danger to other residents. Developer or the Board of Directors shall, in their sole discretion, have the authority to determine what constitutes an "unreasonable" number or a "dangerous" pet.

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

3.22 Unsightly Conditions. All of the Lots must, from the date of purchase, be maintained by the Owner or Builder in a neat and orderly condition (grass being cut when needed, as well as leaves, broken limbs, dead trees and other debris being removed when needed). Tree limbs, rocks and other debris must be kept out of the streets. In the event that an Owner of a Lot, including an Owner who is a Builder, fails, of his own volition, to maintain his Lot in a neat and orderly condition, Developer, or its duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Lot without liability and proceed to put said Lot into an orderly condition and shall bill the Owner one hundred and fifty percent (150%) of the cost of such work. All Owners in the Development are requested to keep cars, trucks and delivery trucks off the curbs of the streets; all such vehicles must be parked only in driveways.

3.23 Offensive Activity. No noxious or offensive activity shall be carried on any Lot, nor shall anything be done thereon that may be or may become an annoyance, discomfort, embarrassment or nuisance to the Development.

3.24 No Detached Buildings. There shall be no detached garages, outbuildings or servants quarters without the prior written consent of the Developer.

3.25 Sewage Disposal. Before any Dwelling Unit on any Lot shall be occupied, a connection with the municipal sewer system meeting applicable municipal codes shall be made. There shall not be erected, permitted, maintained or operated on any Lot any privy, cesspool, vault or septic system without the written approval of the Developer.

3.26 Permitted Entrances. In order to implement and effect insect, reptile and woods fire control, and to maintain unsightly Lots, the Developer, or its agent, may enter upon any Lot on which a Dwelling Unit has not been constructed and upon which no landscaping plan has been implemented, such entry to be made by personnel with tractors or such other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Developer detracts from the overall beauty, setting and safety of the Property or Lots. Such entrance for the purpose of mowing, removing, clearing, cutting or pruning shall not be deemed a trespass. The Developer and its agents may likewise enter upon a Lot to remove any trash which has collected on said Lot without such entrance and removal being deemed a trespass. The provisions of this Section shall not be construed as an obligation on the part of the Developer and its agents to mow, clear, cut or prune any Lots or to provide garbage or trash removal services. Expenses incurred for any of the foregoing shall be chargeable to and recoverable from the Owner of the Lot upon which such work is done.

3.27 Tree Removal. Except as provided in the landscape description of the site development plan, no live trees or shrubs having a diameter greater than six (6) inches shall be removed prior to obtaining the written approval of the Developer. Any Owner who, without having obtained written approval from the Developer, cuts down or allows to be cut down any tree having a diameter of six (6) inches or greater shall be liable to the Association, or to the Developer, as the case may be, for liquidated damages in the amount of Two Hundred Fifty Dollars ($250.00) for each tree so cut.

3.28 Tanks and Garbage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and such tanks or receptacles may be installed only within a Dwelling Unit, within a screened area or buried underground. All garbage and trash containers must be placed in enclosed areas of the rear or side yard and must not be visible from adjoining Lots, houses or from any street or waterway.

3.29 Wells. No private wells may be drilled or maintained on any Lot without the prior written consent of the Developer.

3.30 No Antennas. No television antenna, dish, radio receiver or sender or other similar device shall be attached to or installed upon the exterior portion of any Dwelling Unit or

other structure on the Property or any Lot within the Development without the prior written consent of the Developer; nor shall any radio, television nor any other form of electromagnetic radiation be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals upon any other Lot. Without limiting the applicability of the foregoing, Developer shall permit the installation of unobtrusive television reception devices if such devices are attached to the exterior of a Dwelling Unit and are attached in a location approved by the Developer which location shall not be in the public view and shall not be unsightly regardless of its location. Notwithstanding the foregoing, the provisions of this Section shall not prohibit the Developer from installing equipment necessary for a master antenna system, security system, cable television, mobile radio system or other similar systems within the Development.

3.31 Excavation. No Owner shall excavate or extract earth from any of the Lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which would materially affect the surface grade of a Lot unless the prior written consent of the Developer is obtained. This provision does not apply to the construction of roads, ponds, or grade plans by the Developer in accordance with the subdivision plans and specifications.

3.32 Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used or placed upon Lots within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance. In addition, lawn mowers and other similar equipment may not be operated before 10:00 a.m. or after 8:00 p.m.

3.33 Laundry. No owner, guest or tenant shall hang laundry from any area within or outside a Dwelling Unit if such laundry is within the public view, or hang laundry in public view to dry, such as on balcony or terrace railings. This provision may, however, be temporarily waived by the Developer or the Board during a period of severe energy shortages or other conditions where the enforcement of this Section would create a hardship.

3.34 Mailboxes. Mailboxes of a type consistent with the character of the property shall be placed by the Owner on each Lot and shall be maintained by the Owner to complement the residences. The Developer will select and designate the make, model, and other specifications of the mailbox to be used exclusively by the Owner of each Lot in the subdivision and furnish such information to the Owner of each Lot.

3.35 Duty to Rebuild or clear and landscape Upon Casualty or Destruction. In order to preserve the aesthetic and economic value of all Lots within the Development, each Owner and Developer (with respect to improved property owned by Developer) shall have the affirmative duty to rebuild, replace, repair or clear and landscape within a reasonable period of time, any building, structure, improvements, and significant vegetation which shall be damaged or destroyed by fire or other casualty. Variations and waivers of this provision may be made only by the Developer establishing that the overall purpose of these Restrictive Covenants would be best effected by allowing such a variation. Variations to this section are to be strictly construed and the allowance

of a variance by the Developer shall not be deemed to be a waiver of the binding effect of this section upon all other Owners.

3.36 Vehicle Parking. Cars owned by Lot Owners shall be parked only in the Owner's garage or driveway. No inoperable vehicle, tractor or other machinery shall be stored outside on the premises at any time, even if not visible from the street. No house trailer or such vehicle shall be stored on the premises. Recreational vehicles, vacation trailers, campers and boats must be stored and hidden from view within the garage, the doors to which will not exceed eight feet in height. Such vehicles may not be stored anywhere else on the Lot.

3.37 Maintenance. Each Lot Owner shall, at all times, maintain all structures located on such Lot, including driveways and permitted fences in good repair which shall include exterior painting as needed, and each Lot Owner shall keep all vegetation and landscaping in good and presentable condition.

3.38 Preferred Builders. The Developer shall maintain a list of Preferred Builders which list shall be made available to Lot Owners and prospective purchasers. The Developer may from time to time, at the request of a Lot Owner or in his sole discretion add builders to the list of Preferred Builders and the Developer may remove builders from the list. An Owner shall be permitted to contract with any particular builder for construction of a Dwelling Unit. No builder shall be permitted to construct a Dwelling Unit on a Lot until such builder shall have executed and delivered a copy of the Builder Developer Agreement, Exhibit A hereto, to the Developer; and it shall be the responsibility of each Lot Owner to require his or her builder to execute the Builder Developer Agreement as a condition of any contract providing for the construction of a Dwelling Unit on said Owner's Lot. All builders, and all general contractors, must maintain and carry both "Builder's Risk," "General Liability" insurance coverage, and to furnish to Developer a binder to establish such coverage is in effect, upon reasonable request by the Developer.

3.39 Occupancy Before Completion. Except with the written consent of the Developer or the Board of Directors, based upon adequate assurance of the prompt completion of a Dwelling Unit, an Owner shall not occupy a Dwelling Unit until the Dwelling Unit and seasonal landscaping conforming fully to the provisions of this Declaration shall have been erected and fully completed thereon. Once the footings of any Dwelling Unit or other structure are poured, construction must progress continuously (with allowance for weather conditions, and the availability of labor and materials) until the building is fully completed. The exterior, including the landscaping, must be completed within twelve (12) months after commencement of the construction. The Owner of any Lot violating either of these provisions shall be liable to the Association for liquidated damages at the rate of Fifty Dollars ($50.00) per day the violations occur, and to payment of such court costs and attorney's fees as may be incurred in the enforcement of these provisions. In the event construction does not progress continuously, the liquidated damages shall commence ten (10) days after notice from the Developer or the Architectural Review Committee if construction is not resumed within said ten (10) days.

3.40 Developer Reserves the Right. Notwithstanding any other provisions herein to the contrary, the Developer reserves unto itself, its successors and assigns, the following rights,

privileges and powers: to subdivide Lots, to combine Lots or parts of Lots, to rearrange boundaries of Lots, to cause any part of any Lot to become a part of the Common Properties, and to cause portions of the Common Property Lots to become part of any of the Lots bordering them.

3.41 Lawn Care. All unimproved Lots (except those owned by the Developer) and all improved Lots must be kept fully seeded with grass (except where other provisions of this Declaration require sodding) and regularly cut. All lawns and yards for improved Lots must be maintained by a sprinkler system for the yard in front of the dwelling, and on each side of the dwelling.

3.42 Roofs. Roof pitches must be a minimum of 8/12, unless otherwise approved by the Developer. All roofs must be of architectural quality dimensional shingle, shakes or slate unless otherwise approved in writing by the Developer.

3 43. Fireplaces. All fireplace inserts must be capped with a shroud at the point where the flue reaches the top of the chimney. The design of and materials for the shroud must be approved in writing by the Developer.

3.44 Chimneys. Chimneys must be constructed of brick, sto or stone, and those chimneys on the exterior must have a foundation.

3.45 Adjoining Lot Damage. Any damage done to any adjacent or adjoining Lot or by a contractor employed to build improvements on any Lot will be repaired immediately at the expense of the Owner or the contractor. Temporary construction support must be provided for the curbs and sidewalks by the Owner or contractor during the time of construction. All construction debris shall be removed at least weekly and the street must be kept clean during construction.

3.46 Material Quality. Only good quality materials and design will be accepted on any structure built on any Lot. Permastone and asbestos shingles are specifically prohibited. No concrete blocks shall be used above the finished ground elevation of any structure unless said blocks are covered with brick veneer, stone or other material acceptable to the Developer.

3.47 Air Conditioning and Heating Units. Air conditioning and heating unit. shall be architecturally screened or landscaped so as not to be visible from any street, other lot, or waterway.

3.48 Sidewalks. It is the obligation of each Lot Owner subsequent to the Developer to install a sidewalk along lines of the Lot which front the road in accordance with the specifications of the Developer by the time the Dwelling Unit is completed, or within one (1) year from the date of purchase of the Lot, whichever is earlier. In the alternative, if the Developer constructs sidewalks for any Lot, the Lot Owner shall reimburse the Developer for same at the rate of $2.00 per square foot with respect to such sidewalk.

3.49 Sodding. Prior to occupancy of a Dwelling Unit, the entire yard of the Lot must be sodded and a sprinkler system installed in the front and side yard. Prior occupancy may be approved by the Developer if weather conditions prohibit sodding.

3.50 Exterior Finish Materials. All exterior finish materials, including without limitation siding, roofing, gutters, windows and doors, and any finish applied to such materials, and including without limitation all paints or stains, mortar or cement, must be approved in writing by the Developer. All wood siding must have laps of six (6) inches. Dwelling units using masonite siding on all exterior sides must be true lap siding and not artificial laps.

3.51 No Dumping. No garbage, trash, soil, or other refuse shall be dumped in any pond, wetland, or waterway of the Development. Owners will be assessed a Five Hundred Dollar ($500.00) fine for each violation of this provision in addition to assessments for the cost of removal and reasonable attorney fee and court cost if necessary.

3.52 Decks. All exterior decks which face Common Property, another Lot, street or public waterway must be constructed with wrought iron rails and a brick, stone or another approved material in accordance with the requirements of the Developer.

3.53 Renting or Leasing. No Dwelling Unit may be rented or leased for a period of time that is less than six (6) months.

3.54 Seawalls and Docks. All Dwelling Units which adjoin the Tennessee River may, as part of the construction of the Dwelling Unit, construct a seawall along the river side of the Lot; this aspect of Lot construction shall be in the sole discretion of the Lot Owner. Such seawall shall be of a material and design that is approved in writing by the Developer prior to the commencement of construction of the Dwelling Unit. Each Dwelling Unit which adjoins the Tennessee River and which obtains permission for the construction of a dock, shall, prior to commencement of construction of said dock, submit plans, specifications (including a materials list) to the Developer for approval. Such approval must be in writing and signed by the Developer prior to commencement of construction of the proposed dock. Nothing contained herein shall be constructed to permit the use of any material, design or installation of the use of which is prohibited by any governmental body having authority over such matters.

3.55 Violations and Enforcement. In the event of the violation, or attempted violation, of any one or more of the provisions of this Declaration, the Developer, its successors or assigns, including all parties hereinafter becoming Owners of any one or more of the Lots to which provisions of this Declaration apply, may bring an action or actions against the Owner in violation, or attempting violation, and the said Owner shall be further liable for such damages as may accrue, including any court costs and reasonable attorneys fees incident to any such proceeding, which costs and fees shall constitute liquidated damages. In the event of a violation of set-back lines, side, rear or front which may be minor in character, a waiver thereof may be made by the Developer, its successors or assigns, or the Board of Directors. Further, the Developer may grant variances of the restrictions set forth in this Declaration if such variances do not, in the sole discretion of the Developer, adversely affect the purposes sought to be obtained hereby.

By reason of the rights of enforcement of the provisions of this Section being given unto Owners of Lots (subject to rights of variances reserved by the Developer), it shall not be incumbent upon the Developer to enforce the provisions of these Restrictive Covenants or to prosecute any violation thereof. Developer shall not be responsible or liable for any violation of these Restrictive Covenants by any person other than itself.

ARTICLE IV
ARCHITECTURAL CONTROL

4.01 Architectural and Design Review.

A. In order to preserve to the extent possible, the natural beauty of the Property and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the Development, and to promote and protect the value of the Property, the Developer shall create a body of rules and regulations covering details of Dwelling Units, which shall be available to all Owners or prospective Owners of Lots.

B. The Developer shall have sole architectural and design review authority for the Development until the Developer has transferred governing authority to the Board. Thereafter, the Developer shall continue to exercise the rights thus reserved to it until such time as it shall execute and record in the office of the Recorder a document assigning these rights to the Board. Upon such occurrence, the Board shall establish an Architectural Review Committee as soon as is practicable. When such Committee has been established, the Developer shall transfer reviewing authority to it.

C. No Dwelling Unit shall be erected, placed, added to, remodeled or altered and no trees or shrubs shall be cut or removed and no grading or other improvement shall be made to any Lot nor shall construction be permitted to commence on any Dwelling Unit, other building, structure, fence, exterior lighting, swimming pools, children's play areas, decorative appurtenances, or structures of any type by an Owner or Builder on any Lot, until said Owner or Builder shall submit and receive approval for a new home application or home modification application including:

(i) A site development plan which in addition to other site plan details shall clearly show the proposed location of the Dwelling Unit on the Lot and the location of all improvements or proposed improvements on and to the Lot including but not limited to all driveways, sidewalks, parking areas, patios and decks.

(ii) A detailed landscape plan showing the location of all trees with a diameter of five inches or more and indicating which of those trees, if any, are to be removed, and showing the location and type of all plantings proposed to be located on the Lot, together with the irrigation plan for the front and side yards of the Lot. All of which shall be in strict compliance with the provisions of this Declaration.

(iii) The proposed building plans and specifications (including height and composition of roof, siding or other exterior materials and finishes) of any improvements proposed to constructed or located upon any Lot. Said plans and specifications shall be in sufficient detail so as to enable Developer or the Architectural Review Committee to determine whether or not such improvements conform to the provisions of this Declaration and whether such improvements are suitable and consistent with the intent of this Declaration. In such cases the determination of the Developer or the Architectural Review Committee shall be final. Neither Developer nor the Architectural Review Committee assumes or accepts any liability for the approval or non-approval of an application, or proposed building plans and specifications; the applicant of such proposed building plans and specifications agrees, upon submission thereof, to hold the Developer and said Committee harmless from any liability, cost or expense in relation thereto.

(iv) A drainage plan and stormwater management plan approved by the City of Chattanooga, or other appropriate local, state, or federal governmental agencies having jurisdiction or authority with respect to same.

The Developer shall approve or disapprove in writing such plans; approval by the Developer shall not be unreasonably withheld.

Every application shall be submitted to the Developer or the Architectural Review Committee for approval at least thirty (30) days prior to the proposed date of construction. In addition, any repainting of a substantial portion of the exterior of any structure in a manner not previously approved by the Developer or the Architectural Review Committee shall be subject to prior approval of the Developer or the Architectural Review Committee as provided in the preceding sentence.

The Developer or the Architectural Review Committee shall give written approval or disapproval of the application within fourteen (14) days of submission. However, if written approval or disapproval of the plans is not given within fourteen (14) days of the submission, the plans shall be deemed to have been approved. Developer or Architectural Review Committee may, by written notice given from time to time to the Owners of Lots, exempt certain matters of a non-essential nature from the review requirements subject to the terms and conditions and for the time periods established by the Developer or the Architectural Review Committee. In the event of the completion of any Dwelling Unit on any Lot, without any proceedings having been instituted in the courts of the City of Chattanooga or Hamilton County, Tennessee to enjoin the construction thereof, then said Dwelling Unit shall be conclusively presumed to have had such approval.

D. The Developer or the Architectural Review Committee shall charge a fee for each application submitted for review. The fee shall be set at Three Hundred Fifty and No/100 Dollars ($350 00). Developer or the Architectural Review Committee may in their sole and absolute discretion from time to time adjust or waive this fee.

E. The architectural and design review shall be directed towards preventing excessive or unsightly grading, indiscriminate clearing of the Property, removal of trees and vegetation which could cause disruption of natural water courses, insuring that the locations and configuration of structures are visually harmonious with the terrain and vegetation of the surrounding property and improvements thereon, and insuring that plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots.

4.02 Approval Standards. Approval of any proposed building plan, location, specifications or construction schedule submitted under this Article will be withheld unless such plans, location and specifications comply with the applicable Restrictions and Covenants of this Declaration. Approval of the plans and specifications by the Developer or the Architectural Review Committee is for the mutual benefit of all Owners and is not intended to be, and shall not be construed as, an approval or certification that the plans and specifications are technically sound or correct from an engineering or architectural viewpoint. Each Owner shall be individually responsible for the technical aspect of the plans and specifications.

4.03 Licensing. All Builders, contractors, landscape architects and others performing work on any Lot must be licensed as may be required by the State of Tennessee or any other governmental authority having jurisdiction in order to construct a Dwelling Unit on a Lot or to perform services for an Owner.

ARTICLE V
ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Each Owner, but not the Limited Owners, by acceptance of a deed conveying a Lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all Of the terms and provisions of these Covenants and pay to the Association annual assessments or special assessments for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Owner of each Lot (except Developer's inventory) shall be personally liable, such liability to be joint and several if there are two or more Owners, to the Association for the payment of all assessments, whether annual or special, which may be levied while such party or parties are Owners of a Lot. The annual and special assessments, together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Lot and on all the improvements thereon against which each such assessment is made. Unpaid assessments shall bear interest from the due date to the date of payment at the rate set by the Board, and said rate can be changed from time to time so that the rate is reasonably related to the economic situation. In the event that two or more Lots are combined into a single Lot by an Owner, the assessments will continue to be based upon the number of original Lots, and if any original Lot is subdivided, the assessment on such original Lot shall be prorated between the Owners based upon the square footage owned by each Owner. The foregoing provision concerning fees, assessments, and other costs and expenses due and payable to the Association specifically shall not apply to Lots owned by the Developer, or maintained by the Developer in inventory.

5.02 Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively to provide services to the Owners, promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Common Properties.

5.03 Amount of Annual Assessment. Until the transfer of governing authority from the Developer to the Board takes place as described in the By-Laws, the amount of the annual assessments shall be set by the Developer at such amount as the Developer, in its sole discretion, deems appropriate to promote the recreation, health, safety and welfare of the Members (as they are defined in the Bylaws). Thereafter the amount of the annual assessments shall be set by the Board of Directors unless seventy-five percent (75%) of the Members who are in attendance or represented by proxy vote to increase or decrease the said annual assessment set by the Board. At any such meeting, the Developer shall have the number of votes as provided in the Bylaws. The initial annual assessment established by the Developer shall be determined on the basis of whether a Member has affirmatively elected to use the swimming pool, clubhouse, and other facilities, or has elected to be only a Member of the Association without privileges for said facilities, as follows:

(a) The initial annual assessment for Members without privileges to use facilities shall be in the amount of $125.00; and

(b) The initial annual assessment for Members who elect privileges to use facilities shall be in the amount of $495.00.

5.04 Special Assessments for Improvements and Additions. In addition to the annual assessments, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, or the cost of any addition to the Common Properties, provided that any such assessment shall have the assent of seventy-five percent (75%) of the vote of the Members who are in attendance or represented at a duly called meeting of the Association, written notice of which shall have been sent to all Members at least thirty (30) days in advance setting forth the purpose of the meeting. At any such meeting, the Developer shall have the number of votes provided in the Bylaws.

5.05 Property Subject to Assessment. Only land within the Property which has been subdivided into Lots, and the plats thereof filed for public record, shall constitute a Lot for purposes of these assessments; provided, however, that Lots owned by the Developer shall not be subject to these assessments.

5.06 Exempt Property. No Owner may exempt himself (except the Developer, with respect to Lots in inventory) from liability for any assessment levied against his Lot by waiver of the use or enjoyment of any of the Common Properties or by abandonment of his Lot in any other way. The following property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the assessment, charge and lien created herein:

(a) The grantee of a utility easement.

(b) All properties dedicated and accepted by a local public authority and devoted to public use.

(c) All Common Properties as defined in Article I hereof.

(d) All properties exempted from taxation by the laws of the State of Tennessee upon the terms and to the extent of such legal exemptions. This exemption shall not include special exemptions, now in force or enacted hereinafter, based upon age, sex, income levels or similar classifications of the Owners.

5.07 Date of Commencement of Annual Assessments.

A. The annual assessment provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Developer to be the date of commencement. The Developer shall have the financial responsibility to physically maintain the Common Properties until the date of commencement of such assessments.

B. The amount of the first annual assessment shall be based pro rata upon the balance of the calendar year and shall become due and payable on the date of commencement. The assessments for any year after the first year shall become due and payable the first day of January of said year; however, the Board may authorize payment in four (4) equal quarterly installments if desired.

C. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

5.08 Lien. Recognizing that the necessity for providing proper operation and management of the Property 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 the payment of all assessments against said Lot, now or hereafter assessed, which lien shall also secure all costs and expenses and reasonable attorneys fees which may be incurred by the Association in enforcing the lien upon said Lot. The lien shall become effective on a Lot immediately upon the closing of the Lot. The lien granted to the Association may be foreclosed as other liens are foreclosed in the State of Tennessee. Failure by the Owner or Owners to pay any assessment, annual or special, on or before the due dates set by the Association for such payment shall constitute a default, and this lien may be foreclosed by the Association.

5.09 Lease, Sale or Mortgage of Lot. 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 of 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; and such statement shall also include, if requested, 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.

In the event that a Lot is to be leased, sold or mortgaged at the time when payment of any assessment against said Lot shall be in default, then the rent, proceeds of the sale or mortgage shall be applied by the lessee, purchaser or mortgagee first to the payment of any then delinquent assessment or installments thereof due to the Association before payment of any rent, proceeds of sale 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(s) shall be jointly and severally liable with the grantor(s) for all unpaid assessment against the grantor(s) and the Lot made prior to the time of such voluntary conveyance, without prejudice to the rights of the grantee(s) to recover from grantor(s) the amounts paid by the grantee(s) therefor.

ARTICLE VI
REGISTER OF OWNERS AND SUBORDINATION OF LIENS TO MORTGAGES

6.01 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 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. The Association may rely on such register for the purpose of determining Owners of Lots and holders of Mortgages.

6.02 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 any such First Mortgage (i.e., one who records a Montage on a Lot for which all assessments have been paid prior to recording) 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 obliged for assessments, whether annual or special, as shall accrue and become due and payable for said Lot subsequent to the date of acquisition of such title. In the event of acquisition of title to a Lot by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment 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 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.

6.03 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.

ARTICLE VII
OWNER COMPLAINTS

7.01 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 or of the Board of Directors of the Association.

7.02 Grievance Committee. There shall be established by the Board a Grievance Committee to receive and consider all Owner complaints. The Grievance Committee shall be composed of the President of the Association and two other Owners appointed by the Developer.

7.03 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 10.03 for sending notices.

7.04 Consideration by the Grievance Committee. Within twenty (20) days of receipt of a complaint, the Grievance 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 7.05; but if complainant does not, the decision shall be final and binding upon the complainant. This provision shall not apply, however, limit or restrict any remedy available at law or equity, as between the Owners who file the grievance complaint.

7.05 Hearing Before the Grievance Committee. Within ten (10) days after notice of the decision of the Grievance Committee, the complainant may, but only in writing addressed to the President of the Association, request a hearing before the Grievance Committee. Such hearing shall be held within twenty (20) days of receipt of complainant's request. The complainant, at his expense, and the Grievance 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 (2) members of the Grievance Committee and may be adjourned from time to time as the Grievance Committee in its discretion deems necessary or advisable. The Grievance 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 in Section 7.07, the decision shall be final and binding upon the complainant.

7.06 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.

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

7.08 Expenses. All expenses incurred by complainant including, without limitation, attorneys fees and the like, shall be the sole responsibility of complainant. All expenses of the Grievance Committee incident to such complaint shall be deemed a Common Expense of the Association.

ARTICLE VIII
REMEDIES ON DEFAULT

8.01 Scope. Each Owner shall comply with the provisions of this Declaration, the Bylaws 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.

8.02 Grounds For and Form of Relief. Failure to comply with any of the Covenants of the Declaration, the Bylaws or the Rules and Regulations promulgated by the Board which may be adopted pursuant thereto shall constitute a default and shall entitle Developer or 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 herein, any sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, and which relief may be sought by the Developer or the Association or, if appropriate and not in conflict with the provisions of this Declaration or the Bylaws, by an aggrieved Owner.

8.03 Recovery of Expenses. In any proceeding arising because of an alleged default by an Owner, the Developer or the Association, if successful, shall, in addition to the relief provided for in Section 8.02, 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.

8.04 Waiver. The failure of the Developer or the Association or an 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.

8.05 Election of Remedies. All rights, remedies and privileges granted to the Developer, the Association or an Owner or Owners pursuant to any term, provision, covenant or condition of this Declaration or the Bylaws 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 IX
EMINENT DOMAIN

9.01 Board's Authority. If all or any part of the Common Properties (excluding personalty) is taken or threatened to be taken by Eminent Domain, the Developer or the Board is authorized and directed to proceed as follows:

A. To obtain any pay for such assistance from such attorneys, appraisers, architects, engineers, expert witnesses and other persons, as the Developer or the Board in its discretion deems necessary or advisable to aid and advise it in all matters relating to such taking and its effect, including but not limited to (i) determining whether or not to resist such proceedings or convey in lieu thereof, (ii) defending or instituting any necessary proceedings and appeals, (iii) making any settlements with respect to such taking or attempted taking and (iv) deciding if, how and when to restore the Common Properties.

B. To negotiate with respect to any such taking, to grant permits, licenses and releases and to convey all or any portion of the Common Properties and to defend or institute, and appeal from, all proceedings as it may deem necessary and advisable in connection with the same.

C. To have and exercise all such powers with respect to such taking or proposed taking and such restoration as those vested in boards of directors of corporations with respect to corporate property, including but not limited to, purchasing, improving, demolishing and selling real estate.

9.02 Notice to Owners and Mortgagees. Each Owner and each First Mortgagee on the records of the Association shall be given reasonable written advance notice of all final offers before acceptance, proposed conveyances, settlements and releases contemplated by the Developer or the Board, legal proceedings and final plans for restoration, and shall be given reasonable opportunity to be heard with respect to each of the same and to participate in and be represented by counsel in any litigation and all hearings, at such Owner's or Mortgagee's own expense.

9.03 Reimbursement of Expenses. The Developer and/or the Board shall be reimbursed for all attorneys', engineers', architects' and appraisers' fees, and other costs and expenses paid or incurred by it in preparation for, and in connection with, or as a result of, any such taking out of the compensation, if any. To the extent that the expenses exceed the compensation received, such expenses shall be deemed a Common Expense.

ARTICLE X
GENERAL PROVISIONS

10.01 Duration. The Covenants of the Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Developer, the Board, the Association or an Owner, their respective legal representatives, heirs, successors and assigns, in perpetuity, unless amended or terminated as provided herein.

10.02 Amendments. This Declaration may be amended, modified or revoked in any respect from time to time by the Developer, in his sole and absolute discretion, prior to the date that the governing authority for the Development is transferred from the Developer to the Board in accordance with the Bylaws. Thereafter, this Declaration may be amended in accordance with the following procedure:

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

B. At any such meeting of the members of the Association, the amendment must be approved by an affirmative seventy-five percent (75%) vote of those Owners who are in attendance or represented at the meeting. At any such meeting the Developer shall have the number of votes as provided in the Bylaws. There will be no amendment which adversely affects the rights of Mortgagees.

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

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

I,_____, do hereby certify that I am the Secretary of the Homeowner's Association, Inc. and that the within amendment to the Declaration of Covenants and Restrictions of the Subdivision was duly adopted By the Owners of said Association and the Mortgagees, if applicable in accordance with the provisions of Section 10.02 of said Declaration.

Witness my hand this ____ day of _____.

_____
Secretary
Homeowners' Association, Inc.

10.03 Rights of Limited Owners. The Limited Owners shall have the right of access to the Property and the right to use the Common Areas and associated facilities on the same terms and conditions as the Owners. Paragraph 10.02 to the contrary notwithstanding, the rights herein provided to the Limited Owners shall not be subject to diminution or abridgement in any way without the written consent of the Limited Owners.

10.04 Dedication of Streets. After the Common Property has been transferred and conveyed to the Association, any portion of the Common Properties, including but not limited to, the streets, may be transferred and conveyed to the City of Chattanooga and dedicated for public purposes.

10.05 Notices. Any notice required to be sent to any Owner or Mortgagee 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 or Mortgagee on the 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 Developer 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:

Enclave, LLC
7530 Goodwin Road
Chattanooga, Tennessee 37421

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 the Developer may change its address by executing, acknowledging and recording an amendment to this Declaration stating its new address.

10.06 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 of the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

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

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

10.09 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.

10.10 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 the State of Tennessee, and by the Chancery Court of Hamilton County, Tennessee.

10.11 Effective Date. This Declaration shall become effective upon its recording in the office of the Register of Hamilton County, Tennessee.

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

CEMC, L.P., a Tennessee Limited Partnership
By: ENCLAVE, LLC, General Partner

By: _____
C. B. Harbour III, Chief Manager

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Before me, a Notary Public of the State and County aforesaid, personally appeared C. B. Harbour III, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Chief Manager of ENCLAVE, LLC, the General Partner of CEMC, L.P., a Tennessee limited partnership, the within named bargainor, and that he, as such Chief Manager being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company as such Chief Manager.

WITNESS my hand and seal this 28th day of November, 1997.

Notary Public My Commission Expires: 4-11-98

FILE NO. 98009760 (2.)

EFFECTIVE DATE March 31, 1998 REGIONAL PERMIT 98-RP-10

DEPARTMENT OF THE ARMY REGIONAL PERMIT

Pursuant to Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403), this Regional Permit (RP) authorizes you to construct the dock facilities as shown on the attached plans provided the work is accomplished and maintained in accordance with the terms and conditions specified below.

PERMIT CONDITIONS:

GENERAL CONDITIONS.

1. The work must be completed within five years of the date of issuance of the RP.

2. The facilities must be maintained in good condition and in conformance with the terms and conditions of the RP.

3. If any previously unknown historic or archaeological remains are discovered while accomplishing the activity authorized by the RP, the permittee must immediately notify this office. This office will initiate Federal and state coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.

4. Representatives of the Corps must be allowed to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of the RP.

SPECIAL CONDITIONS.

1. That dock structures constructed for permanent boat moorage shall be limited to a maximum of 1000 square feet of displaced water surface area, and that sundecks and fishing docks shall be limited to 500 square feet of displaced water surface area. The size of existing dock structures shall be included in computing the total area of displaced water surface.

2. That structures shall not extend into the waterway more that one-third the distance from the minimum pool shoreline to the opposite shoreline, or 50 feet, whichever is the lesser distance.

3. That structures shall not be located within a narrow section of the river, outside of river bends, or close to the navigation channel, if an adverse effect on navigation is likely to occur.

4. Structures shall be constructed of quality materials and styrofoam must be used for flotation; e.g., barrels, drums, etc., are not authorized.

5. That structures permitted may be subject to damage by wave wash from passing vessels. The issuance of this RP does not relieve the permittee from taking all proper steps to insure the integrity of the structures and the safety of boats moored thereto from damage by wave wash and that the permittee shall not hold the United States liable for any such damage.

6. That no work shall be undertaken within the boundaries of the Hiwassee Wildlife Refuge.

EFFECTIVE DATE 30Apr98

DEPARTMENT OF THE ARMY REGIONAL PERMIT

Pursuant to Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403), this Regional Permit (RP) authorizes you to construct the water intake as shown on the attached plans provided the work is accomplished and maintained in accordance with the terms and conditions specified below.

PERMIT CONDITIONS:

GENERAL CONDITIONS.

1. The water intakes must be constructed of quality materials and must be maintained in good condition and in conformance with the terms and conditions of the RP.

2. If any previously unknown historic or archaeological remains are discovered while accomplishing the activity authorized by the RP, the permittee must immediately notify this office. This office will initiate Federal and state coordination required determining if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.

3. Representatives of the Corps must be allowed to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of the RP.

4. The facilities shall not effect threatened or endangered species, as identified under the Endangered Species Act, or endanger the habitats of such species

SPECIAL CONDITIONS.

1. The work must not cause an adverse impact on navigation and must not interfere with the public's right to free navigation on all navigable waters of the United States.

2. Temporary water intakes must be removed from the waterway within 30 days after use and the area restored to preconstruction conditions.

3. Water intake lines must not exceed 3-inches in diameter.

4. Disturbance to riparian vegetation must be limited to the minimum needed to install the water intakes.

5. A water intake sign must be posted on the bank of the river if needed to protect navigation interests. The Corps will notify the permittee if a sign is required.

Projects Within the State of Tennessee

6. The State of Tennessee issued a conditional water quality certification for the discharge of fill associated with the intake. Consequently, the work must also be in accordance with the State General Permit for Utility Line Crossings of Streams.

Projects Within the State of Kentucky

7. Potable water intakes are not authorized under this RP.

8. Water withdrawal within five miles of state permitted wastewater discharges would not be authorized under this RP.

GENERAL PERMIT FOR UTILITY LINE CROSSINGS OF STREAMS

(1) Construction, maintenance, repair, rehabilitation or replacement of utility line crossings of streams is hereby permitted without notification requirement provided the activity is done in accordance with the terms and conditions and provided:

(a) an individual permit is not required

(b) no portion of the activity is located in wetlands, except in accordance with item 3 below

(c) no portion of the activity is located in a component of the National Wild and Scenic River System, a State Scenic River, or waters designated as Outstanding National Resource Waters

(d) no portion of the activity is located in any waterway which is identified by the Department as having contaminated sediments

(e) the activity will not permanently disrupt the movement of aquatic life

(f) no portion of the activity is located in the known habitat of a species formally listed on State or Federal lists of threatened, or endangered species

(2) For the purpose of this general permit, bodies of water defined as navigable pursuant to Section 10 of *the Rivers and Harbors Act of 1899* are subject to different restrictions than all other waters regarding the specific construction methodologies to be employed under this general permit.

(a) Where the activity is located in waters which are not navigable pursuant to § 10, excavation and fill activities shall be separated from flowing waters. All surface water flowing toward the excavation or fill work shall be diverted, piped or flumed to the downstream side of the work. This can be accomplished through utilization of cofferdams or constructed berms in conjunction with a pipe or flume. Cofferdams must be constructed of sand bags, clean rock, steel sheeting or other non-erodible material. Clean rock is rock of various type and size, depending upon application, that contains no fines, soils, or other wastes or contaminants.

(b) Where the activity is located in waters defined as navigable pursuant to § 10 of *the Rivers and Harbors Act of 1899,* excavation and fill work may be accomplished within the water column.

(3) Maintenance, repair and rehabilitation of existing facilities in wetlands is authorized under the following special provisions:

(a) the total amount of excavation or fill does not exceed ten cubic yards

(b) the wetlands alteration is located within the right of way of the existing facility

(c) fill activities for the construction of equipment access roads is not authorized in wetlands

(4) General Terms and Conditions

(a) New utility line crossings shall be located such as to avoid permanent alteration or damage to the integrity of the stream channel. Large trees, steep banks, rock outcroppings, etc. should be avoided.

(b) In the case of proposed gravity sewer lines and other utility lines which follow the stream gradient or otherwise parallel the stream channel, the number of crossings shall be minimized. Where cumulative impacts are likely because of numerous crossings, an individual permit may be required.

(c) The alignment of new utility line crossings shall intersect the stream channel as close to 90 degrees or as perpendicular as possible, and in no case less than 45 degrees angle from the center line of the stream.

(n) Upon achievement of final grade, the disturbed streambank shall be stabilized with riprap or other suitable material. All other disturbed soils must be stabilized and re-vegetated within 30 days by sodding or seeding and mulching. Seed to be utilized shall include a combination of annual grains and grasses, legumes, and perennial grasses. Lime and fertilizer shall be applied as needed to achieve a vegetative cover.

(o) Upon completion of construction, the stream shall be returned as nearly as possible to its original, natural conditions.

(p) Adverse impact to formally listed state or federal threatened or endangered species or their critical habitat, or to cultural, historical, or archeological features or sites is prohibited.

Effective Date	August 1, 1996
Expiration Date	August 1, 2001

Instrument: 1997120200207
Book and Page: GI 4986 403
Misc Recording Fe $176.00
Total Fees: $176.00
User: KSPRUIELL
Date: 02-DEC-1997
Time: 04:05:04 P
Contact: Pam Hurst, Register

This Instrument Prepared by:
Richard W. Buhrman, Attorney at Law
BUHRMAN & MADDUX
419 N. Market Street, Suite 210
Chattanooga, Tennessee 37405
(423) 266-5691

OK 1192 Dir 8 00

Tom Bright 7530 Godwin Rd Ooltewah TN 37421

Mail

DECLARATION OF COVENANTS AND RESTRICTIONS FOR THE ENCLAVE AT RIVERVIEW SUBDIVISION

THIS DECLARATION made on November 28, 1997, by ENCLAVE, LLC, a Tennessee limited liability company, as the General Partner of CEMC, L.P., a Tennessee limited partnership (hereinafter the "Developer").

WITNESSETH

WHEREAS, Developer as owner of certain real property located in the City of Chattanooga, Hamilton County, Tennessee, and more particularly described in those two (2) deeds of record and recorded in Deed Book 4874, Page 85, and Deed Book 4874, Page 89, both in the Register's Office of Hamilton County, Tennessee, to which reference hereby is made and which are incorporated herein by reference (hereinafter the "property") desires to create thereon a residential development known as The Enclave at Riverview (hereinafter the "Development"); and

WHEREAS, Developer desires to provide for the preservation of the land and home values when and as the Property is improved and desires to subject the Development to certain covenants, restrictions, easements, affirmative obligations, charges and liens, as hereinafter set forth, each and all of which are hereby declared to be for the benefit of the Development and each and every owner of any and all parts thereof; and

WHEREAS, Developer has deemed it desirable for the efficient preservation of the values and amenities in the Development, 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 (as hereinafter defined) 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

WHEREAS, Developer has caused or will cause to be incorporated under the laws of the State of Tennessee, THE ENCLAVE AT RIVERVIEW RESIDENTIAL ASSOCIATION, a Tennessee non-profit corporation, for the purpose of exercising the above functions and those which are more fully set out hereafter;

NOW, THEREFORE, the Developer subjects the real property described in Article II hereof, and such additions thereto as may from time to time be made, to the terms of this Declaration and declares that the same is and shall be held, transferred, conveyed, sold, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens (sometimes referred to collectively as the "Covenants") hereinafter set forth. These Covenants shall touch and concern and run with the Property and each lot thereof.

ARTICLE I
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 Architectural Review Committee. "Architectural Review Committee" shall mean and refer to the committee formed and operated in the manner described in Section 4.01 hereof.

1.02 Association. "Association" shall mean THE ENCLAVE AT RIVERVIEW RESIDENTIAL ASSOCIATION, a Tennessee non-profit corporation.

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

1.04 Bylaws. "Bylaws" shall mean the Bylaws of the Association as they now exist, or as they may be amended, from time to time.

1.05 Common Expense. "Common Expense" shall mean and include (a) expenses of administration, maintenance, repair or replacement of the Common Properties; (b) expenses agreed upon as Common Expense by the Association; (c) expenses declared Common Expense by the provisions of this Declaration; and (d) all other sums assessed by the Board of Directors pursuant to the provisions of this Declaration.

1.06 Common Properties. "Common Properties" shall mean and refer to those tracts of land and any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties." The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as a "Common Property." All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners, persons occupying Dwelling Units or accommodations of Owners on a guest or tenant basis, and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association; provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such Lease. The Common Properties may include but not be limited to street lights, entrance and street signs, parks, ponds, medians in roadways, maintenance easement areas, landscaping easement areas, and walkways.

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

1.08 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions for The Enclave at Riverview and any Supplemental Declaration filed pursuant to the terms hereof.

1.09 Development. "Development" shall mean and refer to the real property described in Section 2.01 hereof as improved for use as a single family residential subdivision, and any and all additions thereto, which are subjected to this Declaration or any Supplemental Declaration under the provisions hereof.

1.10 Developer. "Developer" shall mean Enclave, LLC, as the General Partner of CEMC, L.P., a Tennessee limited partnership, and its successors and assigns.

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

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

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

1.14 Lot or Lots. "Lot" or "Lots" shall mean and refer to any improved or unimproved parcel of land located within the Property which is intended for use as a site for a single family detached Dwelling Unit as shown upon any recorded final subdivision map of any part of the Property, with the exception of the Common Properties.

1.15 Manager. "Manager" shall mean a person or firm appointed or employed by the Board to manage the daily affairs of the Association in accordance with instructions and directions of the Board.

1.16 Member. "Member" or "Members" shall mean any or all Owner or Owners.

1.17 Mortgage. Mortgage shall mean a deed of trust as well as a Mortgage.

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

1.19 Owner. "Owner" shall mean and refer to the Owner as shown by the real estate records in the office of the Register's Office of Hamilton County, Tennessee, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot, situated upon the Property, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the Mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of or tenant of an Owner. In the event that there is recorded in the office of the Register's Office of Hamilton County, Tennessee, a long-term contract of sale covering any Lot within the Property, the Owner of such Lot shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond twelve (12) months from the date of the contract, and where the purchaser does not receive title to the property

until such payments are made although the purchaser is given the use of said property. "Owner" shall also include Limited Owners.

1.20 Property. "'Property" shall mean and refer to the real property described in Section 2.01 hereof, and additions thereto, which is subjected to this Declaration or any Supplemental Declaration under the provisions hereof.

1.21 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.

1.22 Recorder. "Recorder" shall mean and refer to the Register of Deeds of Hamilton County, Tennessee.

1.23 Supplemental Declaration. "Supplemental Declaration" shall mean any declaration filed subsequent in time to this Declaration in accordance with Article II, section 2.03 (a) hereof.

ARTICLE II
PROPERTIES, COMMON PROPERTIES AND IMPROVEMENTS THEREON

2.01 Property. The Covenants set forth in this Declaration, as amended from time to time, are hereby imposed upon the real property located in the City of Chattanooga, Hamilton County, in the State of Tennessee and more particularly described in Unit I only attached hereto and additions or amendments thereto, which shall hereafter be held, transferred, sold, conveyed, used, leased, occupied and mortgaged or otherwise encumbered subject to the Declaration. Additionally, any easements on any real property retained by or granted to the Developer or the Association for the purpose of carrying out one or more of the functions of a homeowners' association including, but not limited to, exercising all the powers and privileges and performing all the duties and obligations set forth in this Declaration. Every person who is an Owner shall be a member of the Association as more particularly set forth in the By-Laws of the Association.

2.02 Additions to Property. In the sole discretion of the Developer, additional lands may become subject to, but not limited to, this Declaration in the following manner:

(a) Additions. The Developer, its successors, and assigns, shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional properties in future stages of the Development beyond those described in the deeds referred to above and recorded in Deed Book 4874, Page 85, and Deed Book 4874, Page 89, both in the Register's Office of Hamilton County, Tennessee, so long as they are contiguous with the existing portions of the development. For purposes of this paragraph, contiguity shall not be defeated or denied where the only impediment to actual "touching" is a separation caused by a road, right-of-way or easement, and such shall be deemed contiguous. The additions authorized under this Section shall be made by filing a Supplementary Declaration of Covenants and Restrictions with

respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property after which it shall fall within the definition of Property as herein set forth.

The Supplementary Declaration may not increase or decrease the minimum square foot requirements for a Dwelling Unit; such Supplementary Declaration, however, may contain such other complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Developer, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on the Property as described in Section 2.01 above.

(b) Separate Associations. For any additional property subjected to this Declaration pursuant to the provisions of this Section, there may be established by the Developer, an additional association limited to the owners and/or residents of such additional property in order to promote their social welfare, including their health, safety, education, culture, comfort and convenience, to elect representatives to the Board of the Association, to receive from the Association a portion, as determined by the Developer or the Board of Directors of the Association, of the annual assessments levied pursuant hereto and use such funds for its general purposes, and to make and enforce rules and regulations of supplementary covenants and restrictions, if any, applicable to such lands.

2.03 Mergers. Upon a merger or consolidation of the Association with another association, its Properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, in the alternative, the properties, rights and obligations may, by operation of law, be added to the Properties of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants and Restrictions established by this Declaration.

2.04 Common Properties and Improvements Thereon. The Developer may install initially one or more entrance signs to the Development. The signs shall become part of the Common Properties when the Developer conveys the sign to the Association, at which time the Association shall become responsible for the operation, maintenance, repair and replacement of the signs. The Developer may also landscape the entrance areas (whether privately or publicly owned) and other areas where it may or may not have reserved an easement. These areas shall become Common Properties when conveyed to the Association and the Association shall then become responsible for maintenance of the landscaped areas. Additionally, the Developer will install street lights and street signs and certain other improvements which shall likewise become Common Properties when conveyed to the Association. The Developer may add additional Common Properties from time to time as it sees fit. The Common Properties shall remain permanently as open space, except as improved, and there shall be no subdivision of the same, except as otherwise provided herein. Except as permitted by the Developer, no building, structure or facility shall be placed, installed, erected or constructed in or on the Common Properties unless it is purely incidental to one or more of the uses above specified. The Developer may reserve to itself or its designees the exclusive use of any portion of the Common Properties for the placement and use of a mobile office or similar structure for use

as a sales office and as storage areas or construction yards as may be reasonably required, convenient or incidental to the sales of Lots and/or the construction improvements on the Common Properties.

ARTICLE III
COVENANTS, USES AND RESTRICTIONS

3.01 Application. It expressly stipulated that the Restrictive Covenants and Conditions set forth in this Article III apply solely to the Property described in the deeds referred to in paragraph 2.02(a), which Property is intended for use as single-family residential Lots only. These Restrictive Covenants and Conditions specifically are intended to apply to all other lots, tracts or parcels of land in the area or vicinity owned by the Developer, all of which is to be included within the entire project known as "The Enclave at Riverview."

3.02 Residential Use.

A. All of the Lots in the Development shall be, and be known and described as, residential lots, and no structure shall be erected, altered, placed or permitted to remain on any Lot other than as provided in these Covenants and Restrictions and in supplements hereto, or except as provided for in a deed of conveyance from the Developer.

B. "Residential" refers to a mode of occupancy, as used in contradistinction to "business" or "commercial" or "mercantile" activity, and except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant Lots as well as to buildings constructed thereon.

C. No Lot, street or any other land within the Development may be used as a means of service to business establishments or adjacent property, including, but not limited to supplementary facilities or an intentional passageway or entrance into a business, whether or not a part of the Property, unless consented to in writing by the Developer.

3.03 No Multi-Family Residences, Business, Trucks. No Residence shall be designed, patterned, constructed or maintained to serve or for the use of more than one single family, and no residence shall be used as a multiple family Dwelling Unit at any time, nor used in whole or in part for any business service or activity, or for any commercial purpose; nor shall any Lot be used for business purposes, or for trucks or other equipment with ordinary residential uses. No panel, commercial trucks shall be habitually parked in driveways or of the Lots. Nothing contained herein shall prohibit the Developer or the Association from permitting, maintaining or operating concessions or vending machines on the Common Properties. Provided, however, that nothing herein contained shall be construed to prohibit the construction of attached single family residences in areas designated by the Developer for such construction. And provided further that nothing contained herein shall be construed to prohibit the Developer from constructing and operating facilities and amenities for the benefit of, or to be made available to, Owners in the subdivision including, but not limited to, such things as a swimming pool, tennis courts, clubhouse, and boat storage facility, all to be on the property for the use of the Owners.

3.04 Minimum Square Footage. No single-family detached Dwelling Unit shall be erected or permitted to remain in the Property unless it has the number of square feet of enclosed living area measured from the exterior walls, exclusive of open porches or screened porches, garages or basements, set forth in this Section. For the purposes of this Section, stated square footage shall mean the minimum floor area required, and floor area shall mean the finished and heated living area contained within the Dwelling Unit, exclusive of open porches and garages. In the case of any question as to whether a sufficient number of square feet of inclosed living area have been provided, the decision of the Developer shall be final. The minimum number of square feet for each phase shall be set forth on the recorded plat for each phase. The minimum number of square feet required in each phase is as follows:

(a) A single level home shall contain not less than 3,000 square feet;

(b) All other homes shall contain not less than 3,300 square feet.

3.05 Set-Backs. No building shall be erected on any Lot less than forty (40) feet nor more than fifty (50) feet to the front Lot line, twenty-five (25) feet from the rear Lot line if such Lot line adjoins another Lot, and ten (10) feet from the side Lot lines, unless the side Lot line fronts on a street, in which case no building shall be erected nearer than twenty-five (25) feet to such side Lot line. No provision of this paragraph shall be construed to permit any structure to be constructed and erected upon any Lot that does not conform to the zoning laws and regulation applicable thereto; provided, however, that for good cause shown, an Owner may petition the Developer for a variance from such setback requirements. If the Developer grants such petition, Developer will not oppose such Owner's attempt to obtain a variance from applicable zoning laws and regulations.

3.06 Rearrangement of Lot Lines. Not more than one Dwelling Unit shall be erected or maintained on any one Lot. With the written approval of the Developer, contiguous Lots may be combined if the Lots have the same Owner, for the purpose of erecting an approved Dwelling Unit thereon; however, the assessments provided for herein will continue to be based upon the number of original Lots purchased. Lots may not be resubdivided so as to create a smaller area than originally deeded to a Lot Owner and as shown on the subdivision plat without the express written approval of the Developer.

3.07 Temporary Structures. No part of any Lot shall be used for residential purposes until a completed Dwelling Unit, conforming fully to the provisions of these Restrictive Covenants, shall have been erected thereon. The intent of this section is to prevent the use thereon of a garage, incomplete structure, trailer, barn, tent, outbuilding or other structure as temporary living quarters before or pending the erection of a permanent building. No structure of temporary character, including trailers and similar structures, shall be erected or permitted to remain on any Lot except during the period of construction. No house may be moved from another location to any Lot in this Development.

Neither the foregoing nor any other section of the Declaration shall prevent the Developer or any builder which has the prior written permission of the Developer from constructing a house for use as a model home that may contain office-type furniture and be used for conducting

the business of either selling that house or other houses within the Development, nor shall the foregoing or any other section of the Declaration prevent the Developer from designating a Lot or Lots from time to time for the temporary placement of a trailer or other similar structure for use as an office and/or sales center by the Developer and/or approved builders at the sole discretion of the Developer.

3.08 Rainwater Drainage. Each Lot must be landscaped so that rainwater and storm water run-off will drain into the street adjoining the Lot or into a drainage easement that drains into a street or the drainage system or plan of the Developer.

3.09 Utility Easement. A perpetual easement is reserved on each Lot, as shown on the recorded plat, for the construction and maintenance of utilities such as electricity, gas, water, sewage, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.

3.10 Frontal Appearance. All dwelling Units shall have conventional and acceptable frontal appearance from the main street fronting said Dwelling Unit. In the event that a question should arise as to the conventionality or acceptability of the frontal appearance of a Dwelling Unit, the decision of the Developer shall be final.

3.11 Building Requirements. All buildings or structures of any kind constructed on any Lot shall have full masonry foundations and chimneys and no exposed block, concrete or plastered foundations shall be exposed to the exterior above grade level. The exterior of each Dwelling Unit must be covered with stone, brick, sto or combination thereof. Alternatively the exterior of the Dwelling Unit may be all wood lap siding provided that the lap siding is true lap siding and not artificial laps. All materials must be approved in writing by the Developer. All exposed concrete block or poured concrete foundations and retaining walls must be covered with stone, brick or sto to compliment the Dwelling Unit. All sheet metal work (roof caps, flashings, vents chimney caps, etc.) must be painted to match the roof. Gutters and downspouts must be painted in approved colors. All roof stacks and plumbing vents must be placed on rear slopes of roofs; provided, however, for good cause shown, the Developer may make exceptions as to the placement of such roof stacks and plumbing vents. In connection with the construction of improvements and utility service for the Development, natural gas service for all Lots in the subdivision has or will be available from a gas line constructed all at the sole cost and expense of the Developer. Accordingly, Lots in the subdivision are required to use natural gas utility service for heating and hot water in all homes, residences and Dwelling Units in the subdivision. The Developer, in its sole discretion, may waive this requirement with respect to natural gas utility service to a specific Lot.

3.12 Fences. No fence will be allowed on any Lot without the prior written consent of the Developer. Wire or chain link fences are prohibited. All wood fences must be painted or stained. All proposed fences must be submitted to the Developer for approval showing materials, design, height and location.

3.13 Driveways and Walkways. Each Dwelling Unit constructed upon a Lot must be served by a driveway and by walkways constructed of hard surface materials such as brick,

exposed aggregate, or pre-cast pavers. All other hard surface materials must be approved in writing by the Developer. Where a Lot borders on more than one street, the Lot shall be entered from the secondary street; all other lots shall have the garage on the approved side of the dwelling. It shall be obligatory on all owners of Lots in this subdivision to construct or place any driveways, culverts or other structures, or gradings which are within the limits of any dedicated roadways, in strict accordance with the specifications therefor, as set forth on the recorded subdivision plat, in order that the roads or streets, which may be affected by such placement or construction, may not be disqualified for acceptance into the road system of the City of Chattanooga, Tennessee.

3.14 Curbs and Sidewalks. No permanent cuts may be made in the curbs or sidewalks for any purpose other than driveways. Curb cuts shall be made with a concrete saw. Irregular cuts using sledge hammers and the like are prohibited. Driveways shall be added so as to form a smooth transitional surface with the remaining curb and sidewalk at locations where the approved driveway locations meet the street; after the cut in the curb is made, the permanent pour back will be completed within seven (7) days. Damaged curbs and sidewalks shall be replaced by the Owner of the adjoining Lot unless the damage is caused by another who causes the damage to be corrected. Notwithstanding the foregoing, nothing herein shall permit any curb or sidewalk cuts where such cuts are prohibited by any applicable city, county or state regulation, ordinance or law.

3.15 Signs. One sign offering the Lot and/or Dwelling Unit for sale and one sign reflecting the name of the builder may be placed upon a Lot. Upon sale of any Lot to an Owner, or upon sale of any Lot owned by a Builder upon which a speculative Dwelling Unit is constructed or is being constructed, one sign reflecting that such Lot and/or Dwelling Unit is sold may be placed upon the Lot. Such signs must be in a form approved by the Developer. No other signs shall be erected or maintained on any Lot, except in accordance with approved standards for signs as set by the Developer. Nothing in the foregoing shall be construed prevent Developer from erecting and maintaining signs in the Development as provided herein.

3.16 Service Area. Each Dwelling Unit shall provide an area or areas on the rear or side yard of the Lot to accommodate air conditioner compressors, garbage cans, the electrical service entrance, or other ancillary residential functions that by nature may present an unsightly appearance. Service areas shall be convenient to the utility services and screened from public view by an enclosure that is an integral part of the site development plan (the site development plan being more fully described in paragraph 4.01 C hereof), using materials, colors or landscaping that are harmonious with the Dwelling Unit it serves.

3.17 Garages. Each Dwelling Unit shall have at least a double car attached garage constructed at the same time as the Dwelling Unit. No carports will be permitted. Garage doors may not face the street upon which the Dwelling Unit fronts. The inside walls of garages must be finished. Garage doors may not be allowed to stand open.

3.18 Landscaping. A landscape plan shall accompany every new home application (the new home application being more particularly described in paragraph 4.01 C hereof) submitted to the Developer for approval. If a Dwelling Unit has a rear exterior which faces Common Property, another Lot, street, or waterway, the Developer may require the placement of up to two (2), three (3)

or four (4) inch caliper trees in the rear of the Lot, or other acceptable landscape buffer, to provide screening for the Dwelling Unit. Landscaping in accordance with the approved landscape plan must be substantially completed within one year after commencement of construction of the Dwelling Unit. Shrubbery plantings adjacent to roadways and sidewalks shall not impede the vision of vehicle operators. Care shall be taken to assure that sight lines to the lake from Lots other than the Lot covered by the landscape plan are not obscured by landscaping or by future growth of the landscape plantings. Any plantings made subsequent to the planting covered by the landscape plan must be approved by the Developer (i) to assure the maintenance of sight lines to the Tennessee River from other Lots, and (ii) to provide for continued aesthetic acceptability of the Property.

3.19 Windows. Materials to be used in windows and glass doors must be approved by the Developer. Wood windows will be permitted. Metal and vinyl windows are not permitted, nor are aluminum awnings permitted. Mullions shall be used in all windows; provided that use of mullions may be waived by the Developer in the case of windows facing the river when, in the opinion of the Developer mullions would be architecturally or aesthetically undesirable. Any such waiver must be granted in writing.

3.20 Animals. No poultry, livestock or animals shall be allowed or maintained on any Lot at any time except that the keeping of dogs, cats or other inside household pets is permitted provided, however, that nothing contained herein shall permit the keeping of dogs, cats or other animals for commercial purposes. Pet owners shall not allow pets to roam unattended. All pets must be leashed, or maintained in an enclosed and fenced yard, or maintained indoors. The pet owner shall muzzle any pet which consistently barks. If barking persists the pet owner shall have the pet removed from the Development. If the pet owner refuses, it shall be deemed an "offensive activity". Nothing contained herein shall be deemed to permit the keeping of an unreasonable number of pets, or the keeping of any animal deemed to be a danger to other residents. Developer or the Board of Directors shall, in their sole discretion, have the authority to determine what constitutes an "unreasonable" number or a "dangerous" pet.

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

3.22 Unsightly Conditions. All of the Lots must, from the date of purchase, be maintained by the Owner or Builder in a neat and orderly condition (grass being cut when needed, as well as leaves, broken limbs, dead trees and other debris being removed when needed). Tree limbs, rocks and other debris must be kept out of the streets. In the event that an Owner of a Lot, including an Owner who is a Builder, fails, of his own volition, to maintain his Lot in a neat and orderly condition, Developer, or its duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Lot without liability and proceed to put said Lot into an orderly condition and shall bill the Owner one hundred and fifty percent (150%) of the cost of such work. All Owners in the Development are requested to keep cars, trucks and delivery trucks off the curbs of the streets; all such vehicles must be parked only in driveways.

3.23 Offensive Activity. No noxious or offensive activity shall be carried on any Lot, nor shall anything be done thereon that may be or may become an annoyance, discomfort, embarrassment or nuisance to the Development.

3.24 No Detached Buildings. There shall be no detached garages, outbuildings or servants quarters without the prior written consent of the Developer.

3.25 Sewage Disposal. Before any Dwelling Unit on any Lot shall be occupied, a connection with the municipal sewer system meeting applicable municipal codes shall be made. There shall not be erected, permitted, maintained or operated on any Lot any privy, cesspool, vault or septic system without the written approval of the Developer.

3.26 Permitted Entrances. In order to implement and effect insect, reptile and woods fire control, and to maintain unsightly Lots, the Developer, or its agent, may enter upon any Lot on which a Dwelling Unit has not been constructed and upon which no landscaping plan has been implemented, such entry to be made by personnel with tractors or such other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the Developer detracts from the overall beauty, setting and safety of the Property or Lots. Such entrance for the purpose of mowing, removing, clearing, cutting or pruning shall not be deemed a trespass. The Developer and its agents may likewise enter upon a Lot to remove any trash which has collected on said Lot without such entrance and removal being deemed a trespass. The provisions of this Section shall not be construed as an obligation on the part of the Developer and its agents to mow, clear, cut or prune any Lots or to provide garbage or trash removal services. Expenses incurred for any of the foregoing shall be chargeable to and recoverable from the Owner of the Lot upon which such work is done.

3.27 Tree Removal. Except as provided in the landscape description of the site development plan, no live trees or shrubs having a diameter greater than six (6) inches shall be removed prior to obtaining the written approval of the Developer. Any Owner who, without having obtained written approval from the Developer, cuts down or allows to be cut down any tree having a diameter of six (6) inches or greater shall be liable to the Association, or to the Developer, as the case may be, for liquidated damages in the amount of Two Hundred Fifty Dollars ($250.00) for each tree so cut.

3.28 Tanks and Garbage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and such tanks or receptacles may be installed only within a Dwelling Unit, within a screened area or buried underground. All garbage and trash containers must be placed in enclosed areas of the rear or side yard and must not be visible from adjoining Lots, houses or from any street or waterway.

3.29 Wells. No private wells may be drilled or maintained on any Lot without the prior written consent of the Developer.

3.30 No Antennas. No television antenna, dish, radio receiver or sender or other similar device shall be attached to or installed upon the exterior portion of any Dwelling Unit or

other structure on the Property or any Lot within the Development without the prior written consent of the Developer; nor shall any radio, television nor any other form of electromagnetic radiation be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals upon any other Lot. Without limiting the applicability of the foregoing, Developer shall permit the installation of unobtrusive television reception devices if such devices are attached to the exterior of a Dwelling Unit and are attached in a location approved by the Developer which location shall not be in the public view and shall not be unsightly regardless of its location. Notwithstanding the foregoing, the provisions of this Section shall not prohibit the Developer from installing equipment necessary for a master antenna system, security system, cable television, mobile radio system or other similar systems within the Development.

3.31 Excavation. No Owner shall excavate or extract earth from any of the Lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which would materially affect the surface grade of a Lot unless the prior written consent of the Developer is obtained. This provision does not apply to the construction of roads, ponds, or grade plans by the Developer in accordance with the subdivision plans and specifications.

3.32 Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used or placed upon Lots within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance. In addition, lawn mowers and other similar equipment may not be operated before 10:00 a.m. or after 8:00 p.m.

3.33 Laundry. No owner, guest or tenant shall hang laundry from any area within or outside a Dwelling Unit if such laundry is within the public view, or hang laundry in public view to dry, such as on balcony or terrace railings. This provision may, however, be temporarily waived by the Developer or the Board during a period of severe energy shortages or other conditions where the enforcement of this Section would create a hardship.

3.34 Mailboxes. Mailboxes of a type consistent with the character of the property shall be placed by the Owner on each Lot and shall be maintained by the Owner to complement the residences. The Developer will select and designate the make, model, and other specifications of the mailbox to be used exclusively by the Owner of each Lot in the subdivision and furnish such information to the Owner of each Lot.

3.35 Duty to Rebuild or clear and landscape Upon Casualty or Destruction. In order to preserve the aesthetic and economic value of all Lots within the Development, each Owner and Developer (with respect to improved property owned by Developer) shall have the affirmative duty to rebuild, replace, repair or clear and landscape within a reasonable period of time, any building, structure, improvements, and significant vegetation which shall be damaged or destroyed by fire or other casualty. Variations and waivers of this provision may be made only by the Developer establishing that the overall purpose of these Restrictive Covenants would be best effected by allowing such a variation. Variations to this section are to be strictly construed and the allowance

of a variance by the Developer shall not be deemed to be a waiver of the binding effect of this section upon all other Owners.

3.36 Vehicle Parking. Cars owned by Lot Owners shall be parked only in the Owner's garage or driveway. No inoperable vehicle, tractor or other machinery shall be stored outside on the premises at any time, even if not visible from the street. No house trailer or such vehicle shall be stored on the premises. Recreational vehicles, vacation trailers, campers and boats must be stored and hidden from view within the garage, the doors to which will not exceed eight feet in height. Such vehicles may not be stored anywhere else on the Lot.

3.37 Maintenance. Each Lot Owner shall, at all times, maintain all structures located on such Lot, including driveways and permitted fences in good repair which shall include exterior painting as needed, and each Lot Owner shall keep all vegetation and landscaping in good and presentable condition.

3.38 Preferred Builders. The Developer shall maintain a list of Preferred Builders which list shall be made available to Lot Owners and prospective purchasers. The Developer may from time to time, at the request of a Lot Owner or in his sole discretion add builders to the list of Preferred Builders and the Developer may remove builders from the list. An Owner shall be permitted to contract with any particular builder for construction of a Dwelling Unit. No builder shall be permitted to construct a Dwelling Unit on a Lot until such builder shall have executed and delivered a copy of the Builder Developer Agreement, Exhibit A hereto, to the Developer; and it shall be the responsibility of each Lot Owner to require his or her builder to execute the Builder Developer Agreement as a condition of any contract providing for the construction of a Dwelling Unit on said Owner's Lot. All builders, and all general contractors, must maintain and carry both "Builder's Risk," "General Liability" insurance coverage, and to furnish to Developer a binder to establish such coverage is in effect, upon reasonable request by the Developer.

3.39 Occupancy Before Completion. Except with the written consent of the Developer or the Board of Directors, based upon adequate assurance of the prompt completion of a Dwelling Unit, an Owner shall not occupy a Dwelling Unit until the Dwelling Unit and seasonal landscaping conforming fully to the provisions of this Declaration shall have been erected and fully completed thereon. Once the footings of any Dwelling Unit or other structure are poured, construction must progress continuously (with allowance for weather conditions, and the availability of labor and materials) until the building is fully completed. The exterior, including the landscaping, must be completed within twelve (12) months after commencement of the construction. The Owner of any Lot violating either of these provisions shall be liable to the Association for liquidated damages at the rate of Fifty Dollars ($50.00) per day the violations occur, and to payment of such court costs and attorney's fees as may be incurred in the enforcement of these provisions. In the event construction does not progress continuously, the liquidated damages shall commence ten (10) days after notice from the Developer or the Architectural Review Committee if construction is not resumed within said ten (10) days.

3.40 Developer Reserves the Right. Notwithstanding any other provisions herein to the contrary, the Developer reserves unto itself, its successors and assigns, the following rights,

privileges and powers: to subdivide Lots, to combine Lots or parts of Lots, to rearrange boundaries of Lots, to cause any part of any Lot to become a part of the Common Properties, and to cause portions of the Common Property Lots to become part of any of the Lots bordering them.

3.41 Lawn Care. All unimproved Lots (except those owned by the Developer) and all improved Lots must be kept fully seeded with grass (except where other provisions of this Declaration require sodding) and regularly cut. All lawns and yards for improved Lots must be maintained by a sprinkler system for the yard in front of the dwelling, and on each side of the dwelling.

3.42 Roofs. Roof pitches must be a minimum of 8/12, unless otherwise approved by the Developer. All roofs must be of architectural quality dimensional shingle, shakes or slate unless otherwise approved in writing by the Developer.

3 43. Fireplaces. All fireplace inserts must be capped with a shroud at the point where the flue reaches the top of the chimney. The design of and materials for the shroud must be approved in writing by the Developer.

3.44 Chimneys. Chimneys must be constructed of brick, sto or stone, and those chimneys on the exterior must have a foundation.

3.45 Adjoining Lot Damage. Any damage done to any adjacent or adjoining Lot or by a contractor employed to build improvements on any Lot will be repaired immediately at the expense of the Owner or the contractor. Temporary construction support must be provided for the curbs and sidewalks by the Owner or contractor during the time of construction. All construction debris shall be removed at least weekly and the street must be kept clean during construction.

3.46 Material Quality. Only good quality materials and design will be accepted on any structure built on any Lot. Permastone and asbestos shingles are specifically prohibited. No concrete blocks shall be used above the finished ground elevation of any structure unless said blocks are covered with brick veneer, stone or other material acceptable to the Developer.

3.47 Air Conditioning and Heating Units. Air conditioning and heating unit. shall be architecturally screened or landscaped so as not to be visible from any street, other lot, or waterway.

3.48 Sidewalks. It is the obligation of each Lot Owner subsequent to the Developer to install a sidewalk along lines of the Lot which front the road in accordance with the specifications of the Developer by the time the Dwelling Unit is completed, or within one (1) year from the date of purchase of the Lot, whichever is earlier. In the alternative, if the Developer constructs sidewalks for any Lot, the Lot Owner shall reimburse the Developer for same at the rate of $2.00 per square foot with respect to such sidewalk.

3.49 Sodding. Prior to occupancy of a Dwelling Unit, the entire yard of the Lot must be sodded and a sprinkler system installed in the front and side yard. Prior occupancy may be approved by the Developer if weather conditions prohibit sodding.

3.50 Exterior Finish Materials. All exterior finish materials, including without limitation siding, roofing, gutters, windows and doors, and any finish applied to such materials, and including without limitation all paints or stains, mortar or cement, must be approved in writing by the Developer. All wood siding must have laps of six (6) inches. Dwelling units using masonite siding on all exterior sides must be true lap siding and not artificial laps.

3.51 No Dumping. No garbage, trash, soil, or other refuse shall be dumped in any pond, wetland, or waterway of the Development. Owners will be assessed a Five Hundred Dollar ($500.00) fine for each violation of this provision in addition to assessments for the cost of removal and reasonable attorney fee and court cost if necessary.

3.52 Decks. All exterior decks which face Common Property, another Lot, street or public waterway must be constructed with wrought iron rails and a brick, stone or another approved material in accordance with the requirements of the Developer.

3.53 Renting or Leasing. No Dwelling Unit may be rented or leased for a period of time that is less than six (6) months.

3.54 Seawalls and Docks. All Dwelling Units which adjoin the Tennessee River may, as part of the construction of the Dwelling Unit, construct a seawall along the river side of the Lot; this aspect of Lot construction shall be in the sole discretion of the Lot Owner. Such seawall shall be of a material and design that is approved in writing by the Developer prior to the commencement of construction of the Dwelling Unit. Each Dwelling Unit which adjoins the Tennessee River and which obtains permission for the construction of a dock, shall, prior to commencement of construction of said dock, submit plans, specifications (including a materials list) to the Developer for approval. Such approval must be in writing and signed by the Developer prior to commencement of construction of the proposed dock. Nothing contained herein shall be constructed to permit the use of any material, design or installation of the use of which is prohibited by any governmental body having authority over such matters.

3.55 Violations and Enforcement In the event of the violation, or attempted violation, of any one or more of the provisions of this Declaration, the Developer, its successors or assigns, including all parties hereinafter becoming Owners of any one or more of the Lots to which provisions of this Declaration apply, may bring an action or actions against the Owner in violation, or attempting violation, and the said Owner shall be further liable for such damages as may accrue, including any court costs and reasonable attorneys fees incident to any such proceeding, which costs and fees shall constitute liquidated damages. In the event of a violation of set-back lines, side, rear or front which may be minor in character, a waiver thereof may be made by the Developer, its successors or assigns, or the Board of Directors. Further, the Developer may grant variances of the restrictions set forth in this Declaration if such variances do not, in the sole discretion of the Developer, adversely affect the purposes sought to be obtained hereby.

By reason of the rights of enforcement of the provisions of this Section being given unto Owners of Lots (subject to rights of variances reserved by the Developer), it shall not be incumbent upon the Developer to enforce the provisions of these Restrictive Covenants or to prosecute any violation thereof. Developer shall not be responsible or liable for any violation of these Restrictive Covenants by any person other than itself.

ARTICLE IV
ARCHITECTURAL CONTROL

4.01 Architectural and Design Review.

A. In order to preserve to the extent possible, the natural beauty of the Property and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the Development, and to promote and protect the value of the Property, the Developer shall create a body of rules and regulations covering details of Dwelling Units, which shall be available to all Owners or prospective Owners of Lots.

B. The Developer shall have sole architectural and design review authority for the Development until the Developer has transferred governing authority to the Board. Thereafter, the Developer shall continue to exercise the rights thus reserved to it until such time as it shall execute and record in the office of the Recorder a document assigning these rights to the Board. Upon such occurrence, the Board shall establish an Architectural Review Committee as soon as is practicable. When such Committee has been established, the Developer shall transfer reviewing authority to it.

C. No Dwelling Unit shall be erected, placed, added to, remodeled or altered and no trees or shrubs shall be cut or removed and no grading or other improvement shall be made to any Lot nor shall construction be permitted to commence on any Dwelling Unit, other building, structure, fence, exterior lighting, swimming pools, children's play areas, decorative appurtenances, or structures of any type by an Owner or Builder on any Lot, until said Owner or Builder shall submit and receive approval for a new home application or home modification application including:

(i) A site development plan which in addition to other site plan details shall clearly show the proposed location of the Dwelling Unit on the Lot and the location of all improvements or proposed improvements on and to the Lot including but not limited to all driveways, sidewalks, parking areas, patios and decks.

(ii) A detailed landscape plan showing the location of all trees with a diameter of five inches or more and indicating which of those trees, if any, are to be removed, and showing the location and type of all plantings proposed to be located on the Lot, together with the irrigation plan for the front and side yards of the Lot. All of which shall be in strict compliance with the provisions of this Declaration.

(iii) The proposed building plans and specifications (including height and composition of roof, siding or other exterior materials and finishes) of any improvements proposed to constructed or located upon any Lot. Said plans and specifications shall be in sufficient detail so as to enable Developer or the Architectural Review Committee to determine whether or not such improvements conform to the provisions of this Declaration and whether such improvements are suitable and consistent with the intent of this Declaration. In such cases the determination of the Developer or the Architectural Review Committee shall be final. Neither Developer nor the Architectural Review Committee assumes or accepts any liability for the approval or non-approval of an application, or proposed building plans and specifications; the applicant of such proposed building plans and specifications agrees, upon submission thereof, to hold the Developer and said Committee harmless from any liability, cost or expense in relation thereto.

(iv) A drainage plan and stormwater management plan approved by the City of Chattanooga, or other appropriate local, state, or federal governmental agencies having jurisdiction or authority with respect to same.

The Developer shall approve or disapprove in writing such plans; approval by the Developer shall not be unreasonably withheld.

Every application shall be submitted to the Developer or the Architectural Review Committee for approval at least thirty (30) days prior to the proposed date of construction. In addition, any repainting of a substantial portion of the exterior of any structure in a manner not previously approved by the Developer or the Architectural Review Committee shall be subject to prior approval of the Developer or the Architectural Review Committee as provided in the preceding sentence.

The Developer or the Architectural Review Committee shall give written approval or disapproval of the application within fourteen (14) days of submission. However, if written approval or disapproval of the plans is not given within fourteen (14) days of the submission, the plans shall be deemed to have been approved. Developer or Architectural Review Committee may, by written notice given from time to time to the Owners of Lots, exempt certain matters of a non-essential nature from the review requirements subject to the terms and conditions and for the time periods established by the Developer or the Architectural Review Committee. In the event of the completion of any Dwelling Unit on any Lot, without any proceedings having been instituted in the courts of the City of Chattanooga or Hamilton County, Tennessee to enjoin the construction thereof, then said Dwelling Unit shall be conclusively presumed to have had such approval.

D. The Developer or the Architectural Review Committee shall charge a fee for each application submitted for review. The fee shall be set at Three Hundred Fifty and No/100 Dollars ($350 00). Developer or the Architectural Review Committee may in their sole and absolute discretion from time to time adjust or waive this fee.

E. The architectural and design review shall be directed towards preventing excessive or unsightly grading, indiscriminate clearing of the Property, removal of trees and vegetation which could cause disruption of natural water courses, insuring that the locations and configuration of structures are visually harmonious with the terrain and vegetation of the surrounding property and improvements thereon, and insuring that plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots.

4.02 Approval Standards. Approval of any proposed building plan, location, specifications or construction schedule submitted under this Article will be withheld unless such plans, location and specifications comply with the applicable Restrictions and Covenants of this Declaration. Approval of the plans and specifications by the Developer or the Architectural Review Committee is for the mutual benefit of all Owners and is not intended to be, and shall not be construed as, an approval or certification that the plans and specifications are technically sound or correct from an engineering or architectural viewpoint. Each Owner shall be individually responsible for the technical aspect of the plans and specifications.

4.03 Licensing. All Builders, contractors, landscape architects and others performing work on any Lot must be licensed as may be required by the State of Tennessee or any other governmental authority having jurisdiction in order to construct a Dwelling Unit on a Lot or to perform services for an Owner.

ARTICLE V
ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Each Owner, but not the Limited Owners, by acceptance of a deed conveying a Lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all Of the terms and provisions of these Covenants and pay to the Association annual assessments or special assessments for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Owner of each Lot (except Developer's inventory) shall be personally liable, such liability to be joint and several if there are two or more Owners, to the Association for the payment of all assessments, whether annual or special, which may be levied while such party or parties are Owners of a Lot. The annual and special assessments, together with such interest thereon and costs of collection therefor as hereinafter provided, shall be a charge and continuing lien on the Lot and on all the improvements thereon against which each such assessment is made. Unpaid assessments shall bear interest from the due date to the date of payment at the rate set by the Board, and said rate can be changed from time to time so that the rate is reasonably related to the economic situation. In the event that two or more Lots are combined into a single Lot by an Owner, the assessments will continue to be based upon the number of original Lots, and if any original Lot is subdivided, the assessment on such original Lot shall be prorated between the Owners based upon the square footage owned by each Owner. The foregoing provision concerning fees, assessments, and other costs and expenses due and payable to the Association specifically shall not apply to Lots owned by the Developer, or maintained by the Developer in inventory.

5.02 Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively to provide services to the Owners, promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Common Properties.

5.03 Amount of Annual Assessment. Until the transfer of governing authority from the Developer to the Board takes place as described in the By-Laws, the amount of the annual assessments shall be set by the Developer at such amount as the Developer, in its sole discretion, deems appropriate to promote the recreation, health, safety and welfare of the Members (as they are defined in the Bylaws). Thereafter the amount of the annual assessments shall be set by the Board of Directors unless seventy-five percent (75%) of the Members who are in attendance or represented by proxy vote to increase or decrease the said annual assessment set by the Board. At any such meeting, the Developer shall have the number of votes as provided in the Bylaws. The initial annual assessment established by the Developer shall be determined on the basis of whether a Member has affirmatively elected to use the swimming pool, clubhouse, and other facilities, or has elected to be only a Member of the Association without privileges for said facilities, as follows:

(a) The initial annual assessment for Members without privileges to use facilities shall be in the amount of $125.00; and

(b) The initial annual assessment for Members who elect privileges to use facilities shall be in the amount of $495.00.

5.04 Special Assessments for Improvements and Additions. In addition to the annual assessments, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, or the cost of any addition to the Common Properties, provided that any such assessment shall have the assent of seventy-five percent (75%) of the vote of the Members who are in attendance or represented at a duly called meeting of the Association, written notice of which shall have been sent to all Members at least thirty (30) days in advance setting forth the purpose of the meeting. At any such meeting, the Developer shall have the number of votes provided in the Bylaws.

5.05 Property Subject to Assessment. Only land within the Property which has been subdivided into Lots, and the plats thereof filed for public record, shall constitute a Lot for purposes of these assessments; provided, however, that Lots owned by the Developer shall not be subject to these assessments.

5.06 Exempt Property. No Owner may exempt himself (except the Developer, with respect to Lots in inventory) from liability for any assessment levied against his Lot by waiver of the use or enjoyment of any of the Common Properties or by abandonment of his Lot in any other way. The following property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the assessment, charge and lien created herein:

(a) The grantee of a utility easement.

(b) All properties dedicated and accepted by a local public authority and devoted to public use.

(c) All Common Properties as defined in Article I hereof. .

(d) All properties exempted from taxation by the laws of the State of Tennessee upon the terms and to the extent of such legal exemptions. This exemption shall not include special exemptions, now in force or enacted hereinafter, based upon age, sex, income levels or similar classifications of the Owners.

5.07 Date of Commencement of Annual Assessments.

A. The annual assessment provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Developer to be the date of commencement. The Developer shall have the financial responsibility to physically maintain the Common Properties until the date of commencement of such assessments.

B. The amount of the first annual assessment shall be based pro rata upon the balance of the calendar year and shall become due and payable on the date of commencement. The assessments for any year after the first year shall become due and payable the first day of January of said year; however, the Board may authorize payment in four (4) equal quarterly installments if desired.

C. The due date of any special assessment shall be fixed in the resolution authorizing such assessment.

5.08 Lien. Recognizing that the necessity for providing proper operation and management of the Property 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 the payment of all assessments against said Lot, now or hereafter assessed, which lien shall also secure all costs and expenses and reasonable attorneys fees which may be incurred by the Association in enforcing the lien upon said Lot. The lien shall become effective on a Lot immediately upon the closing of the Lot. The lien granted to the Association may be foreclosed as other liens are foreclosed in the State of Tennessee. Failure by the Owner or Owners to pay any assessment, annual or special, on or before the due dates set by the Association for such payment shall constitute a default, and this lien may be foreclosed by the Association.

5.09 Lease, Sale or Mortgage of Lot. 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 of 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; and such statement shall also include, if requested, 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.

In the event that a Lot is to be leased, sold or mortgaged at the time when payment of any assessment against said Lot shall be in default, then the rent, proceeds of the sale or mortgage shall be applied by the lessee, purchaser or mortgagee first to the payment of any then delinquent assessment or installments thereof due to the Association before payment of any rent, proceeds of sale 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(s) shall be jointly and severally liable with the grantor(s) for all unpaid assessment against the grantor(s) and the Lot made prior to the time of such voluntary conveyance, without prejudice to the rights of the grantee(s) to recover from grantor(s) the amounts paid by the grantee(s) therefor.

ARTICLE VI
REGISTER OF OWNERS AND SUBORDINATION OF LIENS TO MORTGAGES

6.01 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 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. The Association may rely on such register for the purpose of determining Owners of Lots and holders of Mortgages.

6.02 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 any such First Mortgage (i.e., one who records a Montage on a Lot for which all assessments have been paid prior to recording) 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 obliged for assessments, whether annual or special, as shall accrue and become due and payable for said Lot subsequent to the date of acquisition of such title. In the event of acquisition of title to a Lot by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment 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 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.

6.03 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.

ARTICLE VII
OWNER COMPLAINTS

7.01 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 or of the Board of Directors of the Association.

7.02 Grievance Committee. There shall be established by the Board a Grievance Committee to receive and consider all Owner complaints. The Grievance Committee shall be composed of the President of the Association and two other Owners appointed by the Developer.

7.03 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 10.03 for sending notices.

7.04 Consideration by the Grievance Committee. Within twenty (20) days of receipt of a complaint, the Grievance 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 7.05; but if complainant does not, the decision shall be final and binding upon the complainant. This provision shall not apply, however, limit or restrict any remedy available at law or equity, as between the Owners who file the grievance complaint.

7.05 Hearing Before the Grievance Committee. Within ten (10) days after notice of the decision of the Grievance Committee, the complainant may, but only in writing addressed to the President of the Association, request a hearing before the Grievance Committee. Such hearing shall be held within twenty (20) days of receipt of complainant's request. The complainant, at his expense, and the Grievance 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 (2) members of the Grievance Committee and may be adjourned from time to time as the Grievance Committee in its discretion deems necessary or advisable. The Grievance Committee shall render its decision and notify the complainant in writing o£ 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 in Section 7.07, the decision shall be final and binding upon the complainant.

7.06 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.

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

7.08 Expenses. All expenses incurred by complainant including, without limitation, attorneys fees and the like, shall be the sole responsibility of complainant. All expenses of the Grievance Committee incident to such complaint shall be deemed a Common Expense of the Association.

ARTICLE VIII
REMEDIES ON DEFAULT

8.01 Scope. Each Owner shall comply with the provisions of this Declaration, the Bylaws 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.

8.02 Grounds For and Form of Relief. Failure to comply with any of the Covenants of the Declaration, the Bylaws or the Rules and Regulations promulgated by the Board which may be adopted pursuant thereto shall constitute a default and shall entitle Developer or 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 herein, any sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, and which relief may be sought by the Developer or the Association or, if appropriate and not in conflict with the provisions of this Declaration or the Bylaws, by an aggrieved Owner.

8.03 Recovery of Expenses. In any proceeding arising because of an alleged default by an Owner, the Developer or the Association, if successful, shall, in addition to the relief provided for in Section 8.02, 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.

8.04 Waiver. The failure of the Developer or the Association or an 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.

8.05 Election of Remedies. All rights, remedies and privileges granted to the Developer, the Association or an Owner or Owners pursuant to any term, provision, covenant or condition of this Declaration or the Bylaws 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 IX
EMINENT DOMAIN

9.01 Board's Authority. If all or any part of the Common Properties (excluding personalty) is taken or threatened to be taken by Eminent Domain, the Developer or the Board is authorized and directed to proceed as follows:

A. To obtain any pay for such assistance from such attorneys, appraisers, architects, engineers, expert witnesses and other persons, as the Developer or the Board in its discretion deems necessary or advisable to aid and advise it in all matters relating to such taking and its effect, including but not limited to (i) determining whether or not to resist such proceedings or convey in lieu thereof, (ii) defending or instituting any necessary proceedings and appeals, (iii) making any settlements with respect to such taking or attempted taking and (iv) deciding if, how and when to restore the Common Properties.

B. To negotiate with respect to any such taking, to grant permits, licenses and releases and to convey all or any portion of the Common Properties and to defend or institute, and appeal from, all proceedings as it may deem necessary and advisable in connection with the same.

C. To have and exercise all such powers with respect to such taking or proposed taking and such restoration as those vested in boards of directors of corporations with respect to corporate property, including but not limited to, purchasing, improving, demolishing and selling real estate.

9.02 Notice to Owners and Mortgagees. Each Owner and each First Mortgagee on the records of the Association shall be given reasonable written advance notice of all final offers before acceptance, proposed conveyances, settlements and releases contemplated by the Developer or the Board, legal proceedings and final plans for restoration, and shall be given reasonable opportunity to be heard with respect to each of the same and to participate in and be represented by counsel in any litigation and all hearings, at such Owner's or Mortgagee's own expense.

9.03 Reimbursement of Expenses. The Developer and/or the Board shall be reimbursed for all attorneys', engineers', architects' and appraisers' fees, and other costs and expenses paid or incurred by it in preparation for, and in connection with, or as a result of, any such taking out of the compensation, if any. To the extent that the expenses exceed the compensation received, such expenses shall be deemed a Common Expense.

ARTICLE X
GENERAL PROVISIONS

10.01 Duration. The Covenants of the Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Developer, the Board, the Association or an Owner, their respective legal representatives, heirs, successors and assigns, in perpetuity, unless amended or terminated as provided herein.

10.02 Amendments. This Declaration may be amended, modified or revoked in any respect from time to time by the Developer, in his sole and absolute discretion, prior to the date that the governing authority for the Development is transferred from the Developer to the Board in accordance with the Bylaws. Thereafter, this Declaration may be amended in accordance with the following procedure:

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

B. At any such meeting of the members of the Association, the amendment must be approved by an affirmative seventy-five percent (75%) vote of those Owners who are in attendance or represented at the meeting. At any such meeting the Developer shall have the number of votes as provided in the Bylaws. There will be no amendment which adversely affects the rights of Mortgagees.

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

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

I,_____, do hereby certify that I am the Secretary of the Homeowner's Association, Inc. and that the within amendment to the Declaration of Covenants and Restrictions of the Subdivision was duly adopted By the Owners of said Association and the Mortgagees, if applicable in accordance with the provisions of Section 10.02 of said Declaration.

Witness my hand this ____ day of _____.

_____
Secretary
Homeowners' Association, Inc.

10.03 Rights of Limited Owners. The Limited Owners shall have the right of access to the Property and the right to use the Common Areas and associated facilities on the same terms and conditions as the Owners. Paragraph 10.02 to the contrary notwithstanding, the rights herein provided to the Limited Owners shall not be subject to diminution or abridgement in any way without the written consent of the Limited Owners.

10.04 Dedication of Streets. After the Common Property has been transferred and conveyed to the Association, any portion of the Common Properties, including but not limited to, the streets, may be transferred and conveyed to the City of Chattanooga and dedicated for public purposes.

10.05 Notices. Any notice required to be sent to any Owner or Mortgagee 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 or Mortgagee on the 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 Developer 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:

Enclave, LLC
7530 Goodwin Road
Chattanooga, Tennessee 37421

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 the Developer may change its address by executing, acknowledging and recording an amendment to this Declaration stating its new address.

10.06 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 of the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

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

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

10.09 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.

10.10 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 the State of Tennessee, and by the Chancery Court of Hamilton County, Tennessee.

10.11 Effective Date. This Declaration shall become effective upon its recording in the office of the Register of Hamilton County, Tennessee.

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

CEMC, L.P., a Tennessee Limited Partnership
By: ENCLAVE, LLC, General Partner

By:_____
C. B. Harbour III, Chief Manager

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Before me, a Notary Public of the State and County aforesaid, personally appeared C. B. Harbour III, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Chief Manager of ENCLAVE, LLC, the General Partner of CEMC, L.P., a Tennessee limited partnership, the within named bargainor, and that he, as such Chief Manager being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the limited liability company as such Chief Manager.

WITNESS my hand and seal this 25th day of November, 1997.

Notary Public My Commission Expires: 4-11-98

EXHIBIT A

BUILDER — DEVELOPER AGREEMENT

This agreement is made and entered into this _____ day of _____ 199___ by and between ENCLAVE, L.L.C., a Tennessee limited liability company ("Developer") and _____ _____ ("Builder").

Whereas, Developer is the developer of the Enclave at Riverview (the "Development"), and

Whereas, the Developer has the responsibility to enforce certain restrictions and covenants to protect the economic investment and the aesthetic value of the Development for the benefit of the owners all as more particularly set forth in the certain Declaration of Restrictions and Covenants for the Enclave at Riverview dated _____ And recorded in Book _____ And Page _____ Of the Register of Deeds of Hamilton County, Tennessee (the "Declaration") , a portion of which pertain to the construction of improvements to or on lots within the Development, and

Whereas, Builder desires to be approved by Developer in order to build a residence or otherwise to cause certain improvements to be made on or to a lot in the development whether for builder's own benefit or pursuant to a contract with the owner of a lot in the Development, and

Whereas, Builder is knowledgeable of the Declaration and desires to act in strict compliance thereto;

Now therefore, in consideration of the sum of Ten Dollars ($10.00) in hand paid to Developer, the premises, the mutual promises and covenants of the parties hereunder, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1.) Subject to Builder's strict compliance with the following Developer agrees to approve Builder and to permit Builder to build in the Development. Builder agrees to the following conditions:

   a.) Builder has received, read and understands the Declaration and agrees to act only in strict compliance thereto.

   b.) Builder agrees to promptly notify Developer of any changes in the design materials, plans, specifications, or appearance made to any dwelling unit or other improvements Builder is constructing on any lot in the Development.

c.) Builder will obtain approval from the Developer or the Architectural Review Committee of the following prior to the start of construction:

(i) A site development plan.

(ii) A detailed landscape plan.

(iii) Building plans and specifications.

(iv) A drainage plan approved by the City of Chattanooga.

All of which are more particularly described in 4.01 C of the Declaration.

d.) Builder agrees to install a four foot wide sidewalk along street frontage to be located as directed by Developer, unless such requirement shall be waived in writing by Developer.

e.) Builder agrees to provide an approved limited warranty.

f.) Builder shall not install any signs except as are permitted in the Declaration. All signs must be approved by the Developer prior to their installation.

g.) Builder will provide from time to time and at such times as Developer may request, information regarding sales prices and the names of purchase of speculative homes in the development.

h.) Builder shall use his best effort to keep the Development, and in particular any lot upon which Builder is constructing improvements in a clean and orderly manner. Builder shall keep all streets and gutters adjoining his job site cleaned and free of build-up. Upon commencement of site work, Builder shall install a silt fence as required by City Regulators and shall thereafter use his best efforts to keep the lot upon which Builder is constructing improvements landscaped and graded for proper drainage at all times. Builder shall use his best efforts to have his contractors and subcontractors keep a neat building site and the surrounding community, streets and gutters neat and clean.

i.) Builder shall place and maintain crushed stone in the driveway for any lot on which Builder is constructing improvement, unless a permanent driveway is already in place. The Builder shall be responsible for and indemnify against all losses, claims and damages which either may incur by their employees, agents, contractors, and subcontractors.

j.) Builder shall be responsible for any damage done to any lots adjoining or adjacent to the lot on which Builder is constructing improvements, including but not limited to damage done by any employee, agent, contractor or subcontractor of Builder. Such damages shall be corrected within thirty (30)

days at the expense of Builder or Builder's contractor or subcontractor.

k.) Builder shall provide a portable toilet at each job site in the Development, provided however, Developer may, upon request of Builder permit Builder(s) with more than one job site or two or more Builders with job sites in close proximity to share such facilities.

l.) Builder shall not permit any employees, agents, contractors, or subcontractors or the employees of any contractors or subcontractors to park vehicles on any lot except the lot upon which Builder is constructing improvement; nor shall Builder permit any of the above to park on the street of the Development if such parking inhibits the free flow of traffic in the development.

m.) Builder shall cause all deliveries to be delivered to the job site and shall not store any materials or any kind on any lot except the lot on which Builder is constructing improvements.

n.) Whenever vehicular traffic crosses over the curb adjoining the lot on which Builder is constructing improvement, Builder shall require that curb supports be used. Any damage to the curbs adjoining the lot on which Builder is constructing improvement shall be the responsibility of Builder.

o.) If upon notice to Builder that Developer believes Builder's job site, or adjoining lots, street or gutters require cleaning, and if Builder does not promptly act to clean such areas, then Developer shall have the right, in his sole discretion, to pay for the cleaning and Builder shall reimburse the lot owner.

p.) Builder acknowledges that Developer, in his sole discretion, shall have right to modify this Agreement from time to time.

In witness Whereof, Developer and Builder have caused this Agreement to be executed.

DEVELOPER

Date _____ By _____

Title _____

BUILDER

Date _____ By _____

Title _____

Developed by:

Enclave LLC
C.B. Harbour III
7530 Goodwin Road
Chattanooga, Tn. 37421
(423) 892-4639

Tom Bright
Director of Sales & Marketing
(423) 877-4285
(423) 877-6359 Fax

Prepared by:
David Mathews Surveying
1820 Hamill Road