

This instrument prepared by:
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**AMENDMENT OF DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR
SPLIT RAIL FARM**

This Amendment of Declaration of Covenants, Conditions, and Restrictions for Split Rail Farm is made and entered into as of _____, 2020, by SRF Holdings, LLC, a Tennessee limited liability company (“Declarant”).

Pursuant to the terms of the Declaration of Covenants, Conditions, and Restrictions for Split Rail Farm dated as of October 23, 2014, of record as Instrument No. 201411030025127 in the Office of the Register of Deeds for Knox County, Tennessee, (the “Declaration”), the Declarant submitted the Property to the provisions of the Declaration.

The Declarant is the Class “B” member and the Class “B” Control Period has not ended. Pursuant to the terms of Art. XII of the Declaration, the Declarant is authorized to amend the Declaration.

The Declarant now wishes to amend the Declaration.

1. **Amendment.** The Declarant hereby amends the Declaration to delete in its entirety the last paragraph of Section Article IV, Section 4.1 of the Declaration and to insert in its place the following:

Any Builder or Architect shall require Declarant’s prior written consent prior to commencement of work on a Unit (even if such Builder or Architect has previously been approved for another Unit), which consent may be withheld in Declarant’s sole discretion in order to maintain uniformity in the development and ensure a high quality of construction. All Builders in Split Rail Farm (excluding Declarant) must post a completion letter of credit and provide the same to Declarant as a condition to Declarant’s approval of such Builder.

2. **Capitalized Terms.** Any capitalized term not otherwise defined in this document shall have the same meaning as in the Declaration.

3. **Continued Effect.** To the extent not specifically amended hereby, the Declaration shall remain in full force and effect.

4. **Approval of the Amendment.** Pursuant to the terms of Article XII of the Declaration, this Amendment of the Declaration has been approved by and is signed by the Declarant, the Class "B" Member during the Class "B" Control Period.

IN WITNESS WHEREOF, the Declarant has executed the Amendment as of the date set forth above.

SRF Holdings, LLC
a Tennessee limited liability company

By: _____
Its: _____

STATE OF TENNESSEE
COUNTY OF _____

Before me, the undersigned, of the state and county aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the _____ of SRF Holdings, LLC, the within named bargainer, a limited liability company, and that he as such officer, executed the foregoing instrument for the purpose therein contained, by signing the name of SRF Holdings, LLC by himself as such representative.

Witness my hand and seal, this _____ of _____, 2020.

Notary Public

My commission expires: _____
80351/DHL/AmendmenttoDeclaration

THIS INSTRUMENT PREPARED BY:
Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201

Sherry Witt
Register of Deeds
Knox County

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
SPLIT RAIL FARM**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SPLIT RAIL FARM ("Declaration") is made as of the date set forth on the signature page hereof by SRF HOLDINGS, LLC, a Tennessee limited liability company ("Declarant").

PART ONE: INTRODUCTION TO THE COMMUNITY

Article I Creation of the Community

1.1. Purpose and Intent.

Declarant, as the owner of the real property described in Exhibit "A" intends by Recording this Declaration to establish a general plan of development for the planned community known as the residential areas of Split Rail Farm. This Declaration provides a flexible and reasonable procedure for Split Rail Farm's future expansion as Declarant deems appropriate and provides for its overall development, administration, maintenance, and preservation. An integral part of the development plan is the creation of Split Rail Farm Property Owner's Association, Inc., ("Association") an association comprised of all owners of real property in the residential areas of Split Rail Farm, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

This document does not and is not intended to create a condominium under Tennessee law.



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1.2. Binding Effect.

All property described in Exhibit "A", and any additional property which is made a part of the residential areas of Split Rail Farm in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed, and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the residential areas of Split Rail Farm, their heirs, successors, successors-in-title, and assigns.

This Declaration, as it may be amended, shall remain in effect and shall be enforceable by Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of 20 years from the date this Declaration is recorded. After such time, this Declaration shall be extended automatically for successive periods of 10 years each, unless an instrument signed by a majority of the then Owners has been Recorded within the year preceding any extension agreeing to terminate this declaration, in which case it shall terminate as of the date specified in such instrument. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the easement holder.

1.3. Governing Documents.

Some properties within Split Rail Farm may be subject to additional covenants, restrictions, and easements, which the Association may administer. In such case, if there is a conflict between or among the Governing Documents and any such additional covenants or restrictions, the Governing Documents shall control.

The Governing Documents apply to all Owners and occupants of property within Split Rail Farm, as well as to their respective tenants, guests, and invitees. Any lease on a Unit shall provide that the tenant and all occupants of the leased Unit are bound by the obligated to comply with the Governing Documents.

If any court should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision.

1.4. Disclosure of Nearby Uses.

Declarant hereby notifies Owner that areas adjacent to the Properties are zoned to permit various uses. Neither Declarant, the Association, nor any party owning, occupying or conducting normal business operations on the Property shall be held liable for damage, injury and nuisance resulting from the proximity of such operations.

Article II Concepts and Definitions

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

"Architectural Review Board or "ARB". Shall have the meaning set forth in Section 4.2 below.

"Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contracts, or agreements.

"Charter": Split Rail Farm Property Owner's Association, Inc. Charter filed with the Secretary of State of the State of Tennessee, as it may be amended.

"Association": Split Rail Farm Property Owner's Association, Inc., a Tennessee non-profit corporation, its successors or assigns.

"Base Assessment": Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 8.1.

"Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as a board of directors under Tennessee corporate law.

"Builder": Any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within Split Rail Farm for further subdivision, development, and/or resale in the ordinary course of its business.

"By-Laws": The By-Laws of Split Rail Farm Property Owner's Association, Inc., as they may be amended, as set forth on Exhibit B hereto.

"Class "B" Control Period": The period of time commencing on the date that the Association is incorporated and ending on the first to occur of the following:

a) The date that is three (3) months after 95% of the total number of Units permitted by the Master Plan for the property described in Exhibit "A" have certificates of occupancy issued thereon and have been conveyed to Class "A" Members other than Builders;

b) December 31, 2024; or

c) When, in its discretion, the Class "B" Member so determines.

"Common Area": All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including without limitation any and all roads, footpaths, bicycle paths, jogging or hiking trails, private walking trails, recreational facilities, clubhouses, guard house, gates, boundary walls, fences, median areas, fountains, signs, benches, monuments and any landscaped areas adjacent to roads.

"Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development or other original construction costs unless Voting Members representing a majority of the total Class "A" vote of the Association approve. Payments due under leases of capital improvements such as street lights shall not be considered an initial development or original construction cost. Common Expenses may include amounts payable for access privileges for certain limited dining facilities within Split Rail Farm for an Owner with terms and conditions to be determined by Declarant, subject to annual review and approval by Declarant.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing at Split Rail Farm, or the minimum standards established pursuant to this Declaration, the Design Guidelines, Restrictions and Rules, and Board resolutions, whichever is the highest standard. Initially, Declarant shall establish such standard, which may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Split Rail Farm change.

"Declarant": SRF Holdings, LLC, or any successor or assign who takes title to any portion of the Property described in Exhibit "A" for the purpose of development and/or sale and who is designated as Declarant in a Recorded instrument the immediately preceding Declarant executes. The requirement of a recorded instrument shall not apply to a successor to Declarant who has rights in the Property by means of foreclosure of a capital mortgage or by deed in lieu of foreclosure regarding a capital mortgage.

"Design Guidelines". The Architectural, design, and construction guidelines and review procedures adopted pursuant to Article IV, as they may be amended.

Governing Document": The Associations Charter, By-Laws, Declarations, Supplemental Declarations, Design Guidelines, Restrictions and Rules, and Board of Directors Resolutions.

"Master Plan". The land use plan for the development of Split Rail Farm approved by the Town of Farragut, County of Knox, Tennessee, as it may be amended, which includes or will include all of the property described in Exhibit "A". Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property from the Master Plan bar its later submission to this Declaration as provided in Article IX.

"Member": A Person subject to membership in the Association.

"Mortgage". A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

"Owner": One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

"Person": A natural person, a corporation, a partnership, a trustee, or any other legal entity.

"Property" or "Properties" or "Split Rail Farm": The real property described in Exhibit "A", together with such additional property as is subjected to this Declaration in accordance with Article IX.

"Record", "Recording," or Recorded": The filing of a legal instrument in the Office of the Register of Deeds for Farragut, Tennessee, or such other place as may be designated as the official location for recording documents affecting title to real estate.

"Restrictions and Rules": The restrictions and rules for Split Rail Farm, as they may be supplemented, modified, and repealed pursuant to Article III.

"Special Assessment": Assessments levied in accordance with Section 8.4.

"Specific Assessment": Assessments levied in accordance with Section 8.5.

"Supplemental Declaration": An instrument Recorded pursuant to Article IX which subjects additional property to this Declaration, and/or imposes additional restrictions and obligations on the land described in such instrument.

"Split Rail Farm": All real property bound by this Declaration and any amendments here to and other property owned by Declarant dedicated in plats of record as being a part of the property known as "Split Rail Farm" in Farragut, Tennessee.

"Unit": A platted lot of land in Split Rail Farm, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as a detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon.

Headings used in this Declaration are for convenience only and should not be deemed to limit the content of the slated text.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Article III Use and Conduct

3.1. Framework for Regulation.

The governing Documents establish, as part of the general plan of development for Split Rail Farm, a framework of affirmative and negative covenants, easements, and restrictions which govern the Properties. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology. Therefore, this Article establishes procedures for modifying and expanding the Restrictions and Rules established by the Association.

3.2. Owners' Acknowledgment and Notice to Purchasers.

All Owners are given notice that use of their Units and the Common Area is limited by the Restrictions and Rules as amended, expanded, and otherwise modified from time to time. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Restrictions and Rules may change from time to time. All purchasers of Units are on notice that the Association may have adopted changes and that such changes may not be reflected in a Recorded instrument. Copies of the current Restrictions and Rules may be obtained from the Association.

3.3 Protection of Owners and Others.

Except as may be set forth otherwise specifically in this Declaration (either initially or by amendment), the Design Guidelines (as may be amended), or in the Restrictions and Rules, all Restrictions and Rules shall comply with the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly.

(b) Signs. Except as otherwise provided in this Declaration, signs (including "for sale" or "for rent" signs), banners, posters, placards, billboards, advertisements, bulletins, announcements, symbols, displays, or any other manifestation of a message, slogan, or symbol of any kind shall not be displayed upon or visible from the outside of a Unit or placed or displayed anywhere within the Community; provided those signs installed or authorized during the initial construction of the Community by Declarant and those signs required by Tennessee law shall be permitted. In addition, one "builder identification/lot owner" (per Design Guidelines) sign shall be permitted to be placed by the Builder on a Unit indicating the name of the building company constructing the residential dwelling on the Unit so long as such sign is placed in the area designated by the Board and the design, quality and size of the sign is approved in accordance with Article IV.

(c) Household Composition. The Board shall not interfere with the freedom of Owners to determine the composition of their households, except that it may limit the total

number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Activities Within Dwellings. The Board may not interfere with the activities carried on within the confines of dwellings, except that it may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of others, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(e) Allocation of Burdens and Benefits. The Board shall not alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's written objection. Nothing in this provision shall prevent the Board from changing the Common Area available, from adopting generally applicable rules for the use of the Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article VIII.

(f) Alienation. The Board shall not prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit; provided, the Board may require a minimum lease term of up to 12 months. The Association may require that Owners use Board-approved lease forms, but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the Association's administrative costs relating to that lease or transfer. Prior to listing of any unit for sale, the Owner shall advise the Board in writing that said unit is for sale and the name and address of the real estate company or real estate agent with whom the property is to be listed.

(g) Abridging Existing Rights. No rule shall require an Owner to dispose of personal property that was in or on a Unit prior to the adoption of such rule if such personal property was in compliance with all rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Unit, and shall not apply to subsequent Owners who take title to the Unit after adoption of the rule.

(h) Reasonable Rights to Develop. The Association shall not unreasonably impede Declarant's right to develop the Properties.

Article IV Construction, Architecture and Landscaping

This Article shall not apply to Declarant's activities.

4.1. General.

No structure or thing shall be placed, erected, or installed upon any Unit and no improvements or other work (including staking, clearing, excavation, grading, and other site work; exterior alterations of existing improvements; or planting or removal of landscaping) shall take place within the Properties, except in compliance with this Article and the Design Guidelines.

No approval shall be required to repaint the exterior of a structure in accordance with its most recently approved color scheme or to rebuild in accordance with previously approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure are subject to review and approval.

Declarant may establish a Builder Program for Builders in Split Rail Farm and may limit the number of Builders in the Builder Program. Declarant will establish criteria for participation in the Builder Program. Any construction in Split Rail Farm must be done by an approved builder who participates in the Builder Program sponsored by Declarant. The Builder Program shall include payment by a Builder to Declarant of a percentage of cost of construction not to include land value for all new home construction or replacement home construction in Split Rail Farm. The Builder Program shall exist only during the Class B Control Period. Declarant has the right to appoint itself as the exclusive Builder in Split Rail Farm.

Further, in addition to approved Builders, only approved architects, residential designers, landscape architects, landscape contractors, and similar professionals are allowed to provide such professional services within Split Rail Farm. Approval shall be based on criteria to be determined by the Declarant or its designee and shall be granted in the sole discretion of the Declarant or its designee. Such approved professional and subcontractors shall be subject to rules and regulations regarding construction at Split Rail Farm and if these rules are not followed, the professional or subcontractor will be subject to fines and/or deductions from any applicable construction deposits and/or having approval to work at Split Rail Farm revoked at the discretion of the Declarant or ARB or other enforcement measures set forth herein, in the Design Guidelines, or in any contract between Declarant and the professional or ARB and the professional. Declarant by approving a professional does not in any way assume a duty to ensure or guarantee the quality of the professional's past or future work. Any person enters into a contract with an approved professional at his or her own risk and should do so after due independent investigation of the professional and not based on reliance on the approval by the ARB regarding the merits of the professional.

Declarant or ARB may require an architect, residential designer, landscape architect, landscape contractor, builder or similar professional to enter into a contract with Declarant or ARB prior to being permitted to do work in Split Rail Farm.

Declarant shall establish a Master Marketing Program for certain Builders who purchase multiple lots within Split Rail Farm with terms and conditions of the program to be determined by Declarant. The Master Marketing Program shall require, in exchange for certain marketing services to be performed by Declarant or its designee, that the builder participating in the program pay Declarant a Master Marketing Fee of a percentage of the gross sales price of each home sold by the participating Builder. The Master Marketing program shall exist only during the Class B control period.

Declarant reserves the right to have different fees and deposit amounts and requirements for Builders who purchase more than one lot in Split Rail Farm. Such Builders further, in the discretion of the Declarant, may have their design, landscape and other reviews as provided in the Design Guidelines performed by Declarant and not the ARB, with the Declarant having the right to approve variances.

Notwithstanding anything contained herein to the contrary, Declarant hereby approves Development & Design Concepts as the exclusive Builder in Split Rail Farm and Malakouti Architects as the exclusive architect in Split Rail Farm. Any other Builder or Architect shall require Declarant's prior written consent, which consent may be withheld in Declarant's sole discretion in order to maintain uniformity in the development and ensure a high quality of construction. All Builders in Split Rail Farm (excluding Declarant) must post a completion letter of credit and provide the same to Declarant as a condition to Declarant's approval of such Builder.

4.2. Design Review.

(a) By Declarant. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Properties, acknowledges that Declarant has a substantial interest in ensuring that the improvements within the Properties enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue until the expiration of the Class B Control Period.

Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to an Architectural Review Board appointed by the Board of Directors (the "ARB"). Any such delegation shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (ii) Declarant's right to veto any decision which Declarant

determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as Declarant specifically delegates to it.

(b) Architectural Review Board. Upon delegation by Declarant or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the ARB, shall assume jurisdiction over Architectural matters. The ARB, when appointed, shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARB need not be Members of the Association or representatives of Members and may, but need not, include Architects, engineers, or similar professionals, who may be compensated in such manner and amount, if any, as the Board may establish.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARB or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over Architectural matters.

(c) Reviewer. For purposes of this Article, the entity having jurisdiction in a particular case is referred to as the "Reviewer."

(d) The Reviewer may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by Architects, engineers, or other professionals. Declarant and the Association may employ Architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget.

(e) Notwithstanding anything contained herein to the contrary, a review fee of Two Thousand and NO/100 Dollars (\$2,000.00), shall be charged to each Owner payable to Declarant at the closing of the purchase of a Unit as a design review fee.

4.3. Guidelines and Procedures.

(a) Design Guidelines. Declarant may prepare the initial Design Guidelines, which may contain general provisions and procedures applicable to all of the Properties. The Design Guidelines are intended to provide guidance to Owners and Builders and other professional service providers regarding matters of particular concern to the Reviewer in considering applications. The design Guidelines are not the exclusive basis for the Reviewer's decisions and compliance with the Design Guidelines does not guarantee approval of any application. The Design Guidelines may include penalties for non-compliance which are enforceable against Owners and other persons including, but not limited to, Builders, other professionals approved for work in Split Rail Farm and their subcontractors. The Design Guidelines may also require fees and deposits be paid relating to construction activity and/or design review. The Design Guidelines may contain rules and regulations regarding construction activity in Split Rail Farm and may provide penalties for violations.

Declarant shall have sole and full authority to amend the Design Guidelines during the Class B Control Period, notwithstanding a delegation of reviewing authority to the ARB, unless Declarant also delegates the power to amend to the ARB. Upon termination or delegation of Declarant's right to amend, the ARB shall have the authority to amend the Design Guidelines with the consent of the Board.

Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the current Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Properties. In Declarant's discretion, such Design Guidelines may be recorded, in which event the Recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time. All owners or potential owners have the responsibility to request and obtain a current copy of the Design Guidelines prior to purchase of a unit.

(b) Procedures. Except as otherwise specifically provided in this Declaration or in the Design Guidelines, no activities related to the external appearance of any portion of the Property or any improvements thereon shall commence on any portion of the Properties until an application for approval has been submitted to and approved by the Reviewer. Such application may include plans and specifications showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Design Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the discretion to make determinations on matters of aesthetic judgment and such determinations shall be subject only to the appeal and review to Declarant.

The Reviewer shall make a determination on each application within 30 days after receipt of all information it requires. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

Until expiration of the Class B Control Period, the ARB shall notify Declarant in writing within a reasonable time after the ARB has approved any application within the scope of matters delegated to the ARB by Declarant. The notice shall be accompanied by a copy of the application and any additional information which Declarant may require. Declarant shall have 10 days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARB.

If Declarant has exercised its review powers as stated above, the Reviewer shall notify the applicant in writing of the final determination on any application within five days

thereafter or, with respect to any determination by the ARB subject to Declarant's veto right, within five days after the earlier of: (i) receipt of notice of Declarant's veto or waiver thereof; or (ii) expiration of the 10-day period for exercise of Declarant's veto. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

If the Declarant has exercised its review powers as stated above, in the event that the Reviewer fails to respond within thirty (30) days of receipt of all information it requires, the application shall be deemed approved, subject to Declarant's right to veto pursuant to this Section. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 4.5. Notice shall be deemed given at the time the envelope containing the response is deposited with the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within sixty (60) days after the date of approval, such approval shall be deemed withdrawn and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. The Owner must complete all work within *eighteen (18) months* commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. Any approved work which is not completed within the required time shall be subject to enforcement action by the Association, Declarant, or any aggrieved Owner. Once begun, continuous construction must occur on the Unit with no more than a period of inactivity of ten (10) days subject to a force majeure occurrence. Construction shall be restarted within fifteen (15) days after the force majeure event has terminated.

The Design Guidelines, the Reviewer or the Declarant may exempt certain activities and certain Persons from certain application and approval requirements of this Article.

4.4. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances.

The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.6. Limitation of Liability.

The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Properties; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based on aesthetic considerations only. The Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to neighboring Owners.

Declarant, the Association, the Board, the Reviewer, any committee, or any member of the Board or any committee shall not be held liable for soil conditions, drainage, or other

general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not Declarant has approved or featured such contractor as a builder; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all matters, the Board, the ARB, and the members of each shall be defended and indemnified by the Association as provided in Section 7.6.

4.7. Certificate of Compliance.

Any Owner may request that the Reviewer issue a certificate of Architectural compliance certifying that there are no known violations of this Article or the Design Guidelines. The Reviewer shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Reviewer from taking enforcement action with respect to any condition as to which the Reviewer had notice as of the date of such certificate.

Article V Maintenance and Repair

| This Article shall not apply to Declarant's activities.

5.1. Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

Each Owner also is responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or right-of-way lying between the Unit boundary and any wall, fence, or curb located on the Common Area or public right-of-way within 10

feet of the Unit boundary; provided, there shall be no right to remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

5.2 Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Unit; the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

Article VI The Association and its Members

6.1. Function of the Association.

The Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Association also is the primary entity responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Tennessee law.

6.2. Membership.

Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, subject to the terms and conditions herein, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

6.3. Voting.

The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Unit. No vote shall be exercised for any property which is exempt from assessment under Section 8.9. All Class "A" votes shall be cast as provided in the By-Laws.

(b) "Class "B". The sole Class "B" Member shall be Declarant. Notwithstanding anything contained herein to the contrary, the Class "B" Member may appoint all of the members of the Board of Directors during the Class "B" Control Period. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents. The Class "B" Membership shall terminate and cease upon the termination of the Class B Control Period.

Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

7.1 Acceptance and Control of Association Property.

(a) The Association may acquire, hold, lease (as lessor or lessee), operate, and dispose of tangible and intangible personal property and real property at their sole discretion. The Association may enter into leases, licenses, or operating agreements for portions of the Common Area, for such consideration or no consideration as the Board deems appropriate, to permit use of such portions of the Common Area by others for the provision of goods or services for the general benefit or convenience of Owners, occupants, and residents of the Properties.

(b) Declarant and its designees may convey to the Association, and the Association shall accept, personal property and fee title, leasehold, or other property interests in any real property, improved or unimproved, described in Exhibit "A". Upon such conveyance, the Association shall indemnify and hold harmless Declarant regarding claims, suits or actions regarding such personal property, fee title, leasehold or other property interest in the property conveyed, including claims, suits or actions which occurred or arose while Declarant owned such property. Upon Declarant's written request, the Association shall reconvey to Declarant any unimproved portions of the Common Area Declarant originally conveyed to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

(c) The Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

7.2. Maintenance of Area of Common Responsibility.

The Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

(a) all portions of and structures situated on the Common Area, including, without limitation, all private walking trails;

- (b) landscaping within public rights-of-way within or abutting the Properties;
- (c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, any covenant to share costs, or any contract or agreement for maintenance thereof entered into by the Association;
- (d) all ponds, streams, and/or wetlands located within the Properties which serve as part of the storm water drainage system for the Properties, including improvements and equipment installed therein or used in connection therewith; and
- (e) any property and facilities which Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Such property and facilities shall be identified by written notice from Declarant to the Association and will remain part of the Area of Common Responsibility maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Members representing 75% of the Class "A" votes in the Association and the Class "B" Member, if any, agree in writing to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced except with Declarant's prior written approval as long as Declarant owns any property described in Exhibit "A" of this Declaration.

The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, a covenant to share costs, other Recorded covenants, or agreements with the owner(s) thereof.

7.3. Insurance.

(a) Required Coverages. The Association, acting through its Board or its authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverage's as are reasonably available.

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Area of Common Responsibility to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, the "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least two million dollars (\$2,000,000.00) per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable

cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;

(iii) Workers' compensation insurance, if and to the extent required by law;

(iv) Directors' and officers' liability coverage;

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving compensation; and

(vi) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Farragut, Tennessee area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in Tennessee which satisfied the requirements of the Federal Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members;

(iii) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(iv) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

(v) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(vi) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insured and provide:



(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(iv) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(v) a cross liability provision; and

(vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Members representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or the estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and therefore shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those owners responsible for the premiums for the applicable insurance coverage under Section 7.3(a).

In the event of an emergency, the Board may act immediately to address the emergency as necessary.

7.4 Compliance and Enforcement

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board or Declarant or the ARB as appropriate may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in the By-Laws. Such sanctions may include, without limitation:

(i) imposing reasonable monetary fines which shall constitute a lien upon the violators Unit. (In the event that any occupant, guest, or invitee of Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);

(ii) suspending an Owner's right to vote;

(iii) suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;

(iv) suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association;

(v) exercising self-help in a non-emergency situation;

(vi) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of the Governing Documents and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass; and

(vii) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Design Guidelines from continuing or performing any further activities in the Properties.

Additional penalties for non-compliance with the Design Guidelines are set forth therein. Such penalties are in addition to these set forth herein.

Additional penalties and enforcement options are further set forth in Article VIII regarding assessments.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the notice and hearing procedures set forth in the By-Laws:

(i) abating an immediate violation on the Common area and exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); or

(ii) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to properly perform his or her maintenance responsibility, the Association or Declarant or ARB may Record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Association or Declarant or ARB against the Unit and the Owner as a Specific Assessment. An administrative fee may be assessed by Declarant or the Association or ARB for arranging such work to be done. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action (which may be provided in lieu of the notice and hearing procedures set forth in the By-Laws.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association or Declarant or ARB prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action. Liens or assessments may be enforced by suit, judgment and judicial or non-judicial foreclosure.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's or Declarant's or ARB's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board or Declarant or ARB may determine that, under the circumstances of a particular case:

(i) the Association's or Declarant's or ARB's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's or Declarant's or ARB's resources; or

(iv) that it is not in the Association's or Declarant's or ARB's best interests, based upon hardship expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Association's or Declarant's or ARB's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, or rule.

7.5. Implied Rights; Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. All rights and powers of the Association may be exercised by the Board without a vote of the membership except where applicable law or the Governing documents specifically require a vote of the membership.

The Board may institute, defend, settle or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not create any independent legal duty to institute litigation on behalf of or in the name of the Association or the Members.

In exercising the Association's rights and powers, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.6. Indemnification of Officers, Directors, and Others.

Subject to Tennessee law, the Association shall indemnify every officer, director and committee member including, but not limited to, ARB members against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except for acts that constitute willful misfeasance, malfeasance, misconduct, bad faith, or criminal activity. This right to indemnification shall not be exclusive of any other rights to which any present or former office, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association).

7.7. Safety and Security.

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Properties. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to enhance the level of safety or security which each person provides for himself or herself and his or her property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within Split Rail Farm, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Properties, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases

prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Unit that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within the Properties assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

7.8. Provision of Services.

The Association may provide, or provide for, services and facilities for the Owners and their Units, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided at the option of an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Units. By way of example, such services and facilities might include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities.

Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any services shall be provided. In addition, the Board shall be permitted to modify or cancel existing contracts for services in its discretion, unless the provision of such services is otherwise required by the Governing Documents. Non-use of services provided to all Owners or Units as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.9. Relationship with Tax-Exempt Organizations.

Declarant or the Association may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over portions of the Common Area to non-profit, tax-exempt organizations, the operation of which confers some benefit upon the Properties, the Association, the Members, or residents. Such organization(s) may perform a

variety of services and functions, such as environmental, conservation, health, wellness, and cultural programs, benefiting the Properties and/or the surrounding community.

If established by Declarant or the Association for the benefit of the Properties, the Association shall be responsible to fund the minimum organization expenses of maintaining such entity and may contribute money, real or personal property, or services to such entity. Such expenses and any such contributions shall be a Common Expense. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

Article VIII Association Finances

8.1. Budgeting and Allocating Common Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 8.6.

The Association is authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.6 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

The Board shall send a copy of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner at least 30 days prior to the effective date of such budget. The budget shall automatically become effective unless disapproved at a meeting by Members representing at least 75% of the

total Class "A" votes in the Association and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in the By-Laws. Any such petition must be presented to the Board within 10 days after delivery of the budget and notice of any assessment.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the noticed requirements and the right of the Members to disapprove the revised budget as set forth above.

8.2. Budgeting for Reserves.

The Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility. The budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1 a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period.

8.3. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in

installments extending beyond the fiscal year in which the Special Assessment is approved.

8.4. Specific Assessments.

The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.9). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests.

8.5. Time of Payment.

The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later; provided, however, prior the issuance of a certificate of occupancy, the Owner of the Unit shall pay fifty percent (50%) of the Base Assessment levied on the Unit, and after the issuance of a certificate of occupancy, the Owner of the Unit shall pay 100 percent (100%) of the Base Assessment levied on the Unit. The first annual Base Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments.

Unless the Board otherwise provides, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

8.6. Obligation for Assessments.

Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with simple interest (computed from its due date at a rate of 18% per annum or such other rate as the Board may establish, subject to the limitations of Tennessee law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

Failure of the Board to fix assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each owner shall continue to pay Base Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself or herself from liability for assessments by non-use of the Common Area, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid.

Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

8.7. Lien for Assessments.

The Association shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of Tennessee law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or non judicial foreclosure.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage or deed in lieu thereof shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure. The subsequent Owner to the foreclosed Unit or Unit conveyed by deed in lieu of foreclosure shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from

Owners of all Units subject to assessment under Section 8.6, including such acquirer, its successors and assigns.

8.8. Exempt Property

The following property shall be exempt from payment of Base Assessments and Special Assessments:

- (a) All Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility;
- (b) Any property dedicated to and accepted by any governmental authority or public utility; and
- (c) Property or Units owned by Declarant.

In addition, Declarant and/or the Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.9. Community Enhancement Fee.

(a) Authority. The Association may establish and collect a transfer fee from the transferring Owner upon each transfer of title to a Unit, which fee shall be payable to the Association at the closing of the transfer and shall be secured by the Association's lien for assessments under Section 8.8. Each Owner shall notify the Association's Secretary of a pending title transfer at least seven days prior to the transfer. Such notice shall include the name of the buyer, the date of title transfer, and other information as may be required by the Board.

(b) Fee Limit. The Board shall have the sole discretion to determine the amount and method of determining any such transfer fee. The Board is authorized, but not required,

to determine the transfer fee based upon the "gross selling price" of the property or any other factor as determined by the Board. However, in no event shall any such transfer fee exceed one half percent (2%) of the gross selling price of the property. For the purpose of determining the amount of the transfer fee, the gross selling price shall be the total cost to the purchaser of the property, excluding taxes and title transfer fees as shown by the certificate of value, or similar document filed with Knox County, Tennessee.

(c) Purpose. All transfer fees which the Association collects shall be deposited into a segregated account used for such purposes as the Board deems beneficial to the general good and welfare of the Properties. By way of example and not limitation, such transfer fees might be used to assist the Association or one or more tax-exempt entities in funding:

- (i) preservation and maintenance of natural areas, wildlife preserves, or similar conservation areas, and sponsorship of educational programs and activities which contribute to the overall understanding, appreciation and preservation of the natural environment at the Properties;
- (ii) programs and activities which serve to promote a sense of community within the Properties, such as recreational leagues, cultural programs, educational programs, festivals and holiday celebrations and activities, a community computer network, and recycling programs; and
- (iii) social services, community outreach programs and other charitable causes.

(d) Exempt Transfers. Notwithstanding the above, no transfer fee shall be levied upon transfer of title to a Unit:

- (i) by or to Declarant;
- (ii) by a Builder who held title solely for purposes of development and resale;

- (iii) by a co-owner to any Person who was a co-owner immediately prior to such transfer;
- (iv) to the Owner's estate, surviving spouse, or child upon the death of the Owner;
- (v) to an entity wholly owned by the grantor or to a family trust created by the grantor for the direct benefit of the grantor and his or her spouse and/or heirs at law; provided, upon subsequent transfer of an ownership interest in such entity, the transfer fee shall become due; or
- (vi) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage or a deed in lieu thereof.

8.11 Road Improvement Fee.

Notwithstanding anything contained herein to the contrary, each Person that purchases a Unit from the Declarant, or its successor or assign, shall pay a road improvement fee to Declarant in the amount of Three Thousand Two Hundred and Seventy Six Dollars (\$3,276.00), payable at the closing of the purchase of the Unit. Such payment shall not be considered an advance payment of regular assessments. The Road Improvement Fee shall be payable only upon the first sale of a Unit by the Declarant and shall not be due upon resales of Units by Owners. There shall be a Road Improvement Fee paid for each Unit in Split Rail Farm.

8.12 Clubhouse Fee.

Notwithstanding anything contained herein to the contrary, each Person that purchases a Unit from the Declarant, or its successor or assign, shall pay a fee to Declarant in the amount of One Thousand and No/100 Dollars (\$1,000.00), payable at the closing of the purchase of the Unit, to be held in reserve by Declarant for the construction of a clubhouse in Phase II of Split Rail Farm. Such payment shall not be considered an advance payment of regular assessments. This fee shall be payable

only upon the first sale of a Unit by the Declarant and shall not be due upon resales of Units by Owners.

PART FOUR: COMMUNITY DEVELOPMENT

Article IX Expansion of the Community

9.1. Expansion by Declarant.

Declarant may from time to time subject to the provisions of this Declaration to additional properties by Recording a supplemental Declaration describing the property being subjected. A supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

9.2. Expansion by the Association.

The Association may also subject property to the provisions of this Declaration by a Recorded Supplemental Declaration. Any such Supplemental Declaration shall require the affirmative vote of Members representing more than 50% of the Class "A" votes of the Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, so long as a Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent shall be necessary. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property, and by Declarant, if Declarant's consent is necessary.

9.3. Additional Covenants and Easements.

Declarant may subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration

subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless otherwise specified. Any property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

Article X Additional Rights Reserved to Declarant

10.1. Withdrawal of Property.

Declarant reserves the right to amend this Declaration during the Class B Control Period for the purpose of removing any portion of the Properties which has not yet been improved with structures from the coverage of this Declaration, provided such withdrawals does not reduce the total number of Units then subject to the Declaration by more than 20%. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not Declarant. If the property is Common Area, the Association shall consent to such withdrawal.

10.2. Marketing and Sales Activities.

Declarant and builders authorized by Declarant may construct and maintain upon portions of the common Area and Units which they own such facilities and activities as, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Declarant and authorized Builders shall have easements for access to and use of such facilities at no charge.

10.3. Right to Develop.

No Person shall Record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any instrument Recorded without such consent shall be void and of no force and effect unless subsequently approved by Declarant in a Recorded consent.

10.4. Right to Approve Additional Covenants.

No Person shall Record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any instrument Recorded without such consent shall be void and of no force and effect unless subsequently approved by Declarant in a Recorded consent.

10.5. Right to approve Changes in the Properties' Standards.

No amendment to or modification of the Restrictions and Rules or the Design guidelines shall be effective without prior notice to and the written approval of Declarant during the Class B Control Period.

10.6. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a Recorded instrument signed by Declarant. The requirement of a recorded instrument shall not apply for a successor to Declarant who has rights in the Property by means of foreclosure of a capital mortgage or deed in lieu of foreclosure regarding a capital mortgage. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this

Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to Record an assignment unless necessary to evidence Declarant's consent to such exercise. Declarant reserves the right to require an indemnification and hold harmless agreement from any person to whom it assigns its rights or obligations under this Declaration or the By-Laws regarding actions or suits which occurred prior to the assignment.

10.7. Exclusive Rights To Use Name of Development.

No person shall use the name "Split Rail Farm" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Split Rail Farm" in printed or promotional matter where such term is used solely to specify that particular property is located within Split Rail Farm and the Association shall be entitled to use the words "Split Rail Farm" in its name.

10.8. Right to Notice of Design or Construction Claims.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Properties, including Units, and a perpetual nonexclusive easement of access throughout the Properties to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

10.9. Right to Notice of Design or Construction Claims.

No person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Properties in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any Builder involved in the design or construction have

been first notified in writing and given an opportunity to meet with the Owner of the property to discuss the Owner's concerns and conduct their own inspection.

10.10. Termination of Rights.

Except as otherwise specified, the rights contained in this Article shall not terminate until the earlier of (a) 40 years from the date this Declaration is Recorded, or (b) Recording by Declarant of a statement that all sales activity has ceased.

10.11 Exoneration of Declarant.

Each Owner of a Unit in Split Rail Farm, or any other party having an interest in any portion of Split Rail Farm, expressly agrees that no duty or obligation is imposed on Declarant to enforce or attempt to enforce any of the covenants and restrictions contained herein, nor shall Declarant be subject to any liability of any kind or nature whatsoever resulting out of any claim by any third party asserting that Declarant failed to enforce the same.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

Article XI Easements

11.1 Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board's right to:

- (i) adopt rules regulating use and enjoyment of the common Area, including rules limiting the number of guests who may use the common Area;
 - (ii) suspend the right of an Owner to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing pursuant to the By-Laws;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;
 - (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
 - (v) permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees, and guests upon payment of use fees established by the Board and designate other areas and facilities within the Area of Common Responsibility as open for the use and enjoyment of the public;
 - (vi) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth by the developer; and
- (e) All of rights of Declarant as set forth herein.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2. Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and, for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area due to the unintentional placement or setting or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities, Etc.

(a) Installation and Maintenance. Declarant reserves for itself, so long as Declarant owns such property, and grants to the Association and all utility providers, perpetual non-exclusive easements throughout the Properties (but not through a structure) to the extent reasonably necessary for the purpose of:

(i) installing utilities and infrastructure to serve the Properties, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, drainage systems, street lights, and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on Recorded plats;

(ii) inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described in Section 11.3(a)(i); and

(iii) access to read utility meters.

Notwithstanding the above, Declarant reserves the right to deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

(b) Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in the sole

discretion of Declarant, in connection with the orderly development of any property described in Exhibit "A". The Owner of any property to be burdened by any easement granted pursuant to this subsection (b) shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4. Easements for Maintenance, Emergency, and Enforcement.

Declarant grants to the Association easements over the Properties as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, and to inspect the purpose of ensuring compliance with and enforcing the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Article XII Amendment

The covenants and restrictions contained in this Declaration may be amended unilaterally by Declarant, without joinder of any Owner, until the termination of the Class B Control Period. Thereafter, any amendment of this Declaration will require the affirmative

vote of at least two-thirds (2/3) of the votes entitled to be cast by the then Members of the Association at a duly called meeting of the Association at which a quorum is present. No amendment shall be effective until the instrument evidencing such change has been filed of record.

Article XIII Party Walls and Other Shared Structures

13.1. General Rules of Law to Apply.

Each wall, fence, driveway, or similar structure built as part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XIV.

13.2. Maintenance; Damage and Destruction.

The cost of reasonable repair and maintenance of a part structure shall be shared equally by the Owners whose Units are served by the party structure.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner whose Unit is served by the structure may restore it, and all other Owners whose Units are served by the structure shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY


Article XIV Litigation Initiated By Association

The Association shall not initiate any judicial or administrative proceedings unless first approved by a vote of Owners entitled to cast 75% of the total Class "A" votes in the Association, except that no such approval shall be required for actions or proceedings.

- (a) initiated during the Class "B" Control Period;
- (b) initiated to enforce the provisions of this Declaration, including collection of assessments and foreclosure of liens;
- (c) initiated to challenge ad valorem taxation or condemnation proceedings;
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

[Signature page follows.]


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IN WITNESS WHEREOF, the undersigned has caused this Declaration to be executed by its duly authorized or representative as of the ____ day of _____, 2014.

DECLARANT:

SRF HOLDINGS, LLC

By: _____

Title: Chief Manager

Date: _____

[Handwritten signature in blue ink]
10/23/14

STATE OF TENNESSEE

COUNTY OF Davidson

Before me, the undersigned, a notary public of the State and County aforesaid, personally appeared Justin Morgan, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be Chief Manager of SRF Holdings, LLC, the within-named bargainer, a Tennessee limited liability company, and that he as such Chief Manager, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself as Chief Manager.

Kathalee Tewell

Notary Public

My Commission Expires: December 6, 2016



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JOINDER BY OWNER'S LIEN HOLDER

The undersigned Stonegate Acquisitions, LLC, is the holder and owner of the indebtedness secured by the lien and security title of a Deed of Trust encumbering the Properties, of record as Instrument No. 201407220004333, and as such, the undersigned acknowledges and consents to the Declaration, and hereby subordinates the lien and security title of said Deed of Trust to the Declaration and the liens created thereunder.

STONEGATE ACQUISITIONS, LLC:

By: [Signature]
Name: Daniel C Burton
Title: President

STATE OF Tennessee)
COUNTY OF Williamson)

Personally appeared before me, the undersigned, a Notary Public having authority within the State and County aforesaid, Daniel C. Burton, with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the President of Stonegate Acquisitions LLC, a(n) LLC CTN limited liability company and is authorized by the company to execute this instrument on behalf of the company.

WITNESS my hand, at office, this 3rd day of October, 2014.

[Signature]
Notary Public

My Commission Expires:
09-19-2016



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Exhibit A

Property Description

Tract IA

Situated in Knox County within the City of Farragut and being more particularly described as follows:
Beginning on an iron pin located in the Southern right-of-way of Everett Road and being approximately 1260 feet West of the centerline of Oakley Downs Road if extended and corner common with Chestnut Farms; thence leaving said right-of-way and with Chestnut Farms South 37 degrees 40 minutes East 1336.57 feet to an iron pin corner common with Chestnut Farms and Holloway Trust; thence leaving Chestnut Farms and with Holloway Trust South 37 degrees 43 minutes East 101.83 feet to an iron pin corner common with Holloway Trust and Pack; thence leaving Holloway Trust and with Pack South 73 degrees 30 minutes West 263.31 feet to a pipe; thence South 17 degrees 24 minutes East 351.80 feet to a fence post; thence South 55 degrees 08 minutes East 82.88 feet to an iron pin; thence South 26 degrees 33 minutes East 115.37 feet to an iron pin; thence North 73 degrees 32 minutes East 67.65 feet to an iron pin located in the Northern right-of-way of Everett Road; thence leaving Pack and with said right-of-way South 14 degrees 18 minutes West 114.76 feet to an iron pin corner common with Quinn resub; thence leaving said right-of-way and with Quinn resub North 29 degrees 57 minutes West 21.95 feet to a fence corner; thence South 57 degrees 57 minutes West 709.66 feet to a fence corner common with Fox Run Subdivision and Quinn resub; thence leaving Quinn resub and with Fox Run Subdivision the following 17 calls and distances:
North 35 degrees 57 minutes West 176.60 feet to an iron pin;
thence North 36 degrees 10 minutes West 230.01 feet to an iron pin;
thence North 36 degrees 12 minutes West 115.05 feet to an iron pin;
thence North 36 degrees 08 minutes West 115.01 feet to an iron pin;
thence North 36 degrees 17 minutes West 115.03 feet to an iron pin;
thence North 36 degrees 08 minutes West 115.07 feet to an iron pin;
thence North 36 degrees 10 minutes West 114.99 feet to an iron pin;
thence North 36 degrees 07 minutes West 295.32 feet to an iron pin;
thence South 89 degrees 53 minutes West 22.83 feet to an iron pin;
thence South 89 degrees 32 minutes West 178.47 feet to an iron pin;
thence South 88 degrees 14 minutes West 146.97 feet to an iron pin;
thence North 88 degrees 42 minutes West 114.02 feet to an iron pin;
thence South 89 degrees 32 minutes West 215.35 feet to an iron pin;
thence South 89 degrees 34 minutes West 161.20 feet to an iron pin;
thence South 89 degrees 50 minutes West 69.57 feet to an iron pin;
thence North 42 degrees 21 minutes East 269.96 feet to an iron pin;
thence North 42 degrees 30 minutes East 92.51 feet to an iron pin corner common with Cox;
thence leaving Fox Run Subdivision and with Cox North 42 degrees 26 minutes East 826.37 feet to a pipe located in the Southern right-of-way of Everett Road; thence leaving Cox and with said right-of-way South 60 degrees 38 minutes East 48.75 feet to a right-of-way monument; thence North 63 degrees 27 minutes East 67.88 feet to an iron pin; thence leaving said right-of-way and with a proposed severance line the following 3 calls and distances:
South 40 degrees 08 minutes East 136.82 feet to an iron pin;
thence North 64 degrees 22 minutes East 284.38 feet to an iron pin;
thence North 09 degrees 07 minutes West 144.13 feet to an iron pin located in the Southern right-of-way of Everett Road; thence with said right-of-way North 63 degrees 27 minutes East 178.27 feet to the point of beginning and containing 49.80 acres more or less according to a survey by Robert G. Campbell & Associates L.P. dated 12-6-06.

Tract IB

Situated in Knox County within the City of Farragut and being more particularly described as follows:
Beginning on an iron pin located in the Southern right-of-way of Everett Road corner common with Robertson being approximately 1251 feet Southwest of Oakley Downs Road; thence leaving said right-of-way and with Robertson South 37 degrees 43 East 179.96 feet to an iron pin corner common with Andover Place and Robertson; thence leaving Robertson and with Andover Place South 57 degrees 42 minutes West 276.77 feet to an iron pin located in the Southern right-of-way of Everett Road; thence leaving Andover Place and with said right-of-way North 14 degrees 18 minutes East 32.68 feet to an iron pin; thence with a 770 foot radius curve to the right North 22 degrees


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03 minutes East 207.85 feet to an iron pin; thence North 29 degrees 49 minutes East 75.97 feet to the point of beginning and containing 0.63 acres more or less according to a survey by Robert G. Campbell & Associates L.P. dated 12-6-06.

Being the same property conveyed to Farmstead Developments, LLC by Warranty Deed, dated August 26, 2013, from The Burton Family Irrevocable Trust, Yvonne Burton, Trustee, as of record in Instrument No. _____, Register's Office for Knox County, Tennessee.

201309030015292

Being also the same property conveyed to SRF Holdings, LLC by Farmstead Developments, LLC by Quitclaim Deed of record as Instrument No. 201410030019543, Register's Office for Knox County, Tennessee.

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EXHIBIT B

BYLAWS

OF

SPLIT RAIL FARM PROPERTY OWNER'S ASSOCIATION, INC.

ARTICLE I

Name, Principal Office, and Definitions

Section 1.1 Name. The name of the Association shall be Split Rail Farm Property Owner's Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 1.2 Principal Office. The principal office of the Association in the State of Tennessee shall be located in Knox County. The Association may have such other offices, either within or outside the State of Tennessee, as the Board of Directors may determine or as the affairs of the Association may require.

Section 1.3 Definitions. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Split Rail Farm (the "Development") filed in the Register's Office for Knox County, Tennessee (the "Declaration"), as amended or supplemented from time to time, unless the context indicates otherwise.

ARTICLE II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 2.1 Membership. The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by reference.

Section 2.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Development or as convenient thereto as possible and practical.

Section 2.3 Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within six (6) months following the expiration of the Class B Control Period. Subsequent regular annual meetings shall be set by the Board.

Section 2.4 Special Meetings. The President may call special meetings. In addition, after the expiration of the Class B Control Period it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least twenty-five percent (25%) of the total Class A votes of the Association.



Section 2.5 Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage prepaid.

Section 2.6 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than five nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough to leave less than a quorum, provided that Members representing at least twenty-five percent (25%) of the total Class A votes in the Association remain in attendance, and provided that any action taken is approved by at least a majority of the votes cast.

Section 2.8 Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated by reference.

Section 2.9 Proxies. Members may vote by proxy. No proxy shall be valid unless signed by the Owner or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to any meeting for which it is to be effective. No proxy shall be valid after 11 months from its date of execution unless otherwise specified in the proxy.

Section 2.10 Majority. As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other groups as the context may indicate totaling more than fifty percent (50%) of the total eligible number of Owners.

Section 2.11 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence of the Members representing a fifty percent (50%) of the total votes in the Association shall constitute a quorum at all meetings of the Association.

Section 2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 2.13 Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting if all members entitled to vote on the action consent in writing to taking such action without a meeting. If all members entitled to vote on the action consent in writing to taking such action without a meeting, the affirmative vote of the number of members that would be necessary to authorize or take such action at a meeting shall be the act of the members. Such consents shall be filed with the minutes of the Association.

ARTICLE III

Board of Directors: Number, Powers, Meetings

Section 3.1 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to Directors appointed by the Class B Member, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a Member which is not a natural person, any officer, Director, partner or trust officer of such Member shall be eligible to serve as a Director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of Directors appointed by the Class B Member.

Section 3.2 Number of Directors. The number of Directors in the Association shall be not less than three (3) nor more than seven (7), as provided in Section 3.5 below. The initial Board shall consist of three (3) Directors.

Section 3.3 Directors During Class B Control Period. The Directors shall be selected by the Class B Member acting in its sole discretion and shall serve at the pleasure of the Class B Member until the expiration of the Class B Control Period.

Section 3.4 Nomination of Directors. Except with respect to Directors selected by the Class B Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three or more Members. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual

meeting of the Members to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section 3.5 below. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 3.5 Election and Term of Office. Upon termination of the Class B membership, all Directors appointed by the Class B Member shall resign and the Members shall be entitled to elect three Directors. Each Member shall be entitled to cast one vote with respect to each vacancy to be filled. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The Directors elected by the Members shall hold office until their respective successors have been elected. The term of office for each Director shall be one (1) year. Directors may be elected to serve any number of consecutive terms.

Section 3.6 Removal of Directors and Vacancies. Any Director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such Director. Any Director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall be elected by the Members entitled to elect the Director so removed to fill the vacancy for the remainder of the term of such Director.

Any Director who has three consecutive absences from Board meetings, or who is more than thirty (30) days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members entitled to fill such Directorship may elect a successor for the remainder of the term.

Section 3.7 Organizational Meeting. The first meeting of the Board of Directors shall be held within six (6) months after the incorporation of the Association at such time and place the Board shall fix.

Section 3.8 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place a majority of the Directors shall determine, but at least one (1) such meetings shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to Directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 3.9 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by a majority of the Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be

considered. The notice shall be given to each Director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) e-mail either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director. All such notices shall be given at the Director's telephone number or sent to the Director's address or e-mail address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting. Notices given by personal delivery, telephone, or e-mail shall be delivered or telephoned at least 72 hours before the time set for the meeting.

Section 3.10 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.11 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors, unless otherwise specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not less than five nor more than thirty (30) days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.12 Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a majority of the total Class A votes in the Association at a regular or special meeting of the Association. Any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for service or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested Director.

Section 3.13 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 3.14 Open Meetings. Subject to the provisions of Section 3.15, all meetings of the Board shall be open to all Members, but a Member other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 3.15 Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

Section 3.16 Powers. The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these Bylaws, the Articles, and as provided by law. The Board may do or cause to be done all acts and things as are not by the Declaration, Articles, these Bylaws, or Tennessee law directed to be done and exercised exclusively by the Members or the membership generally.

Section 3.17 Duties. The duties of the Board shall include, without limitation:

- (a) preparation and adoption of annual budgets and establishing each Owner's share of the expenses of the Association;
- (b) levying and collecting assessments from the Owners to fund the expenses of the Association;
- (c) providing for the operation, care, upkeep, and maintenance of the Common Areas;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the Directors' best business judgment, in depositories other than banks;
- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules and all other books, records, and financial statements of the Association;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Development;

(o) indemnifying a Director, officer or committee member, or former Director, officer or committee member of the Association in accordance with Tennessee law, and in accordance with the Articles of Incorporation and the Declaration; and

(p) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration.

Section 3.18 Management. The Board of Directors may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board of Directors may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in Sections 3.17(a) and 3.17(i). The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

Section 3.19 Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(1) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(2) a statement reflecting all cash receipts and disbursements for the preceding period;

(3) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(4) a balance sheet as of the last day of the preceding period;

(5) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (Any assessment or installment thereof shall be considered to be delinquent on the fifteenth day following the due date unless otherwise specified by resolution of the Board of Directors); and

(6) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes of cash flows for the fiscal year.

Section 3.20 Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together

with all other debt incurred within the previous 12- month period, exceeds or would exceed 10% of the budgeted gross expenses of the Association for that fiscal year.

Section 3.21 Rights of the Association. The Association shall have the right to contract with any Person for the performance of various duties and functions. Such agreements shall require the consent of a majority of the total number of Directors of the Association.

Section 3.22 Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Unit of the violator, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Board to limit ingress and egress to or from a Unit or to suspend an Owner's right to vote due to nonpayment of assessments. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. In the event that any occupant, guest or invitee of a Unit violates the Declaration, Bylaws, or a rule and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 3.23 Notice. Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board or the Committee, if any, appointed pursuant to Article V; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided the Board of Directors or the Committee may, but shall not be obligated to, suspend any proposed sanction if this violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

Section 3.24 Hearing. If a hearing is requested within the aUnitted ten (10) day period, the hearing shall be held before the Committee, if any, or if none, before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 3.25 Appeal. Following a hearing before the Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written

notice of appeal must be received by the Secretary of the Association within ten (10) days after the hearing date.

Section 3.26 Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these Bylaws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or, following compliance with the procedures set forth in the Declaration, by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE IV

Officers

Section 4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President, Vice President, Secretary, and Treasurer shall be elected from among the members of the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as set forth in Article III.

Section 4.3 Removal and Vacancies. Any officer may be removed by the majority vote of the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4.4 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 4.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.6 Compensation. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 3.12 hereof.

ARTICLE V

Miscellaneous

Section 5.1 Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 5.2 Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Tennessee law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 5.3 Conflicts. If there are conflicts between the provisions of Tennessee law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Tennessee law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 5.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, Bylaws, and Articles of Incorporation, any amendments to the foregoing, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Development as the Board shall designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (1) notice to be given to the custodian of the records;
 - (2) hours and days of the week when such an inspection may be made;
- and
- (3) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make a copy of relevant documents at the expense of the Association.

Section 5.5 Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association of the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 5.6 Amendment.

(a) By the Class B Member. Prior to the conveyance of the first Unit by Declarant to a Person other than a Builder, the Class B Member may unilaterally amend these Bylaws. After such conveyance, the Class B Member may unilaterally amend these Bylaws at any time and from time to time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, Fannie Mae or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; or (d) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. During the Class B Control Period, the Class B Member may unilaterally amend these Bylaws for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) By Members Generally. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 75% of the total Class A votes in the Association, and the consent of the Class B Member, if such exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Section 5.7 Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon recordation in the land records of Knox County, Tennessee, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

If an Owner consents to any amendment to the Declaration or these Bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.



SPLIT RAIL

FARM



-  Available Lots
-  Spec Homes
-  Sold Homes
-  Outdoor Kitchen & Entertainment



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