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This instrument prepared by:

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26 PGS : AL - RESTRICTIONS	
FREIDA BATCH: 10687	
10/18/2006 - 11:24:19 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	136.00
DF FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	132.00
STATE OF TENNESSEE, JOHNSON COUNTY	
PATRICIA W. HARTLEY	
REGISTER OF DEEDS	

For Register's C

**DECLARATION OF COVENANT, CONDITIONS, AND
 RESTRICTIONS
 FOR
 NAUTICA COVE SUBDIVISION**

This Declaration of Covenants, Conditions, and Restrictions for NAUTICA COVE SUBDIVISION (the "Declaration") is made this 2nd day of October, 2006, by MITCHELL W. GORDON and wife, CARMEN GORDON (collectively, the "Declarant").

WITNESSETH

WHEREAS, by deed dated November 10, 2005, and recorded at Book 170, Page 631, in the Office of the Register of Deeds for Johnson County, Tennessee, Declarant, is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference and shown on Plat recorded at Plat Book 5, Page 178, in the office of the Register of Deeds for Johnson County, Tennessee (the "Property"); and

WHEREAS, Declarant desires to impose on the Property this Declaration of Covenants, Conditions and Restrictions for NAUTICA COVE SUBDIVISION; and

WHEREAS, Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of all or any portion of the Property made subject to this Declaration by the recording this Declaration and any amendments thereto; and

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property, and any adjacent Property which subsequently is brought within the scope of this Declaration, and the interrelationship of the component residential areas, and to establish a method for the administration, maintenance preservation, use, and enjoyment of such Property as is now or may hereafter be subjected to this Declaration.

NOW THEREFORE, Declarant hereby declares that the above recitals are true and correct, and that simultaneously herewith all of the Property described in Exhibit "A", and any additional property as may by Subsequent Amendment (as defined herein) be added to and subjected to this Declaration, shall be held, sold, and conveyed subject to the following easements, restrictions, covenant, and conditions which are for the purpose of protecting the value and desirability of the Property, and which shall run with the Property subjected to the terms of this Declaration, and which shall be binding, on all parties having any right, title, or interest in the Property, or any part thereof, their heirs, successors, successors - in-title and assigns, and shall inure to the benefit of each owner thereof.

Article I
Definitions

Section 1. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by contract become the responsibility of the Association to maintain, administer or operate. Such contracts may be with the

Declarant, any commercial entity or association, any governmental agency or entity, any public or private utility or other service entity (including but not limited to cable television systems, controlled access system or security system or security system provider), any golf, beach or country club, any apartment building owner, or any association. Such contracts shall include, without limitation, any road maintenance agreement entered into by and between Declarant and Association. Generally, the Association shall maintain all common areas of Nautica Cove Subdivision.

Section 2. "Association" shall mean and refer to NAUTICA COVE ASSOCIATION, INC., a Tennessee non-profit corporation, and its successors and assigns. References to, or rights of or obligations imposed upon the Association contained on plats of the Property shall be deemed to be references to or rights of, or obligations imposed upon NAUTICA COVE ASSOCIATION, INC.. The Association is not a condominium association.

Section 3. "Board of Directors" or "Board" shall be the governing body of the Association, as more particularly described in the Articles of Incorporation and the Bylaws of the Association, and as further provided by Tennessee Law.

Section 4. "Common Facilities" shall consist of such facilities as are constructed and operated on the Property from time to time and designated as such at any time and from time to time. Any references to Common Facilities contained on the Plat of the Property or any portion thereof, shall be deemed to mean the Common Facilities as defined herein.

Section 5. "Common Area" shall mean all real and personal property which the Association now or hereafter owns or otherwise holds for the common use, enjoyment and benefit of the Owners, including, without limitation, any areas designated as such on a plat of all or a portion of the Property and/or the Common Facilities and any roadways drawn on Plat, whether labeled or unlabeled, or designated or undesignated as such. Any reference to Common Area on a plat of the Property or any portion thereof, shall be deemed to mean the Common Area as defined herein.

Section 6. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, including, without limitation, fulfilling its obligations under this Declaration, the Articles of Incorporation and the Bylaws of the Association, capital expenses, reasonable reserves, and operation and maintenance of any Surface Water Management System, common wells, controlled access system, central security system and all other expenses as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws, and the Articles of Incorporation of the Association. During such time as Declarant agrees to subsidize a portion of the Common Expenses pursuant to Article XI, Section 2, the Declarant may elect, in its discretion, not to subsidize the portion of the Common Expenses for reasonable reserves which are a portion of the Common Expenses. Any such reasonable reserves shall be waived by the Association during such time.

Section 7. "Declarant" shall mean Mitchell W. Gordon and wife, Carmen Gordon, and the heirs, successors and assigns of any or all of its rights under this Declaration as specified by Declarant.

Section 8. "Declaration of Covenants, Conditions and Restrictions" or "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for NAUTICA COVE SUBDIVISION and all amendments, including without limitation, Subsequent Amendments, additional phases and modifications as are from time to time recorded in the Public Records of Johnson County, Tennessee, which shall encumber all or a portion of the Property regardless of ownership and land use. References to the Declaration contained on any Plat of the Property shall be deemed to mean the Declaration as defined herein.

Section 9. "Design Review Committee" or "DRC" shall mean the committee created and established by and pursuant to this Declaration which is responsible for review and approval of all plans, specifications and other materials describing or depicting improvements proposed to be constructed on any portion of the Property and for adopting an application and review procedure in that respect, all as further provided in the Declaration.

Section 10. "Design Review Manual" or "Manual" shall mean that document or those documents adopted, promulgated and published by the Design Review Committee, as the same shall be amended from time to time, setting forth architectural, maintenance, and landscape design criteria, and development standards and specifications, together with standards of construction quality to be used as the criteria for determining compliance with this Declaration and the acceptability of those components of buildings, structures, landscaping and all other improvements constructed, erected, placed or installed upon the Property, and procedures to be used to review and enforce such standards and specifications, as more particularly provided in Article XII.

Section 11. "Nautica Cove" or "Nautica Cove Subdivision" shall mean and refer to such property which was previously owned, is now owned, or may hereafter be owned by Declarant or any successor or assign of Declarant, and is now or shall be hereafter submitted to this Declaration.

Section 12. "General Assessment" shall mean and refer to assessment(s) levied to fund Common Expenses which shall be applicable to all Owners, unless otherwise provided herein.

Section 13. "Institutional Mortgagee" shall mean (a) a lending institution having a first or second mortgage lien upon a portion of the Property including, without limitation, any of the following institutions: a Federal or State savings and loan or building and loan association, a national or state, savings, commercial, or other bank, or real estate investment trust, or mortgage banking company, or mortgage company, or life insurance company, or a private or public pension fund, a credit union, real estate or mortgage investment trust, or any other lending or investing institution generally and customarily recognized as being engaged in the ordinary course of its business, in making, holding, insuring or guaranteeing first lien priority real estate mortgage loans; or (b) any agency of the United States Government, the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration and Veterans Administration and other secondary mortgage market institutions which have acquired a first mortgage upon a portion of the Property; or (c) any and all investors or lenders, or the successors and assigns of such investors or lenders which have loaned money to Declarant to acquire, or construct improvements upon, the Property and who have a mortgage lien on all or a portion of the Property securing such loans; or (d) the Declarant, to the extent that Declarant shall hold a mortgage upon any portion of the Property, and all successors, assigns, assignees and transferees of Declarant who shall own or hold any mortgage upon the Property or any portion or any portion thereof which was originally executed and delivered to and owned and held by Declarant. A mortgage held by an Institutional Mortgagee shall be an "Institutional Mortgagee".

Section 14. "Lot" shall mean those parcels or tracts of land separately designated by lot numbers as shown on any Plat for Nautica Cove Subdivision, whether now recorded, or hereafter recorded, including, without limitation, any Lot which shall hereafter be added to Nautica Cove Subdivision and subjected to the covenants, conditions and restrictions of the Declaration by a Subsequent Amendment as more fully set forth in Article IX hereof.

Section 15. "Member" shall mean and refer to a person or entity entitled to membership in the Association as provided in this Declaration.

Section 16. "Owner" shall mean and refer to one or more Persons who hold the record title to any Lot in Nautica Cove Subdivision, including any builder or building contractor, and the Declarant and its successors and assigns, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded agreement for deed, the contract vendee will be deemed the owner.

Section 17. "Person" means a natural person, a corporation, a general or limited partnership, a limited liability company, an association, two or more persons having a joint or common interest, a governmental agency, a business trust, an estate, a trust, a trustee, or any other legal entity.

Section 18. "Property" shall mean and refer to the real property described in Exhibit "A", and all other real property as from time to time may be subjected to the covenants, conditions and restrictions of the Declaration by a Subsequent Amendment as more fully set forth in Article VIII hereof.

Section 19. "Special Assessment" shall mean and refer to assessments levied in accordance with Article XI, Section 3 of this Declaration.

Section 20. "Subsequent Amendment" shall mean any amendment to this Declaration, whether or not Such amendment is submitting additional property to the terms of the Declaration. A Subsequent Amendment may, but is not required to, impose, expressly, or by reference, additional restrictions and obligations on the property submitted by that Subsequent Amendment to the provisions of this Declaration.

Section 21. "Surface Water Management System" shall mean and be defined as all land, easements and other facilities and appurtenances which together constitute and comprise that portion of any master surface water management and drainage system located within the Property, whether or not it serves the Property, which may be part of the Common Area and may be designated as such by a plat.

Section 22. "Turnover" shall mean the date as more particularly provided in Article IV, Section 7 of this Declaration and the Bylaws of the Association, after which the Declarant no longer shall have the right to appoint a majority of the Board, and the Members shall assume control of the Association.

Article II Objects and Purposes

The covenants, conditions, restrictions, easements and reservations set forth in this Declaration are hereby imposed upon the Property to create, develop, foster, maintain, preserve and protect within the Property a unique, pleasant, attractive and harmonious physical environment which will contribute to and enhance the quality of life for all Owners; to ensure that the development of the Property will proceed pursuant to a uniform plan of development with consistently high architectural, environmental, ecological and aesthetic standards; to encourage the development, construction, maintenance and preservation of architecturally and aesthetically attractive and harmonious improvements on the Property, appropriately designed for and properly located on the Property; to provide for the future ownership, management, administration, improvement, care, maintenance, use, regulation, preservation and protection of all Common Areas, and to provide for and assure the availability of the funds required therefore; and to provide Declarant with effective

control over the development, management, marketing, and sale of the Property until Turnover.

Article III
Property Rights

Section 1. Owner's Rights. Declarant and every owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area for the Purpose for which they are intended, subject to this Declaration, any easements reserved therein or granted by Declarant, and to any restrictions or limitations contained in any deed or Subsequent Amendment to this Declaration conveying to the Association or subjecting to this Declaration such property as Common Area. Such non-exclusive right or easement is Subject to (i) the right of the Association to limit the number of guests of Owners or Owners who may use Common Area from time to time; (ii) the right of the Association to promulgate, establish and enforce reasonable rules and regulations pertaining to the use of Common Area; (iii) the right of the Association to take such steps as are reasonably necessary to maintain, preserve and protect the Common Area; and (iv) the right of the Association to suspend same, except as to Declarant, during any time in which any assessments levied by the Association against such owner remain delinquent for a period of thirty (30) days or more, or for a period not to exceed thirty (30) days for any single infraction of the rules and regulations. Such suspension shall not affect the Owner's right of ingress and egress to his Lot. Any Owner may delegate his right of enjoyment in and to the Common Area to the members of his family, his tenants, guests or other invitees; subject to reasonable regulation by the Association and in accordance with procedures it may adopt. No Owner may exempt himself from personal liability for or exempt his Lot, or that portion of Property owned by him from any assessments duly levied by the Association, or release the Lot, or such portion of the Property owned by the Owner from liens, charges, encumbrances and other provisions of this Declaration or the rules and regulations of the Association by (a) the voluntary waiver of the right, privilege and easement for the use and enjoyment of the Common Area; (b) the abandonment of his Lot, or portion of the Property owned by Such Owner; or (c) by conduct which results in temporary suspension of such use rights.

Section 2. Leasing. Owners shall be permitted to lease or rent their Lots, as improved or unimproved, subject to the following procedures and conditions:

a. An Owner who desires to lease his Lot to a third party shall be responsible for complying with any and all federal, state, county or municipal statutes, laws, ordinances, regulations, rules or restrictions regarding same.

b. The owner shall continue to be responsible to the Association for the payment of all General and Special assessments and shall be further responsible to ensure that his tenant(s), his tenant's guests, invitees, agents and family members, are in compliance with the provisions of this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association.

c. No "Time Sharing Plan" as that term is defined in T.C.A. §66-32-101, *et. seq.* or any similar plan of fragmented or interval ownership of Lots shall be permitted, and no attempt to create same by lease or otherwise shall be allowed.

d. The foregoing restrictions in this Section 2 shall not apply to Lots or any portion of the Property owned by or leased by or to the Declarant.

Section 3. Board of Director's Rights. The Board, in its sole discretion, by resolution may extend permission to selected non-owners of any interest in the Property, to use portions of the Common Area subject to such terms and conditions as the Board may impose.

Section 4. Declarant's Rights. Declarant's rights to use of the Common Area shall not be subject to limitation or suspension as provided in Article III, Section 1. Further, neither Declarant nor any Lot or portion of the Property owned by Declarant shall be subject to the provisions of this Article III.

Section 5. Restricted Access to Common Facilities. Access to the Common Facilities or to any part thereof, is strictly subject to the rules, regulations and any other procedures adopted by the Association; however, ownership of any portion of the Property shall confer upon such Member or owner the right to use the Common Facilities in conjunction with ownership of any Lot or portion of the Property.

Section 6. Water Supply. If the Association supplies water, then the lot owners must use it and cannot have private wells, but if the Association does not supply water, then the lot owner can have private wells.

Article IV Membership, Voting Rights, and Board of Directors

Section 1. Membership. Except as provided in Article IV, Section 5, every Owner, including Declarant, automatically and mandatorily shall be a Member of the Association upon becoming an Owner. In the event the Owner of a Lot is more than one person, votes and rights of use and enjoyment shall be as provided herein. Membership in the Association may not be refused, waived or surrendered, but, except as to Declarant, a Member's voting rights and use and enjoyment of the Common Area may be regulated or suspended as provided in this Declaration, the Articles, the Bylaws, or the rules and regulations of the Association.

Section 2. Corporate or Multiple Ownership.

a. If title to a Lot is held by a corporation, a general or limited partnership (or any variation thereof, or a limited liability company, then one person must be designated by such entity as the Member for such Lot, in a written instrument provided to the Secretary of the Association.

b. If title to a Lot is held by multiple Owners, not in a marital relationship, then one person must be designated as the Member, in a written instrument signed by all Owners of the Lot and provided to the Secretary of the Association. In the case of a marital relationship, either spouse may be the Member, without establishing the concurrence of the remaining spouse, except there may only be one Member as to such Lot. Such Member designation shall not relieve any Owners of the Lot from joint and several liability for any assessments imposed on the Lot.

Section 3. Transfer of Membership. Membership in the Association shall be appurtenant to and may not be separated from the ownership interest of an owner in his, her or its Lot. The membership of an owner in the Association shall not be transferred, pledged or alienated in any way, except that such membership automatically shall be transferred and assigned upon the transfer of the ownership interest required for membership in the Association. Upon the transfer of the ownership interest required for membership in the Association, the Association shall have the right to record any such transfer upon the books and records of the Association without any further action or consent by the transferring owner or any transferee Owner. Any attempted transfer of membership or transfer of ownership without a concurrent transfer of membership prohibited by this Section 3 shall be void and of no force and effect, and the Association shall have standing to rescind said transfer of membership or pursue any other legal or equitable remedies available to it, including, without limitation, the recordation of a notice of the void transfer of membership in the Public Records of Johnson County, Tennessee. In the event an

Owner of a Parcel subdivides all or a portion of such Parcel into Lots, then such owner shall be deemed a Member as to each Lot, except to the extent such Owner is a builder or building contractor as provided in Article IV, Section 5.

Section 4. Builders Excluded. Notwithstanding the foregoing provisions of this Article IV, a builder or building contractor, with the exception of Declarant, who, in the normal course of his or its business, purchases and thereby becomes the record Owner of an unimproved Lot for the purpose of constructing thereon a home or residential dwelling and related improvements for resale to and occupancy by a third party shall not thereby become a Member of the Association. An unimproved Lot owned by any such builder or building contractor, with the exception of Declarant, shall be subject to the provisions of this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association. The Declarant shall be entitled to vote the number of votes such Owner of a Lot would be entitled to vote, if such Owner was a Member and not a builder or building contractor. Provided however, that if a builder or building contractor constructs a residence on a Lot and thereafter occupies that residence which he has constructed, he shall thereafter be considered to be an Member solely as to that Lot, with all of the rights and obligations that pertain thereto in accordance with this Declaration.

Section 5. Voting.

a. With the exception of Declarant, until after Turnover, each Owner of a Lot who is a Member shall be entitled to one (1) vote for each Lot in which it holds the interest required for membership as set forth in this Article IV. There shall be only one (1) vote per Lot.

b. The Declarant shall have, until Turnover, five (5) votes for each Lot which remains unsold. After Turnover the Declarant shall have the same voting rights as a Member provided in Article IV, Section 6(a).

c. No cumulative voting shall be permitted.

Section 6. Turnover of Control. The Developer shall be entitled to have Turnover occur upon the sale of sixty percent (60%) of all Lots planned for all present and future phases of Nautica Cove, or at any time thereafter; provided, however, that Turnover shall occur not later than the sale of one hundred percent (100%) of all Lots planned for all present and future phases of Nautica Cove.

Section 7. Board of Directors. The Declarant shall be entitled to appoint a majority of the board of Directors until Turnover, at which time the election of a Board of Directors shall be governed by the Bylaws of the Association, provided, however, that the Declarant shall continue to be entitled to appoint one member of the Board of Directors so long as Declarant holds for sale in the ordinary course of business at least five percent (5%) of the Lots to be added in all phases of Nautica Cove.

Article V
Maintenance

Section 1. Association's Responsibility The Association shall maintain, keep in good repair and restore the Common Area, roadways, paths, common wells and any Surface Water Management System, including such portions of the foregoing located within the Common Facilities. Such maintenance is to be funded as part of the Common Expenses. This maintenance shall include, but not be limited to, maintenance, repair, restoration and replacement, of all landscaping structures above or below ground (including without limitation common drainage or irrigation systems), and improvements situated upon any Common Areas, and such other actions as may be required pursuant to the terms and conditions of any agreement of the Association.

Section 2. Owner's Responsibility. In accordance with this Declaration and any Subsequent Amendments hereto, all maintenance of all structures (above and below ground), parking areas, and other improvements within a Lot shall be the sole responsibility of the owner thereof who shall perform such maintenance in a manner consistent with any Design Review Manual or other regulations of the Design Review Committee and the applicable covenants of the Declaration and the Rules and Regulations of the Association, except as otherwise provided in the Declaration or any additional covenants, conditions and restrictions that may be imposed on a portion of the Property. Provided, further, if the maintenance required herein is not properly performed by the Owner in the opinion of the Design Review Committee or the Association, the Association may in its sole discretion perform such maintenance and assess the Owner for the cost of same, but the Association shall have no obligation to perform any such maintenance.

Article VI
Insurance and Casualty Losses

Section 1. Insurance. The Board of Directors, or its duly authorized agent, shall have the authority to procure insurance coverage for the Association, its directors, officers and Members collectively by virtue of their directorship, services as an officer, or membership in the Association, if the same shall be available at reasonable cost, as follows:

a. The Association may maintain casualty insurance covering the Common Area, the Common Facilities, and other real and personal property owned by the Association, or that for which it is responsible if the same shall be available at reasonable costs, as follows: The insurance coverage shall be in amounts and with deductibles determined by the Board. Should any property which the Association is required to insure, be damaged or destroyed by any act, omission or fault of an Owner, as determined by a court of competent jurisdiction, nothing contained in this Declaration shall be deemed to prohibit the Association and/or its insurers from seeking any remedies it may have in law or in equity against the offending Owner(s).

b. The Association shall maintain liability insurance covering any liability the Association, its directors, officers and Members by virtue of their directorship, services as an officer, or membership in the Association, may assume under common law or by contract, for claims for damages, for bodily injury, sickness, disease or death of any person, other than an employee of the Association, and for the loss, injury or destruction of tangible real or personal property including loss of use resulting therefrom. The limits of coverage shall be determined by the Board. Should any claim for damages for bodily injury, sickness, disease or death of any person or for loss, injury or destruction of tangible real or personal property be made against the Association, its directors, officers or Members by virtue of their directorship, services as an officer, or membership in the Association, which resulted from any act, omission or fault of an Owner, as determined by a court of competent jurisdiction, nothing contained in this Declaration shall be deemed to prohibit the Association and/or its insurers from seeking any remedies it may have in law or in equity against the offending Owner(s).

c. The Association shall maintain workmen's compensation insurance in compliance with the laws of the state of Tennessee and any applicable federal laws covering the Association's obligations to its employees. Notwithstanding the foregoing, the Board may vary the scope of the coverage of the foregoing insurances in this Section 1, obtain other insurances as it determines appropriate, or delete any of the coverages of the foregoing insurance if it deems it appropriate.

Article VII
No Partition

Except as is permitted in the Declaration or Subsequent Amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Property or any part thereof seek any such Judicial partition. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property, nor from acquiring and disposing of real property as otherwise provided in this Declaration or required by any, governmental agency or entity thereof, nor from acquiring title to real property which may, or may not be subject to this Declaration.

Article VIII
Annexation of Additional Property

Section 1. Annexation. Declarant shall have the unilateral right, privilege, and option, from time to time, at any time before December 31, 2025, to subject to the provisions of this Declaration and the jurisdiction of the Association any real property, whether in fee simple or leasehold, by filing in the Public Records of Johnson County, Tennessee, a Subsequent Amendment executed only by the Declarant, annexing the property as part of the Property, and subjecting such property to the terms and provisions of the Declaration, thereby including such property within the Property, except as otherwise provided in the Subsequent Amendment. Such Subsequent Amendment to this Declaration shall not require notice to or the vote or approval of any Members or Institutional Mortgagees or other mortgagees or any other Person whatsoever. Any such annexation shall be effective upon the recording of such Subsequent Amendment in the Public Records of Johnson County, Tennessee, unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other Person the said right, privilege, and option which is herein reserved to Declarant to annex additional property.

Section 2. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, including but not limited to roads, which upon conveyance or dedication to the Association automatically shall be accepted by the Association, and thereafter shall be maintained by the Association at its expense for the benefit of all Owners and be deemed Common Area. Such conveyance may occur by noting such areas on any plat recorded in the office of the Register of Deeds for Johnson County, Tennessee, by which any additional property is annexed to Nautica Cove Subdivision and or subjected to the terms and conditions of this Declaration, or by deed.

Section 3. Amendment. This Article shall not be amended without the prior written consent of Declarant, unless Turnover has occurred and the Declarant owns no portion of any Property subject to the terms of the Declaration.

Article IX
Rights and Obligations of the Association

Section 1. Common Area and Rights-of-Way. The Association, subject to the rights of the Owners set forth in this Declaration, and to the terms of any easement granted to utility companies, the Declarant, or others, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and landscaped areas) , but excluding such utilities or services installed in easements and falling under the management and control of others, and shall keep the Common Area in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of

tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall be obligated to accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant, and as to real property, subject to all matters of record which relate thereto.

Section 3. Rules and Regulations. The Declarant, prior to turnover and the Association, through its Board of Directors, subsequent to Turnover, may make and enforce reasonable rules and regulations governing, the use of the Property and the Common Areas and Common Facilities, which rules and regulations shall be consistent with the rights and duties established by this Declaration, and which rules and regulations shall be subject to the prior written consent and approval of the Declarant until Turnover. Sanctions may include reasonable monetary fines and the right to place liens upon Lots to recover such fines as a charge on and running with the Lot, and suspension of the right to vote and the right to use the Common Area (except such suspension shall not affect an Owner's right to ingress and egress to his Lot). The Declarant shall be exempt from such sanctions, and the Association shall have no power to impose such sanctions on Declarant. The Board shall, in addition, have the power on behalf of the Association to seek relief in any court for violations or to abate nuisances. In addition, the Association, through the Board, may, by contract or other agreement, enforce ordinances or permit the appropriate governmental entity having jurisdiction to enforce ordinances on the Property for the benefit of the Association and its Members.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws, and rules and regulations of the Association and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Article X Assessments

Section 1. Creation of Assessments. The Association, through its Board of Directors, shall have the power to make, levy, enforce and collect General Assessments, Special Assessments, Lot Assessments and such other assessments as are provided for by this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association. Each Lot and each Owner of a Lot, shall by acceptance of a deed or other conveyance of title to the Lot, whether or not it shall be expressly stated in any such deed or other conveyance, be obligated for and be deemed to have covenanted and agreed to pay to the Association, all assessments, whether General Assessments, Special Assessments or Lot Assessments, levied and imposed by the Association pursuant to the Declaration.

Section 2. General Assessments.

a. The Board of Directors, on or before November 1 of each year, shall prepare and adopt a budget for Common Expenses for the upcoming calendar year. In order to determine the amount of the General Assessment for each Lot for such year, the total amount of the Common Expenses so estimated shall be divided by the total number of Lots contained in the Property. Prior to Turnover, the Declarant, in its sole and absolute discretion may agree to subsidize on a monthly basis a portion of the Common Expenses, as determined by Declarant, provided the Lots or other property owned by the Declarant shall not be subject to General Assessments during the period of the subsidy, and provided the remaining portion of the Common Expenses not subsidized shall be divided by the number of non-Declarant owned Lots. The Declarant may determine in its discretion, if it will subsidize a portion of the Common Expenses, what portion of the Common Expenses it will subsidize, when it will commence such subsidy and when it will terminate such subsidy. Nothing herein shall prohibit the

Declarant from discontinuing its subsidy at any time, or recommencing same if it determines in its discretion to do so. However, it is intended by Declarant that such subsidy shall finally terminate at such time as Declarant so determines, and that upon such termination, the Lots shall bear all Common Expenses as provided above.

Payment by the Declarant of General Assessments based on the number of Lots it owns, or in the alternative, payment by the Declarant of the subsidy provided in this Section, shall constitute full payment of all General Assessments owed by Declarant under this Declaration.

b. The Board shall, on or before September 15 of each year, provide to each Owner a copy of the adopted budget of the Association for the upcoming year and written notice of the amount of the General Assessment to be levied against each Lot for the upcoming year and the dates upon which installments for the same shall become due and payable.

c. The initial General Assessment for the calendar year 2007 shall be Four Hundred Fifty Dollars (\$450.00) per Lot.

d. After the calendar year 2007, and prior to Turnover, the Association shall not establish, make, levy, impose, enforce and collect any General Assessment which is increased over the amount of the General Assessment for the immediately preceding calendar year by more than twenty percent (20%).

Section 3. Special Assessments. In addition to other assessments for which provision is made in this Declaration, the Association may levy and collect from time to time, Special Assessments for any purpose directly related to the discharge of its duties and obligations pursuant to this Declaration, provided, however, that any Special Assessment shall have the prior approval of a majority of the votes of Members voting in person or by proxy, at a general membership meeting called for such purpose, and for which written notice specifying, the purpose and amount of the proposed Special Assessment is sent to all Owners at least thirty (30) days prior to such meeting. Special Assessments shall be allocated in the same manner as General Assessments as provided in Section 2, if the Declarant is subsidizing the General Assessments at the time of such Special Assessments, Declarant may determine in its discretion whether it desires to subsidize the Special Assessment or pay same based on the number of Lots it owns. If Declarant does not approve the Special Assessment, then same may not be assessed against Declarant or the Lots or other portions of the Property it may own. All sums collected as Special Assessments shall be used only for the purpose for which such Special Assessment was levied and said sums shall be deposited in a separate interest bearing bank account, and not commingled with any other funds of the Association.

Section 4. Lot Assessments. In addition to any other assessments for which provisions are made in this Declaration, the Association may levy and collect from and against a particular Lot and the Owner of such Lot, those Lot Expenses incurred or anticipated to be incurred by the Association specifically related to such Lot.

The Association also may levy a Lot Assessment against the Owner(s) of any Lot to reimburse the Association for costs incurred in bringing the Lot into compliance with the provisions of this Declaration, any Subsequent Amendments thereto, the Design Review Manual, the Articles of Incorporation, the Bylaws and rules and regulations of the Association.

The Association may levy a Lot Assessment for the purposes provided in the Declaration, upon a vote of the Board, after notice has been given to the Owner or Owners of such affected Lot and such owners have been given an opportunity to be heard by the Board of Directors.

Section 5. Date of Commencement of General Assessments. The first General Assessment as to each Lot shall be adjusted according to the number of months then remaining in that fiscal year. The General Assessments shall commence in installments not more frequently than quarterly in advance on the first day of the month after such Lot is platted.

Section 6. Insufficient General Assessments. In the event that the Association shall determine during any calendar year that the General Assessment established for such calendar year is or will become inadequate or insufficient to meet all Common Expenses for such calendar year, for whatever reason, the Board of Directors shall be entitled to immediately determine the approximate amount of the deficiency or inadequacy of the General Assessment for such fiscal year, issue a supplemental estimate of Common Expenses to all Owners and within thirty (30) days thereafter establish, make, levy, impose, enforce and collect a supplemental or revised General Assessment for such calendar year.

Section 7. Payment of Assessments. General Assessments shall be due and payable in advance. If any owner fails to pay an installment of a General, Special or Lot Assessment within thirty (30) days after it is due, the Board may, by written notice to the Owner, accelerate the remaining installments of such assessment for the fiscal year.

Section 8. Delinquency. Any assessment established, made, levied or imposed by the Association pursuant to and in accordance with this Declaration which is not paid on its due date shall be delinquent. If the delinquent assessment is not paid within ten (10) days following the due date, the Association, in its discretion, shall be entitled to impose a late charge of five percent (5%) of the delinquent assessment to cover the administration of such delinquent assessment. Additionally, any such unpaid assessment shall bear interest from the date of delinquency at the highest rate then allowed by the laws of the State of Tennessee or such lesser rate as shall be determined by the Board of Directors in its discretion. These rights are in addition to any other rights the Association possesses under the Declaration, except as to Declarant, the Board may temporarily suspend the voting rights of a Owner who is in default in payment of any assessment, or the rights of such Owner to use the Common Area (except to the extent necessary to provide ingress and egress to such Owner's Lot).

Section 9. Lien for Assessments. All assessments established, made, levied and imposed by the Association pursuant to this Declaration, together with interest, late charges, costs and expenses, including attorney's and paralegal's fees associated with the collection thereof (whether suit be brought or not) shall be a lien upon each Lot against or with respect to which any such assessment is made or levied and shall run with the land.

Section 10. Personal Liability for Assessments. In addition to the lien for such assessments, each such assessment, together with interest, late charges, costs and expenses, including attorney's fees associated with the collection hereof (whether suit be brought or not) also shall be the personal obligation and liability of the owner of the Lot against or with respect to which any such assessment is made, levied or imposed at the time such assessment is so made, levied or imposed. If there are multiple Owners of a Lot, each owner shall be jointly and severally liable for such assessments, together with interest, late charges, costs and expenses, including attorney's, and paralegal's fees associated with the collection thereof (whether suit be brought or not). Such personal liability for assessments made, levied or imposed pursuant to this Declaration prior to the sale, transfer or other conveyance of a particular Lot shall not, by virtue of any such sale, transfer or other conveyance, pass to such Owner's successor or successors in title, unless such personal liability of the Owner shall be expressly assumed as the personal obligation of such successor or successors in title; provided, however, that no such assumption of personal liability by such successor or successors in title shall relieve any

owner otherwise personally liable for payment of assessments from the personal liability and obligation for the payment of the same.

Section 11. Subordination of Assessment Lien. Liens for all assessments provided in this Declaration shall be and are hereby made junior, inferior and Subordinate in all respects to the lien of an Institutional Mortgage upon a particular Lot. The sale, transfer or conveyance of title to a particular Lot shall not affect the effectiveness, viability or priority of any assessment lien or the personal liability of the owner of such Lot for the payment of any assessment; provided, however, that the sale, transfer or conveyance of title to a particular Lot pursuant to judicial proceeding foreclosing an Institutional Mortgagee shall extinguish the lien of such assessments (but not the personal liability of any person liable for such assessments hereunder) as to payments on account thereof which became due and payable prior to such foreclosure, sale, transfer or conveyance. However, no such foreclosure sale, transfer or conveyance shall release such Lot or the Owner of that Lot from the personal obligation or liability for the payment of any assessments accruing or becoming due and payable subsequent to such sale, transfer or conveyance.

Section 12. Notice of Lien. The Association shall, at any time following the expiration of Thirty (30) days following the due date of any assessment, be entitled to cause a claim of lien for such delinquent assessments to be filed among the Public Records of Johnson County, Tennessee. Any such claim of lien shall, among other things, state and identify the legal description of the Lot against or with respect to which the lien is claimed, the name of the record Owner of such Lot as best known to the Association as determined from its records, the amount of the lien claimed, including interest, late charges, and costs and expenses associated with collection, including attorney's and paralegal's fees, if any, accrued to the date of the execution of such claim of lien. Such claim of lien shall be executed by the President, Secretary, Treasurer or any other officer of the Association thereunto duly authorized by the Association or by the management agent for the Association. Within seven (7) days of the recording of the same, a copy of such claim of lien shall be sent to the Owner of the Lot against or with respect to which such lien is claimed by either: (a) United States certified or registered mail with return receipt requested and with postage prepaid to the street address of the Lot, or (b) hand delivery to the mailbox of the Lot.

Section 13. Foreclosure of Assessment Lien. The Association, at any time subsequent to the filing of the aforesaid claim of lien among the Public Records of Johnson County, Tennessee, against or with respect to a particular Lot, shall be entitled to bring an action in the Circuit or Chancery Court for Johnson County, Tennessee, to foreclose the lien of the Association for delinquent assessments evidenced by such claim of lien in the same manner as mortgage liens are foreclosed. Any judicial sale pursuant to such foreclosure action shall be conducted as ordered by the Court and/or in accordance with the provisions of T.C.A. §35-5-101, *et seq.*, as amended or replaced from time to time. The Association shall have the right and power to bid at any foreclosure sale with respect to any lien foreclosed by it using its judgment for the delinquent assessment. Association funds, or funds otherwise borrowed by the Association for that purpose, and if the successful bidder at such foreclosure sale, to acquire, own, hold, lease, sell, mortgage and convey any Lot upon or with respect to which it has foreclosed its lien for delinquent assessments.

Section 14. Collection from Owner. The Association shall, at any time following the expiration of Thirty (30) days following the due date of any assessment, in addition to any other remedy, also be entitled to bring an action at law for the recovery and collection of such delinquent assessment in the Circuit or Chancery Court for Johnson County, Tennessee, against the Owner of the Lot personally obligated for the payment of such delinquent assessment. If there are multiple Owners of a Lot, each owner shall be jointly and severally liable for any assessments made against such Lot. Each Owner of a Lot, by the acceptance of a deed or other conveyance of the Lot owned by him, shall

be deemed to have agreed and consented to the jurisdiction of said Court over the person of such Owner for purposes of any action at law for the recovery and collection of any delinquent assessment for the payment of which he is personally obligated.

Section 15. Judgment Amount. Whether in an action at equity to foreclose the lien of the Association for delinquent assessments, or in an action at law for the recovery and collection of any such delinquent assessment from the owner of the Lot personally obligated for the payment of the same, the Association shall be entitled to recover in such proceedings the amount of such delinquent assessment, together with late charges and interest thereon, if any, and such costs and expenses, including reasonable attorney's and paralegal's fees, associated with the enforcement, recovery and collection thereof as may be awarded by the court.

Section 16. Remedies Cumulative. The remedies herein provided for the collection and enforcement of assessments and the foreclosure of the lien therefor shall be cumulative and not alternative; it being expressly provided that any suits brought for the collection of assessments against the Owner personally obligated and liable for the payment of the same and for the foreclosure of the lien herein provided against the Lot involved, may be brought separately or simultaneously as separate counts in the same action.

Article XI Architectural Standards

Section 1. All Improvements Subject to Approval. Except in compliance and conformance with and pursuant to plans and specifications therefore, which shall first have been submitted to and reviewed and approved in writing by the Design Review Committee.

a. No construction, which term shall include within its definition staking, clearing, excavating, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place;

b. no buildings, structures, walls, fences, pools, decks, patios, porches, carports, paving, driveways, sidewalks, landscaping, planting, irrigation, landscape device or object, or other improvements of any kind, nature or description, whether timely decorative, functional or otherwise, shall be commenced, constructed, erected, made, placed, installed or maintained upon any of the Property;

c. Nor shall any change or addition to or alteration or remodeling of the exterior of any previously approved buildings, structures, or other improvements of any kind, including, without limitation, the painting of the same (other than painting, with the same color and type of paint which previously existed) be made or undertaken upon any of the Property.

Section 2. Standards for Review and Approval. The Design Review Committee shall have exclusive jurisdiction over all construction or improvements on any portion of the Property including, without limitation the activities set out in Section 1 of this Article.

Section 3. Design Standards and Design Review Manual. The Design Review Committee may, but shall not be required to, develop, adopt, promulgate, or publish a Design Review Manual, on behalf of the Board, and make a copy of same available to all Owners and others who may be interested, either directly or through the Association, at a reasonable charge. The Design Review Manual may from time to time be changed, modified and amended. The Design Review Manual shall set forth detailed architectural and landscape design standards, specifications and criteria to be used by the Design Review Committee as a guide or standard for determining compliance with this Declaration and the acceptability of those components of development,

construction and improvement of any portion of the Property requiring review and approval by the Design Review Committee.

Section 4. Appointment of Design Review Committee. Notwithstanding anything to the contrary set forth in or which may otherwise be implied from this Declaration or the Articles of Incorporation, Bylaws or rules and regulations of the Association, the Declarant hereby reserves unto itself and shall hereafter have and retain, until the sale of one hundred percent (100%) of the Lots planned in all phases of Nautica Cove Subdivision has occurred, the right to appoint and replace from time to time all members of the Design Review Committee. After Turnover, the Design Review Committee shall consist of at least three (3), but no more than five (5), persons who need not be Owners.

Section 5. Enforcement and Amendment. The Declarant, prior to Turnover, and the Board of Directors on behalf of the Association, subsequent to Turnover, shall have the authority and standing to enforce in courts of competent jurisdiction the decisions of the DRC established in this Article. This Article may not be amended prior to Turnover, without the Declarant's prior written consent.

Section 6. Declarant Exempt. The Declarant shall be exempt from compliance with the provisions of this Article XII.

Section 7. Duration of Approval. Any approval of plans, specifications and other materials, by the Design Review Committee, shall be effective for a period of one (1) year from the effective date of Such approval. If construction or installation of the building, structure or other improvement for which plans, specifications and other materials have been approved has not commenced within said one (1) year period, such approval shall expire, and no construction shall thereafter commence without a resubmission and approval of the plans, specifications and other materials previously approved. The prior approval shall not be binding upon the Design Review Committee on resubmission in any respect.

Section 8. Interior Alterations Exempt. Nothing contained in this Article XII shall be construed so as to require the submission to or approval of the Design Review Committee of any plans, specifications or other materials for the reconstruction or alteration of the interior of any building, structure or other improvement constructed on the Property after having been previously approved by the Design Review Committee, unless any proposed interior construction or alteration will have the effect of changing or altering, the exterior appearance of such building, structure or other improvement.

Section 9. Waivers, Exceptions and Variances by the DRC. Notwithstanding anything to the contrary set forth in or which may otherwise be implied from the terms and provisions of this Declaration, the DRC shall have the right and privilege, but not the obligation, upon a showing of good cause therefor, to: (a) grant waivers with respect to any existing or proposed deviation from, or violation or infraction of, the building restrictions specified in the Design Review Manual, or this Declaration, in the reasonably exercised good faith judgment and discretion of the DRC, if the DRC shall determine or decide that such deviations, violations or infractions are de minimis, minor, or insignificant, (b) grant waivers of, exceptions to, or variances from, the building restrictions specified in the Design Review Manual, or this Declaration where special conditions and circumstances exist which are peculiar to a particular Lot and not generally applicable to other Lot (e.g., because of its unusual size, configuration or location) or where a literal interpretation or application of any such building restriction to a particular Lot would be inappropriate, inequitable or otherwise work or result in a hardship or deny such Lot and the owner(s) thereof specific rights which are generally enjoyed by other Lots and Owner(s); it being expressly provided, however, that, in all cases, the DRC, in its exercise of such right and privilege shall, in its reasonably

exercised and good faith judgment and discretion, determine or decide that its grant of any such waiver, exception or variance shall not result in, represent, be or constitute a significant deviation of or derogation from (x) the uniform plan of development for the Property, (y) the high architectural, ecological, environmental and aesthetic standards otherwise established for the Property or (z) the objects and purposes of this Declaration. To the extent that any such waiver, exception or variance is granted in a particular instance or with respect to any particular Lot(s) or improvement(s) pursuant to the provisions of this Section, the same shall not be deemed to be a precedent for the granting of such or any similar waiver, exception or variance in any other particular instance or any other particular Lot(s) or improvement(s).

Section 10. Exculpation for Approval or Disapproval of Plans. Neither the Declarant, nor any member of the Design Review Committee, nor any officer, director, employee, agent or Member of the Association, shall be liable or accountable in damages or otherwise, neither jointly nor severally, to any Owner or other Person whatsoever by reason of or on account of any decision, approval or disapproval of any plans, specifications or other materials required to be submitted for review and approval pursuant to the provisions of this Article, nor for any mistake in judgment, negligence, misfeasance or nonfeasance related to or in connection with any such decision, approval or disapproval.

Article XII Use Restrictions

The Property and any property subsequently subject to these Declarations shall be used only for residential, recreational, and related purposes, including, without limitation, subsurface sewage disposal and/or drain fields, as may more particularly be set forth in this Declaration, subsequent amendments thereto or subsequently recorded declarations. Until Turnover, the Declarant and subsequent to Turnover, the Association, acting through its Board of Directors, shall have the authority to make, to enforce, to amend and to delete standards and restrictions governing the use of Lots, Common Areas and Common Facilities, in addition to those contained herein, and to impose reasonable user fees for Common Facilities. Such regulations and use restrictions shall be binding upon all Owners and occupants until and unless overruled, cancelled or modified in a general or special meeting of the Association by Owners representing a majority of the total votes at such meeting. The provisions of this Declaration relating to construction, size and material of dwellings shall not apply to any dwelling currently in existence on the Property at the time this Declaration is recorded.

Section 1. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners, and which provide for sanctions against Owners, also shall apply to all occupants of any Lot.

Section 2. Signs. No sign of any kind shall be erected by an owner within the Property without the prior written consent of the Board of Directors and Declarant, other than a single "For Sale" sign no larger than 24' x 24'. The Board of Directors or Declarant shall have the right to erect signs without the consent of any Person whatsoever being required. Any sign erected without permission may be removed by the Association or Declarant.

Section 3. Parking and Garages and Outbuildings. Driveways must be paved. Detached garages and other outbuildings constructed on Lots shall be no larger in area than 30% of the dwelling located on such Lot. Owners shall park all private passenger vehicles, as well as boats and other watercraft (not to exceed 28 feet in length), and their trailers; motorcycles, ATV's, UTV's and golf carts, only in their garages or in the driveways serving their Lots or permitted spaces or designated areas on Common Area

as may be directed by the Association, in which parking may or may not be assigned, subject to such reasonable rules and regulations as the Board of Directors may adopt. In no event shall Owners or guests of Owners be permitted to park on roads or in Common Areas outside the designated areas, unless prior approval has been obtained from the Association. Owners must park all boats exceeding 28 feet in length, recreational vehicles, motor homes, campers, camper trailers and utility trailers entirely within an enclosed garage, unless otherwise permitted by the Board. No commercial vehicles, buses, commercial trucks, tractors, or tractor trailers shall be permitted to be parked in any garage or in any driveway or on any street (except for those temporarily located within the Property while making deliveries or providing service).

Section 4. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of dogs, cats, or other usual and common household pets, in a reasonable number so as not to create a nuisance as determined by the Association; provided, however, those pets which are permitted to roam free, or, in the sole discretion of the Association, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Lots, or the owner of any property located adjacent to the Property, may be removed by the Board and handed over to the appropriate state or county authority. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs which are household pets shall at all times, whenever they are outside a Lot be confined on a leash held by a responsible person. Dogs shall be walked only in those areas designated by the Association and owners are responsible to clean up after their dog.

Section 5. Nuisance. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any Lot that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding, property. No illegal, noxious, or offensive activity shall be carried on or conducted upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any property adjacent to the Lot. There shall not be maintained any plants, animals, or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unlawful, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Property. No business or commercial activities shall be conducted from any Lot except as provided in Article XV or pursuant to development and sale of Lot.

Section 6. Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent unclean, unhealthy, unpleasant unsightly or unkempt conditions on his Lot. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Property. Gardening and landscaping on the Property are to be maintained in good order at all times.

Section 7. Antennas. No exterior television, radio (including Amateur Radio) antennas, aerials of any kind shall be placed, allowed, or maintained upon any portion of the Property including any Lot. However, each owner may have one satellite dish per homesite.

Section 8. Clotheslines and Garbage Cans. No clotheslines shall be permitted upon any Lot. Garbage cans and garbage collection receptacles of all kinds shall be kept out of view except for garbage pickup.

Section 9. Subdivision of Lots. No Lot shall be platted, replatted, subdivided or its boundary lines changed, nor shall any portion of a Lot, less than the whole thereof, be sold, conveyed or transferred. Declarant, however, hereby expressly reserves the right to plat, replat, subdivide or change the boundary lines of any Lot or other Property owned by Declarant and the right to sell, convey or transfer any portion of a Lot less than the whole thereof, without notice to or the approval or consent of any Person whatsoever being required. Any such subdivision, boundary line change, platting or replatting shall not be in violation of any applicable subdivision and zoning regulations.

Section 10. Guns. The use of firearms within the Property is prohibited. The term "firearms" includes BB guns, pellet guns, and other firearms of all types, regardless of size. Use of crossbows and like items is similarly prohibited.

Section 11. Irrigation. All sprinkler and irrigation systems shall be subject to approval in accordance with Article XII of this Declaration and shall draw water only from utilities or governmental entities furnishing water to the Property, except for such systems owned or operated by the Association or Declarant, which may use wells, or if required by Declarant, shall use treated effluent.

Section 12. Tents, Trailers and Temporary Structures. Owners or occupants shall not place upon a Lot or any part of the Property any tent, pop-up camper, motor home, trailer or any structure of a temporary nature, such as a shack or utility shed, without obtaining prior written approval from the DRC. Existing structures do not apply.

Section 13. Trees. Until turnover, no trees shall be removed from any Lot or any portion of the Property without the prior written consent of Declarant and the DRC. Thereafter, no such trees shall be removed from any Lot or any portion of the Property without the prior written consent of the Design Review Committee. Such approval shall be reasonably given if such removal is necessary in connection with the location of the main residential dwellings or other improvement on a particular Lot or any portion of the Property, where the preservation of any tree would work a hardship or require extraordinary design measures in connection with the location of such dwelling(s), or other improvement on the Lot or any portion of the Property. Approval to remove trees shall be sought at the same time as construction plans are submitted to the Design Review Committee for approval. As used herein., the term "trees" shall mean and be defined as any tree three (3) inches or greater in diameter as measured one (1) foot above ground level. Trees which die shall be replaced by trees of a similar or approved type. Each Owner shall comply with any Johnson County, Tennessee ordinances, as amended from time to time, concerning tree protection and removal.

Section 14. Drainage. All storm water from any Lot shall drain into or onto contiguous or adjacent street rights-of-way, drainage easements, retention areas, or Common Area in the manner to be approved by the Design Review Committee, and in accordance with the Master Surface Water Management System, if any, for Nautica Cove Subdivision, as may be modified, and any replacement, substitute or additional permits. Storm water from any Lot shall not be permitted or allowed to drain or flow unnaturally onto, over, under, across or upon any contiguous or adjacent Lot or the Common Facilities unless a drainage easement shall exist therefor. No Owner shall be permitted to alter the grade of or original drainage plan for any Lot, or change the direction of, obstruct or retard the flow of surface water drainage, nor shall any owner alter or remove any drainage or environmental berm or swale on any lakefront, Lot or portion of the Property abutting the Common Facilities, or divert any storm water drainage over, under, through or around any such berm or swale.

Section 15. Pesticides, Herbicides and Fertilizers. No pesticides, insecticides, fungicides, herbicides, fertilizers or other deleterious substances shall be applied within Ten (10) feet of any Lot boundary adjoining a lake, pond or the Common Facilities,

without the prior written approval from the Board of Directors. Declarant may apply pesticides, insecticides, fungicides, herbicides, fertilizers or other substances as it may deem appropriate within ten (10) feet of a lake, pond or the Common Facilities, without approval of any entity including the Board being required.

Section 16. Walls and Fences. Other than those constructed by the Declarant and/or the Association, no fences or walls shall be erected unless approved in writing by the Design Review Committee. The height and material of all walls or fences shall be subject to the control and approval of the DRC.

Section 17. Exterior Lighting. Exterior lighting or illumination of buildings, yards, parking areas, sidewalks and driveways on a Lot or other portions of the Property shall be designed and installed so as to avoid visible glare (direct or reflected) being seen from street and road rights-of-way, other Lots, Common Areas or Common Facilities. All exterior lighting shall be incandescent and must be on motion detectors. Lighting shall not be permitted to remain illuminated. All exterior lighting shall otherwise conform to and with the applicable provisions of the Design Review Manual. Special exceptions to such specifications may be approved by and within the discretion of the Design Review Committee upon a showing of good cause.

Section 18. Setbacks. All buildings constructed on any Lot shall be not less than twenty (20) feet from each property line. Special exceptions to such specifications may be approved by and within the discretion of the DRC upon a showing of good cause.

Section 19. Materials. Any dwelling constructed on any of Lot covered by this Declaration must be of high quality construction, both as to materials and workmanship. Dwellings shall be constructed of any or a combination of the following: log, log siding, wood siding, or stone (exclusive of soffits and trim such as doors, windows, garage doors). Roofs must be wooden shingle, fiberglass shingles or metal roofing. No tile shall be permitted on roofs. Exterior paint must be natural colors with the exception of trim and otherwise subject to approval by the DRC.

Section 20. Enforcement. In the event of the violation of or the failure to comply with the requirements of this Article and the failure of the Owner of the affected Lot, within Thirty (30) days following written notice by the Association of such violation or non-compliance and the nature thereof, to cure or remedy such violation, then the Association or its duly appointed employees, agents or contractors, shall have the right, but not the obligation, to cure the violation or correct the non-complying condition and shall have an easement and license to enter upon the affected Lot or improvements thereon, without being guilty of any trespass therefor, for the purpose of curing or eliminating such violation, all at the sole expense of the owner of the affected Lot. Such costs and expenses, together with an overhead expense to the Association of fifteen percent (15%) of the total amount thereof shall be payable by the owner of the affected Lot to the Association within ten (10) days after written notice to the Owner of the Lot of the amount thereof, which amount shall become a Lot Expense and Lot Assessment against said Lot. The Association may place a lien upon the Owner's Lot, to recover such costs and expenses, as a charge on and running with the property as provided in Article XI, and the Association may seek all other legal and equitable remedies available to it.

Section 21. Residential Dwellings. Each residential dwelling installed or constructed on the Property shall have a minimum heated and cooled living area of 1,250 square feet. The DRC pursuant to the provisions of Article XII, Section 10, shall have the right, but not the obligation to grant variances to the foregoing. Dwellings shall be limited to three (3) stories in height.

Section 22. Controlled Access and Central Security System. Access through the main entrance to the Property may be controlled by the Declarant until Turnover, and

the Association subsequent to Turnover. Owners shall be subject to the procedures adopted by the Declarant until Turnover, and the Association subsequent to Turnover for granting access to the Property through the main entrance. A central security system may be installed throughout the Property. A Lot may be connected to the central security system if it is compatible with the central security system, and the Lot Owner pays any applicable fees or charges associated therewith. The cost of the installation and maintenance of the individual security system for each Lot and the connection thereof to the central security system, if the Owner shall so elect, shall be borne by the owner of each Lot. If a Lot Owner installs an individual security system in a Lot which is not connected to the central security system, the Lot Owner shall provide the name of its security system monitoring service to the Association and the person the Association may contact in the event of security system malfunctions. It is expressly provided, however, that notwithstanding any Design Review Committee approval of the plans and specifications therefor, nor procedures formulated for access to the Property from any entrance thereto by the Association, Declarant or otherwise, neither Declarant, the Association nor the Design Review Committee shall have any responsibility or liability to any Person whomsoever or whatsoever, including without limitation, any Owner, for any failure, deficiency or malfunction of any individual security system or the central security system, nor for any procedures established for access to the Property from any entrance thereto. Declarant, the Association and the Design Review Committee expressly disclaim any guarantee or warranty of the merchantability or fitness for use of the central security system or any individual security system, or any portion thereof, or that said security systems or any portion thereof will prevent intrusion, fires or other occurrences, or the consequences of same, regardless of the purpose or the design of said security systems or portion thereof. Further, Declarant, the Association and the Design Review Committee state, and the Persons served by said security systems, by acceptance of their deeds, or other instruments, or by operation of law, which are subject to this Declaration, acknowledge, that the operation of said security systems does not render any of the aforesaid parties insurers of the Property or safety of the Persons served thereby. Such parties further assume no liability for any loss or damage to real or personal property resulting whether proximate or otherwise, from any failure or alleged failure of said security systems or any portion thereof, or acts of God.

Section 23. Precedence Over Less Stringent Governmental Regulations. In those instances where the covenants, conditions and restrictions set forth in this Article set or establish minimum standards or limitations or restrictions on and in excess of governmental regulations, the covenants, conditions and restrictions set forth in this Article shall take precedence and prevail over less stringent governmental regulations.

Section 24. Lakes and Retention Areas. Access to and use of lakes if any, within the Property shall be governed and controlled by the Person responsible for such access, if any.

Section 25. Common Wells. If the Association installs common wells or other water supply system, the Lots shall be required to obtain water from the common wells or other water supply system established by the Association and private wells shall be prohibited. If the Association does not install common wells or other water supply system, the Lots can have private wells. Notwithstanding anything contained herein, the Association shall have no obligation to supply water to the Lots.

Article XIII General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association, the Owner of any Property subject to this Declaration, and Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term of forty

(40) years from the date this Declaration is recorded, after which time they shall be extended automatically for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners of Lots in the Property, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same. Accordingly, each and every Person who shall hereafter acquire, have or claim any right, title or interest in or to any Lot, Parcel or portion of the Property, whether by, through or under the Declarant or any subsequent Owner, shall, by virtue of the acceptance of any such right, title, interest or claim whether by deed or other instrument, or by operation of law or otherwise and whether voluntarily or involuntarily, be deemed to have acquired and accepted such right, title, interest or claim in or to any such Lot or portion of the Property subject to and benefited and burdened by the covenants, conditions, restrictions, easements and reservations set forth in this Declaration and any Subsequent Amendment thereto, the same as if such Person had specifically joined in and agreed and consented to each and every one of the terms and provisions of this Declaration and any Subsequent Amendment thereto, and the same as if each and every one of the covenants, conditions, restrictions, easements and reservations set forth in this Declaration and any Subsequent Amendment thereto had been fully set forth in the deed or any other instrument of conveyance pursuant to which such right, title,, interest or claim was acquired.

Section 2. Declarant's Approval. Until turnover, Declarant must review and approve in writing, prior to recordation in the Public Records of Johnson County, Tennessee, all covenants, conditions and restrictions imposed on any portion of the Property and any association documentation for an association formed to administer such covenants, conditions and restrictions and other documentation, including without limitation the articles of incorporation, bylaws, and rules and regulations, or any similar instruments affecting any portion of the Property, which approval shall be acknowledge on any document to be recorded by the execution of such document by Declarant. Such documents must be submitted to Declarant for approval at least three (3) months prior to the anticipated recordation date. Any recordation without compliance herewith shall result in such instruments being void and of no force and effect unless subsequently approved by recorded consent signed by Declarant. This Section may not be amended without the express written consent of Declarant.

Section 3. Amendment.

a. Prior to Turnover Declarant may, without the approval or consent of any Person, amend this Declaration in its sole and absolute discretion. Amendments made may include, but shall not be limited to, recording additional phases, corrections to clarify inconsistencies, to impose additional covenants on lands being added to the Property, to grant variances to certain of the provisions of the Declaration where those variances would not, in the opinion of the Declarant, detract from the Property or such other amendments as may arise which Declarant deems to be in the best interest of the Property as a whole.

b. After Turnover, the Declaration may be amended by two-thirds (2/3) of the votes of the Owners voting at a membership meeting of the Association, provided the notice for such meeting includes the amendment to be considered at such meeting. The percentage of votes necessary to amend a specific clause, however, shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause, if any. Any amendment must be recorded in the Public Records of Johnson County, Tennessee.

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

Section 4. Indemnification. The Association shall indemnify every officer, director, committee member, and employee of the Association against any and all costs and expenses, including attorney's and paralegal's fees, reasonably incurred by or imposed upon any officer, director, committee member, or employee of the Association in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) whether civil, criminal or investigative, or any appeal from such proceeding, to which he or she may be made a party, or to which he or she may become involved, by reason of being or having been an officer, director, committee member or employee of the Association, or having, served at the Association's request as an officer, director, committee member or employee of any other, corporation, whether or not he or she is an officer, director, committee member, or employee at the time such expenses are incurred, regardless of by whom the proceeding was brought, except in relation to matters as to which any such officer, director, committee member or employee shall be adjudged liable for gross negligence or willful misconduct, unless and only to the extent that the court in which such action or Suit was brought shall determine that despite the adjudication of Liability, but in view of all the circumstances of the case, such director, officer, committee member or employee of the Association is fairly and reasonably entitled to indemnity for such expenses which such Court shall deem proper. The officers, directors, committee members and employees of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association provided that they had been empowered by the Board of Directors to enter into such contract or commitment on behalf of the Association, and the Association shall indemnify and moreover hold each such officer, director, committee members and employees of the Association free and harmless against any and all liability to others on account of any such contract or commitment. Expenses incurred in defending a suit or proceeding whether civil, criminal, administrative or investigative may be paid by the Association in advance of the final disposition of such action, suit or proceeding if authorized by all of the non-interested directors of the Association, upon receipt of an undertaking by or on behalf of the director, officer, committee member or employee to repay such amount if it shall ultimately be determined that he or she is not to be indemnified by the Association as authorized herein. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, committee member or employee of the Association or former officer, director, committee member or employee of the Association, may be entitled whether under law, agreement or vote of the Members of the Association or otherwise. The Association may, as a Common Expense, maintain adequate general liability and officers and directors liability insurance to fund this obligation, if such insurance is reasonably available, whether or not the Association would have the power to indemnify the officer, director committee member, or employee against such liability under the provisions herein. The right to indemnification provided herein shall inure to the benefit of the heirs, executors and administrators of such person entitled to be indemnified.

Section 5. Delegation of Use. Any Owner may delegate his or her right of enjoyment of the Common Area or Common Facilities to the members of his or her family, guests and invitees.

Section 6. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment for so long as such encroachment shall exist, as between such portion or portions of the Common Area or Common Facilities or utility easements and each Lot adjacent thereto, or as between the Common Facilities and the Common Area due to the unintentional placement as a result of minor inaccuracies in surveying, construction or reconstruction or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions); provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, or the Association.

Section 7. Easements for Utilities and Other Services. Declarant hereby reserves for itself and its designees (including, without limitation, Johnson County, Tennessee, any other governmental agency or entity, and any utility or service provider) blanket non-exclusive easements upon, across, over, and under all of the Common Area, all platted roads within the Property and, to the extent shown on any plat, over the Lots for ingress, egress, installation, replacing, repairing, and maintaining cable television systems and facilities, master television antenna systems and facilities, security and similar systems, walkways, and all utility lines, systems and facilities, including, but not limited to, water, sewers, surface water management systems, including without limitation the Surface Water Management System, septic tanks, meter boxes, telephones, gas, and electricity. These reserved easements are for the benefit of Declarant, its designees and Nautica Cove Subdivision and may be granted or assigned in total or in part by Declarant to owners of all or a portion of Nautica Cove Subdivision, any governmental agency or entity, any utility or service provider, or other entities by written instrument as it shall determine in its sole discretion, or some or all of said reserved easements may be assigned to the Association. The Association shall accept any assignment upon such terms and conditions as are acceptable to Declarant. If this reserved easement is assigned to the Association, the Board shall, upon written request, grant such easements as may be reasonably necessary for the development of any portion of the Property or Nautica Cove Subdivision.

The Declarant hereby dedicates a Seven and a half (7.5) foot drainage and utility easement along both sides of the all lot lines.

Without limiting the Generality of the foregoing, there are hereby reserved for Johnson County, Tennessee, and any utility provider, easements across all Lots on the Property for ingress, egress, installation, reading, replacing, repairing and maintaining utility meter boxes, and-access easements to the Surface Water Management System for emergency maintenance purposes, in the event inadequate maintenance of the Surface Water Management System creates a hazard to the public health, safety and general welfare.

There are hereby reserved for approved and authorized delivery, pick-up services, fire protection services, police and other governmental agencies, public and private utility companies or other approved and authorized private companies providing necessary services to the Property, or to the Owners, perpetual non-exclusive ingress and egress easements over the private road systems and other Common Areas within the Property.

Prior to Turnover the Declarant shall have the power to dedicate or grant easements over all or a part of the Common Area to Johnson County, Tennessee or other local, state, or federal governmental entities or any provider of utility services. After Turnover, the Board shall have, upon approval by seventy-five percent (75%) of the Directors on the Board, the power to dedicate or grant easements over all or part of the Common Area to Johnson County, Tennessee, or other local, state, or federal governmental entities, or any utility provider.

The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Property.

Section 8. Ingress, Egress and Passage Easement. There is hereby created declared, granted and reserved for the benefit of the Declarant as owner of a portion of the Property and Nautica Cove Subdivision, the owner, operator, manager, and lessee from time to time of the Common Facilities, if any, and their respective employees, guests and invitees, and governmental bodies and their agencies, and the Owners of the Lots a non-exclusive easement for pedestrian and vehicular ingress, egress and passage over and upon the roads as the same are shown on the plats of the Property. Such

easement for ingress, egress and passage shall be subject to and limited by such reasonable security controls including temporary stoppage and interruption at security gates for identification purposes, as may from time to time be established and promulgated by the Association. Declarant hereby reserves such easement set forth herein for the benefit of Declarant as owner of a portion of the Property and Nautica Cove Subdivision, and Declarant may grant or assign all or a portion of same to owners of all or a portion of the Property, Nautica Cove, or other entities as it may determine in its sole discretion.

Declarant hereby reserves the right to dedicate an easement to any adjacent landowner for ingress and egress.

Section 9. Drainage Easements and Common Wells. There is hereby created, declared and reserved to Declarant for the benefit of Declarant as owner of a portion of the Property and Nautica Cove Subdivision, a non-exclusive easement for storm water collection, retention, detention and drainage over, upon and within the Common Areas and Surface Water Management System and all other drainage easements shown on any plats of the Property or otherwise reserved, declared or created pursuant to this Declaration, together with an easement and license to enter upon such easements and easement areas for the purposes of constructing, installing, inspecting, maintaining, repairing and replacing any and all storm water drainage systems and common wells including improvements and facilities from time to time located therein or thereon, including the Surface Water Management System. The easements hereinabove created, declared and reserved contemplate the construction of storm water drainage improvements and facilities thereon, and such additional or Supplemental facilities as may reasonably be required to provide adequate storm water drainage, surface water management and adequate water supply to all portions of the Property and Nautica Cove Subdivision.

Section 10. Future Easements. There is hereby reserved to Declarant and its successors and assigns, together with the right to grant and transfer the same, the right, power and privilege to, at any time hereafter, grant to itself, the Association, any governmental entity or agency thereof, or any other parties such other further and additional easements over the Common Area or easement areas on the plats of any portion of the Property as may be reasonably necessary or desirable, in the sole opinion and within the sole discretion of Declarant, for the future orderly development of the Property and Nautica Cove Subdivision. The easements contemplated by this Section may include, without limitation, such easements as may be required for utility drainage road right-of-way, common wells or other purposes reasonably related to the orderly development of the Property and Nautica Cove Subdivision. Such further or additional easements may be hereafter created, granted, or reserved by Declarant without the necessity for the consent or joinder of the Owner of the particular portion of the Property over which any such further or additional easement is granted or required.

Section 11. Severability. Invalidation of any one of the covenants or restrictions contained in the Declaration by judgment or court order shall in no way affect the validity of the remaining covenants and restrictions contained in the Declaration, which shall remain in full force and effect.

Section 12. Right of Entry. The Association shall have the right, but shall not be obligated, to enter any Lot for emergency, security, and safety, which right may be exercised by the Declarant prior to Turnover and by the Association's Board of Directors subsequent to Turnover, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar eve duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

Section 13. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five (75%) percent of the Board of Directors. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article XI hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims asserted by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by Declarant and is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 14. Governing Law. The construction, validity and enforcement of this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association shall be determined according to the laws of the State of Tennessee. The venue of any action or suit brought in connection with this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association shall be in Johnson County, Tennessee.

Section 15. Attorneys Fees. Reasonable attorney's fees incurred by the Association, or the Declarant, their respective Successors in interest and assigns, or an Owner, incident to the enforcement of this Declaration, the Design Review Manual, the Articles of Incorporation, the Bylaws or the rules and regulations of the Association shall be borne by the non-prevailing party in such action.

Section 16. Development and Construction by Declarant. Nothing set forth in this Declaration shall be deemed, either expressly or impliedly, to limit the right of Declarant to change, alter or amend its development plan or plans for the Property, or to construct such improvements as Declarant deems advisable prior to the completion of the development of all of the Property. Declarant reserves the right to alter its development and construction plans and designs as it deems appropriate from time to time; subject, however, to all applicable governmental regulations, including, without limitation, those of Johnson County or any other governmental entity with jurisdiction or authority. Nothing in this Declaration shall be construed to require Declarant, its successors in interest or assigns to develop any of the Property in any manner whatsoever.

Section 17. Construction. The provisions of this Declaration shall be liberally construed so as to effectuate and carry out the objects and purposes specified in this Declaration.

Section 18. Article and Section Headings. Article and Section headings contained in the Declaration are for convenience and reference only and in no way define, describe, extend or limit the intent, scope or content of the particular Articles or Sections in which they are contained or to which they refer and, accordingly, the same shall not be considered or referred to in resolving questions of interpretation or construction.

Section 19. Singular Includes Plural. Whenever the context of this Declaration requires the same, the singular shall include the plural and the plural the singular and the masculine shall include the feminine and the neuter.

Section 20. Time of Essence. Time is of the essence of this Declaration and in the performance of all covenants, conditions and restrictions set forth herein. Whenever a date or the expiration of any time period specified herein shall fall on a Saturday, Sunday or legal holiday, the date shall be extended to the next succeeding business day which is not a Saturday, Sunday or legal holiday.

Section 21. No Warranties. This Declaration is made for the objects and purposes set forth herein, and Declarant makes no warranties or representations, express or implied as to the binding effect or enforceability of all or any portion of the terms and provisions of or the covenants, conditions, restrictions, easements and reservations set forth in this Declaration, or as to the compliance of any of the same with public laws, ordinances and regulations applicable thereto.

Section 22. Exculpation From Liability and Responsibility. The Association will, subject to the terms and provisions of this Declaration and any agreements, have Jurisdiction over and responsibility for the administration, management, regulation, care, maintenance, repair, restoration, replacement, improvement, preservation and protection of the streets and roads within the Property, Common Area, Common Facilities and Surface Water Management System, if any. Accordingly, each Owner by the acceptance of a deed or other instrument or conveyance, or by operation of law, to his Lot, shall be deemed to have agreed that neither Declarant, Johnson County nor any other person nor entity shall be responsible.

IN WITNESS WHEREOF, the declarant have placed their hands and seals as of the day and date first above written.



MITCHELL W. GORDON

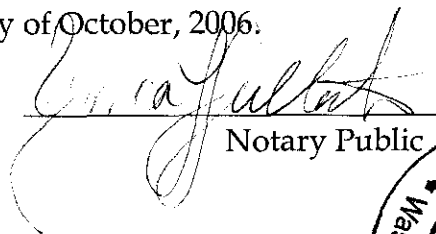


CARMEN GORDON

STATE OF TENNESSEE)
)
COUNTY OF WASHINGTON)

Personally appeared before me, Jessica L. Sutterlin, a Notary Public of the state and county aforesaid, MITCHELL W. GORDON AND CARMEN GORDON, the within named bargainors, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that they executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 2nd day of October, 2006.



Notary Public

My Commission Expires:
April 28, 2008

