

DECLARATION OF COVENANTS AND RESTRICTIONS

STEVE HALL
REGISTER OF DEEDS
KNOX COUNTY

FOR LYONS CREEK PHASES I, II & III

This Declaration made this 19 day of December, 2005, by Mark A. Jackson, Michael L. Ogle II, Larry S. Ogle, Mark V. Jackson, Michael L. Ogle hereinafter collectively called "Developer".

WITNESSETH:

WHEREAS, Developer is the owner of the real property known as Lyons Creek, Phases I, II & III as described and shown on Plat of record in Map Book Inst. # 200512080050348 Page ---, in the Register's Office of Knox County, Tennessee, and being the same property conveyed to Developer by Warranty Deed from Mark A. Jackson, of record in Volume see below Page ---, both in said Register's Office; and Inst. # 200408100015469 collected in
Inst. # 200507130004083

WHEREAS, Developer desires to impose certain Covenants, Restrictions, Easements and other derogations of title on said property for the purpose of maintaining the appearance of the property, to prevent nuisances, and to thereby secure to each property owner, the full benefit and enjoyment of their property, herein declaring the same to be for the benefit and enjoyment of their property, herein declaring the same to be for the benefit of said property and each and every owner of any and all parts thereof; and,

NOW THEREFORE, the Developer declares that the real property described on the above referenced map is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, obligations, and liens (generally herein referred to as the "Declaration of Covenants and Restrictions") hereinafter set forth in order to provide an orderly plan of construction and development and to protect the common interests of the property owners. The following Covenants and Restrictions are hereby imposed and shall be covenants running with the land and shall be binding upon the Developer and all subsequent owners thereof in any capacity whatsoever.

ARTICLE I

Definitions

Section 1 Definitions. The following words and terms, when used in this Declaration, (unless the context clearly shall indicate otherwise) shall have the following meanings:

- (a) "Association" shall mean and refer to the Lyons Creek Homeowners Association, Inc., a Tennessee Nonprofit Association. A copy of Charter for Lyons Creek Homeowners Association, Inc. is attached hereto as "Exhibit A".
- (b) "Common Area" shall mean that area in and around the entrance of the subdivision relating to the entrance sign, sprinklers, lighting and landscaping and shall be shown as an easement area on Lot 1, Phase I and recorded upon the sale of Lot 1 and described in the warranty deed when transferred by the Developer. Developer retains the right to add other common areas to the subdivision without notice to any individual or association so long as Developer still owns real property in said Lyons Creek.
- (c) "Developer Control Period" shall commence on the date of the recording of these covenants and restrictions and shall continue until the Developer sells 100% of the Lots owned, and transfers all of its rights, powers and responsibilities to the Association, or the expiration of ten years, whichever shall occur first. A partial transfer of its rights, powers or responsibilities to the Association or a third party will not terminate the Developer Control Period. For the purpose of this instrument, the sale of 100% of the Lots shall include the sale of any lots



developed as additional phases of Lyons Creek, regardless as to whether said additional phases are subject to different Covenants and Restrictions.

(d) **"Member"** shall mean and refer to all those Owners who are members of the Association, as provided in Section 1 of Article III hereof.

(e) **"Owner"** shall mean and refer to the record owner, whether one or more persons, firms association, corporations, or other legal entities, of the fee simple title to any Lot situated upon the Property. It shall not mean or refer to the trustee or mortgagee under a Deed of Trust or Mortgage unless and until such mortgagee has acquired title pursuant to foreclosure proceeding or any proceeding in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

(f) **"Property"** shall mean and refer to the property as shown on plat of record and recorded in the Knox County Register's Office as previously described pertaining to Lyons Creek, Phases I, II & III

ARTICLE II

Property Subject to This Declaration

The real property known as Lyons Creek, Phase I, II & III, which is and shall be held, transferred, sold, conveyed, leased, and occupied, subject to this Declaration, the Charter for Lyons Creek Homeowners Association, Inc., a copy of which is attached hereto as "Exhibit A", and the Bylaws of Lyons Creek Homeowners Association, Inc. a copy of which is attached hereto as "Exhibit B", is located in Knox County, State of Tennessee as previously referenced herein.

ARTICLE III

Membership and Voting Rights in the Association

Section 1. Membership. Every person, firm, association, corporation, or other legal entity who is a record owner or co-owner, as defined herein, of the fee simple to any lot which is subject by this Declaration to assessment by the Association, shall be a Member of the Association provided that any person, firm, association, corporation or legal entity who holds such title or interest merely as a security for the performance of an obligation (including but not limited to mortgagees or trustees under deeds of trust) shall not be a member of this Association.

Section 2. Voting Rights. Members of the Association, as defined in Section 1 of Article III, shall be entitled to one (1) vote for each lot owned, to be exercised in person or by proxy. When more than one person holds the fee simple title to any lot as co-owners (including but not limited to tenants by the entirety, joint tenants or tenants in common), the vote for such lot shall be exercised as the co-owners among themselves determine, but in no event shall more than one vote be cast with respect to any one lot.

Any one co-owner may vote on behalf of all other co-owners unless any co-owners has notified the Association in writing to the contrary.

ARTICLE IV

Covenant for Maintenance and Capital Improvement Assessments

Section 1. Creation of the Lien and Person Obligation of Assessments. The Developer covenants for itself, its successors and assigns that no contract will be made for the sale of any lot and no deed conveying a lot shall be delivered unless the same shall include provisions obligating the purchaser or grantee and his, her or its heirs, executors, administrators, successors and assigns to pay to the Association (1) Annual Assessments for charges and (2) Special Assessments for capital improvements, which will be fixed, established and collected from time to time as herein provided. Each person who accepts



a deed for a lot or accepts title as an heir or devisee shall be deemed to have consented to make such payments and to have agreed to all the terms and provisions of this Declaration whether or not the above mentioned provision was included in the contract or deed or other instrument by which he, she or it acquired title. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge and shall constitute a continuing lien upon the land against which each assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person or persons or entity who was the owner of such property at the time when the assessment fell due. In the case of co-ownership of a lot all of such co-owners of the lot shall be jointly and severally liable. The Developer shall not be liable to pay such assessments on any vacant lots or lots under construction that are still owned by the Developer unless such lots have a constructed home on them and are occupied as a residence.

Section 2. Purpose of Assessment. The Annual Assessment levied by the Association or the Developer shall be used exclusively for promoting the health, safety, beautification, pleasure and welfare of the owners of Lots and the costs and expenses incident to the operation of the Association, including, without limitation, payment of all taxes and insurance premiums, maintenance of common areas, and all costs and expenses incidental to the operation and administration of the Association.

A Special Assessment may be used for the purpose of paying the cost of a capital improvement for which such Special Assessment is levied, and all expenses incidental thereto.

Section 3. Annual Assessments-Maximum Assessment. The amount of the Annual Assessment shall be fixed by vote of three-fourths of the members for the next succeeding year. The initial Annual Assessment shall be \$100.00, which shall due on January 1st of each and every year beginning with January 1, 2006 and can be paid at anytime between January 1st and February 28th without penalty. If paid after February 28th of each year said late fee will be \$25.00 dollars per month and said late fee shall not be pro rated. **Example:** If annual assessment is paid April 1st said assessment shall be \$100.00 dollars plus a \$50.00 late fee. \$25.00 dollars for March and \$25.00 dollars for April. In the event that the votes necessary to set the succeeding year's Annual Assessments are unavailable or unobtainable, the previous year's assessment shall become the Annual Assessment for the succeeding year. Developer is exempt from Assessments during the Developer Control Period. Upon the purchase of a lot from the Developer, the Annual Assessments due for the year in which the closing occurs shall be prorated as to the amount owed by the purchaser and collected at closing.

Section 4. Change in Basis and Maximum Amounts of Annual Assessments. Subject to the limitations of Section 3 of this Article, and for the successive periods therein provided, the Association may change the maximum amounts of the assessments fixed by Section 3 of this Article for any such period, provided that any such change shall have the assent by the vote in person or by proxy of three-fourths of all of the votes eligible to be cast by all of the Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance, which notice shall set forth the purpose of the meeting.

Section 5. List of Assessments, Notice of Assessment, Certificate as to Payment. The Board of Directors of the Association shall cause to be prepared, at least thirty (30) days in advance of the due date of each assessment, a list of the lots according to the record owner thereof and the assessments applicable thereto. Written notice of the assessment shall be sent to every Owner prior to the due date.

The Association shall, upon the request of any Owner liable for an assessment or of the mortgagee of the Owner's premises, furnish to such Owner or mortgagee, a certificate in writing signed by an officer of the Association, setting forth whether or not such assessment has been paid.

Section 6. Effect of Non-Payment of Assessment: The Personal Obligations of the Owner; the Lien; Remedies of the Association. If the assessments are not paid promptly on the due date thereof as specified in Section 3 of the Article, then such assessment shall become delinquent automatically and shall incur a late fee of \$35.00, which, together with interest thereon at the rate of fifteen percent (15%) per annum from the due date, and costs of collection thereof, as hereinafter provided, thereupon become a



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continuing lien on the property against which it is levied, which lien shall bind such property in the hands of the then Owner, his, her, or it's heirs, executors, devisees, personal representatives, successors, and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his, her, their or it's personal obligation for a period of six (6) years from the due date thereof, and shall not pass as personal obligation to his, her, their or its successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the due date, specified in Section 6 of this Article, the assessment, together with interest thereon at the rate of fifteen percent (15%) per annum, may be enforced and collected by the Association by the institution of an action at law against the Owner or Owners personally obligated to pay the same, or by an action to foreclose the lien against the property, and there shall be added to the amount of such assessment and interest, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include, in addition to the assessment, interest and court costs, and a reasonable attorney's fee.

ARTICLE V

Restrictive Covenants

1. All lots in said subdivision, Phases I, II & III will be used solely for single-family residential purposes. Single-level residential dwellings are to contain a minimum of 1600 square feet of heated floor space, excluding porches, basements and garages. Two story or multi-level dwellings shall contain a minimum of 1600 square feet with a 1000 square foot minimum of heated space on the first level. Each resident shall have at a minimum an attached or detached two-car garage. All dwelling exterior material must be brick and vinyl, with a minimum of 5000 bricks above the foundation on front of the dwelling. No apartments or multiple unit dwellings will be allowed. Only one single-family dwelling shall be allowed on each lot.
2. Prior to the construction of, but not limited to, any home, utility building, garage, pool, fence, wall, storage building, shed, or any new construction of any other kind, on any lot in any phase, either attached or unattached to the main residence, said owner of lot or home shall submit to the Developer or their, assigns a review fee of \$500.00 dollars in addition to a set of plans or drawings showing the size, location, materials of construction, date of beginning and completion of the construction project, for the expressed written consent by the Developer or his assigns. Said Developer or his assigns shall have 30 days to review and give written approval, or a list of required changes, or a denial of said plans or concept. All utility buildings, storage buildings etc. shall be constructed of the same material as the main residence and have the same general overall appearance as the main residence. Neither the Developer or his assigns shall be liable to anyone submitting plans for approval by reason of mistakes in judgment, negligence, or nonfeasance arising out of or in connection with the approval of said plans, construction or liability thereof.
3. There shall be no commercial businesses on any lot except that business conducted by the Developer for the purpose of constructing homes and marketing them to the general public by any means deemed necessary by the Developer. Developer may build and maintain a model home or homes on any lot, and use such model or models as a sales office.
4. All roofing materials shall be dimensional shingles. The primary roof must have a minimum of 8/12 roof pitch or steeper. All residences shall be placed on a solid foundation and no concrete blocks shall be visible. All foundations to be covered with brick or stucco upon completion.
5. Camping upon the property or any lot is prohibited. No trailer, mobile home, modular home, manufactured home, prefabricated home, shack, garage, temporary structures, or other outbuilding shall be stored on the property or used as a residence, either temporarily



or permanently. The use of a security trailer, construction trailer or motor home are permissible during construction of the primary residence, provided, however, that they shall be removed within 30 days of completion of the residence.

6. No animals, livestock or poultry of any kind shall be raised, bred or kept upon the property, except dogs, cats or other household pets, provided, however, that they are not kept, bred or maintained for any commercial purposes, and that they do not constitute or create an annoyance or nuisance to the neighborhood. Developer or the Association may reasonably regulate the keeping and maintenance of such household pets. No dog runs are allowed. No portable dog kennels are allowed. Underground dog fencing is allowed.

7. All lots subject to the building setback requirements shown on the recorded plat. Any owner of two lots wishing to construct a residence or other improvements encroaching on the above mentioned building setback lines may do so only on the written approval of the Developer, and the approval of the appropriate governmental entities or agencies.

8. Only vinyl fencing may be used. No chain link, wire, barbed wire, metal or wood fencing is allowed unless expressly approved by the Developer or his assigns. No fencing may be more than four (4) feet tall, except around a swimming pool. No fencing may be further forward on the lot than the front of the primary residence (ie: No fencing in the front yard). Prior to the installation of the fence the lot owner shall obtain approval of their design from the Developer pursuant to Article V(2).

9. All overhead electrical service lines, telephone lines and cable lines are prohibited throughout the subdivision. Each lot has primary electrical service to lot corner provided by Knoxville Utility Board. Each lot owner shall be responsible for secondary underground service to home.

10. No lot shall be used or maintained as a dumping ground for rubbish, garbage or other waste. Further, all garbage or rubbish shall be kept in sanitary covered containers. No illegal, noxious or offensive activities shall be carried on or permitted on any part of said land, nor shall anything be permitted or done thereon which is or may become a nuisance or a source of embarrassment, discomfort, or annoyance to the neighborhood. No trash, garbage, debris, waste material or other refuse shall be deposited or allowed to accumulate or remain on any part of said land; nor upon any land or lands contiguous thereto. No fires for burning trash, leaves, clippings, or other debris or refuse shall be permitted on any part of said land. No Overnight Parking of Commercial Vehicles on any lot, streets or common areas. No vehicle of any type shall be permanently or semi-permanently parked on the property or in the vicinity of any lot for purposes of storage or for purposes of accomplishing repairs thereto or for the reconstruction thereof, except in a garage (the door of which shall be kept closed). On street parking is specifically limited and restricted to the reasonable use of the guests and invitee of Lot owners.

11. No lot may be re-subdivided in order to create a larger number of lots in Phase I, II or III of this development as shown on the recorded plat. Lots may be added together to create larger lots. No radio towers, antennas, over sized satellite dishes, clotheslines, private wells, septic systems, drilling rigs or any other substantial structure obscuring the view shall be maintained or permitted on any of the lots in the subdivision.

12. All improvements must be completed with 12 (twelve) months of the commencement of construction. This includes the finished driveway, which must be concrete, as well as all landscaping, grass, sidewalks, and the removal of all excess materials, trash and equipment.

13. No lot or lots shall be used for a road right-of-way to other properties outside this subdivision without the developer's written permission. All unimproved lots must be mowed at least four times a year.

14. All Mail Boxes and Newspaper Boxes are to be encased in brick masonry, and must be approved by the Developer in writing, under the same provisions in Article V(2).



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15. Lot owners shall have the responsibility to preserve and protect the underground utilities. No utilities may be above ground including but not limited to electric, telephone, cable of any kind. Properties are subject to the utility and drainage easements shown on the recorded plat. For easement purposes and engineering of utilities the final recorded plat and the proper government authority shall take precedence over the above setbacks. A owner of two lots wishing to construct a residence or other improvements encroaching on the above mentioned utility and drainage easements may do so only on the written approval of the Developer, and the approval of the appropriate governmental entities or agencies.

16. Satellite dishes that are 30 inches or less shall be permitted provided that they are placed near the rear of the home. No more than two (2) dishes may be attached to any home or permitted on any lot at any one time. No antenna or other electronic device, receptor, sender, tower or pipe may extend more than 36 inches above any roof line.

15. Developer reserves unto themselves the right by written action to impose additional and separate restrictions, or to grant exceptions, variances or waivers as to any lot sold by them in this subdivision at anytime. Said restrictions, exceptions, variances or waivers need not be uniform and may differ from lot to lot. In this regard the Developer may amend these restrictions in part or their entirety so long as said Developer retains ownership of at least one (1) lot in any phase of Lyons Creek, without the necessity of notice to any other lot owner(s) or the Association, and without the necessity of any consent or permission from an other lot owner(s) or the Association.

ARTICLE VI

General Provisions

Section 1. Duration. The Covenants and Restrictions set forth herein shall run with and bind all of the land included in the Property described in Article II hereof, and shall insure to the benefit of and be enforceable by the Developer, the Association, and the owners of any land subject to this Declaration, their respective successors, assigns, heirs, and personal representatives, for a period of twenty (20) years from the date hereof, at the end of which period such Covenants and Restrictions shall automatically be extended for successive periods of ten (10) years each, unless at least three-fourths of the Owners of the lots, at the time, shall sign an instrument, or instruments in which they shall agree to change said Covenants and Restrictions in whole or in part, but no such agreement shall become binding unless written notice containing the terms of the proposed agreement is sent to every Owner of every lot at least ninety (90) days in advance of the action taken in authorizing said agreement. Said restrictions may be changed at anytime by the Developer as per Article V(15) above.

Section 2. Enforcement. Enforcement of these Covenants and Restrictions shall be by any appropriate proceeding in law or equity in any court or administration tribunal having jurisdiction over or against any person or persons, firm or corporation violating or attempting to violate or circumvent any Covenants, to enjoin such violation or threatened violation, and/or recover damages, and against the land of any Member to enforce any lien created by this Declaration in any covenant herein contained. Failure by the Developer, the Association, or any Owner or Member to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to thereafter enforce the same.

Section 3. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court of competent jurisdiction, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

Section 4. Amendment. This Declaration may be amended at any time or times by the recordation of any instrument executed by Owners holding not less than seventy five (75%) percent of the voting interests of the membership; provided that:



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- (a) So long as the Developer is the owner of any unit or any property affected by this Declaration, as it may then have been amended, the Developer's consent to the Amendment must be endorsed in recordable form on the Amendment Instrument.
- (b) No Amendment shall impair any right then existing of the holder of any first mortgage or deed of trust.

Section 5. Developers' Reserved Rights. Notwithstanding any provision herein to the contrary, this Declaration shall be subject to:

- (a) The right of the Developer to execute all documents and take such actions and do such acts affecting the property as, in the Developer's sole discretion, are desirable or necessary to facilitate the general plan of development, or the actual construction or development of the property.
- (b) Easements of record on the date hereof and any easements which may hereafter be granted by Developer to any public or private utilities or governmental bodies for the installation and maintenance of electrical and telephone conduits and lines, gas pipes, sewers or water pipes, or any other utility service or drainage facility serving any lot within the Property or any portion thereof.
- (c) The right of the Developer to add additional property to Lyons Creek, which property will only be subject to these Covenants and Restrictions to the extent so noted in the instrument subjecting said additional property to these Covenants and Restrictions. Developer shall have no obligation to follow any general plan of development in regards to additional properties, and any such additional properties shall not be obligated to comply with any of the covenants and restrictions in this instrument, unless so required in the instrument subjecting the additional property to these Covenants and Restrictions.

IN WITNESS WHEREOF, the undersigned has executed this instrument the day and year above written.

Developers:

Larry S. Ogle
Larry S. Ogle

Michael L. Ogle II
Michael L. Ogle, II

Mark A. Jackson
Mark A. Jackson

Michael L. Ogle
Michael L. Ogle

Mark V. Jackson
Mark V. Jackson

STATE OF Tennessee
COUNTY OF Jefferson

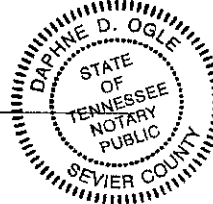
Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Larry S. Ogle**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19th day of December, 2005.

My Commission expires: 6-23-06

STATE OF Tennessee
COUNTY OF Jefferson

Daphne D. Ogle
NOTARY PUBLIC



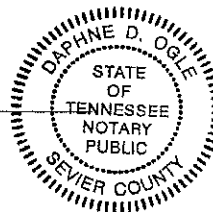
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Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Michael L. Ogle**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19th day of December, 2005.

My Commission expires: 12-23-06

Daph D Ogle
NOTARY PUBLIC



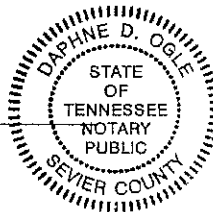
STATE OF Tennessee
COUNTY OF Sevier

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Michael L. Ogle, II**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19th day of December, 2005.

My Commission expires: 12-23-06

Daph D Ogle
NOTARY PUBLIC



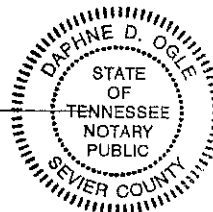
STATE OF Tennessee
COUNTY OF Sevier

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Mark V. Jackson**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19 day of December, 2005.

My Commission expires: 12-23-06

Daph D Ogle
NOTARY PUBLIC



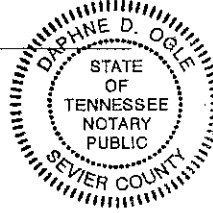
STATE OF Tennessee
COUNTY OF Sevier

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Mark A. Jackson**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19 day of December, 2005.

My Commission expires: 12-23-06

Daph D Ogle
NOTARY PUBLIC



BY-LAWS
OF
LYONS CREEK HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Lyons Creek Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at 862 S. Highway 92, Dandridge, TN 37725, but meetings of Members and Directors may be held at such other places as may be designated by the Board of Directors.

ARTICLE II

PURPOSE AND RELATED DOCUMENTS

These are the By-Laws of the Association adopted in accordance with the Charter of the Association filed with the Secretary of State of Tennessee on April 22 2005 (herein referred to as the "Charter"), the Declaration of Covenants and Restrictions for Lyons Creek Phases I, II, & III of record in Instrument No. 2005120810050348, Knox County, Tennessee Register of Deeds. The definitions of terms as set forth in the Charter and in the Declaration shall apply to the terms used in these By-Laws.

ARTICLE III

MEMBERS VOTING RIGHTS

This Association is to have Members. The Members of this Association shall consist of every person or entity who is a record Owner as described in the Declaration. An Owner shall automatically be and become a Member of this Association. The foregoing is not intended to include as Members persons or entities who hold an interest merely as security for the performance of an obligation. No Owner shall have more than one membership for each Lot which he owns. Membership shall be appurtenant to and cannot be separated from ownership of any Lot which is subject to assessment by this Association. Ownership of a Lot shall be the sole qualification for membership. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the Lot. Each Member of the Association shall be entitled to voting rights in the affairs of the Association in accordance with the provisions of this Charter and the By-Laws. Voting may be in person or by written proxy. A corporation which is a Member may vote through an officer or agent thereunto duly authorized. Membership in this Association shall cease and terminate upon the sale, transfer or disposition of the Member's Lot. No incorporator or Member shall have any vested right, interest or privilege of, in or to the assets, functions, affairs or franchise of the Association, or any right, interest or privilege which may be transferable or inheritable, or which shall continue if his membership ceases, or while he is not in good standing, except as an appurtenance to his ownership of one or more Lots as described in the Declaration.

The Association shall have two classes of voting membership:

Class A. The Class A Members shall be all Owners. Class A Members shall be entitled to one vote as defined in the paragraph above.

Class B. The Class B Member shall be the Developer. The Class B Member shall be entitled to one vote during the Developer Control Period, as defined in the Declaration. After the end of the Developer Control Period, unless terminated earlier by the Class B Member, the Class B Membership shall cease to exist.

All amendments to this Charter and accompanying Bylaws, as well as all other actions by the Members or the Board of Directors (upon appointment) that require a vote of the membership or the Board of Directors shall only be approved based upon the vote of approval by the requisite percent of the Class A Members or Directors, and the vote of approval by all of the Class B Members during the Developer Control Period.

Notwithstanding any provision to the contrary, the first Annual Meeting of the Board of Directors and the Members shall be set within one year of the transfer from the Developer to the Association's Board of



Directors of all rights, obligations and responsibilities of the Developer in the operation of the Association. Any actions normally taken by the Board or the Members by the provisions of this instrument will be conducted by the Developer on behalf of the Association during the Developer Control Period, unless responsibility for said action has been delegated in whole or in part, by the Developer, to an appointed Board of Directors.

ARTICLE IV

MEETING OF MEMBERS

Section 4.1 Annual Meeting. A combined annual meeting of the Members and the Board of Directors shall be held annually, between June 1st and August 1st of each calendar year at the time and place designated by the Board of Directors, with the initial annual meeting being set as stated in Article III. The Board of Directors shall endeavor to contact the Members and to schedule the annual meeting on a date when a majority of the Members will be in the area and can personally attend the meeting.

Section 4.2 Special Meetings. Special meetings of the Members and Directors may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 4.3 Notice of Meetings. Written notice of each meeting of the Members and Directors shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days prior to such meeting to each Member and Director entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member or Director to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4.4 Quorum. The presence at the meeting of the Class B Member, while the Class B Membership exists, and the other Members and Directors entitled to cast, or proxies entitled to cast a majority of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Charter, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members and Directors entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 5.1 Management. The affairs of the Association shall be managed by the Developer during the Developer Control Period, provided, however, that the Developer may delegate certain rights, obligations and responsibilities to the Association Board of Directors.

Prior to the end of the Developer Control Period, the Developer shall appoint the initial Board of Directors, who will serve in their capacity until the first annual meeting thereafter, at which time the Members will elect a new Board. During the Developer Control Period, the Developer may appoint the initial Board of Directors and transfer of some, but not all of the rights, obligations and responsibilities to said Board of Directors, subject to the following paragraph.

Upon appointment by the Developer, the affairs of the Association (but only to the extent such rights, obligations and responsibilities are delegated to the Board by the Developer) shall be managed by a Board consisting of the number of Directors determined by these By-Laws, but not less than five (5) Directors, all of whom shall be Members of the Association. Directors of the Association shall be elected at the annual meeting of the Members, in the manner determined by these By-Laws.

Section 5.2 Term of Office. At each annual meeting the Members shall elect five (5) or more Directors who shall serve for a period of one (1) year or until their successors in office be duly elected and qualified.

Section 5.3 Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.



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Section 5.4 Compensation. No Director shall receive compensation from any service he may render to the Association. However, any Director, or the Developer, may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5.5 Action Taken Without a Meeting. The Developer or the Directors (after appointment) shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors, or the Developer (until the transfer of responsibilities by Developer to the Board). Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 6.1 Nomination. Nominations for election of members of the Board of Directors may be made from the floor at the annual meeting.

Section 6.2 Election. Election to the Board of Directors shall be by voice or written vote at each annual meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Charter. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETING OF DIRECTORS

Section 7.1 Regular Meetings. The regular annual meeting of the Board of Directors shall be held in conjunction with the regular annual meeting of the Members.

Section 7.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than ten (10) days notice to each Director.

Section 7.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLES VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 8.1 Powers. The Board of Directors shall have power to:

- ✓ (a) adopt and publish rules and regulations governing the use of the Common Areas, if any (and any improvements upon the Common Areas) and Recreation Areas, if any, as prescribed by the Declaration and the recorded Plats.
- (b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association.
- ✓ (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Charter, or the Declaration;
- ✓ (d) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- ✓ (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.
- (f) perform any other powers allocated to the Board of Directors in the Declaration, Charter and Bylaws.

Section 8.2 Duties. It shall be the duty of the Board of Directors to:



- (a) cause to be kept, a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (d) carry out and perform such other duties as may be necessary to accomplish the purposes for which the Association was formed as set forth in the Charter and in the Declaration.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 9.1 Enumeration of Officers. The officers of this Association shall be a President, who shall at all times be a Member of the Board of Directors, a Secretary, and a Treasurer. The offices of President and Treasurer or Secretary and Treasurer may be held by the same person.

Section 9.2 Election of Officers. Until the appointment of the Board of Directors by the Developer, the Developer, or its members, shall act as the sole officer of the company.

Upon appointment, the Board of Directors shall elect a President, Secretary and Treasurer. The President shall be elected from among the membership of the Board, but no other officer need be a Director.

The election of officers shall take place at the annual meeting of the Board of Directors held in conjunction with the annual meeting of the Members.

Section 9.3 Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year or until his successor is duly elected and qualified unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 9.7 Duties. The duties of the officers are as follows:

PRESIDENT

The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all contracts and other written instruments on behalf of the Association.

SECRETARY

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members and Directors; keep the Corporate seal of the Association (if any) and affix it on all papers



requiring said seal, serve notice of meetings of the Board and of the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

The Treasurer, or the Developer acting as Treasurer during the Developer Control Period, shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Association; keep proper books of account; prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members and Directors; and shall prepare or cause to be prepared all tax returns required on behalf of the Association.

Notwithstanding the above, the Treasurer or Developer may contract to have the receipt of all monies and the writing of all checks conducted by a third party bookkeeper (hereinafter "Bookkeeper"). The contract will provide for the limited duties of the Bookkeeper and the Treasurer will be the point of contact with the Bookkeeper (after the appointment by the Developer). All duties of the Treasurer not specifically transferred to the Bookkeeper shall remain the duties of the Treasurer.

Unless maintained by a third party bookkeeper, all checks written by the Treasurer shall require two signatures, the first signature being that of the Treasurer, and the second signature being any individual(s) designated in writing by the Board of Directors.

Unless maintained by a third party bookkeeper, reconciliation of all Association bank accounts will be conducted by a Director who is not to be the Treasurer, said Director to be designated in writing by the Board of Directors.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Charter and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association.

ARTICLE XI

FISCAL MANAGEMENT AND PROCEDURES

Section 11.1 Fiscal Year. For purposes of accounting, assessments and tax returns, the fiscal year of the Association shall be the calendar year.

Section 11.2 Annual Accounting. On or before March 15th of each year, The Board of Directors shall prepare or cause to be prepared a complete accounting of the receipts and expenditures of the Association for the preceding calendar year and shall cause to be timely filed all required tax returns on behalf of the Association.

Section 11.3 Annual Budget. On or before June 1st of each year the Board of Directors shall prepare or cause to be prepared an Annual Budget which shall include an estimate of all of the capital costs, operating expenses and administrative expenses anticipated for the calendar year and necessary to the performance of the functions of the Association as set forth in the Declaration.

Section 11.4 Proposed Annual Assessment. The Annual Budget prepared by the Board of Directors shall include a proposed monthly assessment for each Lot necessary to cover the costs and expenses estimated in the budget.

Section 11.5 Submission to Members. Upon determination of the date for the annual meeting of the Members as provided in Article IV of these By-Laws, the Board of Directors shall cause the Secretary of the Association to mail notice of the annual meeting to each Member of the Association not less than thirty (30) days prior to the time of such meeting. Said notice shall be accompanied by:

- (a) A copy of the Annual Accounting referred to in Section 11.2, above.



(b) A copy of the Annual Budget and Proposed Annual & Special Assessments referred to in Sections 11.3 and 11.4, above.

(c) Copies of any other documents to be considered by the Members at the Annual Meeting.

(d) A proxy form to be signed and returned by those Members who cannot attend the Annual Meeting.

Section 11.6 Approval of Budget and Assessment. The Budget, and Annual or Special Assessments, shall be approved by a vote of a majority of the Members at the Annual Meeting of the Members. Modifications and adjustments to the Budget and Proposed Annual or Special Assessments may be made by the Members if necessary to secure their required approval.

Section 11.7 Payment Date. The Board of Directors shall cause a notice of the Annual assessment as approved by the Members to be mailed to each Member and such assessment shall be due and payable as determined by the Board of Directors.

Section 11.8 Assessment Roll. The Treasurer of the Association shall maintain an assessment roll setting forth the name and address of each Lot owner, the amount of each Annual assessment and the date of payment or payments, unless such tasks are covered by the Bookkeeper.

Section 11.9 Effect of Non-Payment. Assessments not paid when due shall be deemed delinquent and shall incur a late fee of \$35.00, and bear interest at the rate of 15% per annum from the due date. Such assessment, interest, late fees and costs of collection, including recording and attorney fees shall constitute a lien against the Lot on which the assessment was levied.

Section 11.10 Notice of Lien. The Treasurer shall provide the Board of Directors or the Developer with a list of those Members who are delinquent in the payment of Assessments and the Board of Directors, or the Developer, subject to the requirement of prior notice to mortgages as set forth in the Declaration, shall file a Notice of Lien against the property upon which such assessment was levied and to proceed to collect such assessment, interest and costs as provided by the Declaration and by-laws.

ARTICLE XII

RULES AND REGULATIONS

The Board of Directors shall be and is hereby empowered to promulgate and issue such Rules and Regulations from time to time and to amend and alter any Rules and Regulations theretofore promulgated and issues as it may, in its sole discretion, determine necessary and desirable for the continued maintenance upkeep, use and enjoyment of the Lots and Common Areas, if any; subject, however, to such restrictions thereupon as may be contained in the Declarations or the Act. Such Rules and Regulations shall be binding upon and enforceable against all Lot Owners, their families, tenants, guests and invitees and all occupants of any Lot.

ARTICLE XIII

METHOD FOR RESOLVING DEADLOCKS AND DISPUTES

All disputes and/or deadlocks among the voting members of the Association or among the members of the Board of Directors of the Association, shall be settled by Binding Arbitration pursuant to the rules then in force of the American Arbitration Association. The parties agree that the determination of the rights of the parties made pursuant to such arbitration proceeding shall be final and binding on all parties and may be specifically enforced by any Court of competent jurisdiction as though it had been specifically agreed to by the parties.

ARTICLE XIV

CORPORATE SEAL

The Association shall not have a corporate seal.



ARTICLE XV

AMENDMENTS

These By-Laws may be amended, at a regular or special meeting of the Members by a vote of not less than 75% of the Members holding voting rights in the Association, subject to the provisions of Article III.

WHEREVER THE CONTEXT REQUIRES OR PERMITS, the singular shall include the plural, and any reference to the masculine, feminine or any entity reference shall be inclusive of the other.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 19th day of December, 2005.

Developers/Members

Larry S. Ogle
Larry S. Ogle

Michael L. Ogle, II
Michael L. Ogle, II

Mark A. Jackson
Mark A. Jackson

Michael L. Ogle
Michael L. Ogle

Mark V. Jackson
Mark V. Jackson

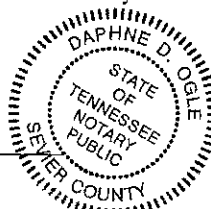
STATE OF Tennessee
COUNTY OF Jefferson

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Larry S. Ogle**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19th day of December, 2005.

My Commission expires: 12-23-06

Daphne D. Ogle
NOTARY PUBLIC



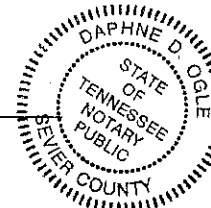
STATE OF Tennessee
COUNTY OF Jefferson

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Michael L. Ogle, II**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19th day of December, 2005.

My Commission expires: 12-23-06

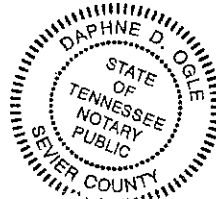
Daphne D. Ogle
NOTARY PUBLIC



STATE OF Tennessee
COUNTY OF Jefferson

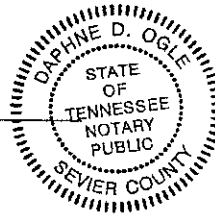
Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Michael L. Ogle, II**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19th day of December, 2005.



My Commission expires: 12-23-06

Daphne D. Ogle
NOTARY PUBLIC



STATE OF Tennessee
COUNTY OF Jefferson

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Mark V. Jackson**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19 day of December, 2005.

My Commission expires: 12-23-06

Daphne D. Ogle
NOTARY PUBLIC



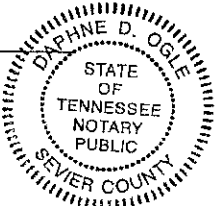
STATE OF Tennessee
COUNTY OF Jefferson

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, **Mark A. Jackson**, the within named bargainors, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she/they executed the within instrument for the purposes therein contained.

Witness my hand and seal, at office, this 19 day of December, 2005.

My Commission expires: 12-23-06

Daphne D. Ogle
NOTARY PUBLIC



**CHARTER
OF
LYONS CREEK HOMEOWNERS ASSOCIATION, INC.**

The undersigned natural person, having capacity to contract and acting as the incorporator of a corporation not for profit under the Tennessee Nonprofit Corporation Act, adopts the following charter for such corporation.

ARTICLE I

NAME

The name of the corporation is Lyons Creek Homeowners Association, Inc., hereinafter referred to as the "Association."

ARTICLE II

MUTUAL BENEFIT CORPORATION

This corporation is a mutual benefit corporation

ARTICLE III

DURATION

The duration of the association is perpetual.

ARTICLE IV

INITIAL REGISTERED OFFICE AND AGENT

The initial registered office of the Corporation shall be located in Jefferson County, Tennessee, at 862 S. Highway 92, Dandridge, TN 37725, and the name of initial registered agent of the Corporation at said office is Mark A. Jackson.

ARTICLE V

INCORPORATOR

The name and address of the person acting as the incorporator of the Corporation is: Mark A. Jackson, 862 S. Highway 92, Dandridge, TN 37725.

ARTICLE VI

PRINCIPAL OFFICE

The address of the principal office of the Corporation in the State of Tennessee shall be in Sevier County, Tennessee at: 862 S. Highway 92, Dandridge, TN 37725.

ARTICLE VII

NOT FOR PROFIT

This Association is incorporated as a Not For Profit Corporation under the Tennessee Nonprofit Corporation Act.

ARTICLE VIII

PURPOSES

The purposes for which the Association is organized are as follows:

To serve and to function as the organization of the Lot Owners of Lyons Creek, and any properties annexed or added to said subdivision (collectively referred to as "Lyons Creek"), pursuant to the provisions of the Declaration of Covenants and Restrictions for Lyons Creek Phases I, II, & III, and its amendments (herein collectively referred to as "Declaration"), which are to be recorded in the Register's Office for Knox County, Tennessee with this Charter. The definitions contained in the Declaration shall apply to this Charter.

To promote the health, safety and social welfare of the Lot Owners in Lyons Creek, and all annexed properties.

To maintain and repair the Common Areas.

To provide, contract, purchase, lease, replace, improve, maintain and repair such buildings, structures, landscaping, materials and equipment as Board of Directors of the of the Association shall deem necessary or appropriate to carry out the purposes set forth herein and in the Declaration.

ARTICLE IX

GENERAL POWERS

The general powers that the Association shall have are as follows:

To hold funds, or contract with a third party to hold funds, solely and exclusively for the benefit of the Owners for the purposes set forth in this Charter.



To promulgate and enforce rules, regulations, by-laws, covenants, restrictions, and agreements to effectuate the purposes for which the Association is organized.

To delegate power or powers where such is deemed in the interest of the Association.

To purchase, lease, hold, sell, mortgage, grant easements in, or accept easements on, or otherwise acquire or dispose of, real or personal property, except to the extent restricted hereby; to enter into, make, perform, or carry out, contracts of every kind with any person, firm corporation, or association; and to do any and all acts necessary or expedient for carrying on any and all of the activities and pursuing any and all of the objects and purposes set forth in this Charter and the Declaration.

To fix assessments to be levied against property in order to defray expenses and costs of effectuating the objects and purposes of the Association, to create reasonable reserves for such expenditures, and to authorize its Board of Directors, in its discretion, to enter into agreements with mortgage companies or other organizations for the collection of such assessments.

To charge recipients for services rendered by the Association and the user for use of Association property where such is deemed appropriate by the Board of Directors of the Association.

To pay taxes and other charges, if any, on or against property owned or accepted by the Association.

In general, to have all powers conferred upon corporations by the laws of the State of Tennessee.

ARTICLE X

MEMBERS AND VOTING RIGHTS

This Association is to have Members. The Members of this Association shall consist of every person or entity who is a record Lot Owner as described in the Declaration. A Lot Owner shall automatically be and become a Member of this Association. The foregoing is not intended to include as Members persons or entities who hold an interest merely as security for the performance of an obligation. No Lot Owner shall have more than one membership for each Lot which he owns. Membership shall be appurtenant to and cannot be separated from ownership of any Lot which is subject to assessment by this Association. Ownership of a Lot shall be the sole qualification for membership. The share of a Member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the lot. Each Member of the Association shall be entitled to voting rights in the affairs of the Association in accordance with the provisions of this Charter and the By-Laws. Voting may be in person or by written proxy. A corporation which is a Member may vote through an officer or agent thereunto duly authorized. Membership in this Association shall cease and terminate upon the sale, transfer or disposition of the Member's Lot. No incorporator or Member shall have any vested right, interest or privilege of, in or to the assets, functions, affairs or franchise of the Association, or any right, interest or privilege which may be transferable or inheritable, or which shall continue if his membership ceases, or while he is not in good standing, except as an appurtenance to his ownership of one or more Lots as described in the Declaration.

The Association shall have two classes of voting membership:

Class A. The Class A Members shall be all owners other than the Developer. Class A Members shall be entitled to one vote as defined in the paragraph above.

Class B. The Class B Member shall be the Developer. The Class B Member shall be entitled to one vote during the Developer Control Period, as defined in the Declaration. After the end of the Developer Control Period, unless terminated earlier by the Class B Member, the Class B Membership shall cease to exist.

All amendments to this Charter and accompanying Bylaws, as well as all other actions by the Members or the Board of Directors that require a vote of the membership, shall only be approved based upon the vote of approval by the requisite percent of the Class A Members, and the vote of approval by all of the Class B Members.

ARTICLE XI

DISTRIBUTION OF ASSETS UPON DISSOLUTION

In the event of the liquidation or dissolution of the Association, whether voluntary or involuntary, the assets of the Association, after the payment of debts and obligations of the Association, shall be distributed equally among the Members of the Association in good standing as such Members are defined in ARTICLE X hereof.

ARTICLE XII

BOARD OF DIRECTORS

The affairs of the Association shall be managed by the Developer during the Developer Control Period, provided, however, that the Developer may delegate certain rights, obligations and responsibilities to the Association.

Upon delegation of all rights, obligations and responsibilities to the Board of Directors, or at the end of the Developer Control Period, the Developer shall appoint the initial Board of Directors, who will serve in their capacity until the first annual meeting thereafter, at which time the Members will elect a new Board. In addition, the Developer may appoint the initial Board of Directors upon transfer of some, but not all of the rights, obligations and responsibilities, subject to the following paragraph.

Upon appointment by the Developer, the affairs of the Association (but only to the extent such rights, obligations and responsibilities are delegated to the Board by the Developer) shall be managed by a Board consisting of the number of Directors determined by the By-Laws, but not less than five (5) Directors, all of whom shall be Members of the Association. Directors of the

Association shall be elected at the annual meeting of the Members, in the manner determined by the By-Laws.

ARTICLE XIII

OFFICERS

Until the appointment of the Board of Directors by the Developer, the Developer shall act as the sole officer of the company.

Upon appointment, the Board of Directors shall elect a President, Secretary and Treasurer. The President shall be elected from among the membership of the Board, but no other officer need be a Director.

ARTICLE XIV

BY LAWS

The By-Laws of the Association, as well as any amendments prior to the appointment of a Board of Directors, shall be as approved by the Developer. After the Developer Control Period, the Board of Directors and may be altered, amended or rescinded in the manner provided for by the By-Laws.

ARTICLE XV

AMENDMENT

Amendments to this Charter may be proposed by any Member and may be adopted by a vote of not less than seventy-five (75%) percent of all of the Class A Members (as the membership is constituted at the time of the vote), and one hundred (100%) percent of the Class B Members at a special or regular meeting of Members held after written notice that the proposed change in the Charter will be considered, sent to all Members not less than thirty (30) days before the date of the meeting provided that:

No Amendment shall impair any right then existing of the holder of any first mortgage.

ARTICLE XVI

INDEMNIFICATION

Every Director and every Officer of the Association, as well as the Developer, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director, Officer or the Developer acting on behalf of the Association, or any settlement thereof, whether or not he is a Director

or Officer at the time such are incurred, except, in such cases wherein the Director or Officer is adjudged guilty of willful malfeasance or misfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlements and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

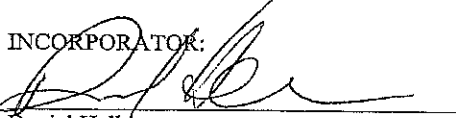
ARTICLE XVII

REIMBURSEMENT OF EXPENSES

All ordinary and necessary expenses paid or incurred by the Developer and/or the Directors and Officers in the organization of the Association or in the performance of the obligations of the Association as set forth in the Declaration shall be deemed expenses incurred on behalf of the Association and shall be accounted as expenses of the Association and reimbursed to the person or persons paying the same.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this 13th day of December, 2005.

INCORPORATOR:


Daniel Hellman

