

**THIS INSTRUMENT PREPARED BY:
Wilson Worley Moore Gamble & Stout PC
2021 Meadowview Lane - 2nd Floor, P.O. Box 88
Kingsport, Tennessee 37662**

**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
CHASE MEADOWS
A PLANNED UNIT DEVELOPMENT**

THIS DECLARATION, made on the date hereinafter set forth by Chase Meadows Development, LLC, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Sullivan County, Tennessee, said property more fully described on Exhibit "A" attached hereto and incorporated herein by reference, and

NOW THEREFORE, in consideration of the premises and pursuant to the provisions of the Horizontal Property Act, Tennessee Code Annotated §66-27-101, et. seq. (herein the "Act"), the Declarant hereby declares that all of the properties described in Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to CHASE MEADOWS HOMEOWNERS' ASSOCIATION, INC., a non-profit corporation organized under the laws of the State of Tennessee, incorporated and organized pursuant to the Act for the purpose of owning, maintaining and administering the Associations properties and facilities and administering and enforcing the covenants and restrictions related thereto. The By-Laws of the Association are attached hereto as Exhibit "C" and are incorporated herein by reference.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Private Element which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinafter described on Exhibit "A" and such additions thereto as may hereafter be brought within the jurisdiction of the Association and made subject to this Declaration.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners of all Private Elements. The Common Area to be owned by the Association is described on Exhibit "B" hereto, and incorporated herein by reference as if fully set forth herein verbatim. The Common Area shall include all areas referred to as Limited Common Areas on the plat referred to in Exhibit "A" hereto or on any plat attached to deeds of conveyance of Private Elements. Limited Common Areas, however, shall be reserved for the limited use of the Owners of the Private Elements or Private Element (Parcel of Land that may sometimes be called "Unit" or "Lot" or "Home") adjacent thereto and/or rationally of limited use for less than all of said Private Elements, and shall include, without limitation: Decks, patios, walks, steps, stoops, open space, driveways and any installation of equipment or facilities rationally of limited use for less than all of the Private Elements.

Section 5. "Private Element" shall mean and refer to any and all parcels of land shown upon any recorded map of the Properties upon which a Home (sometimes also called Lot or Unit) and the improvements associated therewith will be located on and for which fee simple ownership and exclusive use is reserved to that Home only.

Section 6. "Declarant" or "Developer" shall mean and refer to Chase Meadows Development, LLC, its heirs and assigns, having a principal place of business in Sullivan County, Tennessee.

Section 7. "Mortgage" shall mean and refer to any security instrument by means of which title to property is conveyed or encumbered to secure a debt including but without limiting the generality of the foregoing, Deeds of Trust and Deeds to Secure Debt.

Section 8. "Mortgagee" shall mean and refer to any one or more persons who hold a recorded or unrecorded Mortgage or Mortgages.

Section 9. "Home" or "Unit" shall mean or refer to any building or portion of a building situated upon the Properties designed and intended for use and occupancy as a residence, and shall be conveyed with any Private Element upon which the same is located whether or not so specifically stated.

Section 10. "Member" shall mean and refer to all those Owners who are members of the Association, as provided in Article III, Section 1, of this Declaration.

ARTICLE II

PROPERTY RIGHTS

Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Private Element, subject to the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. Such dedication or transfer shall be effective if approved by the Board of Directors of the Association as evidenced by an instrument signed by the President and Secretary of the Board agreeing to such dedication or transfer and recorded.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Private Element shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Private Element. Each Owner of a Private Element shall own an equal share.

Section 2. The Association shall have two classes of voting members:

Class A. Class A voting members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Private Element owned by each Owner. When more than one (1) person holds an interest in any Private Element, all such persons shall be Members. The vote for such Private Element shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Private Element.

Class B. The Class B voting member(s) shall be the Declarant and shall be entitled to three (3) votes for each Private Element owned. The Class B voting membership shall cease and be converted to Class A voting membership 120 days after 75% of the Private Elements in the Properties have been conveyed to Private Element purchasers.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Private Element owned within the Properties, hereby covenants, and each Owner of any Private Element by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together

with interest, costs, and reasonable attorney's fees, shall be a charge on the Private Element and shall be a continuing lien upon the Private Element against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Private Element at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, and in particular for the acquisition, improvement and maintenance of properties, service and facilities devoted to this purpose upon the Properties or for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, maintenance, materials, management and supervision, security guards and patrol, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance related to the Common Area, its facilities and use in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 3. Maximum Annual Assessment. An equal share of the estimated total annual expenses expected to be incurred by the Association for the ensuing year shall be charged to and borne by each Owner, and shall be paid in monthly installments as provided in Section 6 of this Article.

(a) A maximum annual assessment shall be established by the Board of Directors and may be increased by the Board of Directors in any year so long as notice of such proposed increase is sent to all Members prior to a decision being made to increase the maximum annual assessment. The maximum annual assessment may be increased without limit by a vote of two-thirds (2/3) of each voting class of Members who are voting in person or by proxy, at a meeting called for this purpose.

(b) The Board of Directors at any time may fix the annual assessment at an amount not in excess of the maximum annual assessment.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each voting class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4, shall be sent to all Members not less than fifteen (15) days in advance of the

meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60) per cent of all the votes of each voting class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Date of Commencement of Annual Assessments - Due Dates. The annual assessments provided for herein shall be paid and collected on a monthly basis and shall commence as to all Private Elements owned by Owners other than the Developer on the first day of the month following the conveyance of the Private Element to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment against each Private Element and send written notice of each assessment to every Owner. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association, setting forth whether the assessments on a specified Private Element have been paid.

Section 7. Effect of Nonpayment of Assessments - Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum rate permitted by law. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the Private Element, and interest, costs, and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Private Element.

Section 8. Association's Lien Subordinated to Mortgages. The lien provided for in Sections 1 and 7 shall be subordinate to the lien of any first mortgage held by a financial institution at any time placed upon any Private Element. Such lien shall not be affected by any sale or transfer of a Private Element, except, that a sale or transfer pursuant to a decree of foreclosure or a non judicial foreclosure shall extinguish the lien for assessments which become payable prior to such sale or transfer. Any sale or transfer shall not relieve the purchaser or transferee of a Private Element from liability for, nor the Private Element so sold or transferred from the lien of, any assessment thereafter coming due.

Section 9. Unimproved Owner Exemption. The Owner of any unimproved Private Element shall not be specially assessed for any special improvement and such Owner shall not be required to pay the annual assessments for each vacant Private Element on which an improvement is being constructed. Upon completion of the improvements to any such Private Element, all assessments shall be payable by such Owner.

Section 10. Reserves and Working Capital. The Association may establish and maintain an adequate reserve fund to effect the purposes of the assessments as set forth herein for repairs and replacement of the improvements. In addition to all of the assessments set forth herein, each Owner shall, at the time of the closing of the purchase of each Private Element when title is furnished, be required to place into such working capital fund an amount equal to Two Hundred Dollars (\$200.00). Such amount shall be placed into a segregated account in the name of the Association and shall be utilized by the Association for those purposes, assuring that there will be adequate cash available for unforeseen expenditures or to provide additional equipment or services deemed necessary or desirable by the Board of Directors of the Association. This payment shall be paid each time a Private Element is purchased and shall not be considered an advance payment of the regular annual assessment, but shall be known as the working capital fund contribution. This sum is nonrefundable, but the amount thereof may be adjusted by the Board of Directors.

ARTICLE V

ENVIRONMENTAL QUALITY COMMITTEE

Section 1. Review by Committee. No building, wall or other structure except for fences erected in compliance with Article VIII, Section 3, shall be commenced, erected or maintained upon the Properties, including any Private Element, nor shall any exterior addition to or change or alteration therein be made, except for fences erected in compliance with Article 8, Section 3, until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structure and topography by the Board of Directors of the Association, or by any Environmental Quality Committee composed of three (3) or more representatives appointed by the Board. In the event the Board, or its designated Committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, or in any event, if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Unauthorized Improvements. In the event any Owner shall erect any structure or improvement, except a fence erected in compliance with Article VIII, Section 3, upon the Properties, including any Private Element, or shall cause any exterior addition to or change or alteration therein without submitting the plans and specifications to the Board of Directors, or its designated committee, as herein provided, then the Board may, at its discretion, cause the same to be removed at the expense of the Owner at any time within three (3) years from the date that said unauthorized improvement was made by such Owner. The total costs incurred in such removal action, including, without limitation, construction or demolition costs and professional fees and expenses, shall result in a lien in favor of the Association against the Private Element and Home owned by the Owner and may be enforced by the Board of Directors by appropriate legal action.

ARTICLE VI

EXTERIOR MAINTENANCE

Section 1. Landscaping Maintenance. Unless otherwise provided in a supplemental declaration, in addition to maintenance upon the Common Area, the Association shall provide maintenance upon those portions of each Limited Common Area which are not occupied by buildings, decks or patios, as follows: mowing of grass and mulching. Each Owner shall be responsible for the maintenance of any trees, shrubs, or other landscaping improvements on his Private Elements or in any Limited Common Area of his Home. The Association, at its option, may elect to assume additional landscaping maintenance responsibilities for any or all Homes. Additionally, the Association may establish rules and regulations to govern such maintenance by the Association or by each Owner. If any Owner fails to maintain any landscaping of the Home for which the Owner is responsible for in good order and condition, the Association shall provide such maintenance and shall assess the Owner, as provided in Section 3 hereof.

Section 2. Maintenance of Homes. Each Owner shall, at his sole cost and expense, keep and maintain the exterior and interior of his Home and any balcony, screened porches and/or patio to which he has sole access in a good state of repair, preservation and cleanliness. No Owner shall change the color of any exterior portion of any Home without the prior written approval of the Board or Environmental Quality Committee. The Association, at its option, may elect to assume certain maintenance responsibilities for all Homes and to establish rules and regulations to govern such maintenance by the Association or by each Owner. If the Owner fails to maintain the exterior of his Home in good order and condition, the Association shall provide such maintenance and shall assess the Owner, as provided in Section 3 hereof, unless such exterior maintenance is assigned to the Association under a supplemental declaration.

Section 3. Assessment of Cost. The cost of the exterior maintenance provided in Sections 1 and 2 hereof, shall be assessed against the Private Element, including the Home, upon which such maintenance is done, and shall be added to and become part of the annual assessment or charge to which such Private Element is subject, under Article IV hereof, and, as part of such annual assessment or charge, it shall be a lien and obligation of the Owner and shall become due and payable in all respects as provided in Article IV hereof, provided that the Board of Directors of the Association, when establishing the annual assessment against each Private Element for any assessment year as required under Article IV hereof, may add thereto the estimated cost of the exterior maintenance for that year, but shall thereafter make such adjustment with the Owner as is necessary to reflect the actual cost thereof.

Section 4. Access at Reasonable Hours. For the purpose of performing the exterior maintenance authorized by this Article, and for the purpose of making emergency repairs, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Private Element, with the exception that entry for non-emergency shall be at reasonable and normal business hours.

Section 5. Examination of Books. The Association shall be required to make available to all Owners and Lenders, and to Holders, Insurers or Guarantors of any first mortgage, current copies of the Declaration, By-Laws, other rules concerning the Properties and the books, records and financial statements of the Association. "Available" as used herein shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances. In addition, any Holder of a first mortgage shall be entitled, upon written request, and payment of a reasonable fee to be determined by the Board of Directors, to a financial statement of the Association for the immediately preceding fiscal year.

ARTICLE VII

SALES, ASSIGNMENTS, LEASES AND MORTGAGES OF HOMES

Section 1. No Severance of Ownership. No Owner shall execute any deed, mortgage, deed of trust or other instrument conveying or mortgaging title to his Private Element without including therein the appurtenant interests that go with such Private Element, including each Owner's undivided membership in the Association, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, deed of trust or other instrument purporting to affect one or more of such interests without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant interests of any Private Element may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Private Element to which such interests are appurtenant.

Section 2. Gifts and Devises, Etc. Any Owner shall be free to convey or transfer his Private Element by gift, or to devise his Private Element by will, or to pass the same by intestacy, without restriction.

Section 3. Leasing. Except as otherwise provided in this Section 3 of Article VII, any Owner may lease all or any part of his Private Element under such terms as he deems appropriate, provided that said lease is no shorter than one (1) year duration and provided further no customer hotel services shall be furnished, maintained or offered in connection with the leasing of any Private Element. All leases must be in writing and provide that its terms are subject in all respects to this Declaration, the Charter, By-Laws and Association Rules and that any failure of the lessee to comply with the terms of these documents shall be a default under the lease.

ARTICLE VIII

USE RESTRICTIONS

In order to promote the ecology of the development, provide compatibility for the Owners, and encourage congenial occupancy of the Properties, and for the protection of the value of Chase Meadows, the use of the Properties shall be restricted to and in accordance with the following provisions:

Section 1. Land Use and Building Type. No Private Element shall be used except for residential purposes, except the Developer reserves the right to maintain model Homes and a sales office within the Properties and the right to conduct marketing activities upon the Properties until all Private Elements are sold. No initially constructed Home and no replacement Home shall be allowed or permitted to remain on any Private Element other than one (1) single-family dwelling and any replacement Home must conform with the original plan, size and value of the Home replaced. It must be in keeping with the overall architectural scheme of development, and must first be approved in writing by the Board or Environmental Quality Committee.

Section 2. Nuisances. No nuisances shall be allowed on the Properties, nor shall any use or practice be allowed which is a source of annoyance to its residents, or which interferes with the peaceful possession or proper use of the Properties by its residents.

Section 3. Fences. No fence, wall or other structure shall be erected upon the Properties, including any Limited Common Area except according to the specifications set forth in this Section 3. Any such fence shall be no higher than four (4) feet and shall be located within an area bounded by the rear wall of the unit; the rear unit tract line or line of the periphery yard, whichever is nearer the rear wall of the unit; and the two sidelines of the unit extended to the rear unit tract line or line of the periphery yard, whichever is nearer the rear wall of the unit. Each such fence shall contain an access gate of at least four (4) feet in width for the entry and exit of commercial mowers providing maintenance of the lot in accordance with Article 6, Section 1. Fences must be constructed of black aluminum. Fences shall be for containment of children and pets only. Privacy fences and other types of fencing that restrict views of the landscape are prohibited. Fences and walls shall be maintained in good repair, be structurally sound, and be attractively finished at all times by the owner and/or occupant of the lot on which they are located.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Private Element or in any Home that is non-owner occupied. However, dogs, cats or other customary household pets may be kept and maintained in a Home that is owner occupied, provided they are not kept or maintained for commercial purposes; provided, further however, that:

- (a) No one shall keep or maintain more than two (2) pets.

- (b) No one shall keep or maintain any animal having a vicious disposition.
- (c) No one shall suffer any animal belonging to him to run free on any Common Area, including Limited Common Area, or to trespass on the Private Element of any other Owner, or to disturb the peace and quiet of any resident.
- (d) The Owner must promptly pick up and dispose of any waste discharged by any pet and restore any grounds or landscaping damaged by any pet and if the pet's owner does not do so promptly, the Association may dispose of such waste and restore any grounds and landscaping to its prior condition. The pet's owner shall reimburse the Association the cost of any such clean up and restoration, plus a reasonable fee to be determined by the Board of Directors. The Owner must pay this charge within one (1) week of being billed for the same and if not so paid, the amount billed shall accrue interest and result in the Association having the same rights all as provided in Section 7 of Article IV herein.

Any controversy arising out of this Section 4 shall be subject to arbitration, as provided in Article X, Section 5, hereof.

Section 5. Outside Antennas. No outside antennas, television antennas and/or dish, or similar devices shall be erected on any Private Element or Home within the Properties, unless and until prior written permission for same has been granted by the Board of Directors of the Association or its Environmental Quality Committee.

Section 6. Fresh-Air Clothes Drying. Fresh-air drying or airing of clothing or bedding shall be permitted outdoors on any Private Element in the Properties, so long as it is not visible from another Home or Private Element, or the Common Area.

Section 7. Use of Common Area. The Common Area and associated facilities shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the normal use and occupancy of the Homes.

Section 8. Legal Requirements. No immoral, improper, offensive or unlawful use shall be made of the Properties or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Properties, shall be complied with, by and at the sole expense of the Owners or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Properties.

Section 9. Use of Garages and Driveways. No Owner shall allow any boat, motorhome, trailer, commercial equipment, or any other equipment to be parked upon the driveway serving the Home. All automobiles must be parked either in the Home's garage or on its driveway. Owners' guests may park normal motor vehicles on the driveway serving the Home only in those incidences where the guests are temporary and the Board of Directors shall in each incidence of complaint, decide if the parking is temporary. No Owner shall be allowed to park any motor

vehicles, boats, trailers, commercial equipment, or any other equipment, on any Common Area, including, without limitation, streets.

Section 10. Garbage. Garbage, lawn cuttings, branches and other refuse shall not be burned or buried on any lot. All garbage shall be regularly removed from the home, shall not be allowed to accumulate therein, and shall be placed in containers provided by the City of Kingsport for garbage pickup. Garbage containers shall be placed near the curb no earlier than twenty-four (24) hours prior to scheduled garbage pickup and shall be removed from the curb no later than twenty-four (24) hours after garbage pickup. Garbage shall be removed from the Home no less often than once per week.

ARTICLE IX

EASEMENTS

Section 1. Utility Easements. The Developer reserves the right to grant, convey or otherwise create easements for the installation and maintenance of utilities (electric power, telephone, water, sewer, CATV, natural gas, etc.) and for drainage facilities over the Properties in general and in particular, over any Private Element. The location, width, etc. of all such easements shall be as established by Developer, whether they be shown on any recorded map or maps of the Properties, set out on any instrument creating any such easements or otherwise. No structure, planting or other material shall be placed or permitted to remain within these easements which may interfere with the installation and/or maintenance of such utilities or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

Section 2. Encroachment Easement. If any portion of the Common Area and facilities now encroaches upon any one (1) Private Element, or if any Home now encroaches upon any other Home or upon any portion of the Common Area and facilities as a result of the construction of the buildings, or if any such encroachment shall occur mistakenly when a Home is constructed in the future, a valid easement of the encroachment, and for the maintenance of the same so long as the buildings stand, shall exist. In the event the buildings, the Home, any adjoining Home, or any adjoining Common Area and facilities, shall be partially or totally destroyed as a result of fire or other casualty, or as a result of the condemnation or eminent domain proceedings, and then rebuilt, the encroachment of parts of the Common Area and facilities upon any Private Element, upon any Home or upon any portion of the Common Area and facilities, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the buildings shall stand.

ARTICLE X

GENERAL PROVISIONS

Section 1. Limitation on Certain Contract Rights Prior to Passage of Control to Association. The Association, prior to passage of control, shall not be bound either directly or indirectly to any contract or lease, including a management contract, unless there is a right of termination of any such contract or lease, without cause, which may be exercised without penalty at any time after transfer of control, upon not more than ninety (90) days notice to the other party thereto.

Section 2. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with and bind the Properties, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than seventy-five (75%) percent of the Owners. Any amendment must be recorded.

Section 5. Arbitration. In the event of any dispute arising between Owners and/or any Owner and the Association, involving the interpretation or application of any part of this Declaration and any Exhibits thereto, will be decided by arbitration whereby each party shall choose one (1) arbitrator and such arbitrators shall choose one (1) additional arbitrator, and the decision made by a majority of all the arbitrators shall be final and binding upon all parties.

Section 6. Lender's Notices. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Home number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

- a. Any condemnation loss or any casualty loss which affects a material portion of the project or any Private Element on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- b. Any delinquency in the payment of assessments or charges owed by an Owner subject to a first mortgage held, insured or guaranteed by such eligible holder or

eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

- c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- d. Any proposed action which would require the consent of a specified percentage of mortgage holders.

Section 7. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 8. Private Elements Subject to Declaration, By-Laws and Rules and Regulations. All present and future Owners, tenants, and occupants of Private Elements shall be subject to, and shall comply with, the provisions of this Declaration, the By-Laws, and the Rules and Regulations of the Association, as they may be amended from time to time. The acceptance of a deed of conveyance or the entering into a lease or the entering into occupancy of any Private Element shall constitute an agreement that the provisions of the Declaration, By-Laws and the Rules and Regulations of the Association, as they may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Private Elements, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease therefore.

Section 9. Description of Private Elements. Any deed or other instrument which conveys or refers to a Private Element may call that Private Element a "Home" or a "Lot" or a "Unit" and the term "Home", "Lot" or "Unit" in any such document shall mean and refer to a Private Element as defined herein.

Section 10. Attorney's Opinion. Attached hereto as Exhibit "D" is an Attorney's Opinion regarding the creation of Chase Meadows as a planned unit development. The provisions of this Attorney's Opinion are incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned, being the sole members of the Declarant herein, have hereunto set their hands this 23rd day of July, 2009.

Chase Meadows Development, LLC

By: *Kenneth W Bates*
Kenneth W. Bates
Its: Member

By: *+ Anita Bates*
Anita Bates
Its: Member

STATE OF TENNESSEE :

: ss.

COUNTY OF SULLIVAN :

Personally appeared before me, the undersigned, a Notary Public in and for the aforesaid state and county, Kenneth E. Bates and Anita Bates, with whom I am personally acquainted and who, upon oath, acknowledged themselves to be the sole members of CHASE MEADOWS DEVELOPMENT, LLC, the within-named bargainor, a Tennessee limited liability company, and that they, as sole members, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Company by themselves.

WITNESS my hand and official seal at office this _____ day of _____, 2009.

Notary Public

My commission expires: _____

EXHIBIT A

DESCRIPTION OF THE PROPERTIES

Located in the 7th Civil District of Sullivan County, Tennessee, to-wit:

BEING all the property shown on the map entitled Final Development Plan Chase Meadows—Phase One, of record in the Register's Office, for Sullivan County at Blountville, Tennessee, in Plat Book 52, Page 777.

EXHIBIT B

**DESCRIPTION OF THE COMMON AREA OF
CHASE MEADOWS, LLC
PHASE ONE**

Located in the 7th Civil District of Sullivan County, Tennessee, to-wit:

BEING all the property described as EXHIBIT A. THERE IS EXPRESSLY EXCEPTED FROM THE COMMON AREA, HOWEVER, ALL UNITS (PRIVATE ELEMENTS), THE GENERAL LOCATION OF WHICH ARE SHOWN ON THE MAP ENTITLED FINAL DEVELOPMENT PLAN CHASE MEADOWS—PHASE ONE OF RECORD IN THE REGISTER'S OFFICE FOR SULLIVAN COUNTY AT BLOUNTVILLE, TENNESSEE, IN PLAT BOOK 52, PAGE 777. THE EXACT DIMENSIONS, LOCATION AND METES AND BOUNDS DESCRIPTION OF EACH UNIT (PRIVATE ELEMENT) AND ALL LIMITED COMMON AREAS FOR THE USE OF EACH UNIT WILL BE DEPICTED ON A PLAT THAT WILL BE ATTACHED TO THE DEED FROM THE DEVELOPER TO THE PURCHASERS OF EACH UNIT. A DEED FROM DEVELOPER TO THE ASSOCIATION FOR THE COMMON AREA IN THIS PHASE AND SECTION WILL BE RECORDED AFTER THE FINAL CONVEYANCE OF ALL PRIVATE ELEMENTS IN THIS PHASE OF CHASE MEADOWS.

**BY-LAWS OF
CHASE MEADOWS HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE I - NAME AND LOCATION

The name of the Corporation is CHASE MEADOWS HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the Corporation shall be located at 181 Peppertree Drive, Kingsport, Sullivan County, Tennessee 37664 or at such other place as the Corporation may designate from time to time, but meetings of members and directors may be held at such places within the State of Tennessee, as may be designated by the Board of Directors.

ARTICLE II - DEFINITIONS

Section 1. Definitions. The following words when used in these By-Laws or any amendments thereto (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to Chase Meadows Homeowners' Association, Inc., its successors and assigns.

(b) "The Properties" shall mean and refer to all such existing properties, and additions thereto, as are subject to these By-Laws or any amendments thereto under the provisions of the Declaration, these By-Laws and any other instruments or deeds bringing property within the jurisdiction of the Association.

(c) "Common Properties" or "Common Areas" shall mean and refer to those areas of land shown on any recorded plat of The Properties and/or designated as such in the Declaration or in any deed to the Association, and intended to be devoted to the common use and enjoyment of the owners of all Private Elements in The Properties. The Common Area shall include all areas shown on any recorded plat of The Properties as "Limited Common Area." Limited Common Areas, however, shall be reserved for the limited use of the Owners of the Private Elements or Private Element (Parcel of Land that may sometimes be called "Unit" or "Lot" or "Home") adjacent thereto and/or rationally of limited use for less than all of said Private Elements, and shall include, without limitation: Decks, patios, walks, steps, stoops, open space, driveways and any installation of equipment or facilities rationally of limited use for less than all of the Private Elements.

(d) "Private Elements" shall mean and refer to any and all parcels of real estate shown upon any recorded map of The Properties upon which a Home or Unit and the improvements associated therewith will be located and for which fee simple ownership and exclusive use is reserved to that Home or Unit only, and fee simple ownership thereof may be conveyed.

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(e) "Home" or "Unit" shall mean or refer to any portion of a building situated upon The Properties, and shall be conveyed with any Private Element whether or not so specifically stated.

(f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities of any Private Element, including any Home or Unit located thereon, situated upon The Properties but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgage unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosing.

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

(h) "Developer" shall mean and refer to Chase Meadows Development, LLC, his heirs and assigns.

(i) "Declaration" shall mean and refer to the Declaration of Protective Covenants, Conditions and Restrictions for Chase Meadows applicable to The Properties recorded in the office of the Register of Deeds for Sullivan County, Tennessee.

ARTICLE III - MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. Every owner of a Private Element shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Private Element. Voting rights of the Members shall be as provided in the Declaration and as may be set out herein.

Section 2. Property Rights. Each member shall be entitled to the use and enjoyment of the Common Area and any associated facilities as provided in the Declaration. Any Member may delegate his rights of enjoyment of the Common Area and associated facilities to the members of his family, his tenants, or contract purchasers who reside in the Home (herein the "delegate") with prior approval of the Board of Directors. Such Member shall notify the Secretary of the Association in writing of the name of the delegate. The rights and privileges of such delegate are subject to approval and suspension by the Board of Directors to the same extent as those of the Member.

Section 3. Ownership in The Association. Each Owner of a Private Element shall own an equal share of the total membership in the Association.

ARTICLE IV - MEETING OF MEMBERS

Section 1. Annual Meetings. Regular annual meetings of the Members shall be held at a date, time and place established by the directors. Notice of the meeting must be given as required by Section 3.

Section 2. Special Meetings. Special meetings of the Members 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 who hold one-fourth (1/4) of all the votes of the Class A voting members.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or the person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association or supplied by such Member 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. Waiver by a Member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of Members or of proxies entitled to cast, one-fourth (1/4) of the votes of each voting class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at such meeting 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. The President shall preside over all meetings of the Members.

Section 5. Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance of the Member of his or her Private Element.

ARTICLE V - BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of at least three (3) directors, who need not be Members.

Section 2. Term of Office. At each annual meeting of the Members, the Members shall elect the number of directors necessary to replace the directors whose terms will be expiring. However, directors may serve consecutive terms. All directors will be elected to serve two (2) year terms.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members. 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.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties; provided, however, the Board may employ a director to manage the business affairs of the Association, and pay the director for his services as manager.

ARTICLE VI - NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret ballot. 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 Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII - MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday; provided, however, if the Board shall agree to meet on such legal holiday, any action taken by it shall be valid and binding.

Section 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 three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the Board.

ARTICLE VIII - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

(a) Adopt and publish Rules and Regulations governing the use of the Common Area and associated facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational or associated facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published Rules and Regulations;

(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 Articles of Incorporation, 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, without good reason, from three (3) consecutive regular meetings of the Board of Directors;

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) Employ attorneys to represent the Association when deemed necessary; and

(g) Take any action required or permitted to be taken under the Tennessee Non-profit Corporation Act, as amended, or as permitted by law.

Section 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;

(b) Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of all annual or special assessments against each Private Element at least thirty (30) days in advance of each annual or special assessment period;

(2) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual or special assessment period; and

(3) Foreclose the lien against any Private Element for which assessments or other charges are not paid within thirty (30) days after due date, or to bring an action at law against the Owner personally obligated to pay the same.

(d) 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 that an assessment is paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability insurance covering the Association, its directors, officers, agents, and employees, and to procure and maintain adequate hazard insurance on the real and personal property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Provide for the operation, care, upkeep, surveillance and maintenance of the Common Areas and to employ and dismiss all personnel necessary to accomplish the same.

ARTICLE IX - OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The Officers of this Association shall be a President, and a Secretary, and such other officers as the Board may from time to time by resolution elect.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for two (2) years and until his successor is elected and qualified unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 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 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, 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 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 replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

PRESIDENT

(a) 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 leases, mortgages, deeds and other written instruments, including all promissory notes. The President shall perform such other duties as required by the Board.

SECRETARY

(b) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

TREASURER

(c) The Treasurer 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 checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and 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. The Treasurer shall perform the duties as provided by Article VIII, Section 2(d), and establish the charge therefor until the Board of Directors shall change either who shall perform this function or shall change the charge to be made.

ARTICLE X - COMMITTEES

The Board of Directors may appoint an Environmental Quality Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI - 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 Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association where copies may be purchased at a reasonable cost.

ARTICLE XII - ASSESSMENTS

The assessments to be made against each Private Element shall be as set forth in the Declaration. Members shall pay an extra \$100.00 late charge on assessments or fees not paid

with thirty two (32) days from billing. This late charge amount may be increased or decreased by action of the Board of Directors.

ARTICLE XIII - AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds (2/3) of Members present in person or by proxy. Any such Amendment shall be in writing and shall be recorded in the same manner as these By-Laws.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 3. Emergency Action. If the Board, at a special called meeting, determines that emergency action must be taken, and if such action is a violation of a provision of either the Declaration, Articles of Incorporation, or these By-Laws, then minutes of such meeting shall be distributed to all Members within fifteen (15) days.

ARTICLE XIV - DIRECTORS' LIABILITY

No director shall have any personal liability to the Corporation or its members for monetary damages for breach of fiduciary duty as a director. Provided, this provision shall not eliminate or limit the liability of a director: (a) for any breach of the director's duty of loyalty to the Corporation or its Members; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (c) for any unlawful distributions pursuant to Tenn. Code Ann. §48-58-304.

ARTICLE XV - INDEMNIFICATION

The Corporation shall indemnify an individual made a party to a proceeding because he is or was a director of the Corporation against liability incurred in the proceeding if: (a) the director conducted himself in good faith; and (b) he or she reasonably believed: (i) in the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in its best interest; and (ii) in all other cases, that his or her conduct was at least not opposed to its best interest; and (c) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. The determination of an individual's right to indemnification shall be made in the manner provided in Tenn. Code Ann. §48-58-506.

ARTICLE XVI - DISSOLUTION

Upon the termination, dissolution or winding up of the Corporation in any manner or for any reason, its assets, if any, remaining after payment (or provision for payment) of all liabilities of the Corporation shall be distributed to its Members on a pro-rata basis.

ATTORNEY'S OPINION

The undersigned, being an attorney licensed to practice law in the State of Tennessee and who has been so licensed since 1972, hereby certifies to Chase Meadows Development, LLC, and to no other person, firm, corporation or organization, that he has reviewed the legal documents which have been prepared incident to the establishment of a Planned Unit Development located in the 7th Civil District of Sullivan County, Tennessee, known as Chase Meadows. In particular, he has reviewed the following documents:

1. A Declaration of Protective Covenants, Conditions and Restrictions for Chase Meadows, a Planned Unit Development, to which this opinion letter is attached;

2. The plat of the Final Development Plan, Chase Meadows – Phase One, which plat is of record in the Register's Office for Sullivan County at Blountville, Tennessee, in Plat Book 52 at page 777;

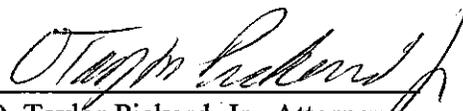
3. The By-Laws of Chase Meadows Homeowners' Association, Inc. which are attached as Exhibit "C" to the aforementioned Declaration; and

4. The Charter of Chase Meadows Homeowners' Association, Inc., which Charter is of record in the Register's Office for Sullivan County at Blountville, Tennessee, in Deed Book 2730C at Page 139.

After examining all of the above documents, the undersigned is of the opinion and hereby certifies that all of the legal documents required for the creation of a planned unit development pursuant to the Horizontal Property Act, Tennessee Code Annotated §66-27-101, et seq., are attached to this opinion or are of record in the Sullivan County Register's Office as referenced above, and that a

EXHIBIT "D"

planned unit development under the laws of the State of Tennessee and particularly the Horizontal Property Act, has been properly organized and constituted.


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