

AMENDED AND RESTATED DECLARATION OF COVENANTS  
AND RESTRICTIONS  
FOR  
FAIRFIELD GLADE

This Amended and Restated Declaration of Covenants and Restrictions for Fairfield Glade (hereinafter the "Declaration") is made this 5th day of November, 1997, by the affirmative vote of a majority of the votes cast by voting members of Fairfield Glade Community Club and with the consent of Fairfield Communities, Inc.

**W I T N E S S E T H:**

**WHEREAS**, Fairfield Communities, Inc., a Delaware corporation (hereinafter the "Declarant"), executed on the 1st day of May, 1970, a Declaration of Covenants and Restrictions for Fairfield Glade with protective covenants attached thereto, incorporated therein and forming a part of said Declaration;

**WHEREAS**, said Declaration was filed of record at 10:00 a.m. on the 8th day of May, 1970 in the Office of the Register of Deeds in and for Cumberland County, Tennessee and is there recorded in Book 99, Page 370, et seq.;

**WHEREAS**, Fairfield Glade Community Club, a non-profit corporation organized under the laws of the State of Tennessee (hereinafter the "Club"), joined in said Declaration for the purpose of indicating its agreement to perform the obligations placed upon it by the terms thereof;

**WHEREAS**, the foregoing Declaration was amended by: that First Amendment to the Declaration of Covenants and Restrictions, dated July 3, 1975 and recorded in Deed Book 161, Page 313 on July 9, 1975; that Second Amendment to the Declaration of Covenants and Restrictions dated October 4, 1982 and filed of record in Deed Book 259, Page 108 on October 18, 1982, as revised pursuant to that certain Agreed Decree, dated August 17, 1984 and filed of record on August 20, 1984; that Third Amendment to the Declaration of Covenants and Restrictions dated October 14, 1986 and recorded in Deed Book 325, Page 59; and the Conformed and Restated Declaration of Covenants and Restrictions dated February 3, 1988 and recorded in Deed Book 351, Page 710 on February 8, 1988; all of said Amendments being recorded with the Register of Deeds for Cumberland County, Tennessee (the foregoing Declaration, as so amended, being hereinafter referred to as the "Original Declaration");

**WHEREAS**, subject to the terms and conditions of this Amended and Restated Declaration, the Declarant wishes to transfer control of the Club to the Membership of the Club by relinquishing certain voting rights under the Original Declaration while retaining the ability to develop and submit to the terms of the Declaration certain Additional Property owned by the Declarant;

**WHEREAS**, the Declarant and the Club are desirous of filing of record an Amended and Restated Declaration of Covenants and Restrictions to reflect the transfer of control of the Club from the Declarant to the Membership of the Club and to provide for continued development of the Properties;

**WHEREAS**, the Declarant and the non-developer members of the Board of Directors of the Club have agreed to include within such Amended and Restated Declaration certain additional changes and modifications unrelated to the afore-referenced relinquishment of voting rights by the Declarant;

**WHEREAS**, the Original Declaration provides that the provisions of the Original Declaration may be amended if such Amendment is adopted by the affirmative vote of a majority of the votes cast by the voting Members of the Club and such Amendment is also adopted by the Declarant;

**WHEREAS**, the Board of Directors of the Club have submitted the following Amended and Restated Declaration of Covenants and Restrictions (hereinafter, the "1997 Declaration") to the Membership for their consideration and adoption or rejection;

**WHEREAS**, the 1997 Declaration has been adopted by the affirmative vote of a majority of the votes cast by the voting Members of the Club and has also been adopted by the Declarant; and

**WHEREAS**, the 1997 Declaration (a) modifies the Original Declaration by substitution, and (b) does not modify, alter, or amend any declaration or other document of record creating or described in any condominium, townhome, or single family attached development, interval ownership estate, platted subdivision or other covenant or restriction of record, except to the extent the Original Declaration is incorporated into said declarations, documents, plats, covenants or restrictions by reference;

**NOW, THEREFORE**, for and in consideration of the mutual benefits inuring to both the Declarant and the Club, the Original Declaration is amended by deleting the same in its entirety and substituting therefor the following:

## TABLE OF CONTENTS

### I. DEFINITIONS

### II. DEVELOPMENT

#### 1. Development of the Properties

#### 2. Land Restriction Plan

### III. FUTURE DEVELOPMENT

#### 1. Annexation of Additional Property by Declarant and Non-Declarant Developers

#### 2. Covenants Respecting the Additional Property

3. Annexation of Property by the Club

#### IV. MEMBERSHIP AND VOTING RIGHTS

1. Classes of Membership

2. Guest Privileges

3. Board of Directors

#### V. PROPERTY RIGHTS

1. General

2. Easement of Enjoyment

3. Owner's Right to Ingress, Egress, Use and Support

4. Easement for Additional Property

5. Use of Common Area

6. Easements for Utilities, Etc.

#### VI. UTILITIES, ROADS AND RECREATIONAL FACILITIES

1. Water System

2. Central Sewer System

3. Roads and Streets

4. Recreational Facilities

5. Overlap with Municipal Incorporation

#### VII. LIMITED COMMON AREAS

1. Owners' Easement of Enjoyment

2. Maintenance and Repair

3. Title to Limited Common Areas

#### VIII. COVENANT FOR ASSESSMENTS

1. General Assessment

2. Special Assessments

3. Assessments Payable by Declarant
4. Administrative Fees
5. Creation of the Lien and Personal Obligation for Assessments
6. Effect of Nonpayment of Assessments
7. Computation of Assessments
8. Wilshire Addition

## IX. CLUB POWERS AND RESPONSIBILITIES

### A. IN GENERAL

1. Common Area
2. General Powers
3. Rules and Regulations
4. Enforcement of Restrictions
5. Power to Assess
6. Implied Rights
7. Board Right to Act

### B. MAINTENANCE

1. Club Responsibility
2. Owner's Responsibility

### C. INSURANCE AND CASUALTY OR LIABILITY LOSSES

1. Insurance
2. Disbursement of Proceeds
3. Lot Owner's Responsibility

## X. CONDEMNATION

## XI. PARTY WALLS

1. General Rules of Law to Apply

2. Sharing of Repairs and Maintenance
3. Destruction by Fire or Other Casualty
4. Weatherproofing
5. Right to Contribution Runs With Land
6. Arbitration
7. Wilshire Addition

## XII. ARCHITECTURAL CONTROLS

1. Architectural Control Committee (ACC) .
2. Single Family Lots
3. Multifamily and Commercial Development
4. Approval of Plans
5. Construction Criteria and Requirement of Compliance With Law
6. Sewage Disposal
7. Water Supply
8. Connection to Central Sewer System
9. Wilshire Addition

## XIII. USE RESTRICTIONS

1. General
2. Residential Use
3. Temporary Structures
4. Setbacks
5. Side Yards
6. Lots Near Lakes, Water Courses, Golf Courses, Permanent Parks,  
Permanent Recreational Tracts
7. Outbuildings

8. Protective Screening
9. Signs
10. Model Houses
11. Easements
12. Nuisances
13. Pets
14. Oil and Mining Operations
15. Clotheslines, Garbage Cans, Woodpiles, Etc.
16. Lighting
17. Sight Distance at Intersections
18. Parking
19. Drainage
20. Use of Water Bodies
21. Wilshire Addition

#### XIV. GENERAL PROVISIONS

1. Coverage and Term
2. Enforcement
3. Priority of Documents
4. Amendment
5. Indemnification
6. Merger and Subdivision of Lots
7. Severability
8. Perpetuities
9. Conveyances Subject to Easements
10. Incorporation by Reference

11. Interpretation
12. Construction
13. Captions
14. Gender and Grammar
15. Notice

AMENDED AND RESTATED DECLARATION OF COVENANTS AND  
RESTRICTIONS FOR FAIRFIELD GLADE

This Amended and Restated Declaration of Covenants and Restrictions for Fairfield Glade (hereinafter the "Declaration" or "1997 Declaration") is made on the 5th day of November, 1997, by the affirmative vote of a majority of the votes cast by the voting Members of Fairfield Glade Community Club and by adoption of the same by Fairfield Communities, Inc. By virtue of the recording of this 1997 Declaration, all of the Property described in Exhibit "A" attached hereto and incorporated herein by this reference (sometimes hereinafter referred to as the "Exhibit "A" Property"), and any Additional Property as may be by subsequent amendment or supplemental declaration be added and subjected to this Declaration 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 submitted to this Declaration and which shall be binding on all parties having any right, title or interest in the Exhibit "A" Property and any portion of the Additional Property made subject hereto, their heirs, successors, successors in title, and assigns, and shall inure to the benefit of each Owner thereof.

**ARTICLE I**

**Definitions**

Section 1. "Additional Properties" shall mean and refer to all that property described on Exhibit "B," attached hereto and incorporated herein by this reference, which shall include all Reserved Properties.

Section 2. "Architectural Control Committee" or "ACC" shall mean and refer to that certain committee as empowered in accordance with Article XII hereof.

Section 3. "Annex" or "Annexation," whether or not capitalized, shall mean and refer to the process set forth in Article III hereof, whereby property is made subject to this Declaration.

Section 4. "Board of Directors" or "Board" shall mean and refer to the elected body of the Club having its normal meaning under the Tennessee Nonprofit Corporation Act and other governing law.

Section 5. "Bylaws of the Club" or "Bylaws" shall mean and refer to those By-Laws of the Club which govern the administration and operation of the Club, as the same may be amended from time to time.

Section 6. "Central Sewer System" shall mean and refer to the waste water treatment facilities, collection lines, pumping stations and all appurtenances providing sanitary sewer

service to the Properties to the extent required and subject to the provisions of Article VI, Section 2 hereof.

Section 7. "Charter" shall mean and refer to the Charter of Fairfield Glade Community Club on file with the Secretary of State of the State of Tennessee, as same may be amended from time to time.

Section 8. "Club" shall mean and refer to Fairfield Glade Community Club, a non-profit corporation organized under the laws of the State of Tennessee.

Section 9. "Commercial Development" shall mean and refer to the construction and development of structures intended for business, professional and/or commercial use.

Section 10. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Club and the Properties, including any reasonable reserve, all as may be imposed hereunder or found to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws and the Charter.

Section 11. "Common Area" shall mean and refer to those areas of land designated as Common Area or Common Properties on any recorded plat or other document relating to the Properties as of the Effective Date of this 1997 Declaration or as may be designated in any future recorded plats for Additional Property or other property made subject to this Declaration pursuant to the terms hereof, which, together with the facilities, improvements and personal property thereon, are intended to be devoted to the common use and enjoyment of Members of the Club.

Section 12. "Declaration" or "1997 Declaration" shall mean and refer to this Amended and Restated Declaration of Covenants and Restrictions for Fairfield Glade, as recorded on the Effective Date hereof, together with all subsequent amendments and Supplemental Declarations hereto adopted in accordance with this Declaration and filed for record in the office of the Register of Deeds for Cumberland County, Tennessee.

Section 13. "Declarant" shall mean Fairfield Communities, Inc., together with any successor or assign in interest who comes to stand in the same relation to the Properties as Fairfield Communities, Inc., and is so designated in writing by Declarant. At any given time, there shall be no more than one Declarant.



Section 14. "Development Period" shall mean and refer to a period of time commencing on the Effective Date of this 1997 Declaration and ending at such time as all of the Additional Property (other than Common Areas or Reserved Property) has been subjected to this Declaration by Supplemental Declaration and/or sold or conveyed by Declarant to third parties.

Section 15. "Effective Date" when used in reference to this Declaration, shall mean and refer to the date this 1997 Declaration is recorded in the Office of the Register of Deeds for Cumberland County, Tennessee.

Section 16. "Exhibit "A" Property" or "Exhibit "A" Properties" shall mean and refer to the property described on Exhibit "A" attached hereto and incorporated herein by this reference, which property is subject to the Declaration as of the Effective Date hereof.

Section 17. "Family" shall mean a single person or married couple and their "dependents", if any, as defined under current federal income tax regulations.

Section 18. "Foreclosure" shall mean and refer to, without limitation, the judicial or non-judicial foreclosure of a Mortgage or the conveyance of secured property by a deed in lieu of foreclosure or cancellation or other termination of a contract for deed or installment sales contract.

Section 19. "Golf Course" shall mean and refer to any golf course owned by the Club.

Section 20. "Interval Ownership" shall mean any timeshare or other interval estate, use or ownership defined or otherwise permitted by applicable Tennessee law including, without limitation, (i) timeshare estates owned or leased in property devoted to a timeshare fee or a timeshare lease, (ii) a timeshare or other interval use consisting of a contractual right of exclusive occupancy, whereby the use, occupancy or possession circulates among owners of a timeshare estate or interval according to a fixed or floating time schedule on a periodic basis annually over a period in excess of one (1) year, (iii) fractional or undivided interests in Living Units or other units of interval ownership; (iv) systems utilizing point based assignments of occupancy rights; or (v) vacation clubs. "Interval" shall mean and refer to a time period in a Living Unit subject to Interval Ownership.

Section 21. "Land Restriction Plan" shall mean and refer to that certain Land Restriction Plan described in Article II, Section 2 hereof, as the same may be modified, supplemented or amended.

Section 22. "Limited Common Area" shall mean and refer to those areas of land designated as "Limited Common Area" or "Limited Common Property" upon any recorded Subdivision Plat of the Properties intended to be devoted to the common use and enjoyment of specifically designated owners, together with the facilities, improvements and personal property located thereon.

Section 23. "Living Unit" shall mean and refer to any structure or portion thereof designed and intended for use and occupancy as a residence by a single Family, or by Interval Owners where dedicated to such use in a recorded declaration.

Section 24. "Lot" shall mean and refer to any numbered Lot as shown on any recorded Subdivision Plat for the Properties and shall include a Living Unit, if any, located on such Lot.

Section 25. "Member" or "Members" or "Membership" shall mean and refer to Class A Charter Members, Regular Members and Business Members of the Club and shall include, subject to the terms and conditions hereof, the Declarant and any Non-Declarant Developer.

Section 26. "Member in Good Standing" shall mean and refer to a Member who is not delinquent with respect to the payment of any assessments, fees or other charges owing to the Club and who is otherwise not in violation of any provision of this Declaration, the By-Laws or Rules and Regulations of the Club.

Section 27. "Mortgage" shall mean and refer to a mortgage, deed to secure debt, deed of trust, installment sales contract or contract for deed, and a "First Mortgage" shall mean and refer to any installment sales contract or contract for deed or to any first priority mortgage, deed to secure debt or deed of trust.

Section 28. "Mortgagee" shall mean and refer to a beneficiary, grantee or holder of a Mortgage. A "First Mortgagee" is the beneficiary, grantee or holder of a First Mortgage.

Section 29. "Mortgagor" shall mean and refer to the grantor of a Mortgage.

Section 30. "Multifamily Structure" shall mean and refer to any building containing two or more Living Units located on a single parcel of land.

Section 31. "Multifamily Residential Development" shall mean and refer to the development and construction of one or more Multifamily Structures and/or Single Family Attached Structures. Multifamily Residential Development may, but need not, include Living Units subject to Interval Ownership.

Section 32. "Non-Declarant Developer" shall mean any person or entity other than Declarant or the Club engaged primarily in the business of land development and resale, who seeks to subject all or any portion of the Additional Property to the Declaration as provided in Article III hereof.

Section 33. "Owner" shall mean and refer to the record owner, whether one (1) or more persons, of the fee simple title to any Lot or Living Unit or other tract or parcel of land located within the Properties made subject to this Declaration, or, in the case of a contract for deed or installment sales contract, the purchaser under such contract for deed or installment sales contract. All Owners of Intervals within a Living Unit shall be considered as Co-Owners of said Living Unit. The term "Owner" shall not include any person holding such interest solely as security for the payment or satisfaction of an obligation. Subject to the terms and conditions hereof, the term "Owner" shall include the Declarant and any Non-Declarant Developer.

Section 34. "Parcel" shall mean any designated tract of land shown on any Subdivision Plat for the Properties.

Section 35. "Person" shall mean and refer to a natural person, a corporation, a partnership, a limited liability company, trustee, or other legal entity.

Section 36. "Properties" shall mean and refer to the Exhibit "A" Properties and to such portions of the Additional Property or other properties as are made subject to this Declaration in accordance with the terms hereof. Properties shall also include the Common Area.

Section 37. "Reserved Properties" shall mean and refer to those areas so designated now or in the future on any Subdivision Plat for the Properties or otherwise designated as Reserved Property in this Declaration or any Exhibit hereto.

Section 38. "Rules and Regulations" shall mean and refer to those Rules and Regulations as promulgated by the Board of Directors or the Membership of the Club pursuant to this Declaration and the Bylaws.

Section 39. "Single Family Attached Structure" shall mean and refer to any structure containing one or more Living Units attached to each other but with each Living Unit located on a separate parcel of land.

Section 40. "Single Family Detached Structure" shall mean and refer to any building intended for use as a Living Unit and not attached to any other structure.

Section 41. "Single Family Lot" shall mean and refer to any Lot or area of Lots so designated on any recorded Subdivision Plat for the Properties.

Section 42. "Single Family Residential Development" shall mean and refer to the construction and development of Single Family Detached Structures intended for use and occupancy as a residence by a single family. Single Family Residential Development shall not include Living Units subject to Interval Ownership.

Section 43. "Special Agreement" shall mean an agreement entered into between the Club and a Non-Declarant Developer in accordance with Article III, Section 1 hereof involving property to become subject to the Declaration. A Special Agreement may, but need not, contain additional provisions applicable to a particular Non-Declarant Developer and its successors and assigns as may be mutually agreed between the Club and any such Non-Declarant Developer, but in any event shall be subject in all respects to the provisions of the Declaration and the Land Restriction Plan. All Special Agreements shall be kept in the offices of the Club and shall be subject to review by Members during normal working hours.

Section 44. "Subdivision Plat(s)" shall mean and refer to any Subdivision Plat or other plat of the Properties filed of record with the Office of the Register of Deeds for Cumberland County, Tennessee.

Section 45. "Supplemental Declaration" shall mean and refer to a declaration of covenants, conditions and restrictions which, from and after the date of recording of this Declaration, by its terms, subjects designated Additional Property (or other property pursuant to Article III, Section 3 hereof) to this Declaration. Such Supplemental Declaration may contain supplemental covenants and restrictions to reflect the different character of an area, so long as such complementary additions

and modifications shall be consistent with and comply with the covenants and restrictions set forth herein and in the Land Restriction Plan; provided, however, nothing herein shall prohibit a Supplemental Declaration from having additional or more restrictive covenants or restrictions which are unique to the properties then being subjected to the Supplemental Declaration.

Section 46. "Tennessee Decrees" shall mean and refer collectively to that certain Memorandum Opinion of Chancellor Vernon Neal of the Chancery Court for Cumberland County, Tennessee dated October 14, 1981 and filed of record October 15, 1981; to that certain Decree of the Chancery Court for Cumberland County, Tennessee dated December 7, 1981 and filed of record December 8, 1981; and to that certain Agreed Decree of the Chancery Court for Cumberland County, Tennessee dated August 17, 1984 and filed of record on August 20, 1984.

Section 47. "Wilshire Addition" shall mean and refer to Wilshire Addition, Block 1, Lots 1-207 per Plats filed March 14, 1970 in Plat Book 3, Pages 19-21, in the Office of the Register of Deeds for Cumberland County, Tennessee.

## **ARTICLE II**

### **Development**

Section 1. Development of the Properties. All of the Properties shall be developed, held, sold and conveyed subject to the easements, restrictions, covenants and conditions set forth herein and in compliance with the Land Restriction Plan and any applicable Subdivision Plat, provided, however, any Additional Property not subjected to this Declaration may be used, developed, operated or sold by the Declarant or any Non-Declarant Developer in their sole and absolute discretion subject to Article III, Section 2 hereof.

Section 2. Land Restriction Plan. Any Additional Property described on Exhibit "B" made subject to this Declaration by the recording of a Supplemental Declaration, shall, upon the recording of such Supplemental Declaration, also be subject to that certain Land Restriction Plan recorded at Deed Book \_\_\_\_, Page \_\_\_\_, in the Office of the Register of Deeds for Cumberland County, Tennessee. Pursuant to the Land Restriction Plan, certain portions of the Additional Property specified therein which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration are restricted to Single Family Residential Development, certain portions of the Additional Property specified therein which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration are restricted to Single Family Residential Development and Multifamily Residential Development and certain portions of the Additional Property specified therein which are made subject to the 1997 Declaration through the filing of a Supplemental Declaration are restricted to Single Family Residential Development, Multifamily Residential Development and Commercial Development. The Land Restriction Plan further sets forth certain development criteria which must be adhered to in respect to each type of development. By virtue of the recording of this 1997 Declaration, any Additional Property as may by subsequent amendment or Supplemental Declaration be added and subjected to this Declaration shall also be held, sold and conveyed subject to the terms of the Land Restriction Plan. The Land Restriction Plan may be amended from time to time by the mutual written agreement of the Declarant and the Board of Directors of the Club, without a vote of the Members. Nothing in the Land Restriction

Plan shall be deemed to limit or restrict the use of Additional Property not subjected to the Declaration, except as provided in Article III, Section 2 hereof.

### **ARTICLE III**

#### **Future Development**

##### **Section 1. Annexation of Additional Property by Declarant and Non-Declarant Developers.**

(a) Annexation of Additional Property. Except as otherwise provided in subparagraph (b) hereof, the Declarant and any Non-Declarant Developer shall have the right, privilege and option (but not the obligation) from time to time and at any time to subject to the provisions of this Declaration and the jurisdiction of the Club, pursuant to the terms and conditions contained within this Declaration, all or any portion of the Additional Property set forth on Exhibit "B" by filing with the Register of Deeds for Cumberland County, Tennessee a Supplemental Declaration annexing such property. The filing of such a Supplemental Declaration shall also subject such property to the terms and provisions of the Land Restriction Plan referred to in Article II, Section 2 hereof. Such Supplemental Declaration shall not require the approval of the Club or its Board of Directors, but shall comply in all respects with the Land Restriction Plan. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration, unless otherwise provided therein. The Declarant or any Non-Declarant Developer shall provide the Club with a copy of any such Supplemental Declaration at the time of recordation. Notwithstanding the foregoing, no such annexation of Additional Property by a Non-Declarant Developer shall be effective unless and until such Non-Declarant Developer has entered into a Special Agreement with the Club wherein the Non-Declarant Developer agrees to pay to the Club all fees and to construct all utilities and improvements in respect to the property being annexed which would be required to be paid or constructed by Declarant pursuant to Article VI of this Declaration.

##### **(b) Annexation of Common Area and Prior Notice of Certain Annexations.**

(i) Notwithstanding the provisions of subparagraph (a) hereinabove, the Club, acting by and through its Board of Directors, must first consent to any annexation of Additional Property by Declarant or any Non-Declarant Developer which includes developed Common Area(s) containing recreational facilities, amenities or other improvements or facilities which must be maintained by the Club; provided such consent shall not be unreasonably withheld.

(ii) The Club shall accept any undeveloped Common Area designated as such on a Supplemental Declaration filed by Declarant or any Non-Declarant Developer pursuant to subparagraph (a) above so long as such undeveloped Common Area is not subject to any commitment to develop the same with any improvements.

(iii) The Declarant or any Non-Declarant Developer shall give the Club at least sixty (60) days prior written notice before annexing any Additional Properties which include any Multifamily Residential Development or Commercial Development, which notice shall include any plats or surveys which exist showing the size and location of all structures and improvements to be constructed on such property, and such other information as the Declarant or any Non-Declarant Developer shall determine or the

Club shall reasonably request. In the case of Multifamily Residential Development, such notice shall include the number of Living Units, the location of such Living Units, and a statement as to which Living Units, if any, will be subject to Interval Ownership. The foregoing notice shall be a condition precedent to any such annexation; provided, however, that the right to such notice shall not be deemed to create or imply any right of consent or power to reject the annexation of such Additional Properties.

Section 2. Covenants Respecting the Additional Property. All portions of the Additional Property shall be subject to this paragraph whether or not annexed to the Properties pursuant to Section 1 of this Article.

(a) The Additional Property shall not be used as a manufacturing facility, incinerator, or for any type of use involving hazardous materials of any type or causing unreasonable noise or disturbance. It is acknowledged and agreed that the covenants contained in this paragraph shall run with the Additional Property and shall be binding on the Declarant and its successors and assigns in interest to the Additional Property and any sale, lease, transfer or other conveyance of all or any part of the Additional Property to any transferee shall be subject to the provisions of this paragraph and the provisions of this paragraph shall be incorporated into any deed respecting all or any portion of the Additional Property not previously subject to this Declaration.

(b) In the event (1) the Declarant or any Non-Declarant Developer sells or otherwise develops all or any portion of the Additional Property, (2) such Additional Property has not been made subject to this Declaration, and (3) such Additional Property is then contiguous with all or any portion of the Properties, then the Declarant or any Non-Declarant Developer shall reserve and transfer to the Club, at no cost to the Club, as undeveloped Common Area, an area sufficient to reasonably create a buffer zone or green belt between the existing contiguous Properties and such Additional Property. The size of such reasonable buffer zone or green belt shall be determined based on the nature of the Properties contiguous to such Additional Property and the use to which the transferee or Declarant or any Non-Declarant Developer plans to put such Additional Property and shall be subject to such usual and customary reserved easements for access, utilities and other purposes as are reasonably required for the normal intended use of such Additional Property by its owners, provided that use of such easements shall not materially alter the appearance or usefulness of such areas as greenbelts or buffer zones in separating such contiguous Properties from the Additional Property. The Declarant or any Non-Declarant Developer shall give the Club prior written notice identifying the area proposed to be so reserved and transferred. In the event the Club determines, based on the foregoing considerations, that such buffer zone or green belt proposed by the Declarant or any Non-Declarant Developer is insufficient, the Declarant or any Non-Declarant Developer shall offer such additional contiguous land as the Club shall reasonably request as additional buffer zone or green belt, provided, however, in such event the Club shall pay to the Declarant or any Non-Declarant Developer the lower of (a) the fair market value of such additional buffer zone or green belt property, or (b) the value of such additional buffer zone or green belt property computed on the basis of the price at which the Declarant or any Non-Declarant Developer has offered to sell or otherwise transfer the Additional Property to a bona fide third party.

Section 3. Annexation of Property by the Club. The Club shall have the right to acquire and annex real property to the provisions of this Declaration and to the jurisdiction of the Club by filing for record with the Register of Deeds in Cumberland County, Tennessee, a Supplemental Declaration in respect to the property being annexed. Such annexation shall not require the approval of the Membership or Declarant (except as set forth hereinbelow) and shall be effective upon filing, unless otherwise provided therein. All annexations of real property by the Club shall be subject to the following conditions:

(a) All such real property shall be designated as Common Area.

(b) During the Development Period, the Club shall give at least sixty (60) days prior written notice of any such annexation to the Declarant. Such notice shall be a condition precedent to any such annexation; provided, however, that except as required by Section 3(c)(iii) below, the right to such notice shall not be deemed to create or imply any right of consent or power to reject such annexation.

(c) Any annexation of real property not subject to the Land Restriction Plan shall:

(i) Be restricted to the following uses: waste water treatment facilities; buffer zones or green spaces between the Properties and neighboring development; parks; and recreational amenities, including golf courses; and

(ii) Require approval by the affirmative vote of two-thirds (2/3) of the Membership votes present in person or by proxy at a meeting duly called for such purpose if the purchase cost of said real property being annexed exceeds five (5) percent of the Club's prior year audited operating revenue; and

(iii) Unless the right to such consent has been waived in writing by Declarant, any such annexation shall, during the Development Period, require the written consent of Declarant, which consent shall not be unreasonably withheld.

## **ARTICLE IV**

### **Membership and Voting Rights**

Section 1. Classes of Membership. The Club shall have the following classes of memberships:

(a) Class A Charter Membership. Every Owner of a Lot originally purchased from the Declarant by contract or deed dated prior to April 20, 1970 shall be a Class A Charter Member of the Club, unless such Class A Charter Membership has been terminated prior to the Effective Date hereof by resignation, failure to pay dues or otherwise. Such Owners shall have one (1) Class A Charter Membership per Lot. Class A Charter Memberships are voluntary and a Class A Charter Member may resign at any time. Dues on Class A Charter Memberships are fixed at Twenty-Five Dollars (\$25.00) per year and may be raised only by the affirmative vote of a majority of such Class A Charter Members. A Class A Charter Membership may be transferred by a Class A Charter Member by sale of the Class A Charter Member's Lot. If a Class A Charter Membership is terminated by resignation, failure to pay dues, or otherwise, it cannot be renewed. Each Class A Charter Membership shall have one (1) vote, which shall

be exercised by the Owner or a designated Co-Owner of a Lot or Living Unit. Rescission of a contract of purchase by the Declarant for any reason shall terminate a Membership based upon such contract.

(b) Regular Membership.

(i) Every Person who owns at least an undivided one-half interest in fee simple in any Lot or Living Unit (not subject to Interval Ownership) sold by the Declarant or any Non-Declarant Developer after April 19, 1970 or who has executed, as buyer, an installment sales contract or contract for deed with the Declarant or any Non-Declarant Developer for such an interest (hereinafter an "Owner") shall be a Regular Member of the Club, provided that any person who holds such interest merely as security for the performance of an obligation shall not be a Regular Member. If the ownership of a Lot or Living Unit (not subject to Interval Ownership) is so divided that no Person owns as much as an undivided one-half interest, then a majority of the Co-Owners may designate not more than two of the Co-Owners to be the Members of the Club for such Lot or Living Unit. There shall be one (1) vote for each such Lot or Living Unit, which vote shall be exercised by an Owner or Co-Owner of the Lot or Living Unit as provided in the Bylaws. Any Person who owns or has executed, as buyer, an installment sales contract or contract for deed for such an interest in a Lot, tract or parcel of land which is or will be used for purposes of operating one or more commercial businesses and is made subject to the 1997 Declaration after the Effective Date hereof, shall be a Regular Member of the Club on the same basis as set forth above.

(ii) Those Owners who own an Interval, or who have entered, as buyer, into an installment sales contract or contract for deed with the Declarant or any Non-Declarant Developer for an Interval shall be Regular Member - Interval Owners - of the Club. Such Members shall be entitled to exercise the privileges of Membership only during the period of their Intervals or during any reserved times in other Intervals, but shall not be entitled to exercise the privileges of Membership at other times. When an Interval is owned by two or more Co-Owners then a majority of the Co-Owners may designate no more than two of such Co-Owners to be the Members of the Club during the period of their Interval, with the remaining Co-Owners being entitled to guest privileges during the period of their Interval(s). There shall be one vote for each Living Unit that is included in an Interval Ownership declaration and such votes shall be exercised as set forth in the Supplemental Declaration subjecting such property to Interval Ownership. Owners of Intervals may assign their Membership rights and privileges to Persons (who shall be considered as designated licensees) who are occupying an Interval Living Unit with specific authorization from the Owner or Co-Owner or by virtue of an Interval exchange program or other similar program providing for the exchange of Interval use rights, provided that such designated licensees shall be limited to not more than two (2) Memberships per each such Interval Living Unit or separately keyed sub-unit which is separately paying assessments on the same basis as a Living Unit. All such assignees of Interval Membership rights shall be subject to the terms and conditions of this Declaration, the Bylaws, and the Rules and Regulations of the Club. No Interval Owner shall be excused from the obligation to pay assessments by virtue of an assignment of Membership rights.

(c) Business Membership. Each entity, other than a natural person, which owns a fee simple interest in any Lot or Living Unit sold by Declarant or any Non-Declarant



Developer after April 19, 1970 or which has executed, as buyer, an installment sales contract or contract for deed with the Declarant or any Non-Declarant Developer for such an interest, shall hold a Business Membership in the Club, provided that any entity which holds such interest in a Lot or Living Unit merely as security for the performance of an obligation shall not hold a Business Membership. The holder of a Business Membership shall be entitled to designate one (1) Family to enjoy the privileges of Membership in accordance with the Rules and Regulations of the Club. There shall be one (1) vote for each Lot or Living Unit subject to a Business Membership, and the Family designated as being entitled to the privileges of Membership shall be entitled to vote the Membership.

(d) Declarant Membership. The Declarant shall hold a Declarant Membership in the Club so long as it is the record Owner of a Lot, Living Unit or Interval which is part of the Properties, which Declarant Membership shall, except as otherwise set forth herein, include all of the privileges and obligations of a Regular Membership. Declarant shall have voting rights on the same basis as a Regular Member in respect to those Lots, Living Units or Intervals on which it is required to pay general and special assessments pursuant to Article VIII, Section 3 hereof. Declarant shall have no voting rights in respect to those Lots, Living Units or Intervals on which it is not required to pay general and special assessments pursuant to Article VIII, Section 3 hereof.

(e) Non-Declarant Developers. Non-Declarant Developers shall hold a Regular Membership for each Lot, Living Unit or Interval owned in fee simple by such Non-Declarant Developers, provided that any Non-Declarant Developer who holds such interest in a Lot, Living Unit or Interval merely as security for the performance of an obligation shall not hold a Regular Membership in the Club. Except as otherwise expressly set forth herein, Non-Declarant Developers shall be subject to all rights and obligations of a Regular Member or Regular Member-Interval Owner, as the case may be (including, without limitation, the obligation to pay assessments) in respect to each such Lot, Living Unit or Interval. Except as expressly provided herein, Non-Declarant Developers shall not be entitled to exercise any right, power or privilege granted to the Declarant in this Declaration as developer of the Property.

## Section 2. Guest Privileges.

(a) All Members of the Club shall be entitled to reasonable guest privileges.

(b) During such time as the Declarant is actively engaged in the sale and development of the Properties, guest privileges shall be made available to customers and prospective customers of the Declarant as reasonably required to assist in its marketing and sale of Lots and Living Units within the Properties.

(c) During such time as the Declarant or any other Person ("Hotel Owner") owns and operates the hotel facility now known as The Lodge and designated as a Reserved Property (including any replacement or successor facility) (the "Hotel"), guest privileges shall be made available to guests of the Hotel during such time as said guests are actually staying at the Hotel.

(d) The Club shall be entitled to issue guest passes and exercise such guest privileges as may be reasonably necessary or appropriate for the operation or maintenance of specific facilities owned by the Club.

(e) All guest privileges provided for herein shall be subject to such reasonable guest fees and Rules and Regulations governing guest privileges as may be adopted from time to time by the Board, provided that all such guest fees and Rules and Regulations governing guest privileges shall be applied uniformly to the Declarant, all other classes of Members (whether resident or non-resident), the Hotel Owner and the Club and to their respective guests. No such Rule or Regulation shall limit the number of guests available to the Declarant under Section 2(b) hereof below a number reasonably acceptable to the Declarant.

### Section 3. Board of Directors.

(a) Number. The Board of Directors shall consist of seven (7) voting members as follows:

(b) Declarant Representation. During the Development Period, one voting director shall be elected by the entire voting Membership from a slate of one or more nominees selected by the Declarant (the "Declarant Director") as further set forth in the By-Laws of the Club. Thereafter, for a period of two (2) years, one (1) non-voting, ex-officio director shall be elected by the entire voting Membership from a slate of one or more nominees selected by the Declarant (the Ex-Officio Declarant Director), provided that such Ex-Officio Declarant Director shall have the right to receive notice of, attend, and participate in all meetings of the Board of Directors. The Declarant may, at any time, relinquish its right to have one director elected by the Membership as set forth herein by filing in the Office of the Register of Deeds for Cumberland County, Tennessee, a written statement executed by Declarant relinquishing said right. Nothing in this Section (b) shall prohibit the Declarant from exercising its membership votes in the election of directors to the extent of Lots or Living Units owned by the Declarant and for which the Declarant pays assessments.

(c) Interval Owner Director. One (1) voting director (the Interval Owner Director) shall be elected by the entire voting Membership from a slate of one or more nominees consisting of Interval Owners in Good Standing selected by the Interval Owners, or by an Executive Council representing Interval Owners as further set forth in the Bylaws of the Club.

(d) At Large Directors. All other directors shall be voting directors and shall consist of Members in Good Standing nominated and elected by the entire voting Membership as provided in the Bylaws of the Club (hereinafter "At Large Directors").

(e) Board Composition. During the Development Period, the Board shall consist of the Declarant Director, the Interval Owner Director and five (5) At Large Directors. For a period of two (2) years following expiration of the Development Period, the Board shall consist of the non-voting Ex-Officio Declarant Director, the Interval Owner Director and six (6) At Large Directors. Thereafter, the Board shall consist of one (1) Interval Owner Director and six (6) At Large Directors.

(f) Vacancies. Any vacancy in the Board of Directors caused by the death, removal or resignation of the director elected from a slate of one or more nominees selected by Declarant pursuant to Subsection (b) hereof shall be filled by a vote of the majority of the remaining directors from a slate of one or more nominees selected by Declarant and any such person so selected shall serve for the remainder of the vacated term. Any other vacancies in the Board of Directors shall be filled by a vote

of the majority of the remaining directors, in accordance with the Bylaws, and any such person so selected shall serve for the remainder of the vacated term.

## **ARTICLE V**

### **Property Rights**

Section 1. General. Each Owner shall be entitled to exclusive ownership and possession of his Lot or Living Unit, and Owners of Intervals in Living Units committed to Interval Ownership shall be entitled to exclusive possession of their Living Unit during the period of their Interval, subject to the provisions of this Declaration. The ownership of each Lot, Living Unit or Interval shall include, and there shall pass with the title to each such Lot, Living Unit or Interval as an appurtenance thereto, whether or not separately described, all rights and obligations of a Member in the Club and all of the right and interest of use in and to the Common Area as set forth herein.

Section 2. Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area subject to any restrictions, limitations, or provisions contained in this Declaration and subject to such reasonable policies and procedures, and Rules and Regulations as may be adopted from time to time by the Board of Directors of the Club or the Membership. The aforementioned right and easement of enjoyment shall be appurtenant to and shall pass with the title to every Lot or Living Unit subject to the following easements, reservations, rights and provisions, which are expressly reserved hereby:

(a) the right of the Club to suspend a Member's voting rights, if any, and right to use the facilities as may be located on the Common Area for any period during which (i) any assessment, fine or other charge as may be due the Club remains unpaid for a period of thirty (30) days or more, and (ii) for any violation of this Declaration, the Design Standards, or Rules and Regulations of the Club, for the duration of the infraction and for an additional period thereafter not to exceed thirty (30) days, provided that nothing in this paragraph shall be construed to relieve an Owner of any obligations of Membership.

(b) the right of the Club to borrow money (i) for the purpose of improving the Common Area, or any portion thereof, (ii) for acquiring additional Common Area, (iii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Common Area, or (iv) for providing the services authorized herein, and, subject to the provisions herein, to give a Mortgage or pledge the revenues of the Club as security for the payment of any such loan; provided, however, that the lien and encumbrance of any such Mortgage or pledge given by the Club shall be subject and subordinate to any and all rights, interests, options, licenses, easements and privileges herein reserved or established for the benefit of the Declarant, any Owner or the holder of any Mortgage, irrespective of when such Mortgage was executed or given;

(c) the right of the Club to dedicate, transfer, or grant permits, licenses, or easements in and to the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper development, maintenance, or operation of the Properties, the Additional Property or any portions thereof;

(d) the rights and easements reserved herein for the benefit of the Declarant and the Club.

(e) the right of the Club to charge reasonable service or user fees, administration fees and other fees for the use and enjoyment of the Common Areas.

(f) the right of the Declarant until all Lots and Living Units owned by Declarant and located within the Properties have been sold to make use of the Common Areas to encourage sales.

Section 3. Owner's Right to Ingress, Egress, Use and Support. Every Owner shall have the right of ingress and egress over, upon, and across the Common Area necessary for access to his or her Lot or Living Unit and shall furthermore have the right to lateral support. Such rights shall be appurtenant to and pass with the title to each Lot or Living Unit and shall be subject to the terms of this Declaration. However, every Owner, by accepting title to a Lot or Living Unit, acknowledges and agrees that such access, ingress and egress shall be limited to roads, streets, sidewalks, walkways, parking lots and trails located within the Properties from time to time, provided that pedestrian and vehicular access to and from all Lots or Living Units shall be provided at all times. There is reserved unto the Club, the right and privilege, but not the obligation to maintain gates controlling vehicular access to and from the Properties.

Section 4. Easement for Additional Property. There is hereby granted to Declarant, its successors, assigns and successors-in-title to the Additional Property and all parts thereof for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Properties, a perpetual, alienable and transferable right and easement for (i) pedestrian and vehicular ingress, egress and parking, across, within, and on all roads, sidewalks, trails and parking facilities, from time to time located within the Properties; and (ii) the installation, maintenance, repair, replacement, connection and use of security systems, drainage systems, storm sewers, and electrical, gas, telephone, water, and master television antennas and/or cable system lines, provided that nothing contained in this paragraph shall be construed to create any obligation on the part of the Club to construct or maintain the foregoing, and (iii) the offer and sale of Lots and Living Units by the Declarant to prospective and actual purchasers.

Section 5. Use of Common Area. The Common Areas shall be used and enjoyed by the Members in a manner consistent with their intended purpose, as reasonably interpreted by the Club. By way of explanation and not limitation, no planting or gardening shall be done upon the Common Area without prior approval of the Board, and no fences, hedges, walls or structures shall be erected or maintained upon the Common Area, except as are approved by the Board or its designated representatives. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Members and is necessary for the protection of said Members.

Section 6. Easements for Utilities, Etc.. There is hereby granted to and reserved unto the Declarant a non-exclusive, alienable and releasable easement, privilege and right on, over and under the grounds as hereinafter designated of the Properties to erect, maintain and use electric and telephone poles, wires, cables, conduits, water mains, drainage lines and drainage ditches, or drainage structures, sewers and other

suitable equipment and structures for drainage and sewage collection and disposal purposes or for the installation, maintenance, transmission and use of electricity, telephone, gas, lighting, heating, water, drainage, sewage, cable TV, and other conveniences or utilities on, in, over and under all of the Common Area and on, in, over and under all of the easements including, but not limited to, roads and streets, shown on any Subdivision Plat (whether such easements are shown on said Subdivision Plat to be for drainage, utilities or other purposes) and in, over and under a 5-foot strip at the back of each Lot and on, in, over and under a 5-foot strip along the interior of all side lot lines of each Lot and on, in, over and under a 5-foot strip at the front of each Lot. There is hereby granted to and reserved unto the Club a perpetual, non-exclusive, alienable and releasable easement, privilege and right to enter on, over, under and across the foregoing easement areas for the purpose of constructing, maintaining and replacing the Central Sewer System and related facilities as contemplated by Article VI, Section 2 hereof as well as for roadway drainage purposes, provided that use of such easement areas by the Club for roadway drainage purposes shall not unreasonably interfere with existing or then planned uses of such easement areas by Declarant or any Non-Declarant Developer. Notwithstanding the foregoing, on or before a date two years following the date on which all Additional Property (other than Common Areas and Reserved Properties) have been submitted to this Declaration by Supplemental Declaration and/or conveyed or sold to a third party, the Declarant (or its successor or assign) shall assign to the Club all of the easements and rights reserved to the Declarant in this Section 6. The Owners, other than the Declarant or the Club, of the Lot or Lots subject to the privileges, rights and easements referred to herein shall acquire no right, title or interest in or to any poles, wires, cables, conduits, pipes, mains, lines or other equipment or facilities placed on, over or under the property which is subject to the foregoing privileges, rights and easements. This Section 6 shall not apply to Lots located in the Wilshire Addition.

## **ARTICLE VI**

### **Utilities, Roads and Recreational Facilities**

Section 1. Water System. It is contemplated that the water system shall be constructed by the Declarant or Non-Declarant Developers, as applicable. A water system serving portions of the Properties has been constructed by the Declarant and is presently operated by the Crab Orchard Water Utility District pursuant to a Water Sales Contract between Declarant and the Crab Orchard Water Utility District dated January 27, 1972, as the same may be amended from time to time. The Declarant shall be the sole judge as to when the water system shall be constructed and extended within the Exhibit "A" Properties. In the event the Declarant shall decide it is not economically feasible to extend the water system to a particular area within the Exhibit "A" Properties, it shall not be obligated to do so. The water system shall be extended by the Declarant or any Non-Declarant Developer to serve those portions of the Additional Property made subject to this Declaration subsequent to the Effective Date hereof to the extent required by then current Cumberland County subdivision regulations and all other applicable legal authorities, provided this sentence shall not be construed to create any additional obligations on the part of Declarant or any Non-Declarant Developer in respect to the Exhibit "A" Properties in accordance with the provisions of the Land Restriction Plan. Upon completion, all portions of the water system serving the Properties or any portion of the Additional Property made subject to this Declaration shall be conveyed to the Crab Orchard

Water Utility District, or such other public water district as then serves the Properties, to the extent not already so conveyed.

Section 2. Central Sewer System.

(a) Central Sewer System. A Central Sewer System shall be constructed, operated and maintained by the Club as provided in this Section 2. This shall not preclude the Club, by and through its Board of Directors, from conveying the Central Sewer System to a qualified operating company or public authority, provided such operating company or public authority assumes the obligations of the Club in respect to the Central Sewer System as provided herein. The Board shall adopt a written sewer policy, which may be amended from time to time, and cause a copy of the same to be maintained with the Secretary of the Club. In establishing such a policy, the Board shall give proper consideration to the primary purpose of the Club, which is to encourage the residential development of Fairfield Glade as a desirable and viable resort/retirement community and accordingly shall consider the following factors and such others as the Board may deem proper from time to time: (1) the economic feasibility of extending such system (2) the demand for housing in an established subdivision, (3) the health needs of the community and regulatory requirements of local, state and federal authorities, (4) the need to provide sewer service to Lots for construction of new housing for those Lot Owners trading from areas that are not presently served by sewer facilities where such cannot economically be served at that time due to their location, (5) the need to encourage the continued growth of the permanent residential community by providing sewer service to Lot Owners who intend to move to Fairfield Glade and build a home, (6) the need to provide sewer service for multi-family housing, including second homes, for non-resident property owners, and (7) the need to provide sewer service for community facilities, including amenities of various types and recreational facilities that enhance the attractiveness and the value of the community for all property owners.

(b) Extensions of the Central Sewer System.

(i) Exhibit "A" Properties. A Central Sewer System has been constructed to serve portions of the Exhibit "A" Properties. The Board of Directors of the Club shall be the sole judge as to the time when the Central Sewer System shall be extended to serve additional portions of the Exhibit "A" Properties and whether such extensions are within the financial capability of the Club and the reasonable need of the particular area. In the event the Board shall decide it is not economically feasible to extend the Central Sewer System to a particular area within the Exhibit "A" Properties, it shall not be obligated to do so. If at any time after the Effective Date of this 1997 Declaration, the Club receives a request to extend the Central Sewer System to a specifically defined area within the unsewered Exhibit "A" Properties and a minimum of seventy-five percent (75%) of the Owners of all Lots (including Declarant owned Lots) to be served by such extension agree in writing to pay their share of the cost thereof as determined by the Board, and the Board elects to make such extension, then the Owners of all Lots (including Declarant owned Lots) to be served by such extension shall pay such cost which shall be assessed on a uniform basis without regard to ownership.

(ii) Sewer Obligated Exhibit "A" Properties. The Declarant and the Club, by and through its Board of Directors, have agreed that the Central Sewer System has been or will be extended to serve properties identified on Exhibit "C" to this Declaration

(hereinafter the "Sewer Obligated Exhibit "A" Properties"). The Club shall be compensated for extending the sewer collection system to the Sewer Obligated Exhibit "A" Properties through the application of availability fees which have been previously agreed to by the Club and Declarant and shall be payable as set forth in a written agreement between the Club and Declarant. All Owners of Lots within such Sewer Obligated Exhibit "A" Properties shall be obligated to pay such fees to the Club, except as otherwise provided in the aforementioned written agreement.

(iii) Additional Property Made Subject to Declaration. The Central Sewer System shall be extended by the Club to serve Additional Property made subject to this Declaration to the extent required by then current Cumberland County Subdivision Regulations. The Club agrees that such extensions shall be completed in accordance with an agreement between the Club and the Declarant dated as of the Effective Date hereof which provides for such extensions. The Club shall be compensated for extending the sewer collection system to Additional Properties through the application of availability fees which are set forth in such agreement and shall be paid to the Club by the Owners (including Declarant and any Non-Declarant Developers) of all Lots in areas to be served by such expansion.

(c) Expansions of Waste Water Treatment Capacity. To assist in the funding of future expansions of waste water treatment capacity, the Board of Directors of the Club shall include within the tap fees established for connection to the Central Sewer System, a capacity contribution which represents the estimated present day cost (as determined by the Board) of waste water treatment capacity utilized as a result of each such connection. Said capacity contributions shall be adjusted annually by the Board to reflect cost increases during the preceding year as shown in the ENR Construction Cost Index, or, in its absence, a comparable construction cost index and to reflect changes in regulatory requirements. The foregoing capacity contributions shall be included within the tap fees charged by the Club for connections to the Central Sewer System and shall be applicable to all connections occurring after the Effective Date of this Declaration within the Exhibit "A" Properties and such portions of the Additional Property as are made subject to this Declaration through the filing of a Supplemental Declaration. All such tap fees (including the capacity contribution included therein) shall be paid to the Club. All capacity contributions collected by the Club shall be maintained in a separate account designated for the sole purpose of expanding existing waste water treatment capacity or for the construction of additional waste water treatment facilities, and shall not be commingled with other funds held by the Club.

(d) Fees. The Board may establish from time to time reasonable sewer service fees, tap fees, availability fees, and other charges reasonably necessary to connect to and operate the Central Sewer System, provided that no Lot or Living Unit shall be subjected to such fees or charges unless and until sewer service is available to such Lot or Living Unit. All such fees and charges shall be assessed on an equitable basis without regard to ownership and shall be the personal obligation of the Owner of the Lot or Living Unit at the time such fees are incurred. In any action brought by the Club to recover such fees, the Club shall be entitled to recover, in addition to such fees, interest at a rate not to exceed the maximum rate permitted by law, and all costs of collection, including reasonable attorney's fees actually incurred. All sewer availability fees which are assessed against Lots, Living Units or other property located within the Sewer Obligated Exhibit "A" Properties or within Additional Property made subject to the Declaration after the Effective Date hereof shall be the

personal obligation of the Owner and shall constitute a lien against such Owner's Lot, Living Unit or other property and may be collected by suit, judgment and foreclosure in the same manner as an assessment pursuant to Article VIII hereof. In the case of Declarant, such fees shall be payable by Declarant and may be collected as provided in Article VIII hereof notwithstanding any exemption as may exist in favor of the Declarant in respect to the payment of general and special assessments on such Lots, Living Units or other property.

(e) Rights and Obligations. The respective rights and obligations of the Club and the Declarant in respect to the construction, operation and maintenance of the Central Sewer System shall be as set forth in this Section 2 and in the agreements referred to herein. Declarant shall have no other obligations with respect to the construction, operation or maintenance of the Central Sewer System.

Section 3. Roads and Streets. It is contemplated that the roads and streets shall be constructed by the Declarant or Non-Declarant Developers, as applicable, and that those roads and streets which are not accepted for dedication by Cumberland County will be a part of the Common Area. However, the Declarant shall be the sole judge as to when such roads and streets within the Exhibit "A" Properties, whether dedicated to the public or as Common Area, shall be constructed and extended from time to time. The Declarant shall also be the sole judge as to the extent the roads and streets within the Exhibit "A" Properties will be improved. In the event the Declarant shall decide it is not economically feasible to extend improved roads or streets to a particular area within the Exhibit "A" Properties, it shall not be obligated to do so. To the extent not provided by public authorities, and except as otherwise provided in any supplemental declaration applying to an incorporated association of Owners within the Club, the cost of maintenance, capital improvements, operation, taxes and other expenses incident to the completed roads and streets, whether located on the Exhibit "A" Property or on portions of the Additional Property made subject to this Declaration, and regardless of whether dedicated to the public or as Common Properties, shall be borne by the Club, which may levy assessments against each Lot and Living Unit as herein provided. Any roads and streets serving any portion or portions of the Additional Property made subject to this Declaration after the Effective Date hereof shall be constructed by Declarant or any Non-Declarant Developer in compliance with then current Cumberland County Regulations and with all requirements mandated by the HUD Report then in effect.

Section 4. Recreational Facilities. Various recreational facilities have been constructed within the Properties and are available for use by the Members, subject to the terms and provisions hereof. To assist in funding the construction of additional recreational facilities necessitated by the annexation of Additional Property, the Declarant and any Non-Declarant Developer shall pay to the Club a one time recreational impact fee of Five Hundred Dollars (\$500.00) for each additional Lot or Living Unit (not subject to Interval Ownership) submitted to the Declaration after the Effective Date hereof, payable at the time a Lot or Living Unit is first conveyed or contracted to be conveyed to a third party purchaser; provided, however, that in the case of a contract for deed or installment sales contract, such payment shall be payable upon expiration of any applicable statutory rescission period. In addition, the Declarant or any Non-Declarant Developer shall pay to the Club a one time recreational impact fee of One Thousand Dollars (\$1,000.00) for each additional Living Unit subject to Interval Ownership submitted to the Declaration, which recreational impact fee shall be payable on a building by building basis for all Living



Units located within a building upon completion of the building or upon occupancy of any Unit within the building, whichever first occurs. Said recreational impact fees shall remain in effect for three (3) years following the Effective Date of this 1997 Declaration. Beginning in the fourth (4th) year following the Effective Date hereof, said recreational impact fees shall be adjusted annually to reflect cost increases during the preceding year as shown in the ENR Construction Cost Index, or, in its absence, a comparable construction cost index. Recreational impact fees collected by the Club shall be used only for the purpose of expanding existing recreational facilities or constructing additional recreational facilities for the use and enjoyment of Club Members.

Section 5. Overlap with Municipal Incorporation. In the event any incorporated or unincorporated town, city or other municipality (hereinafter "municipality") is created or established which encompasses all or any portion of the Properties now or hereafter made subject to this Declaration, the Board shall make reasonable efforts to assure that the Club is fairly compensated by such municipality for any "municipal services" performed by the Club for the benefit of the municipality and/or its citizens. "Municipal services," as used in this paragraph, shall mean such services as are typically provided by municipalities of comparable size in the State of Tennessee. In no event shall the Club make available for use by any such municipality any facilities or other assets of the Club without just compensation, as determined by the Board in its reasonable discretion.

## **ARTICLE VII**

### **Limited Common Areas**

Section 1. Owners' Easement of Enjoyment. Lands designated upon Subdivision Plats as "Limited Common Areas" shall be devoted to the common use and enjoyment of the Owners of specifically designated Lots and Living Units to the exclusion of the common use and enjoyment of other Owners of Lots and Living Units on the Properties. The Owners of such specifically designated Lots and Living Units shall have a right and easement of enjoyment in and to the particular Limited Common Properties and such easement shall be appurtenant to and shall pass with each such specifically designated Lot or Living Unit.

Section 2. Maintenance and Repair. Maintenance, repair and replacement of Limited Common Areas shall be the obligation of the Owners of the Lots or Living Units entitled to the use and enjoyment of said Limited Common Areas. In order to facilitate the maintenance, repair and replacement of Limited Common Areas, non-profit corporations may be established having as their members all of those Owners of Lots and Living Units entitled to the use and enjoyment of the particular Limited Common Areas and such non-profit corporations shall have, as to such Lots and Living Units, the same powers which the Club has as provided in this Declaration including the power to levy assessments against such particular Lots and Living Units in order to obtain funds for such Limited Common Areas. Upon the failure of any such non-profit corporation to provide for the maintenance and repair of particular Limited Common Areas, the Club may perform same and proportionately assess charges against the Lots and Living Units entitled to the benefit of the particular Limited Common Areas, which charges shall be treated in all respects as an assessment against the affected Lots and Living Units.

Section 3. Title to Limited Common Areas. The Declarant and any Non-Declarant Developer shall convey title of all Limited Common Areas after the construction of same is completed to the non-profit corporation created to serve such Limited Common Areas.

## **ARTICLE VIII**

### **Covenant for Assessments**

Section 1. General Assessment. Subject to the terms and conditions of this Article VIII, there is hereby created an annual general assessment as may from time to time be authorized by the Board of Directors to be levied against each respective Lot or Living Unit within the Properties. The general assessment shall be used to pay expenses determined by the Board to be for the benefit of the Club, its Members, and the Properties as a whole, including, but not limited to, maintenance and insurance of the Common Area and expenses otherwise incurred by the Club in accordance with its rights, powers, and privileges for the purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of its Members, and maintaining the Properties and improvements thereon. The general assessment may include a designated capital contribution based on capital budgets prepared by the Board of Directors, which capital budgets, if any, shall take into account the projected future need for additional facilities and improvements and the expected life and expected replacement cost of existing facilities and improvements as well as debt service requirements on debt incurred or expected to be incurred in respect to the foregoing. Any such capital contribution shall be maintained in a separate account designated for such purpose and shall not be commingled with other funds held by the Club. The capital contribution for any given year shall not exceed twenty-five percent (25%) of the general assessment for such year. The Board may classify areas in accordance with the level of improvements currently being furnished to such areas and may reduce the assessments for any particular year as to the Lots in a particular area if the improvements have not yet been completed for such area. The general assessment for Living Units committed to Interval Ownership may be set by the Board at a rate not to exceed two (2) times the general assessment in effect for Living Units not committed to Interval Ownership.

Section 2. Special Assessments. Subject to the terms and conditions of this Article VIII, the Club may, in addition to the assessments authorized elsewhere herein, levy special assessments against each respective Lot or Living Unit within the Properties for the purpose of defraying, in whole or in part, the cost of any capital addition to, capital improvement of, or repair or replacement of a portion of the Common Area (including the necessary fixtures and personal property related thereto). The due date(s) of any such special assessment shall be as specified by the Board of Directors. Special assessments shall be approved by the affirmative vote of a majority of the Membership votes present in person or by proxy at a meeting duly called for such purpose, written notice of which shall be sent to all Members at least 30 days in advance and shall set forth the purpose of the meeting. Class A Charter Members shall not be subject to special assessments, need not be given notice of any meeting called to approve such assessments and shall not be entitled to vote at such a meeting.

Section 3. Assessments Payable by Declarant.

(a) Except as otherwise provided in Section 3(b) hereof, Declarant shall not be subject to general or special assessments with respect to Lots or Living Units to which the Declarant holds record title and no lien shall attach with respect to such assessments; provided, however, that upon the sale (by execution of a contract for deed or installment sales contract) or conveyance of any such Lot, Living Unit or other property to a third party purchaser or other grantee, said third party purchaser or other grantee shall be subject to all assessments and other charges in respect to such Lot, Living Unit or other property, subject to the terms and conditions of this Declaration. Notwithstanding the foregoing, if such a Lot or Living Unit is subsequently reacquired by the Declarant through Foreclosure or otherwise, such Lot or Living Unit shall not be subject to general or special assessments during such time as it is so held by the Declarant and no lien shall attach with respect to such assessments or with respect to prior unpaid assessments or other charges as provided in Section 5 of this Article VIII. On an agreed periodic basis, the Declarant shall notify the Club of the sale or conveyance of any such Lots or Living Units, which notice shall specify the date of sale or conveyance and the name, address and telephone number of the purchaser or grantee and such other information as may be reasonably requested by the Club on a form provided by the Club. Notwithstanding anything contained in this Declaration to the contrary, Declarant shall be subject in all respects to individual or specific assessments with respect to all Lots and Living Units to which Declarant holds record title, the exemption provided for in this paragraph being expressly limited to general and special assessments.

(b) Notwithstanding anything contained in this Declaration to the contrary, Declarant shall be subject to all assessments and other charges in respect to all Lots or Living Units owned of record by the Declarant which were platted and on which Declarant was paying assessments prior to January 1, 1973, and which are not subject to a contract for deed or installment sales contract.

Section 4. Administrative Fees. The Board shall have the authority to establish reasonable fees to cover the cost of billing and collecting assessments, including, without limitation, fees to cover the cost of accepting assessments in installments, where such installments have been authorized by the Board. The Board shall have the authority to offer reasonable discounts to encourage the pre-payment of assessments.

Section 5. Creation of the Lien and Personal Obligation for Assessments. Subject to the terms and provisions of this Article VIII, each Owner of a Lot, Living Unit or Interval, by acceptance of a deed or contract for deed, whether or not it shall be so expressed in such instrument, is deemed to covenant and agree to pay to the Club, in accordance with the provisions hereof, the following:

(a) Annual general assessments (including any portion thereof designated as a capital contribution);

(b) Special assessments; and

(c) Individual or specific assessments against any particular Lot, Living Unit, Interval or other property subject to the Declaration which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with this Declaration.

All such assessments, together with late fees, simple interest at a rate not to exceed the maximum rate permitted by law, costs and reasonable attorney's fees actually incurred to enforce or collect such assessments shall be a continuing lien upon the Lot, Living Unit, Interval or other property against which each such assessment is made regardless of conveyance thereof. The Club's lien shall be subordinate to the lien of any First Mortgage now or hereafter placed on the Lot, Living Unit or other property; provided, however, that such subordination shall apply only to assessments which have become due or payable prior to a sale or transfer of such property by Mortgage Foreclosure. Subject to Section 3 hereof, such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments. The recording of this Declaration shall constitute record notice of the existence of the lien and no further recordation of any claim of lien shall be required; provided, however, the Club may record a memorandum of lien in the land records of Cumberland County to evidence its claim of lien. Each such assessment, together with late fees, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the person who was the owner of such Lot, Living Unit, Interval or other property at the time the assessment or other charge came due, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance. The assessment lien provided for herein may be foreclosed by the Club in the manner prescribed by law. The Club may also, without prejudice to its lien rights hereunder, maintain suit against any delinquent Owner on the personal obligation for assessments and other charges created hereby. Notwithstanding anything to the contrary expressed or implied in this Declaration, neither Declarant nor any Non-Declarant Developer shall be liable for any unpaid dues, fees, assessments, costs, interest, fines or other charges incurred on or with respect to any Lot, Interval or Living Unit while such Lot, Interval or Living Unit is subject to an outstanding contract for deed or installment sales contract and the Club shall release and disclaim and agrees not to enforce against the Declarant, any Non-Declarant Developer, or any successor or assign thereof, including a subsequent purchaser, any lien it may have in respect to such charges on any Lot, Interval or Living Unit reacquired by the Declarant or such Non-Declarant Developer, whether by virtue of Foreclosure or otherwise.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, provided, however, that the annual general assessment may be payable in equal installments on an annual, monthly or quarterly basis. In the event of a default as to the payment of any portion of an assessment due and payable hereunder, the Club shall have the option of declaring the assessment for the entire year due and payable.

The following property otherwise subject to this Declaration shall be exempt from assessments, charges and liens created by this Article:

(a) Common Areas;

(b) Limited Common Areas;

(c) Utility Easements and all other easements under this Declaration or under any Subdivision Plat or other recorded document relating to all or any portion of the Properties or the Additional Property;

(d) Utilities;

(e) Any central water system and associated real and personal property;

(f) The Central Sewer System and associated real and personal property;

(g) Reserved Properties.

(h) Lots and Living Units owned by Declarant, but only to the extent expressly provided in Section 3 of this Article VIII.

Section 6. Effect of Non-payment of Assessments. Any assessments which are not paid when due shall be delinquent and shall be subject to such reasonable late fees as are established from time to time by the Board.

Section 7. Computation of Assessments. It shall be the duty of the Board to adopt, at least thirty (30) days prior to the commencement of each fiscal year, a budget (including a capital budget) covering the estimated costs of operating the Club and the Properties during the coming year. The Board shall cause a copy of the budget and the assessments to be levied therefrom to be available to all Members at a central location on the Properties. In the event the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein or by the procedure herein described repeated as need be, the budget and assessments in effect for the current year shall continue for the succeeding year. The Club shall upon demand at any time furnish to any Owner liable for said assessments a written statement setting forth whether said assessments have been paid. Such statement shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Wilshire Addition. The lien rights created pursuant to this Article VIII shall not apply to any Lot in the Wilshire Addition if such Lot was originally purchased from the Declarant by the Owner or his transferors by contract or deed dated prior to April 20, 1970; provided, however, that the Owner(s) of any such Lot shall be personally obligated for the payment of all assessments, fines and other charges lawfully assessed against such Owner(s) pursuant to the terms hereof.

## **ARTICLE IX**

### **Club Powers and Responsibilities**

#### **A. IN GENERAL.**

Section 1. Common Area. The Club, subject to the rights, easements and privileges set forth in this Declaration, shall be responsible for the management and control of the Common Area and all improvements thereon and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof. The Club shall maintain, operate, and preserve the Common Area for the good and benefit of the Properties and holders of easements herein provided for or contemplated.

Section 2. General Powers. The Club shall have all powers conferred upon non-profit corporations by common law and the statutes of the State of Tennessee in effect from time to time. Such powers shall include, without limitation, all powers necessary or desirable to exercise the rights and privileges of the Club and to perform the duties and responsibilities of the Club as set forth in this Declaration, the Charter, the Bylaws, and as provided by law.

Section 3. Rules and Regulations.

(a) The Club, through its Board, may establish reasonable Rules and Regulations concerning the use of the Common Area and improvements located thereon. Such Rules and Regulations and amendments thereto shall be announced prior to their effective date and copies of all such Rules and Regulations and any amendments thereto shall be made available to all Owners upon request and upon payment of a reasonable processing fee. Such Rules and Regulations shall be binding upon the Owners and users, their families, tenants, guests, invitees, licensees, and agents, until and unless such Rules or Regulations requirement is specifically overruled, canceled, or modified by the Board.

(b) All provisions of this Declaration, the By-Laws, the Rules and Regulations of the Club and the Design Standards which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants of Lots or Living Units and families, tenants, guests, invitees, licensees, contractors, and agents of occupants or Owners. The Owner of each Lot, Living Unit or other property subject to the Declaration shall be responsible for ensuring that the occupant, and the family, tenants, guests, invitees, licensees, contractors, and agents of the Owner or the occupants strictly comply with all provisions of the Declaration, Bylaws, Design Standards and Rules and Regulations promulgated by the Board. Fines may be levied against Owners or occupants for violations of the Rules and Regulations, Declaration, Bylaws or Design Standards.

Section 4. Enforcement of Restrictions. The Club shall have the right and power to enforce each and every covenant, condition, provision and restriction herein contained, including those restrictions relating to architectural approval and modification, and shall have all those powers and privileges necessary or desirable to so act.

Section 5. Power to Assess. The Club shall have the right and power, as more particularly set forth in this Declaration, to fix, levy, collect, and enforce payment by any lawful means, all charges and assessments pursuant to the terms of this Declaration, to pay all expenses in connection therewith, and all office and other expenses incident to the conduct and affairs of the business of the Club.

Section 6. Implied Rights. The Club may exercise any other right or privilege given to it expressly by this Declaration, the Bylaws, or its Charter and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 7. Board Right to Act. To the extent not otherwise required by the provisions of the Tennessee Non Profit Corporation Act, this Declaration, the Bylaws, or the Charter, the powers granted to the Club by this Declaration or the Charter or Bylaws

of the Club shall be exercised by the Board of Directors, acting through the officers of the Club or the Club's general manager.

## B. MAINTENANCE.

Section 1. Club Responsibility. The Club shall maintain and keep in good repair the Common Area. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Club to take some action or to perform some function required to be taken or performed by the Club under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Club, or from any action taken by the Club to comply with any law, ordinance, or with any order or directive of any municipal or governmental authority, the obligation to pay each such assessment being a separate and independent covenant on the part of each Owner.

Section 2. Owner's Responsibility. Subject to Article V hereof, the maintenance responsibility of an Owner subject to this Declaration shall be as follows:

(a) Maintenance Responsibility. Except as otherwise specifically provided herein or in any Supplemental Declaration providing for such maintenance by an incorporated association of Owners, all maintenance of Lots or Living Units shall be the responsibility of the Owner. Without limiting the generality of the foregoing, the maintenance of any Single Family Detached Structure or of any Living Unit within a Single Family Attached Structure shall be the responsibility of the Owner thereof unless such maintenance responsibility is expressly assigned to an incorporated association of such Owners in a recorded Supplemental Declaration affecting such property. Such maintenance shall include but not be limited to reasonable maintenance of all exterior portions of a Lot or Living Unit, inclusive of all landscaping and grass. Once an improvement or other alteration of the natural state is made on or to a Lot or Living Unit, it shall be the responsibility of the Owner thereof to properly maintain such improvement or other alteration.

(b) Assessment of Cost. In the event the Board of Directors of the Club determines that (i) any Owner has failed or refused to discharge properly his or her obligations with regard to the maintenance, repair, or replacement of items for which he or she is responsible hereunder; or (ii) that the need for maintenance, repair, or replacement which is the responsibility of the Club hereunder is caused through the willful or negligent act of an Owner, or his or her family, guests, lessees, or invitees, the Club may provide any such maintenance, repair, or replacement at such person's sole cost and expense, and the cost (which may include a reasonable administrative fee) shall be added to and become a part of the assessment to which such party is subject and shall become a lien against the Lot, Living Unit or other property of such party collectible as an assessment pursuant to Article VIII hereof. By way of example and not limitation, in the event of an Owner's failure to comply with the provisions hereof, the Club may provide exterior maintenance as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements.

(c) Access at Reasonable Hours. For the sole purpose of performing the exterior maintenance authorized by this Article IX, Part B, Section 2, the Club, and its agents, employees, successors and assigns shall have a perpetual right and easement, after reasonable notice to the Owner, to enter upon any Lot or exterior of any Living Unit

at reasonable hours on any day except Sunday; provided, however, that in cases of emergency, the Club may enter upon such Lot or the exterior of any Living Unit at any time, on any day, without notice.

(d) Wilshire Addition. Lots in the Wilshire Addition originally purchased from the Declarant by the Owner or his transferors by contract or deed dated prior to April 20, 1970 shall not be subject to Subsections (b) and (c) of this Section 2.

### C. INSURANCE AND CASUALTY OR LIABILITY LOSSES.

Section 1. Insurance. The Club's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. The Board shall also obtain a public liability policy applicable to the Common Areas covering the Club, its officers, directors, members, agents and employees in amounts to be determined from time to time by the Board of Directors of the Club and such other insurance coverage's as may be required by applicable law or determined by the Board to be in the best interests of the Club. Such coverage's may include, without limitation, director's and officer's insurance providing liability insurance coverage to the Club's directors and officers. Unless otherwise provided by the Board of Directors, the cost of all such insurance coverage shall be a Common Expense of the Club. Each insurance policy may contain a deductible in such amounts as determined by the Board. It shall be the responsibility of each Owner at his own expense, to provide public liability, property damage, title, and other insurance with respect to his own Lot, Living Unit or other property. It shall be the responsibility of the Declarant and any Non-Declarant Developer to provide public liability, property damage, title and other insurance with respect to all property owned or operated by the Declarant or any Non-Declarant Developer.

Section 2. Disbursement of Proceeds. All proceeds of insurance policies shall be disbursed as determined by the Board of Directors, acting in its sole reasonable discretion.

Section 3. Lot Owner's Responsibility. In the event that any Living Unit or other structure is totally destroyed or rendered uninhabitable or unusable and the Owner or Owners thereof determine not to rebuild or reconstruct, then that Owner or Owner shall clear that Lot or other property of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction. This provision shall also apply to the Declarant and any Non-Declarant Developer in respect to property owned or operated by Declarant or such Non-Declarant Developer within the Properties. The obligation of an Owner hereunder specified shall not be applicable to any Owner whose Lot, Living Unit or other property is insured under a casualty insurance policy obtained by an association of owners on his behalf, but to such association.

## **ARTICLE X**

### **Condemnation**



Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation) by any authority having the power of condemnation or eminent domain, the award made for such taking shall be payable to the Club, as Trustee for all Owners, and shall be used for such purposes as the Board of Directors shall reasonably determine.

If the taking or conveyance in lieu thereof includes all or any portion of a Lot, Living Unit or other property subject to the Declaration and also includes any part of the Common Area, then a Court of competent jurisdiction shall apportion such award or proceeds and such award or proceeds shall be disbursed to the Club and the Owner so affected so as to give just compensation to the Owners of any Lot, Living Unit or other property subject to the Declaration; provided, however, such apportionment may instead be resolved by the agreement of (i) the Board of Directors, and (ii) the Owners of all Lots, Living Units or other property subject to the Declaration, wholly or partially taken or sold, together with the Mortgagees for each such Lot or Living Unit, if required.

## **ARTICLE XI**

### **Party Walls**

Section 1. General Rules of Law to Apply. Each wall which is built as part of the original construction of a home upon the Properties and placed on the dividing lines between Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and of liability for property damage due to negligent or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who, by his negligent or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision of a majority of all the arbitrators shall be final and conclusive of the question involved.

Section 7. Wilshire Addition. This Article XI shall not apply to those Lots in the Wilshire Addition originally purchased from the Declarant by the Owner or his transferors by contract or deed dated prior to April 20, 1970.

## **ARTICLE XII**

### **Architectural Controls**

#### Section 1. Architectural Control Committee (ACC).

- (a) The ACC shall consist of no less than three (3) nor more than seven (7) Members, which Members shall be appointed by the Board of Directors and serve at the pleasure of the Board.
- (b) The Board shall appoint a chairperson who shall preside at all meetings of the ACC. The ACC shall operate in accordance with policies and procedures established from time to time by the ACC and approved by the Board.
- (c) The ACC is authorized to retain, within budget limits established by the Board, services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the ACC in performing its functions set forth herein and all such expenses shall be at the expense of the Club.
- (d) Any member of the ACC appointed by the Board may be removed with or without cause by the Board at any time by written notice to such appointee and its successor or successors appointed to fill such vacancies shall serve at the pleasure of the Board.
- (e) The ACC is hereby authorized to promulgate, subject to approval by the Board, written architectural standards, regulations, policies, procedures and guidelines (hereinafter referred to as the "Design Standards") governing the construction, location, height, size, dimensions, material and design of improvements (including, without limitation, driveways), structures, landscaping, the contents of submitted plans and specifications, and other information as may be required in order to evidence compliance with and obtain approval pursuant to this Article XII. Such Design Standards shall be subject to the Land Restriction Plan and shall be consistent with the terms thereof. The ACC shall make its standards, regulations, policies, procedures and guidelines available to Owners and developers who seek to engage in development, improvement or construction upon all or any portion of the Properties and shall conduct its operations in accordance therewith. Decisions of the ACC shall take into account and be founded upon the nature, kind, shape, color, size, material and location of any construction, improvements, buildings, structures or development and the quality of workmanship planned, and the harmony of external design in relation to surrounding structures, topography and elevation of such construction, improvements, buildings, structures and development. The Design Standards shall be binding upon and enforceable against all Owners.
- (f) The ACC may charge a reasonable fee as determined by the Board from time to time to cover the administrative expense of its review and comments, such fee to be payable by the applicant to the Club. Additionally, the ACC may require placement of a deposit or bond by an applicant to assure compliance with this Declaration and the

Design Standards and to cover any expenses or damages caused by construction or improvement activities required to be approved by it.

Section 2. Single Family Lots.

(a) No construction, improvements, buildings, structures, landscaping, or development of any kind whatsoever, shall be commenced, carried out on, constructed, altered, added to or maintained on any Single Family Lot unless and until plans and specifications and related data required by the Design Standards have been submitted to and approved in writing by the ACC. Notwithstanding the foregoing, in the event such plans and specifications have not been approved or disapproved by the ACC within thirty (30) days of submission, such approval shall not be required, provided the proposed construction, alteration or improvement is otherwise in compliance with this Declaration.

(b) The ACC shall have the sole discretion to determine whether the plans and specifications submitted for approval are acceptable to the ACC in connection with the approval rights. Any disapproval by the ACC may be based upon any ground whatsoever so long as such disapproval is consistent with the objectives and purposes of this Declaration, including, but not limited to, purely aesthetic considerations, provided that such disapproval is not arbitrary or capricious. Any denial of plans and specifications by the ACC may be appealed to the Board pursuant to such policies and procedures respecting appeals as may be adopted by the Board.

(c) Any and all plans submitted for the construction of a Living Unit on a Lot shall depict thereon the proposed Living Unit in such detail as requested by the ACC. Any and all requests for alterations or additions to a Lot or Living Unit, including alterations or additions to existing structures or improvements or the addition of additional structures, items or improvements shall depict thereon the proposed addition or alteration in its proposed location with all height, material, location and other specifics as may be requested by the ACC.

(d) Following approval of any plans and specifications by the ACC, representatives of the ACC shall have the right, without notice, during reasonable hours to enter upon and inspect any Lot, Living Unit or other improvements or structures with respect to which construction is underway to determine whether or not the plans and specifications thereof have been approved and are complied with. In the event that ACC shall determine that such plans and specifications have not been approved or are not being complied with, the ACC, acting in the name and at the expense of the Club, shall be entitled to enjoin further construction and to require the removal or correction of any work, improvement or structure in place which does not comply with the approved plans and specifications.

(e) Any contractor, builder, person or entity constructing a building upon the Properties shall, prior to the beginning of the construction of any such building, furnish to the ACC proof that a suitable completion bond has been made to insure completion of the building and to indemnify the Owner against material and mechanic liens. At the same time there shall be furnished to the ACC satisfactory proof that builders' risk insurance, including workers compensation insurance, if applicable, will be in effect for the construction period. If the Owner is his own builder, he shall furnish to the ACC such credit information and proof of financial ability to complete the building within the time requirements of this Article and such

additional requirements as may be required by the ACC. In such case, the Owner shall also furnish to the ACC proof of builders' risk insurance, including workers compensation insurance, if applicable, to be in effect for the construction period.

(f) Single family attached structures shall be completed according to plans and specifications both as to exterior and interior within such time as shall be fixed by the ACC when the plans and specifications for the particular structure are approved by the ACC. The following shall apply to the construction of single family detached structures as well as garage and outbuildings permitted.

(i) The exterior of any single family detached structure, garage, or outbuildings permitted which shall be erected upon or moved upon any Lot shall be completely finished within six months of the date of the start of construction.

(ii) The interior of any single family detached structure, garage or outbuildings permitted, which shall be erected upon or moved upon any Lot shall be completely finished within twelve months following the start of construction.

The contractor, builder or Owner shall submit all structures to inspection by the ACC as required to determine compliance with completion dates as herein provided or as may be provided by the ACC. In the event of non-compliance with completion dates as herein provided, the Club shall have the right, but not the obligation, to hire a contractor and/or contractors to perform the work and furnish the materials necessary for compliance and the Club shall bill the Owner for the amount expended plus twelve percent (12%) for administration. In the event the Owner does not pay the same, the Club shall have the legal right to file a lien against the property involved and proceed in law or equity to sell the property to obtain said charges or apply the same against any deposit or bond then in place. All money received over and above said charges and court costs and attorney's fees shall be paid over to the Owner.

(g) On single family detached Lots, no residential building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family dwelling not to exceed two and one-half (2½) stories in height and private garages for the occupants' vehicles and other outbuildings incidental to the residential use of the Lot.

Section 3. Multifamily and Commercial Development. Upon expiration of the Development Period, or at such earlier time as might be agreed to in writing by Declarant, all Multifamily Residential Development and Commercial Development, as well as any modifications, additions or alterations thereof, shall be subject to ACC approval in the same manner as single family construction pursuant to Section 2 of this Article. During the Development Period, unless a shorter time period is agreed to in writing by Declarant, Multifamily Residential Development and Commercial Development shall not be subject to ACC approval, except that such Multifamily Residential Development and Commercial Development shall not be commenced, constructed, altered, added to or maintained unless and until plans and specifications have been submitted to the ACC for the purpose of determining whether such plans and specifications are in compliance with the Land Restriction Plan and the ACC has so certified in writing. Such compliance shall be deemed to have been determined if the ACC fails to respond in writing within thirty (30) days of its receipt of such plans and specifications. The ACC shall also be entitled to make non-binding comments

and recommendations to the Declarant or any Non-Declarant Developer or owner concerning aesthetic considerations outside the scope of the Land Restriction Plan.

Section 4. Approval of Plans. No approval of plans and specifications and no publication of Design Standards pursuant to the terms of this Declaration by the ACC shall be construed as representing or implying that such plans, specifications or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing or guaranteeing that any Living Unit or other improvement built in accordance therewith will be built in a good workmanlike manner. The Club and the ACC shall not be responsible or liable for (i) any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Declaration, (ii) any loss or damages to any person rising out of the approval or disapproval of any plans or specifications, (iii) any loss or damage arising from the non-compliance of such plans and specifications as with any governmental ordinances and regulations, nor (iv) any defects in construction undertaken pursuant to such plans and specifications.

Section 5. Construction Criteria and Requirement of Compliance With Law. All Living Units and other structures and improvements shall be constructed, modified, altered or added to in compliance with any and all then applicable state, county and municipal zoning and building restrictions and any applicable regulations and restrictions as might apply to the real estate. All grading, clearing, construction of impervious surfaces, building and other construction activity performed on Lots or Living Units that are subject to the rules, regulations, guidelines and restrictions of any regulatory authority shall be performed in accordance with such rules, regulations, guidelines and restrictions as are then applicable. Notwithstanding anything in this Article or elsewhere to the contrary, this section shall be applicable to all construction, modifications, additions or alterations in or upon all Single Family Lots, Multi Family Lots, and other property located within the Properties.

Section 6. Sewage Disposal. No privately-owned sewage disposal system shall be permitted upon any Lot or parcel of land within the Properties unless such system is designed, located and constructed in accordance with the requirements, standards and recommendations of the State Health Department and is approved by the A.C.C.

Section 7. Water Supply. No privately-owned water system shall be permitted upon any Lot or parcel of land within the Properties unless such system is designed, located and constructed in accordance with the requirements, standards and recommendations of the State Health Department and is approved by the A.C.C.

Section 8. Connection to Central Sewer System. The Board may require any Owner to connect to and to maintain connection to the Central Sewer System at such time as the Central Sewer System is extended to and available to serve such Lot regardless of whether such Lot is then served by a private or public sanitary sewer system.

Section 9. Wilshire Addition. This Article XII shall not apply to those Lots in the Wilshire Addition originally purchased by the Owner or his transferors from the Declarant by contract or deed dated prior to April 20, 1970.

## **ARTICLE XIII**

## **Use Restrictions**

Section 1. General. This Article sets out certain use restrictions which must be complied with by all Owners and occupants of Lots, Living Units or other property subject to the Declaration. In addition, the Club may, from time to time adopt, modify or delete Rules and Regulations applicable to the Properties as permitted pursuant to Article IX(A), Section (3). Said Rules and Regulations may expand upon or add to the use restrictions set forth in this Article.

Section 2. Residential Use. Each residential Lot and Living Unit shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from such a Lot or Living Unit, including business uses ancillary to a primary residential use; provided the Owner or occupant residing in the Living Unit may conduct ancillary business activities within the Living Unit so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from the exterior of the Living Unit; (b) the business activity does not involve persons coming onto the Properties who do not reside on the Properties or door-to-door solicitation of Owners of the Properties; (c) the business activity conforms to the Land Restriction Plan and any zoning requirements for the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other Owners of the Properties, as may be determined in the sole discretion of the Board of Directors. Under no circumstances shall Single Family Detached Structures be used as a hotel or motel, for short term lodging or for other similar purposes. Nothing in this Section shall be construed to prohibit the Declarant from conducting business activities in residential areas in furtherance of its sales program.

Section 3. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently. The Club or the ACC may adopt such reasonable Rules and Regulations pertaining to the placement of any boat, boat trailer, house trailer, tractor, motor home, commercial vehicle, or similar vehicle or equipment stored or proposed to be stored or placed upon any Lot or Living Unit subject to this Declaration.

Section 4. Setbacks. The setback applicable to all Lots made subject to this Declaration prior to the Effective Date hereof shall be the setback line shown on the recorded Subdivision Plat, and if no setback line is shown, then the applicable setback shall be twenty-five (25) feet. The setback applicable to all Lots submitted to the terms of the 1997 Declaration after the Effective Date hereof shall be thirty (30) feet. Where the foregoing restrictions create an undue hardship upon the Owner, the Board may, to the extent permitted by law, modify said restrictions as necessary to alleviate the hardship.

Section 5. Side Yards. Where Lots are designated residential, the following shall apply, unless the Subdivision Plat provides otherwise:

(a) The side yard applicable to all Lots made subject to this Declaration prior to the Effective Date hereof shall be the side yard shown on the recorded Subdivision Plat, and if no side yard is shown, the applicable side yard shall be five (5) feet. The side yard applicable to all Lots submitted to the 1997 Declaration after the Effective Date

hereof shall be ten (10) feet. Where the foregoing restrictions create an undue hardship upon the Owner, the Board may, to the extent permitted by law, modify said restrictions so as to alleviate the hardship.

(b) A Single Family Attached Structure shall not be required to have a side yard, and a common or party wall may be constructed upon the dividing lines between Lots so that the wall may be partially upon one Lot and partially upon the other, or said common wall may be entirely upon one of the two Lots involved.

Section 6. Lots Near Lakes, Water Courses, Golf Courses, Permanent Parks, Permanent Recreational Tracts. No building shall be placed, nor shall any material or refuse be placed or stored upon any Lot or other parcel of land within twenty (20) feet of the water line (at normal pool elevation) of any lake or stream, or within twenty (20) feet of the property line of any golf course, park or recreational tract. Clean fill may be placed closer to the water line (at normal pool elevation) of a lake or open water course with the advance written approval of the ACC. Likewise, a boat dock or boat house may be placed closer than twenty (20) feet to the water line (at normal pool elevation) of a lake or open water course with the advance written approval of the ACC. Decisions of the ACC as to the foregoing shall be final and conclusive.

Section 7. Outbuildings. Outbuildings or accessory buildings, such as a garage, servants' quarters, or a guest house, shall be permitted on Lots upon which a Single Family Detached Structure has been constructed or is under construction; provided the building and/or buildings are occupied by servants employed on the premises or temporarily by guests, and are not occupied as rental units by nonservant or nonguest occupants, and provided the ACC shall approve the design, plans, specifications, et cetera, of such buildings.

Section 8. Protective Screening. There shall be compliance with all protective screening areas as reflected upon any recorded Subdivision Plat of the Properties. Except as otherwise provided herein regarding street intersections under "Sight Distance at Intersections," shrub plantings, fences or walls shall be maintained throughout the entire length of such areas by the Owner or Owners at their own expense to form an effective screen in order to protect and beautify the area. No building or structure except a screening fence or wall or utility or drainage facilities shall be placed or permitted to remain in such areas. No vehicular access over the area shall be permitted except for the purpose of installation and maintenance of screening, utility and drainage facilities.

Section 9. Signs. All signs are prohibited in areas designated upon any recorded Subdivision Plat as Residential except:

(a) Signs erected by the Club for identification of streets, traffic control and directional purposes;

(b) Signs of a temporary nature advertising property for sale and construction signs, which signs shall not exceed five (5) square feet in area;

(c) Signs erected by Declarant or any Non-Declarant Developer in connection with its sales;

(d) Such other temporary signs as are approved by the Board;

Upon expiration of the Development Period, or at such earlier time as might be agreed to in writing by Declarant, the erection of signs in areas designated upon any recorded Subdivision Plat as Commercial shall require the prior written approval of the ACC. During the Development Period, unless a shorter time period is agreed to in writing by Declarant, the erection of such signs shall not be subject to ACC approval; provided however, the ACC shall be given at least thirty (30) days prior written notice of the erection of any such signs, which notice shall be accompanied by plans and specifications showing the size, height, lighting, materials and such other information as may be reasonably requested by the ACC and the ACC shall be entitled to make nonbinding comments and recommendations concerning aesthetic considerations and other considerations related to the erection of the sign.

Section 10. Model Houses. No provisions of this Article shall preclude the Declarant in furtherance of its sales program from erecting, maintaining and utilizing Model Houses in any area designated upon a recorded Subdivision Plat as Residential for such purposes (including use as a sales office) as it may consider necessary during the development stages.

Section 11. Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved in the Declaration and will be reserved in any Supplemental Declaration and may also be reserved as indicated upon any recorded Subdivision Plat of the Properties. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels within the easements, or which may obstruct or retard the flow of water through drainage channels within the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which the Club, a public authority or utility company is responsible.

Section 12. Nuisances. No obnoxious or offensive activity shall be carried on upon any Lot or parcel of land within the Properties.

Section 13. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or parcel of land within the Properties, except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose, and do not endanger the health, safety or welfare of or unreasonably disturb the Owner of any Lot or Living Unit within the Properties.

Section 14. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon the Properties, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in the Properties. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon the Properties.

Section 15. Clotheslines, Garbage Cans, Woodpiles, Etc.: All clotheslines, garbage cans, woodpiles, and other similar items shall be located and/or screened in compliance with such guidelines as may be established from time to time by the



ACC. All rubbish, trash, and garbage shall be regularly removed from the Lot and shall not be allowed to accumulate thereon. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Trash, garbage, or other rubbish shall not be kept on any Lot, except in sanitary containers with sanitary covers or lids. All such sanitary containers shall be kept in a clean and sanitary condition. The ACC may adopt and promulgate reasonable rules and regulations relating to the size, shape, color and type of containers permitted and the manner of storage of the same.

Section 16. Lighting. Except for seasonal decorative lights which may be permitted pursuant to Rules and Regulations adopted by the Club, no exterior lighting shall be installed on any Lot or Living Unit after the Effective date hereof without the prior written consent of the ACC.

Section 17. Sight Distance at Intersections. All property located at any street intersection shall be so landscaped as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain at any corner where this would create a traffic or sight problem.

Section 18. Parking. The Board of Directors of the Club or the ACC, acting as its designee, shall have the authority to promulgate Rules and Regulations to govern or prohibit the outside storage or parking of vehicles upon any Lot or within any portion of the Common Area. No Owner or other occupant of any portion of the Properties shall repair or restore any vehicle of any kind upon or within any Lot, Living Unit or within any portion of the Common Area, except (1) within an enclosed garage or (2) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

Section 19. Drainage. Natural drainage of streets or roadway ditches will not be impaired by any Owner. Driveway culverts will be of sufficient size to afford proper drainage of ditches without backing water up into a ditch or diverting flow.

Section 20. Use of Water Bodies. The use of all lakes and water bodies within the Properties shall be in accordance with such Rules and Regulations as are adopted from time to time by the Club.

Section 21. Wilshire Addition. This Article XIII shall not apply to Lots located in the Wilshire Addition.

## **ARTICLE XIV**

### **General Provisions**

Section 1. Coverage and Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Club or the Owner of any property subject to this Declaration, the Declarant, Non-Declarant Developers (to the extent they become Owners) and their respective legal representatives, heirs, successors, and assigns. The covenants and restrictions of this Declaration, as they may be amended from time to time shall run

with and bind the Properties for a term of twenty-five (25) years from the Effective Date hereof, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then-Owners of two-thirds (2/3) of the Lots or Living Units has been recorded, agreeing to terminate or change said covenants and restrictions in whole or in part.

## Section 2. Enforcement.

(a) Each Owner, including Declarant and any Non-Declarant Developer, and each occupant of a Lot or Living Unit thereon and their respective families, tenants, guests, invitees and licensees shall comply strictly with this Declaration, the Bylaws, the Land Restriction Plan, the Design Standards and Rules and Regulations of the Club, as any of the same may be amended from time to time. Owners shall be responsible for the conduct of their families, tenants, guests, invitees and licensees, and in the event of a violation of any of the foregoing by such persons, the Club shall be entitled to pursue all enforcement remedies against the Owner or the violating family member, tenant, guest, invitee or licensee, or both. In the event of a violation or breach, or threatened violation or breach, of any of the same, the Club or any aggrieved Owner, jointly and severally, shall have the right to proceed at law or in equity to compel compliance therewith or to prevent a threatened violation or breach thereof. The Club shall have the right to immediately tow, without any additional notice or period in which to correct such violation, any improperly parked or prohibited vehicle as identified herein or within the Bylaws or Rules and Regulations promulgated by the Club. Neither the Club nor its agents, shall be deemed guilty or liable for any manner of trespass for such entry, abatement or removal.

(b) All reasonable costs incurred by the Club to enforce this Declaration, the Land Restriction Plan, the Bylaws, the Design Standards or Rules and Regulations of the Club, including, without limitation, reasonable costs and attorney's fees, shall be paid by the violating Owner and shall be collectable by suit, judgment, lien and foreclosure as provided in Article VIII hereof. Inasmuch as the enforcement of the provisions of this Declaration, the Land Restriction Plan, the Design Standards, the Bylaws and Rules and Regulations is essential for the effectuation of the general plan of development contemplated hereby and for the protection of present and future Owners, it is hereby declared that any breach thereof cannot be adequately compensated by recovery of damages, and that the Club, or any aggrieved Owner, in addition to all other remedies, may require and shall be entitled to the remedy of injunction to restrain any such violation or breach or threatened violation or breach. Further, in the event of any failure to comply strictly with this Declaration, the Bylaws, the Design Standards or the Rules and Regulations of the Club, then, in addition to the foregoing remedies, the Board of Directors of the Club may levy reasonable monetary fines against the Owner for such failure, the amount of such fines to be determined from time to time by the Board; provided that each day or time a violation is continued or repeated after written notice is given to the Owner to cease and desist, it shall be considered a separate and additional violation. All monetary fines shall be collectable by suit, judgment, lien and foreclosure, as provided in Article VIII hereof.

(c) No delay, failure or omission on the part of the Club or any aggrieved Owner in exercising any right, power or remedy thereafter shall, as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, bar or effect its exercise or enforcement. No right of action shall accrue nor shall any action

be brought or maintained by anyone whomsoever against the Club for or on account of any failure to bring any action on account of any violation or breach, or threatened violation, or breach of the provisions of this Declaration, the Bylaws, the Design Standards or such Rules and Regulations, however long continued, or for adopting provisions which may be deemed unenforceable.

Section 3. Priority of Documents. In the event of any inconsistency, the Declaration shall have priority over the Charter and the Charter shall have priority over the Bylaws and the Bylaws shall have priority over the Rules and Regulations.

Section 4. Amendment.

(a) Subject to Subsection (b) hereof, this Declaration may be amended by the affirmative vote of three-fourths ( $\frac{3}{4}$ ) of the Members voting in person or by proxy at a meeting duly called for such purpose. Any Member not present at a meeting at which an amendment is considered may evidence their consent to such amendment, thereafter, in writing. No such Amendment shall be effective unless there is filed for record in the Office of the Register of Deeds for Cumberland County, Tennessee, on or before the effective date thereof, an instrument executed by the President and Secretary of the Club which shall state the terms of such Amendment and which shall contain a certification by the Secretary that such Amendment was duly approved by the Members of the Club as aforesaid. The written consent thereto of any Mortgage holder affected thereby, provided such written consent is necessary, shall also be filed with such Amendment.

(b) Notwithstanding anything to the contrary stated herein, no amendment which materially and adversely affects any right, power, privilege, burden, obligation, or liability of the Declarant expressly provided herein to the Declarant as developer of the Properties (as distinguished from any right, power, privilege, burden, obligation or liability applicable to all Owners) shall be, or shall be deemed to be, effective without the Declarant's prior written consent. Without limiting the foregoing, the following provisions may not be amended without the Declarant's prior written consent: Article I, Section 1 (to the extent such amendment adds or deletes real property described on Exhibit "B"); Article I, Section 13; Article I, Section 14; Article I, Section 18 (to the extent such amendment limits the events which may constitute Foreclosure); Article I, Section 20 (to the extent such amendment limits the type of property interests which may constitute Interval Ownership); Article I, Section 21; Article I, Section 36 (to the extent such amendment adds or deletes real property described on Exhibit "A"); Article II, Section 2; Article III, Sections 1 and 2; Article III, Section 3 (to the extent such amendment permits the Club to annex property not included in the Land Restriction Plan without the consent of Declarant, or permits the Club to refuse to accept unimproved properties designated as Common Areas in a Supplemental Declaration); Article IV, Section 1(d); Article IV, Section 1(e); Article IV, Section 2(b); Article IV, Section 2(c); Article IV, Section 2(e); Article IV, Section 3(b); Article IV, Section 3(c) (to the extent such amendment would deprive Interval Owners the right to select a slate of nominees); Article IV, Section 3(e); Article V, Section 2(d); Article V, Section 2(f); Article V, Section 6 (to the extent of easements in favor of the Declarant); Article VI (to the extent such amendment may increase any costs, expenses, or fees which Declarant may have agreed to pay, may increase the building or construction obligations of the Declarant, or decrease the Club's obligations with respect to the roads, sewer system or maintaining Common Areas); Article VI, Section 5; Article VIII, Section 1 (to the extent it modifies the 2 times cap

for Interval Owners); Article VIII, Section 3; Article VIII, Section 5 (to the extent such amendment changes the scope or priority of a lien for assessments or the liability of the Declarant for unpaid assessments owed by someone other than Declarant); Article XII (to the extent such amendment purports to modify or expand the Club's or ACC's right or privilege to approve or monitor the planning, construction, or maintenance of Multifamily or Commercial Development); Article XIII, Section 4; Article XIII, Section 5; Article XIII, Section 9; Article XIII, Section 10; Article XIII, Section 11; Article XIV, Section 1; and Article XIV, Sections 4(a) and (b). With the exception of Article VIII, Section 3 hereof, which may not be amended without Declarant's prior written consent for so long as Declarant owns a Lot, Living Unit or Interval within the Properties, all rights of Declarant to prior approval of or consent to amendments as set forth in this Subsection (b) shall terminate upon expiration of the Development Period, unless relinquished earlier by written instrument executed by Declarant and recorded in the Office of the Register of Deeds for Cumberland County, Tennessee.

(c) Subject to Subsection (b) but notwithstanding the provisions of Subsection (a) hereof, the Declaration may be amended unilaterally at any time and from time to time by the Board of Directors of the Club without the consent of the Members (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue a title insurance policy with respect to the Lots or Living Units subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including for example the Federal National Mortgage Club or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots or Living Units subject to this Declaration, or (iv) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots or Living Units subject to this Declaration, provided any such amendment shall not adversely affect the title to any Owner's Lot or Living Unit or materially alter or change any Owner's right to use and enjoyment of the Common Area as set forth herein unless any such Owner shall consent thereto in writing.

(d) Notwithstanding anything to the contrary contained herein, the Club and the Declarant, may, acting jointly and without the consent of the Members, amend this Declaration for the purpose of (i) adding to Exhibits "A", "B", or "C" hereof any properties which were intended to be included within such Exhibits; (ii) deleting from Exhibits "A", "B" or "C" hereof any properties which were mistakenly included within such Exhibits; (iii) correcting any other errors or omissions found to exist in respect to Exhibits "A", "B" or "C"; and (iv) correcting any scrivener's errors otherwise found to exist within this Declaration. Any such amendment shall be effected by written instrument executed by the Club and the Declarant and filed in the Office of the Register of Deeds for Cumberland County, Tennessee.

Section 5. Indemnification. The Club shall, to the full extent permitted by Tennessee Code Annotated § 48-58-501 et seq., as such may be amended from time to time, indemnify all persons whom it may indemnify pursuant thereto. The Club shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 6. Merger and Subdivision of Lots. Upon application in writing by an Owner of adjoining Lots, the Board of Directors may, acting in its sole reasonable discretion, authorize the merger of adjoining Lots, the subdivision of a Lot, or other reasonable alterations of Lot boundaries, subject to the consent of such Mortgagees as may have an interest in the affected Lot or Lots. Such merger, subdivision, or other alteration shall be in conformance with the provisions of the Land Restriction Plan, this Declaration and any supplemental declaration that may be applicable to such Lot(s), including provisions which may further regulate merger or subdivision and provisions regulating use of Lots. Such plats and plans as may be necessary to show the altered Lot lines shall be thereafter prepared at the expense of the requesting Owner or Owners, who shall additionally be responsible for all costs, including legal fees, associated with the merger, subdivision, or other alteration. The Board of Directors may impose conditions for use of the affected Lot(s) as a condition precedent to granting approval for such a merger, subdivision, or other alteration. From and after the time a merger or subdivision of Lots or other alteration of Lot lines is approved, such resulting Lots shall, for all purposes, including, without limitation, the levying of assessments, be considered Lots in accordance with their new boundaries. Notwithstanding the foregoing, Declarant shall not be required to obtain the approval of the Club in respect to the merger, subdivision or alteration of boundaries of Lots owned by Declarant unless the same would result in the deletion of a Lot subject to assessments.

Section 7. 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 8. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of William J. Clinton, President of the United States.

Section 9. Conveyances Subject to Easements. It is expressly agreed and understood that the title conveyed by the Declarant, any Non-Declarant Developer, the Club or any Owner to any Lot, Common Area or other parcel of land within the Properties by contract, deed, or other conveyance shall be subject to any recorded easements and to any easements referred to in this Declaration affecting the same for roadways or drainage, access, ingress, egress, water, gas, sewer, storm sewer, electric light, electric power, telegraph, telephone, or cable television purposes and shall convey no interest in any pipes, lines, poles, or conduits, or in any utility facility or appurtenances thereto, constructed by or under authority of the Declarant, any Non-Declarant Developer or the Club or any easement owner or their agents, through, along, or upon the premises affected thereby to serve said land or any other portion of the Properties, and where not affected, the right to maintain, repair, sell, or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party is hereby expressly reserved.

Section 10. Incorporation by Reference. To the extent not inconsistent with the terms hereof, all dedications, limitations, restrictions, and reservations shown on any recorded Subdivision Plat of the Properties as recorded by the Declarant, any Non-Declarant Developer or the Club are incorporated herein and made a part hereof as if

fully set forth herein and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed by or on behalf of the Declarant, any Non-Declarant Developer or the Club, and, thereafter, each successive Owner, conveying any of the Properties, whether specifically referred to therein or not.

Section 11. Interpretation. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The effective date of this Declaration shall be the date of its filing for record in the Office of the Register of Deeds for Cumberland County, Tennessee.

Section 12. Construction. In the event of any inconsistency between the terms of this Declaration and the terms of the Tennessee Decrees, the terms of the Declaration shall control.

Section 13. Captions. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be constructed as defining, limiting, extending or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 14. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 15. Notice. Any notice required or permitted to be given under the provisions of this Declaration shall be in writing and shall be deemed received and effective three (3) days after deposit in the United States mail, postage prepaid, addressed to the last known address of a Member or Owner as shown on the records of the Club at the time of such mailing.

**IN WITNESS WHEREOF**, the undersigned officers, by execution hereinbelow, certify that the above Amended and Restated Declaration was lawfully adopted by the affirmative vote of a majority of the votes cast by the voting Members of the Club.

**FAIRFIELD GLADE COMMUNITY CLUB,**

**a Tennessee nonprofit corporation**

**DECLARANT CONSENT**

By execution below, Fairfield Communities, Inc. consents to the adoption of the foregoing Amended and Restated Declaration.

**FAIRFIELD COMMUNITIES, INC.,**

**a Delaware corporation**

**EXHIBIT "A" PROPERTY**

[This Exhibit will identify all properties which are presently subject to the 1970 Declaration and which will be subjected to the 1997 Declaration as approved]

**EXHIBIT "B"**

**ADDITIONAL PROPERTY**

[This Exhibit will identify all undeveloped/reserve property in the vicinity of Fairfield Glade owned by Declarant. The Declarant has the right, perhaps and option (but not the obligation) to subject all or any portion of this property to the 1997 Declaration]

**EXHIBIT "C"**

**SEWER OBLIGATED EXHIBIT "A" PROPERTIES**

[This Exhibit will identify all properties as to which the Declarant and the Club have agreed that the Central Sewer System has been or will be extended to serve]