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| 39 PGS : AL - RESTRICTIVE COVENANTS | |
| SEARCH WATCH: 24587 | |
| 08/08/2005 - 03:35 PM | |
| VALUE | |
| MORTGAGE TAX | 0.00 |
| FRANCHISE TAX | 0.00 |
| RECORDING FEE | 0.00 |
| OP FEE | 197.00 |
| REGISTER'S FEE | 2.00 |
| TOTAL AMOUNT | 0.00 |
| STATE OF TENNESSEE, ROANE COUNTY | 197.00 |

This Instrument was Prepared By:

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MARLENE HENRY
REGISTER OF

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE COTTAGES AT BRIGADOON, A PLANNED UNIT DEVELOPMENT

This DECLARATION OF COVENANTS, CONDITIONS and RESTRICTIONS, is made as of the 2nd day of August, 2005, by BRIGADOON PARTNERS, LLC, a Tennessee limited liability company, hereinafter referred to as the "Declarant."

WITNESSETH•

WHEREAS, the Declarant is the owner of certain real property located in Roane County, Tennessee, (hereinafter referred to as the "Property") which Property is more particularly described on Exhibit A attached hereto and incorporated hereto by this reference and as shown on survey prepared by Land Development Solutions dated January 26, 2005, a copy of which is attached hereto as Exhibit B (the "Plat"), which is incorporated herein by reference; and

WHEREAS, the Declarant wishes to lease and develop the Property as a planned unit development with individual lots and improvements thereon leased to tenants on long term leases as provided herein.

NOW THEREFORE, Declarant hereby declares that all of the Property described herein shall be held and leased 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 Property and be binding on all parties having any right, title, or interest in said Property or any part thereof, and their heirs, administrators, successors, and assigns, and shall inure to the benefit of each Tenant hereof.

ARTICLE 1 - DEFINITIONS

Section 1. "Assessment" shall mean a share of the funds required for the payment of expenses and charges which from time to time may be levied against each Owner or Boat Slip Owner for the payment of Common Expenses and expenses related to the Marina.

Section 2. "Association" shall mean and refer to the THE BRIGADOON HOMEOWNERS ASSOCIATION, mc., a not-for-profit corporation and its successors and assigns.

Section 3. "Board of Directors" shall mean the board of directors of the Association.

Section 4. "Boat Slip" shall have the meaning set forth in Article II, Section 9 below.

Section 5. "Boat Slip Owner" shall mean each long term lessee owner of a Boat Slip. All Boat Slip Owners must also own one or more Lots.

Section 6. "Bylaws" shall mean the Bylaws of the Association which are hereby incorporated herein by reference and attached hereto as Exhibit C.

Section 7. "Common Area" or "Common Areas" shall be all real property (including the improvements thereto) leased by the Association for the common use and enjoyment of the Owners and all roads on the Property. The Common Areas to be leased by the Association at the time of the conveyance of the first Lot are shown on the Plat, a copy of which is attached as Exhibit B and incorporated herein by reference. Common Areas shall also include the areas located below the 750' contour line which are labeled as "Common Areas" (excluding the area labeled as Common Area #7 which will not be maintained by the Association) to the maximum extent such areas are allowed by TVA to be used as Common Areas (the "TVA Common Areas"). The Common Areas shall also (i) include the existing sand bench along the boundary lines of Lots 20 and 21 which will be maintained as a community beach for all Owner's subject to such rules and regulations as may be adopted by the Association and Tracts II as described in Exhibit A attached hereto. It is expressly provided that the Declarant may develop future Units on certain portions of the Property which are labeled on the Plat as "Common Area" (but excluding the TVA Common Areas) and that Declarant shall have the right to record either additional plats or amendments to the existing plat establishing additional lots on which units may be constructed and at such time as additional lots are established by a recorded plat or amendment to the recorded plat, that portion of the Property which is shown as being lots on any such recorded plat shall automatically be deemed not to be part of the Common Area.

Section 8. "The Cottages at Brigadoon" shall mean the resort developed on the Property.

Section 9. "Building" or "Buildings" shall mean or refer to any structure or structures which include one or more Units.

Section 10. "Common Expenses" shall mean the following:

- (a) expenses of administration of the Association;
- (b) expenses of the maintenance, operation, repair or replacement of the Common Area, Limited Common Areas, the Marina and all roads;
- (c) expenses of the maintenance, operation, repair or replacement of the Easements;

2

- (d) all other sums lawfully assessed against the Common Areas, the Limited Common Areas and/or the Marina by the Association;
- (e) all real estate and personal property taxes assessed against the Common Areas, Limited Common Areas, the Marina and the roads to the extent such taxes are not assessed against the Lots.
- (f) expenses declared Common Expenses by provisions of this Declaration or by the Bylaws;
- (g) expenses provided for in any management agreement adopted for the operation of the Common Area and/or Limited Common Areas; (h) expenses of maintaining all mail boxes on the Property; and
- (i) any valid charge assessed against the development as a whole.

Section 11. "Cottages at Brigadoon" shall mean the planned unit development described in this Declaration located on the property.

Section 12. "Declarant" shall mean or refer to Brigadoon Partners, LLC, a Tennessee limited liability company, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 13. "Easements" shall mean all sidewalks, driveways and roads now or hereafter located upon the Property, as well as all drainage, sewage, ingress and egress and utility easements, whether now or hereafter of record. In addition, there is expressly created an easement for the non-exclusive use of all Owners and guests along the boundaries of all lots to allow pedestrian ingress and egress along a common walking trail if established by the Association and to provide pedestrian ingress and egress to all Common Areas. There is further expressly created an easement twelve feet (12) in width over the western boundary lines of Lots 17 through 20 to provide vehicular and pedestrian ingress and egress from the road on the Property to Lots 18 through 21 which will only be used if and when the water level of Watts Bar Lake prevents access using the road described in the Plan (the "Road") which is located below the TVA floorage easement elevation. Such easement access across Lots 18 through 21 easement shall be exclusively for the owner and invitees of Lots 18 through 21 and shall be used only during periods that the Road is not passable due to the water levels of Watts Bar Lake. In no event will a permanent road be constructed on Lots 18 through 21 unless the level of Watts Bar Lake is permanently raised to a level which makes the Road permanently unusable and no other access to Lots 18 through 21 is reasonably available. Notwithstanding any provision of this Declaration to the contrary, in no event will any roads or Common Areas be used for parking of vehicles to provide access to Watts Bar Lake except as may be expressly provided in rules adopted by and approved by Declarant. In no

K DEF 171659 v7
2815386-000002 08/01/2005

Book 1129 Page 70

event will parking be allowed on the road or Commons Areas adjacent to Lots 17 through 21 without the permission of the Owners of such Lots.

3

Section 14. "Exempt Property" shall mean all property dedicated to and accepted by a local public authority and all properties owned by charitable and nonprofit organizations shall not be subject to the assessments provided for herein. However, in no event shall any land or improvements devoted to residential use and occupancy within the Property be exempt from said assessments, except that land or improvements owned or retained by the Declarant.

Section 15. "Limited Common Areas" shall be the land immediately contiguous to one or more Units which constitute the front yards, rear yards and/or driveways for each such Unit or Units as shown on the Plat.

Section 16. "Lot" or "Lots" shall mean and refer to any numbered plot of land shown upon the Plat, or shown upon any amendment to the Plat, which is not included within the description of the Common Area.

Section 17. "Marina" shall have the meaning set forth in Article II, Section 9 below.

Section 18. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in Article III of this Declaration.

Section 19. "Mortgagee" shall mean a beneficiary under or holder of a deed of trust or mortgage on any Lot, which deed of u-ust or mortgage shall herein be referred to as a "Mortgage".

Section 20. "Owner" shall mean and refer to the record, whether one or more persons or entities, of a long term lease of any Lot which is a part of the Property, but excluding those having such interest merely as security for the performance of an obligation. If at any time the Owners of long term leasehold interests acquire fee simple title to their respective Lots, then the term Owners shall refer to the Owner of fee simple title to such Lots.

Section 21. "Party Wall" shall mean any common wall or fence between one or more Units.

Section 22. "Plat" shall mean and jointly refer to the plat entitled "The Cottages at Brigadoon" dated attached hereto as Exhibit B, which plat is incorporated herein by reference and any future recorded plat of the Property which establishes additional Lots on the Property.

Section 23. "Property" shall mean and refer to the Property described on Exhibit A1 hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 24. "Structure" shall mean and refer to: (i) any thing or object, the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any Unit, building or part thereof, garage, porch, gazebo, shed, greenhouse or boathouse, covered or mcovered patio, swimming pool, tennis court, boat, fence, curbing, paving, wall, tree, shrub, sign, signboard, mailbox, window dressing, driveway, temporary or permanent

K DEF 171659 v7
2815386-000002 08/01/2005

living quarters; (ii) any excavation, grading, fill ditch, diversion, dam, or other thing, object or device which alters the nature flow of any waters in any natural or artificial creek, stream, wash or drainage channel, upon or across any Lot; and (iii) any change in grade at

4

K DEF 171659 v7
2815386-000002 08/01/2005

Book 1128 Page 72

any point on a Lot of more than twelve (12) inches, whether or not subsection (ii) of this Section 24 applies to such change.

Section 25. "Unit" or "Units" shall mean individually or collectively residences constructed on a Lot.

ARTICLE 11 - PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and non-exclusive easement of enjoyment in and to the Common Area and each Owner, (together with the Owners of any other Units in the same Building) have the right and exclusive easement of enjoyment for the use of the Limited Common Areas immediately contiguous to such Unit or Units subject to any easement in favor of all Owner's for pedestrian ingress and egress across all Common Areas and the boundaries of all lots to provide access to the Common Areas and to Watts Bar Lake. Each Boat Slip Owner shall have the right to use the Limited Common Areas immediately adjacent to such Boat Slip owned or leased by such Boat Slip Owners, which rights and easements shall be appurtenant to and shall pass with the title to every Lot and Boat Slip subject to the following:

(a) The power of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) The power of the Association to suspend the voting rights of an Owner or Boat Slip Owners and the right of use of the Common Area by an Owner, Boat Slip Owner, members of such owner's family, an Owner's and Boat Slip Owner's tenants, servants, guests, or contract purchasers who reside on the Property or use the Boat Slip, for any period during which any Assessment against said Owner's Lot remains unpaid;

(c) The power of the Association, after notice and hearing, to suspend for a period not to exceed thirty (30) days, the voting rights of an Owner and the right of use of the Common Area by an Owner, Boat Slip Owner members of an Owner's or Boat Slip Owner's family, an Owner's or Boat Slip Owner's tenants, servants, guests, or contract purchasers who reside on the Property or use the Boat Slip, for the violation by any of such person or persons of any of the Association's published rules and regulations;

(d) The power of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by two-thirds (2/3) of each class of Members and recorded;

(e) The rights of individual Owners to exclusive use of parking spaces as provided for in this Article II.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment of the Common Area and facilities to the members of his or her family, his or her tenants, or contract purchasers who reside or rent any residence located on the Property.

Section 3. Parking Rights. For any Unit which does not have an individual garage or carport with at least two (2) parking spaces, the ownership of each Lot shall entitle the Owner or Owners thereof to the use of other parking spaces so as to give each lot owner the use of at least two (2) automobile parking spaces which shall be as near and convenient to said Lot as reasonably possible, together with the right of ingress and egress in, to, and upon said parking areas. The Association shall permanently assign vehicle parking spaces for each Lot. Boat Slip Owners shall have no exclusive rights to reserved parking and may only use public parking spaces at the Marina.

Section 4. Prohibitions. No Owner shall block, disrupt or otherwise unreasonably interfere with, nor permit any member of his or her family or any of his or her servants or invitees to block, disrupt or unreasonably interfere with the use and enjoyment of the Easements by any other Owner, his or her family members, servants and invitees. Further, Easements for installation and maintenance of utilities and drainage facilities are reserved, as shown on the Plat and an access easement for access to Lots 18, 19, 20 and 21 is reserved as set forth in Article 1 Section 13 above. No structure, planting or other material shall be placed or be permitted to remain within these utility and drainage Easements which may interfere with the installation and/or maintenance of such utilities or which may in any way adversely alter surface water drainage. No parking on any road on Common Areas in front of Lots 17, 18, 19, 20 and 21 shall be allowed without the permission of the Owner's of such Lots.

Section 5. Rights of Declarant. Notwithstanding any provisions contained above to the contrary, the Declarant reserves the right for itself, its agents, representatives, successors and assigns, to use and show one or more unsold or Lots and/or Boat Slips as a model and/or sales office and maintain customary signs in conjunction therewith. During the period of sale by the Declarant, the Declarant and its agents, representatives, successors, assigns, employees, contractors, subcontractors, or their respective agents shall be entitled to access to and from said Lots, the Marina and the Property as may be required.

Section 6. Utilities and Drainage. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat, within these easements, structures, planting or other material shall not be placed or permitted to remain, which may (1) interfere with the installation and maintenance of utilities; (2) change the direction or flow of drainage channels in the easements, or (3) obstruct, alter, or retard the flow of water through drainage channels in easements.

Section 7. Maintenance. Easements for repair and maintenance of exterior surfaces of each Lot and Boat Slips are reserved for the completion of necessary repairs as determined by the Board of Directors of the Association to be required to perpetuate the architectural continuity of the Development and preserve the improvements therein. The Association has a reasonable right of entry upon any Lot or Boat Slip to make emergency repairs and to do such other work as reasonably necessary for the property maintenance, welfare, safety and operation of the Development.

The Association has a right to grant permits, licenses, and easements over the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development.

Section 8. Wetlands. Areas designated as wetlands on the recorded plat, or which have been so designed by the appropriate governmental authorities, shall be left undisturbed as required by law.

Section 9. Marina. Declarant shall have the right but not the obligation to construct a marina on that part of the Property shown as the "Marina" on the Plat (the "Marina") and to lease the entire Marina and/or individual boat slips thereon Owners on terms and conditions determined by Declarant, its successors and assigns. Declarant shall have the right to either (i) operate the Marina separately from the Project, (ii) lease the entire Marina to a third party subject to the rights of Boat Slip Owners, or (iii) assign or lease to the Association all of Declarant's rights in and to the Marina subject to the rights and obligations of the Boat Slip Owners. All costs of operating and maintaining the Marina shall be assessed and collected by the Association as an assessment to the Boat Slip Owners in the same manner as assessments for Common Area and Limited Common Area assessments to Owners of Lots except that Board shall determine the assessment reasonably applicable to the Marina which amount shall be separately assessed to the Boat Slip Owners.

Section 10. Tennessee Valley Authority. The Association shall submit reports and financial information on at least an annual basis to the Tennessee Valley Authority ("TVA") to provide confirmation that the Property is being used in compliance with the covenants and restrictions set forth herein. The President of the Association or another officer of the Association shall be designated as the primary contract person for providing reports and other information as may be requested by TVA.

Section 11. Removal of Restrictions. If TVA in the future should remove or alter the restrictions applicable to the Property, then the Members of the Association may amend this Declaration by vote of a majority of the Owners to make any changes permitted by any such removal or alteration of the TVA restrictions.

Section 12. Roads. Roads on the Property shall be available for use by Owners and their invitees but shall not be dedicated roads. Any such roads shall initially be gravel roads but shall be paved within twelve (12) months of the date of this Declaration. Roads will not be required to meet Roane County requirements for road widths and construction. The upkeep and maintenance of such roads shall be provided for in the Association budget to be paid from assessments to Owners.

ARTICLE 111 - MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every current Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Membership of any Owner shall terminate immediately upon conveyance by said Owner of his or her Lot. In addition, any Boat Slip owned by a Boat Slip Owner will be transferred at the time of sale of an Owner's Lot either to the purchaser of the Lot or to another Owner. In no event will a Boat Slip Owner be entitled to retain ownership of a Boat Slip after sale of his or her Lot to a new Owner or Boat Slip Owner.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

K DEF 171659 v7
281.5386-000002 08/01/2005

Class A. Class A Members shall be all Owners (with the exception of the Declarant), who shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners determine, but in no event shall more than one vote be cast with respect to any Lot

Class B. The Class B Members shall be the Declarant which shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the occurrence of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A members equal or exceed the total votes outstanding in the Class B members; or

(b) On January 1, 2010.

ARTICLE IV - COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot and Boat Slip owned within the Property, hereby covenants, and each Owner of any Lot and any Boat Slip Owner by acceptance of a deed or lease therefore, whether or not it shall be so expressed in such deed or lease is deemed to covenant and agree to pay to the Association (a) Annual Assessments, and (b) Special Assessments for capital improvements, such Assessments to be established and collected as hereinafter provided. The annual and special Assessments, together with interest, costs, and reasonable attorneys fees shall be a charge on the land and shall be a continuing lien upon the Lot and/or Boat Slip against which such Assessment is made. Each such Assessment, together with interest, costs, and reasonable attorneys fees, shall also be the personal obligation of the person who is the Owner of such Lot and Boat Slip Owner at the time the Assessment fell due. The personal obligation for delinquent Assessments shall pass to successors in title but shall not release to prior Owner from his or her personal obligation to pay any delinquent assessment.

Section 2. Purposes of Assessment. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Property and for the improvement and maintenance of the Common Area and the Marina.

Section 3. Maximum Annual Assessment. Until January 1, 2007, the maximum annual Assessment to Owners of Lots shall be \$900.00 per Lot and the maximum assessment per Boat Slip to each Boat Slip Owner shall be \$200.00, each of which shall be payable in equal monthly installments; provided, however the holders of Class B voting rights shall not be obligated to pay such assessment on Lots owned by Declarant until such Lot is leased by such holder of Class B voting rights.

(a) From and after January 1, 2007, the maximum annual Assessment may be increased each year by not more than 10% (computed on a cumulative basis) above the maximum Assessment for the previous year without a vote of the membership.

(b) From and after January 1, 2009, the maximum annual Assessment may be increased by more than 10% of the Assessment for the previous year by a vote of a majority of the Board of Directors based on the estimate by the Board of Directors as the amount necessary to pay expenses of the Association.

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

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 of this Article IV shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called the presence of Members or of proxies entitled to cast fifty percent (50%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special Assessments must be fixed at a uniform rate for all Lots and a separate uniform rate for all Boat Slips and may be collected on either a monthly basis or yearly basis, as determined by the Board of Directors except as otherwise expressly provided herein.

Section 7. Date of commencement of Annual Assessments; Due Dates. The annual Assessment provided for herein shall commence as to all Lots and Boat Slips on the first day of the month following the lease of the Common Area to the Association. The first annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual Assessment against each Lot and Boat Slip at least thirty (30) days in advance of each annual Assessment. Written notice of the annual Assessment shall be sent to every Owner subject thereto. The due dates and payment schedules shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by the president of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Non-Payment of Assessments; Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum or the highest rate allowed by law, whichever is less. Regardless of whether or not a notice of the lien of any Assessment has been recorded, such lien, when delinquent, may be enforced by sale by the Association, its attorney, or

other person authorized to make the sale, after failure by the Owner or Boat Slip Owner to pay such Assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Tennessee law applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The duly elected president of the Association shall have the right and authority to transfer any Lot or Boat Slip so sold at the foreclosure to the highest and best bidder or other duly qualified transferee by executing a special warranty assignment of lease for that purpose. The Association, acting on behalf of the Owners, shall have the power to bid for the Lot or Boat Slip at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for unpaid Assessments, Common Expenses, attorney's fees, and other costs shall be maintainable without foreclosing or waiving the lien securing the same. The Board of Directors may suspend the voting rights of an Owner and the right of use of the Common Area and Marina by an Owner, Boat Slip Owner, members of an Owner's or Boat Slip Owner's family, an Owner's or Boat Slip Owner's tenants, servants, guests, or contract purchasers who reside on the Property or use the Boat Slip, for any period of time during which such Owner or Boat Slip Owner is in default in the payment of any Assessment. No Owner or Boat Slip Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot or Boat Slip.

Section 9. Subordination of the Lien to Mortgages. The lien of the Assessment provided herein shall be subordinate to the lien of any first Mortgage. The assignment or sale of the lease of any Lot or Boat Slip shall not affect the Assessment lien. However, the assignment or transfer of the lease of any Lot and/or Boat Slip pursuant to first Mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot or Boat Slip from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE V - ARCHITECTURAL CONTROL

Section 1. Purpose, Powers and Duties of the Architectural Control Committee. The purpose of the Architectural Control Committee, hereinafter referred to as "ACC," is to assure that the installation, construction or alteration of any Unit on any Lot (i) is in conformity and harmony of external design and general quality with the existing standards of the neighborhood and with the standards of the development of the Property; and (ii) is appropriately located with respect to topography, finished ground elevation and surrounding Unit. To the extent necessary to carry out such purpose, the ACC shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or property for, or in connection with or incidental to, the accomplishment of such purpose, including, without limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Unit on any Lot without limiting the rights of the ACC set forth above, all structure will be required to comply with the requirements set forth in Declaration as to materials, designs and square footage.

Section 2. Declarant's Obligation. The Declarant shall abide by this Declaration and any amendments hereto but not withstanding stated herein to the contrary, the Declarant shall be exempt from any requirements, directives, or orders set forth by the Board of Directors or any committee appointed by the Board of Directors including, but not limited to, the ACC.

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 78

10

Section 3. Construction Bond. On all Units, the Owner shall submit to the ACC a construction bond of three thousand dollars (\$3,000.00) (the "Construction Bond") in cash per Unit to be held in escrow by the ACC until the improvements are complete and the ACC performs its final inspection. The Declarant shall be exempt from this requirement. The Construction Bond shall be used to offset any costs incurred by the Association or the ACC as a result of or to:

- (a) Repair damage to any roadways or streets or any property caused by the builder or Owner or their subcontractors, suppliers and representatives during construction;
- (b) The expenditure of legal fees and other costs incurred by the ACC in order to correct any construction or alteration not performed in substantial compliance with the plans receiving final approval; and
- (c) Pay for any fines or penalties imposed by the ACC or the Association for violations of any rules of conduct or regulations governing use of Property of the Cottages at Brigadoon.

Section 4. Submission of Plans and Specifications. No Unit shall be commenced, erected, placed, moved onto or permitted to remain on any Lot, nor shall any existing Unit upon any Lot be altered in any way which materially changes the exterior appearance of the Unit or Lot, unless plans and specifications therefor shall have been first submitted in duplicate to the ACC and approved in writing by the ACC. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by the ACC, including, without being limited to:

- (a) a site plan showing the location and topographic elevation of all proposed and existing Units on the Lot, including building setbacks, open space, driveways, walkways and parking spaces including the number thereof;
- (b) floor plans and roof plans;
- (c) exterior elevations of all proposed Units and alterations to existing Units, as such Units will appear after all back-filling and landscaping are completed.
- (d) specifications showing the nature, kind, shape, height, materials, basic exterior finishes and colors of all proposed Units and alterations to existing Units, and also showing front, side and rear elevations;
- (e) plans for landscaping and grading;
- (f) samples of building and paint materials to be used.
- (g) drain field pennit

Section 5. Approval of Builders and Landscapers. Any building must be licensed for residential construction in the State of Tennessee. Any builder or landscaper, prior to performing any work on any Lot on the Property, must first be approved by the ACC as to

K DEF 171659 v7
2815386-000002 08/01/2005

VI

11

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 80

financial stability, building or landscaping experience and ability to build or landscape Units or grounds of the class and type of those which are to be built on the Property. Such approval shall be within the sole discretion of the ACC. No person shall be approved as a builder or landscaper unless such person obtains income primarily from construction or landscaping of the type which builder or landscaper is to perform upon the Lot. No Owner will be permitted to act as his own builder or contractor except where such Owner obtains income primarily from the construction of the type of Units to be constructed on the Lot and otherwise meets the qualifications hereinabove set forth.

Section 6. Approval and Disapproval of Plans and Specifications.

(a) The ACC shall have the right to approve or disapprove any plans and specifications submitted to it in its sole and uncontrolled discretion, which approval or disapproval may be based upon any grounds, including purely aesthetic considerations which shall be deemed sufficient.

(b) Upon approval by the ACC of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the ACC and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval of any plans and specifications for use in connection with any Lot or Unit shall not be deemed a waiver of the ACC's right, in its sole discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with other Lots or Units. Approval of any such plans and specifications relating to any Lot or Unit, however, shall be final as to that Lot or Unit and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

(c) Neither Declarant, nor any member of the ACC shall be responsible or liable in any way for any defects in any plans or specifications approved by the ACC, for any structural defects in any work done according to such plans and specifications approved by the ACC. Further, approval of plans and specifications by the ACC shall not be deemed to represent or warrant to any person the quality, function or operation of the Unit or of any construction, workmanship, engineering, materials or equipment. Neither Declarant, nor any member of the ACC shall be liable in damages or in any other respect to anyone submitting plans or specifications for approval under this Article, or to any Owner, or to any other Person having an interest in any of the Property by reason of mistake in judgment, negligence, misfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. By submission of such plans and specifications to the ACC, every Owner of any Lot releases and agrees to hold harmless and to defend Declarant, and any member of the ACC from any such alleged liability, claim and/or damage.

Section 7. Obligation to Act. The ACC shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Approval by the ACC, if granted, together with any conditions imposed by the ACC, shall be placed in writing on the plans and specifications and shall be returned to the applicant. Failure

K DEF 171659
2815386-000002 08/01/2005

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by the ACC to take action within thirty (3) days of the receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications.

Section 8. Right of Inspection. The ACC shall have the right, but not the obligation to inspect construction of all structures at any time during construction to determine compliance with covenants, conditions and restrictions set forth herein.

Section 9. Violations.

(a) If any Unit shall be erected, placed, maintained or altered upon any Lot, otherwise than in accordance with the plans and specifications approved by the ACC pursuant to the provisions of this Article, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required herein. If in the opinion of the ACC such violation shall have occurred, the ACC shall be entitled and empowered to enjoin or remove any such construction. Any costs and expenses incurred by the ACC in enjoining and/or removing any construction or improvements shall be added to and become a part of the assessment to which the Owner and his Lot are subject.

(b) The ACC shall provide written notice to the Owner, delivered either in person or by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action within twenty (20) days after the delivery of the aforesaid notice of violation, then the ACC shall have the right of abatement as provided in Section I(b) of Article X hereof. In addition to the right of abatement, the Board, upon being informed of such violation by the ACC, shall be entitled to seek equitable relief to enjoin such construction.

Section 10. Conduct. All builders and Owners shall be held responsible for the acts of their employees, sub-contractors, suppliers and other persons or parties involved in construction or alteration of a Lot. In this regard, a builder or Owner shall be responsible for the following:

(a) Ensuring that the construction site is kept clean and free of debris and waste materials, and that stockpiles of unused materials are kept in a neat and orderly fashion.

(b) Prohibiting the consumption of alcoholic beverages, illegal drugs or other intoxicants that could hamper the safety or well-being of other personnel on the site or affect the quality of workmanship.

(c) Assuring that the aforementioned are properly insured.

(d) Assuring that the aforementioned do not commit any violation of the rules and regulations of The Cottages at Brigadoon.

(e) Ensuring that all driveways on the construction site are sufficiently graveled, a portable toilet is available and used by the construction workers and any mud or any debris caused by the construction are removed from the adjoining roadways by the end of every

13

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workday. Further, silt fences shall be installed as required to keep silt, mud, and other debris off of the street and adjoining lots.

Section 11. Government Regulations. Nothing contained herein abrogates, modifies, or changes the applicability of any ordinances, statutes, codes, rules and regulations of Roane County, Tennessee or other governmental units as applicable and the necessity of obtaining a building permit, inspection or otherwise complying with applicable provisions of governmental codes, statutes, ordinances, rules and regulations.

ARTICLE VI - EXTERIOR MAINTENANCE

In the event an Owner of any Lot shall fail to maintain the Unit and the improvements situated thereon including, without limitation, Party Walls in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the Assessment to which such Lot is subject.

ARTICLE VII - PARTY WALLS

Section 1. General Rules of Law to Apply. Each Party Wall or fence which is built as a part of the original construction of the homes and/or Boat Slips upon the Property and placed on the dividing line between Lots shall constitute a party wall and, to the extent not inconsistent with the provisions of this Article VII, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions of the Owners thereof 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. Damage or Destruction. 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 of 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 provision of this Article VII, an Owner who by his or her negligent or willful act causes a Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 83

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

14

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Section 6. Arbitration. In the event of any dispute arising concerning a Party Wall or under the provisions of this Article VII, each Owner of said Party Wall shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the resolution of such dispute shall be by majority decision of all the arbitrators.

ARTICLE viii - INSURANCE

Section 1. Hazard and Flood Insurance. Each Owner shall obtain, and maintain in effect fire and appropriate extended insurance coverage and other appropriate damage and physical loss insurance, all in an amount equal to the then current full replacement value of the improvements located on the Lot and Unit owned by the Owner, which insurance shall be subject to such additional requirements as may be established from time to time by the Board of Directors or the Association by resolution. Such additional insurance requirements may be set forth in agreements or other undertakings which the Board of Directors or Association may enter into with or for the benefit of holders or insurers of Mortgages secured upon portions of the Property. The insurance may not be canceled or substantially modified without at least thirty (30) days prior written notice to the Board of Directors and, in the case of hazard insurance, first Mortgagees of Lots and Units. All such policies of insurance shall be written with a reputable company licensed to do business in the State of Tennessee. Any such insurance policies covering any Lot and/or Unit shall be required to be filed with the Board of Directors within thirty (30) days after the purchase of such insurance. Such Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is cancelled and/or modified.

Section 2. Obligation to Repair and Restore.

(a) Subject only to the rights of an institutional holder of a first Mortgage lien on a damaged Lot or Unit, the insurance proceeds from any insurance policy covering a Lot and/or Unit shall be first applied to the repair, restoration, or replacement of such Lot and Unit. Each Owner shall be responsible for the repair, restoration or replacement of each Lot and Unit owned by such Owner pursuant to the terms hereof. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and then current generally accepted design criteria) be generally harmonious with the other Lots and Units, and reconstruction must be consistent with plans approved by the appropriate subcommittee appointed by the Board of Directors.

(b) If the proceeds of the insurance are insufficient to pay for the costs of repair, restoration, or replacement of the improvements upon a Lot, the Owner of such Lot shall be responsible for the payment of any such deficiency necessary to complete the repair, restoration, or replacement.

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 84

(c) If the insurance proceeds are in excess of the amount necessary for the repair, restoration, or replacement of the improvements upon a Lot, the Owner of such Lot shall be entitled to such excess in accordance with the provisions of the applicable insurance policy or policies and subject to the terms of any first Mortgage covering such Lot.

Section 3. Association Rights. If any Owner fails to obtain the insurance required in this Article VIII, or fails to pay the premiums therefor when and as required or fails to otherwise

15

vi

perform the obligations of an Owner under this Article VIII, the Association may (but shall not be obligated to) obtain such insurance, make such payments for any such Owner and/or perform such obligations, and add the cost of such payments or performance, as a special Assessment, to the regular Assessment of such Owner.

Section 4. Casualty Insurance on Insurable Common Area and Marina. The Association shall keep all insurable improvements and fixtures of the Common Area (other than curbs, gutters, and other items not normally insured) and the Marina insured against loss or damage by fire for the full insurance replacement costs thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure all other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area and the Marina shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association shall be Common Expenses included in the regular Assessments made by the Association.

Section 5. Blanket Casualty Insurance on Dwelling Units. In lieu of requiring the Owners to maintain casualty insurance on dwelling Units, the Association may elect to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance covering the dwelling Units (but not the personal property contained therein) in such form as the Board of Directors deems appropriate in an amount equal to the full replacement value, without deduction for depreciation or co-insurance, of all the dwelling units, including the structural portions and fixtures thereof, owned by the Owners. Insurance premiums for any such blanket insurance coverage, and any other insurance premiums payable by the Association, shall be a Common Expense of the Association to be included in the regular Assessments of the Owners, as levied by the Association. The insurance coverage with respect to the dwelling Units shall be written in the name of and the proceeds thereof shall be payable to the Association as trustee for the Owners. In the event that the Association is maintaining blanket casualty and fire insurance on the dwelling units, the Association shall repair or replace the same from the insurance proceeds available, with any short fall in construction costs to be borne by the Owner of the Unit being reconstructed.

Section 6. Additional Insurance by Owners and Boat Slip Owners. Each Owner and each Boat Slip Owner may obtain additional insurance at his or her own expense, provided, however, that (i) such policy or policies shall not be in contravention of such other insurance which from time to time shall be established by the Board of Directors or the Association and (ii) no Owner or Boat Slip Owner shall be entitled to exercise his or her right to maintain insurance coverage in

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 85

such a way as to decrease the amount which the Association may realize under any insurance policy which the Association may have in force on any part of the Property at any time.

Section 7. Replacement or Repair of Common Area. In the event of damage to or destruction of any part of the Common Area and/or Limited Common Areas improvements, or the Marina, the Association shall repair or replace the same from the insurance proceeds

available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a reconstruction Assessment against all Owners and/or Boat Slip Owners to cover the additional costs of repair or replacement not covered by the insurance proceeds, in addition to any other common Assessments.

Section 8. Liability Insurance and Director's and Officer's Insurance. The Board of Directors of the Association or managing agent shall obtain and maintain, to the extent available, director's and officer's liability insurance and comprehensive general liability insurance for death, bodily injury and property damage arising out of or in connection with the use of the Common Area and Marina by Owners, Boat Slip Owners, their guests and other users, in such limits as the Board of Directors may from time to time determine to be appropriate, covering each member of the Association's Board of Directors, the managing agent, and each Owner, Boat Slip Owners and such additional coverage as the Board of Directors may from time to time determine is appropriate. Such comprehensive general liability coverage shall also cover cross-liability claims of one insured against another. Such policies of liability insurance shall contain a waiver of subrogation and waivers of any defense based on co-insurance, or of invalidity arising from any acts of the insured.

Section 9. Annual Review of Association Policies. All insurance policies maintained by the Association shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to satisfy the requirements of this Declaration. All of the aforesaid policies shall provide that such policies may neither be canceled nor substantially modified without a minimum of thirty (30) days prior written notice to the Association. If requested by a Mortgagee, duplicate originals of all policies and renewals thereof together with proof of premium payments shall be delivered to such Mortgagees and at least thirty (30) days written notice shall be given to Mortgagees prior to cancellation or substantial modification of such policies. The insurance shall be carried in blanket form naming as the insured party the Association as attorney-in-fact for all of the Owners and Boat Slip Owners as each owner's interest shall appear.

Section 10. Appraisal. Prior to obtaining any policy of fire insurance or renewal thereof, the Association shall obtain, if practicable, an appraisal from one or more fire insurance company or companies or other reliable source of the full replacement value of all improvements (without reduction for depreciation) for the purpose of determining the amount of the insurance coverage to be kept in effect pursuant to the provisions of this Article VIII. In no event shall the insurance policy contain a co-insurance clause for less than ninety percent (90%) of the full replacement cost. Determination of maximum replacement value shall be made annually and each Mortgagee shall be furnished with a copy thereof upon request.

Section 11. Services Provided by Association. The Common Areas and lawns of the Property shall be maintained by the Association, which maintenance shall include landscaping, lawn mowing service and road maintenance. The Association shall not be responsible for interior plumbing, roof repairs or driveway repairs for any Unit.

ARTICLE IX - USE RESTRICTIONS

17

Section 1. Units. Each Unit shall be occupied only by the Tenant thereof, members

K DEF 171659 v7
2815386-000002 08/01/2005

Book 1128 Page 87

of the Owner's family, servants, guests and/or tenants, as vacation rental property and in no event will any Tenant be entitled to use the Unit as a permanent residence. In addition, Tenant shall cause such Unit to be made available for rental to the public at least fifty percent (50%) of the days from Memorial Day through Labor Day of each year during the term of the lease of the Lot and any extensions or renewals thereof. Each Tenant will also be required to have the Units available for rental to the public at least twenty-five percent (25%) of the other days in each year on a schedule as directed by a management company selected by the Association. All rental rates charged for use of the Units by the public will be reasonable and customary market rental rates for similar cabins in the Roane County area as determined by the Association. In the event of any disagreement over the reasonable and customary market rental rate for any Unit or all of the Units, such market rental rate will be determined by an MAI appraiser experienced in rental rates for similar vacation rental cabins in East Tennessee. If the Association and the Member or Members of the Association cannot agree on an MAI appraiser, then each party shall select an MAI appraiser and the MAI appraisers so selected shall choose an independent MAI appraiser to conduct the appraisal. The cost of any such appraisal shall be paid equally by the Association and the member or members requesting the appraisal. The rental rate as determined by the appraiser shall be the rental rate charged for the next succeeding twelve (12) month period after completion of the appraisal.

Section 2. Uses. No noxious, offensive, or unlawful activity shall be conducted upon the Property, nor shall anything be done thereon which may be or become any annoyance or nuisance to the neighborhood. Commercial retail business which routinely has walk-in clients or customers may not be maintained on any Lot, Boat Slip or in any residential Unit; provided, however, such prohibition shall not prohibit Declarant from having a sales office and/or model home on the Property and/or in one or more Units.

Section 3. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on the Property or in any dwelling thereon, except that dogs, cats and other household pets as determined by the Board of Directors may be kept or maintained; provided, however, that household pets are not kept or maintained for commercial purposes, that they do not constitute or create any annoyance or nuisance to the neighborhood, and that the Association may reasonably regulate the keeping and maintenance of such household pets.

Section 4. Outside Antennas. No outside radio, television antennas or satellite dish may be erected upon any Lot or upon any structure thereon within the Property unless and until permission for the same has been granted by the Board of Directors or as required by law.

Section 5. Temporary Units. No structure of a temporary nature, including a trailer, basement, tent, shack, garage, bam or other outbuilding shall be erected on any Lot at any time.

Section 6. Signs. No sign of any kind shall be displayed to the public view on any Lot, or Boat Slip, except one sign of not more than two (2) square feet in area, advertising said Lot or Boat Slip and/or improvements thereon for sale or rent, or signs used by a builder advertising the Lot or Boat Slip during the construction and sales period.

18

Section 7. Garbage and Refuse Disposal. No Lot or Boat Slip shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall not be kept on any Lot or Boat Slip, except in sanitary containers, which containers shall be concealed within buildings or shall be screened with a wall identical materials used to construct the Unit or by adequate landscaping from public view and shall be inaccessible to animals, except for the period immediately preceding, during, and immediately following trash or rubbish collection. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section 8. Vehicles. No vehicle of any type shall be permanently or semi-permanently parked on the Property, or on or in the vicinity of any Lot for purposes of storage or for purposes for accomplishing repairs thereto or for the reconstruction thereof, except as may be permitted by the rules and regulations hereafter adopted by the Board of Directors.

Section 9. Fences. Except for fencing and masonry walls constructed, erected and/or located on the Property by the Declarant as a part of the initial construction of Units and/or other improvements to the Property, no fence or masonry wall shall be permitted beyond the building lines established for the Property by Declarant, and no fence or masonry wall shall be permitted on any other part of any Lot, without the approval of the Board of Directors or the ACC.

Section 10. Landscaping and Gardens. All Lots shall be landscaped with grass and shrubbery comparable to that provided by Declarant and approved by the ACC, and no vegetable gardens shall be pennitted upon any Lot.

Section 11. Mail Boxes. All mail boxes and newspaper boxes shall be of consistent design and materials and shall conform to guidelines established by the Board of Directors.

Section 12. Window Hangings. Any window hangings in all windows in each dwelling unit on all Lots shall be white or an off-white color, or shall be hangings which are lined with material which is white or an off-white color.

Section 13. Sports Apparatus and Equipment. Basketball goals, posts, or backboards or any other fixed sports apparatus shall not be attached to any Unit or garage or be erected on the Lot or Limited Common Areas of any Unit.

Section 14. Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the ACC of plans and specifications for the prevention and control of such erosion and siltation. The ACC may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling such erosion or siltation. Such means may include (by way of example and not of limitation) physical devices for controlling the run-off and drainage of water, special precautions in grading and otherwise changing the natural landscape and other landscaping as provided for in this Section 14.

Section 15. Setbacks. No building of any kind shall be placed or constructed within fifteen (15) feet from any Lot line. Notwithstanding the foregoing, a setback variance may be

K DEF 171659 v7
2815386-000002 08/01/2005

Book 1128 Page 80

granted by the ACC in instances where topographical conditions are such that variances are warranted.

Section 16. Roads and Driveways. No road or driveway shall be constructed or altered on any Lot without written approval of the ACC of plans and specifications for such roads and driveways. Any driveway or roadway which extends into or across the drainage ways or ditches within the joint permanent access easement shall have adequate drainage structures and culverts to ensure that storm water flows freely beneath the driveway or roadway and in no case is impounded or allowed to encroach onto the streets.

Section 17. Vehicles, Recreational Vehicles, Trailers and Mobile Homes. No vehicle, trailer, trailer house, boat, or recreational vehicle shall be parked on any portion of any joint permanent access easement or Common Area or on any Lot so as to be visible from the streets or any other Lot. Notwithstanding the foregoing, no vehicle, trailer, trailer house, boat, or recreational vehicle shall be parked on any portion of any joint permanent access easement or Common Area or any Lot for a period of more than twenty-four (24) hours unless a permanent residence has been constructed on the Lot. Vehicles not currently licensed shall not be permitted on any Lot unless parked in a closed garage. No commercial type vehicles shall be stored or parked on any Lot at any time unless parked in a closed garage, nor parked on any street unless engaged in delivering to or from a Lot. Any repair or maintenance work on any vehicle shall not be permitted on any Lot. All motorcycles, all-terrain vehicles(ATV's), and bicycles shall be parked in an orderly fashion so as not to be visible from the street. No single, double or triple section mobile homes or HUD code homes or recreational vehicles are permitted as a residence on any Lot.

Section 18. Accessory Units. The ACC shall have the right to approve or disapprove the plans and specifications for any accessory structure to be erected on any Lot, and construction of an accessory structure may not be commenced until complete final plans and specifications shall have been submitted to and approved by the Association in accordance with the provisions of this Declaration.

Section 19. Improvement of Lots. All construction of Units, accessory structures and all other improvements in all The Cottages at Brigadoon shall be undertaken and completed in accordance with the following conditions:

- (a) All construction shall be carried out in compliance with the laws, code rules, regulations and orders of all applicable governmental agencies and authorities.
- (b) Concrete or concrete block or cinder block shall not be used as a building material for exposed exterior surface of any dwelling or accessory structure constructed or placed on any Lot.
- (c) No lumber, bricks, stones, cinder blocks, scaffolding, mechanical devices, or any other materials or devices used for building purposes shall be stored on any Lot except for purposes of construction of a dwelling or accessory structure on

K DEF 171659 v7
2815386-000002 08/01/2005

20

such Lot, nor shall any such building materials or devices be stored on any Lot for longer than the length of time reasonably necessary for the construction in which such materials or devices are to be used.

(d) No exposed, above ground tanks for the storage of fuel, sewage, or water or any other substance shall be located on any Lot. Any such tanks shall be concealed by screening material identical to that of the dwelling or by adequate landscaping.

(e) Adequate off-street parking shall be provided for each Lot.

(f) Any construction on a Lot shall be at the risk of the Owner of such Lot and the Owner of such Lot shall be responsible for any damage to any street, or other property resulting from construction on such Lot. Repairs of such damage must be made as soon as reasonably possible but in no event not more than thirty (30) days after completion of such construction.

(g) For all Lots, the enclosed, heated living area (exclusive of garages, carports, porches, terraces, bulk-storage and basement) of one-story dwellings shall contain not less than 1,300 square feet, and the enclosed, heated living area (exclusive of garages, carports, porches, terraces, bulk-storage and basement) of all one and one-half story, two-story, and two and one-half story dwellings shall contain not less than 1,600 square feet. No dwelling shall be constructed exceeding two and one-half stories in height on any Lot, excluding basements.

(h) No lines, wires or other devices for communications purposes, including telephone, television, data and radio signals, or for transmission of electric current or energy, shall be constructed or placed on any Lot unless the same shall be in or by conduits or cables constructed, placed and maintained underground or concealed in, under or on buildings, or the approved Unit. Nothing herein shall be deemed to forbid the erection and use of temporary power or telephone services incident to the construction of approved Units.

Section 20. Trees and Shrubs. No trees measuring ten (10) inches or more in diameter at a point two (2) feet above ground level on any Lot may be removed without the prior approval of the ACC unless located within twenty (20) feet of the approved site for a dwelling or within ten (10) feet of approved driveways or walkways. Excepted herefrom shall be damaged or dead trees and trees which must be removed due to an emergency.

Section 21. Building Construction Standards.

(a) **Exterior Materials.** Finish building materials shall be applied consistently to all sides of the exterior of the buildings. Exterior materials shall be stone, masonry stucco, horizontal wood siding, wood shingles, board and batten wood siding, logs, or other materials which simulate these natural materials.

K DEF 171659 v7
2815386-000002 08/01/2005

Book 1128 Page 01

21

K DEF 171659 v7
2815386-000002 08/01/2005

Book 1138 Page 03

(b) Exterior Colors. Finish colors shall be applied consistently to all sides of the buildings. Color selections shall be harmonious with each other and with natural materials, and shall be compatible with colors of the natural surrounding and other adjacent property. All exterior colors shall be a natural earth tone and blend with the natural surroundings.

(c) Exterior Trim and Decoration. Exterior window and door trim and similar decorations shall all be of the same color and materials, unless otherwise approved, and shall be either of the same material as exterior walls or directly compatible. Facia, gutters and down spouts shall blend in and be directly compatible with the architectural detail of the exterior walls. Reflective glass is prohibited.

(d) Roofs: Roof pitches for the main roof structure shall be 8/12 or higher.

(e) Exterior Metal: All flashing and all minor roof elements and architectural elements that are appropriate for sheet metal shall be of a color that blends with the roofing and/or other exterior materials or of a dark color that is inconspicuous. All copper shall be uncoated.

Section 22. Re-subdivision of Lots. No Lot(s) shall be re-subdivided without the prior written approval of the ACC. Any re-subdivided Lot(s) will be subject to each and every provision in this Declaration, including but not limited to all assessments and initiation fees.

Section 23. Hunting. No hunting, trapping, or discharge of firearms shall be permitted within The Cottages at Brigadoon

Section 24. Mining. No mining, quarrying or earth borrow operations of any kind shall be permitted on any Lot.

Section 25. Common Area. No improvement, development, subdivision, and/or alteration shall be made to the Common Area unless approved by vote of two-thirds (2/3) of each class of Members.

ARTICLE X - GENERAL PROVISIONS

Section 1. Enforcement. The Association, any Tenant and TVA, shall have the right to enforce by any proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, by any Owner or by TVA to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which shall remain in full force and effect.

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded

KDEF v7
2815386-000002 08/01/2005

after which time it shall be automatically extended for successive periods of ten (10) years each unless amended as provided herein. Any amendment must be recorded.

Section 4. Amendments. This Declaration may be amended only by an instrument signed by Members having not less than three-fourths (3/4) of the total votes of all Members of the Association and must be approved by TVA. Any amendment must be properly recorded.

Section 5. Governing Law. This Declaration shall be governed in all respects by the laws of the State of Tennessee.

Section 6. Encroachments. It is understood that the residential Units which adjoin each other and have a Party Wall as a part of the original construction of said Units or which is placed upon the dividing line between the adjoining Lots, may encroach on such adjoining Lots, Common Areas and/or Limited Common Areas due to construction or other reasons. Accordingly, an easement is reserved for such encroachments as are contained in the buildings, whether the same now exists or may be caused or created by construction, settlement, or movement of the building(s), or by permissible repairs, construction, or alteration. With regard to any difference which may exist on the recorded plat, or any other land which may hereafter be platted or annexed to the Property and the Party Walls and Lot lines which exist on the additional plats and annexations to the Property, the Lot lines and Party Walls which actually exist shall control over discrepancies in such plats and annexations.

Section 7. Contracts. The Association, prior to passage of the Declarant's control period, is not bound either directly or indirectly to contracts or leases, including management contracts, unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control for Declarant upon not more than ninety (90) days notice to the other party.

Section 8. Conveyance of Fee Simple Interest to Property, Common Areas and Declarants Rights. Upon the earlier of (i) ten (10) years or (ii) the lease of all Lots by Declarant or its successors and assigns, or such earlier date as Declarant may decide to transfer title, Declarant shall convey to the Association by quitclaim deed the fee simple title to the Property including, without limitation all of the Declarants rights as ground lessor, all rights to the Common Areas and roads, together with all other rights of Declarants rights in consideration of the payment of One Hundred Dollars (\$100) and payment by the Association of all costs and expenses related to such conveyance. In the event of a liquidation of the Association after conveyance of the Property by Declarant of the fee simple ownership of such Property, each Owner of a Lot shall be deemed to be a tenant in common with 1/42 interest in the Property with the other Owner of Lots subject, however, to the rights of all Owners under their respective leases of Lots. It is expressly provided that there shall be no merger of title between the leaseholds interests of the Owners and any rights which such Owners may acquire as tenants in common as a result of their ownership of the Association. All rights of any Owner as a member of the Association shall be deemed appurtenant to the ground leases of the respective Lots and shall be automatically transferred to any successor Ground Lessee of the Lots upon assignment of the ground lessee's leasehold interests. Upon termination of the ground leases of the Lots, the Ground Lessees shall have the right (but not the obligation) to remove any buildings or other improvements of the Lots within ninety (90) days after the effective date of such termination. If

K DEF 171659
2815386-000002 08/01/2005

23

VI

the Owners at any time becomes the fee simple owners of the Lots, then the rights of Owners as members of the Association shall also be automatically transferred upon the conveyance of each Lot by the fee simple Owners.


IN WITNESS WHEREOF, the undersigned, being the Declarant herein, as owner of the real estate herein described has caused this Declaration to be executed as of the day, month, and year first above written.

DECLARANT:

BRIGADOON PARTNERS, LLC a
Tennessee limited liability company

By:

y an ell


Darby Campbell
Its: Chief Manager

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 95

24

STATE OF TENNESSEE
COUNTY OF KNOX

Before me, Tina Welch the undersigned, a Notary Public in and for the state and county aforesaid, personally appeared DARBY CAMPBELL, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged herself to be the Chief Manager of Brigadoon Partners, LLC, the within named bargainer, a limited liability company, and that he, as such Chief Manager, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as Chief Manager.

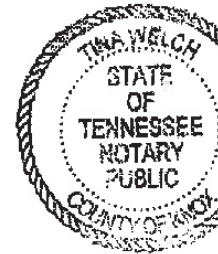
Witness my hand and seal at office on this— day of August, 2005.

2zwcJ Notary Pub (ZZZZ-LIC)

My Commission Expires:

20N

My axnmission Expires November 8,



K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 96

25

v7

EXHIBITS

| | |
|-----------|-----------------------------------|
| Exhibit A | Description of the Property |
| Exhibit B | Plat of Property and Common Areas |
| Exhibit B | Copy of Bylaws of the Association |

26

v7

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 97

EXHIBIT A

TRACT 1

SITUATED in the Fifth (5th) Civil District of Roane County, Tennessee, and more particularly described as follows:

A tract of land lying in the Fifth Civil District of Roane County, State of Tennessee, on the northwest shores of Watts Bar Lake immediately north of the mouth of the WI-lite Creek Embayment of the lake, being Imown as XWBR-152 and being all that land lying above the 750 foot contour and situated on the lakeward side of a line described as follows:

Beginning at a metal marker (Coordinates: N. 501, 536; E. 2,376, 558) in the 750foot contour on the shore of an inlet of the lake; thence N. $11^{\circ}31'$ E. 295 feet to a metal marker; thence N. $50^{\circ}20'$ E. 100 feet to a metal marker; thence S. $71^{\circ}33'$ E. 257 feet to a metal marker in the 750- contour at a headout in a small inlet of the lake, and intending to be all of Parcel 023 as set forth on Roane County Tax Map 102, together with any rights to the lands under the waters of Watts Bar Lake and any gaps, gores and overlaps by which the property herein described may be benefited.

The land as described above contains 24.9 acres, more or less according to the survey entitled "Brigadoon Resort" dated February 1, 2005 of Land Development Solutions, 310 Simmons Road, Suite K, Knoxville, TN 37922.

BENG the same property an interest in which was conveyed to Brigadoon Partners, LLC by Warranty Deed dated February 15, 2005 from West Shore, LLC of record at Deed Book 1100 Page 840 in the Roane County Register of Deed's Office.

TRACT 11

SITUATED in the Fifth (5th) Civil District of Roane County, Tennessee, and more particularly described as follows:

BENG those certain tracts or parcels of land Imown as Tract #XWBR-568 and XWBR-570 which were conveyed to Eagle Lodge Resort, Inc., a corporation existing under the laws of the State of Tennessee, at Deed Book Z series 17, page 100 in the Register's Office of Roane County, Tennessee, and intending to be all of Parcel 19.01 and Parcel 19.02 as set forth on Roane County Tax Map 102, together with any rights to the lands under the waters of Watts Bar Lake and any gaps, gores and overlaps by which the property herein described may be benefited.

LESS AND EXCEPT the following prior out conveyances: Deed Book E Series 19, page 1071; Dccd Book T Series 7, page 350; Deed Book X Series 7, page 564; Deed

K DEF 178023 VI
0-0 08/02/2005

Book 1128 Page 98

Book U Series 9, page 317, all in the Register of Deeds Office for Roane County, Tennessee

BENG the same property conveyed by Brigadoon Partners, LLC by Jean McClure, William Christian Sanders, Charles Preston Sanders III and John VI Kirkham by Warranty Deed dated February 15, 2005 of record in Deed Book 1100, page 842 in the Register's Office for Roane County, Tennessee.

K DEF 178023 VI
0-0 08/02/2005

Book 1128 Page 99

EXHIBIT CBYLAWSBRIGADOON HOMEOWNERS ASSOCIATION INC.ARTICLE 1NAME AND LOCATION

These are the Bylaws of BRIGADOON HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation organized under the laws of the State of Tennessee (hereinafter the "Association"), the Charter of which was filed in the Office of the Secretary of State of Tennessee on the 1st day of August, 2005, (the "Charter"). The Association has been organized for the purpose of administering the operation and management of facilities for the use and benefit of Lot Owners in The Cottages at Brigadoon, a Planned Unit Development (the "Project") established or to be established upon property located in Roane County, Tennessee, which is more particularly described in a Declaration of Covenants, Conditions and Restrictions to be recorded in the Office of the Register of Deeds for Roane County, Tennessee (the "Declaration"). The definitions, terms, and provisions of the Declaration and Charter are incorporated herein by reference and shall be controlling whenever the same may be in conflict with these Bylaws. All present or future Owners, tenants or future tenants or any other person that might use the Project are subject to the regulations set forth in these Bylaws and in said Charter of this Association. The principal office of the Association shall be located at 5909 Echo Drive, Knoxville, Tennessee 37919, but meetings of members and directors may be held at such places within the State of Tennessee in either Knox County or Roane County, as may be designated by the Board of Directors.

ARTICLE 11MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held on the first Saturday in July of each year thereafter at the hour of 10:00 a.m. or such other date and time as may be directed by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the following Saturday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or upon written request of the Members who are entitled to vote one-fourth of all of the votes of the Class A membership or one-fourth of all votes of the Class B membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or person authorized to call the meeting by mailing a copy of such notice postage prepaid no less than ten (10) nor more than sixty (60) days

K DEF 171656 v4 2815386-000002

before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for

08/02/2005

the purpose of notice, or personally delivered to such Member within said time. Such notice shall specify the place, day and hour of the setting and in the case of a special meeting the purpose of the meeting. If presented personally, receipt of such notice shall be signed by the Member, indicating the date on which such notice was received by him or her. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the Member at his or her post office address as it appears on the records of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to the Member.

Section 4. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Lot Owners (with the exception of Brigadoon, LLC (the "Developer"), who shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Owners determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Members shall be the Developer which shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the occurrence of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A members equal or exceed the total votes outstanding in the Class B membership; or

(b) On January 1, 2010.

Section 5. Quorum. The presence at the meeting of the Members entitled to cast or proxies entitled to cast one-half (h) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Charter, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented of any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Except where otherwise required under the provisions of the Charter or these Bylaws, or where the same may otherwise be required by law, the affirmative vote of a majority of the Members represented at any duly called Members' meeting at which a quorum is present shall be binding upon the Members.

Section 6. Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary. Proxies shall be valid only for the particular meeting designated thereon. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

Section 7. Multiple Owners. The vote of the Owners of a Lot owned by more than one person or by a corporation or other entity, shall be cast by the person named in a certificate signed by all

K DEF 171656 v4
08/02/2005

of the Owners of the Lot and filed with the Secretary of the Association, and such certificate shall be valid until revoked by subsequent certificate. If such a certificate is not on file, the vote of such Owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

ARTICLE IV BOARD OF DIRECTORS• SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of The Association shall be managed by a Board of three (3) Directors who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years. At each annual meeting thereafter the Members will elect one (1) director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining Members of the Board and shall serve the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more Members. The nominating committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointments shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

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Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they

K DEF 171656 v4
2815386-000002 08/02/2005

are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then the meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by any director, after not less than three (3) days notice to each director.

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

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) Subject to the provisions of the Declaration, adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and guests thereon and establish penalties for the infraction of such rules and regulations;

(b) Enforce the provisions of the Declaration concerning (including, without limitation) default in the payment of any Assessments levied by the Association, enforcement of the covenants set forth in the Declaration and infractions of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Charter, or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

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

(f) Make and amend rules and regulations governing the use of the property, real and personal, owned and operated by the Association for the use and benefit of the Owners,

so long as such rules and regulations and limitations which may be placed upon the use of such property do not conflict with the terms of the Declaration and Charter;

(g) Acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, as may be necessary or convenient in the operation and management of the development and the Common Area and in accomplishing the purposes set forth in the Declaration and Charter;

(h) Enforce by legal means the provisions of the Declaration, Charter and Bylaws, and the regulations hereinafter promulgated governing use of the Property and facilities;

(i) Pay all taxes and assessments which are liens against any part of the Property and to assess the same against the Members and their respective Lots;

(j) Pay all costs of power, water, sewer and other utility services, if any, rendered to the Common Area; and

(k) Borrow money for any legitimate purposes which may be necessary for the improvement, maintenance and well-being of the Property.

Section 2. Duties. It shall be the duty of Board of Directors to do the following:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth ($\frac{1}{4}$) of the Class A Members who are entitled to vote;

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

(c) As more fully provided in the Declaration,

(i) fix the amount of the annual Assessment against each Lot at least thirty (30) days in advance of each annual Assessment period;

(ii) send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of each annual Assessment period; and

(iii) foreclose the lien against any Lot for which Assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) Issue or cause an appropriate officer to issue upon demand by any person a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on Property owned by the Association as provided in the Declaration;

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

(g) Cause the Common Area to be maintained.

ARTICLE MiI OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President, who shall at all times be a member of the Board of Directors, a Vice-President, a Secretary, and a Treasurer and such other officers as the Board may from time to time by resolution create.

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

Section 3. Term. The officers of this Association shall be elected annually by the Board and shall hold office for one (1) year unless such officers shall sooner resign or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignations shall take effect on the day of receipt of such notice or at any later time specified therein, unless otherwise specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer whom he or she replaces.

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

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

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

K DEF 171659
2815386-000002 08/01/2005

(b) Vice-President. The Vice-President shall act in the place and stead of the President and exercise the duties of President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of The Association and affix it on all papers requiring such seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as may be required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in the appropriate bank accounts all monies of the Association and shall disperse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual compilation of the Association books to be made by a public accountant within a reasonable time after the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting.

ARTICLE IX

COMMITTEES

The Association shall appoint an architectural control committee as provided in the Declaration and a nominating committee as provided in these Bylaws. In addition the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X

BOOKS AND RECORDS

The books and records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Charter, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special Assessments which are secured by a continuing lien upon the Lot against which the Assessment is made. Any Assessments which are not paid when due shall be delinquent. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the date of delinquency at a rate of ten percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot as provided in the Declaration. The interest costs and

K DEF 171656 v4
2815386-000002 08/02/2005

reasonable attorneys fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided herein by non-use of the Common Area or abandonment of his or her Lot.

ARTICLE MI FISCAL MANAGEMENT

Section 1. Assessment Roll. The Assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such accounts shall designate the name and address of the Owner or Owners, the amount of each Assessment against the Owners, the dates and amounts in which Assessments come due, the amounts paid upon the account and the balance of Assessments due.

Section 2. Budget. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the costs of performing the functions of the Association, including but not limited to the following:

(a) Common Expense Budget, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of Common Area, landscaping, walkways, office expenses, utility services, casualty insurance, liability insurance, administration and reserves (operating and replacement).

(b) Proposed Assessments against each Owner and the due date of any payments.

Copies of the proposed budget and proposed annual Assessment shall be transmitted to each Member at least thirty (30) days prior to January first of the year for which the budget is made. If the budget is subsequently amended before the Assessments are levied, a copy of the amended budget shall be furnished each Member concerned. Delivery of a copy of any budget or amended budget to each Member shall not affect the liability of any Member for any such Assessment, nor shall delivery of a copy of such budget or amended budget be considered a condition precedent to the effectiveness of said budget and Assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to at any time in their sole discretion levy any additional Assessment in the event that the budget originally adopted appears to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

Section 3. Depository. The depository of the Association shall be such bank or banks and/or federal savings and loan associations as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be by such persons as are authorized by the Directors.

Section 4. Audit. A compilation of the accounts of the Association may be made annually by a Certified Public Accountant in the discretion of the Board, and, if performed, a copy of the report shall be furnished to each Member not later than January 31 of the year following the year for which the report is made.

K DEF 171659
2815386-000002 08/01/2005

ARTICLE XIII

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CORPORATE SEAL

The Association shall not be required to have a seal. If the Association decides to obtain a seal, the seal shall be in circular form having within its circumference the words: "The Brigadoon Homeowners Association, Inc."

ARTICLE XIV
MISCELLANEOUS

Section 1. Amendments. These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. Conflict. In the case of any conflict between the Charter and these Bylaws the Charter shall control and in the case of any conflict between the Declaration and these Bylaws the Declaration shall control.

Section 3. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, the foregoing By-Laws have been adopted by unanimous ~~written~~ consent of the Directors and Owners as of August 1, 2005.

Darby Campbell, President

K DEF 171659
2815386-000002 08/01/2005

Book 1128 Page 111