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DECLARATION  
 OF  
 COVENANTS, CONDITIONS AND RESTRICTIONS  
 FOR  
 HERITAGE RIDGE SUBDIVISION

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# SECTION I - DEFINITIONS

The following words and terms, when used herein, unless the context shall clearly indicate otherwise, shall have the following meanings:

(A) ASSOCIATION - "Association" shall mean and refer to Heritage Ridge Homeowners Association, Inc., a not for profit Tennessee Corporation, its successors and assigns, and its agents and employees.

(B) COMMON EXPENSE - "Common Expense" shall mean and include (1) expenses of administration, maintenance, repair or replacement of the Common Properties; (2) Expenses agreed upon as Common Expenses by the Association; (3) expense declared Common Expenses by the provisions of this Declaration; and (4) all other sums assessed by the Board of Directors pursuant to the provisions of this Declaration.

(C) COMMON PROPERTIES - "Common Properties" shall mean those areas of land with or without any improvements thereon which are conveyed to the Association or to any governmental entity and required to be maintained by the Association, and are intended for the common use and benefit of all Owners.

(D) DEVELOPER - "Developer" shall mean Heritage Properties, L.L.C., its successors and assigns.

(E) LOT OR LOTS - "Lot or Lots" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common areas.

(F) LOT OWNER - "Lot Owner" shall mean a person or entity who is a record title holder of a fee simple or undivided fee simple interest in a platted lot. A nominee of an entity shall exercise the rights of such entity. The term lot owner shall not include those having an interest in a lot merely as security for the performance of an obligation. The developer may be an owner.

(G) PROPERTIES - "Properties" shall mean and refer to that certain real property hereinbefore described.

DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
AND  
BY-LAWS FOR  
HERITAGE RIDGE HOMEOWNERS

THIS DECLARATION, made on the date hereinafter set for by Heritage Properties, LLC., a Tennessee Limited Liability Company, hereinafter referred to as "Developer".

**WITNESSETH**

WHEREAS, Heritage Properties, LLC., sometimes hereinafter called "Developer", is the fee simple owner of certain real estate situated in the City of Chattanooga, Hamilton County, Tennessee; same being the real property now duly platted as Heritage Ridge Subdivision in Plat Book 55, on Pages 309 to 309, in the Register's Office of Hamilton County, Tennessee, and;

WHEREAS, it is the desire of the Developer to provide for common properties to be used and enjoyed by all lot owners in said Heritage Ridge Subdivision. Said common shall include such common properties as the Developer, from time to time, may elect to add. Developer will, from time to time, convey title to such common properties to Heritage Ridge Homeowners, by Quitclaim Deed, free and clear of all liens, except for the lien of current taxes for the year of conveyance; and usual protective covenants and easements applicable to said property.

WHEREAS, Developer has deemed it desirable, for the efficient operation and preservation of the values and amenities in said subdivision and to provide for the maintenance and operation of the common properties, to create an entity which will be designated to hold legal title to said common properties and which will be charged with administering and enforcing these covenants and restrictions, and which will further have responsibility for collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement; and,

WHEREAS, Developer has caused or will cause to be incorporated, under the laws of the State of Tennessee, a not-for-profit corporation to be known as Heritage Ridge Homeowners Association, Inc., (hereinafter the "Association"), for the purpose of exercising the above functions and those which are more fully set out hereinafter; and,

WHEREAS, it is the desire of the Developer to promote the orderly growth of a residential subdivision and to insure the use of the property for attractive residential purposes only, to prevent nuisances, to prevent the impairment of the attractiveness of the property, and to maintain the tone of the community; and thereby, to secure to each lot owner the full benefit and enjoyment of his lot.

NOW, THEREFORE, the Developer hereby subjects the real property, known as Heritage Ridge Subdivision, as more fully described above, to the following declarations as to limitations, restrictions, easements, charges, assessments, liens, and uses to which the lots constituting said subdivision, may be put and hereby specifies that such declaration shall constitute covenants to run with all the land as provided by law and shall be binding on all parties and all persons claiming under them whether referred to in subsequent conveyances or not, and for the benefit of, and limitation on, all future owners in said subdivision. This declaration being designed for the purpose of keeping the subdivision desirable, uniform, and suitable in architectural design and use as specified herein, to insure the continued preservation and beauty thereof, and to provide a vehicle for the efficient maintenance and operation of the common properties.

## SECTION II

## PURPOSES, PERMITTED USES,

CONDITIONS, COVENANTS, AND RESTRICTIONS(A) RESIDENTIAL PURPOSE ONLY

All lots and tracts shall be for residential purposes only. All business use of whatever nature, being specifically prohibited and no structures of any type shall be erected or maintained on any lot other than detached single-family dwellings. This shall not be construed to prohibit the erection of servants' quarters, private swimming pools (or bathhouses associated therewith). Furthermore, this shall not be construed to prohibit the erection of structures commonly associated with gardens; however, it is expressly provided that metal storage buildings and sheds are prohibited. Plans for such servants' quarters, bathhouses, swimming pools, and garden structures shall be submitted to the Architectural Control Committee, as hereinafter created, prior to the commencement of construction of same.

(B) APPLICABLE SET-BACKS

A dwelling unit, or any part thereof, (exclusive of terrace, stoops, steps, and/or other such areas not covered by a roof), shall be subject to the setback requirements in effect in the City of Chattanooga, Tennessee. The placement of any dwelling unit shall not vary in its setbacks, an unreasonable variance from existing structures, due care being taken that no house shall unnecessarily impede the view from another existing structure. Where the topography of the land or other conditions makes compliance with this paragraph impractical, a lot owner may apply to the Board of Directors of the Association for a variance of the above setback requirements. The authority and the power to grant such a variance, is hereby expressly granted to the Board of Directors of the Association; such variance and approval of the Board of Directors shall be obtained prior to and as a condition of application to the City of Chattanooga for a variance in the setback requirement.

(C) ANIMALS

No sheep, goats, fowl, swine, horses, or like barnyard or farm animals shall be permitted to roam or remain on the premises excepting the usual domestic pets, provided said domestic pets shall not be kept, bred, or maintained for any commercial purpose. All domestic pets shall be fenced, leashed or otherwise restrained by their owners. Owners of permitted domestic pets shall be required to keep common properties free of pet droppings.

(D) BUSINESS USE

No commercial or home business shall be permitted within the properties except that the Developer shall have the right to maintain a sales and/or construction office until the last lot in said subdivision is sold. Nothing herein contained shall prohibit the Developer from maintaining one or more model sales units on the property.

(E) NOXIOUS ACTIVITY

There shall be no noxious or offensive activity creating a visual nuisance or a nuisance by noise, odor or otherwise.

(F) COMMERCIAL VEHICLES - JUNK VEHICLES

No commercial trucks and no trucks larger than a regular size pickup truck or van, shall be parked in driveways or on the streets at any time; provided, however, that the usual commercial pickup and delivery trucks are permitted to serve the needs of lot owners. Furthermore, no inoperative junk cars, trucks, or any other vehicles of any type or nature shall be kept or parked on any of said lots at any time (except as hereinafter provided).

**(G) TEMPORARY STRUCTURES - COMPLETION PERIOD**

There shall be no tent, shack, mobile home, basement, trailer, or any other temporary structure of any kind; and further, no dwelling shall be occupied until it is completed. All dwelling units shall be completed within one (1) year after commencement of construction (as defined by the Lien Statutes of the State of Tennessee), and the garage of any dwelling unit shall be constructed simultaneously with the erection of the main building.

**(H) UNKEMPT CONDITIONS - LIEN FOR REMOVAL**

Lot owners shall be expected to adequately maintain their lots and to prevent the development of any unclean, unsightly, or unkempt conditions of buildings or grounds. No weeds, dead trees, underbrush or other unsightly growth shall be permitted to grow or remain on any lot. No refuse, litter, trash or other pile of debris or unsightly objects shall be allowed to be placed or suffered to remain on any lot. In the event any lot owner fails or refuses to comply with the provisions of this paragraph, then the Association may, upon ten (10) days written notice, enter upon said lot or lots and remove the unsightly condition. The expense incurred by said Association shall be borne by the lot owner, and it is hereby expressly provided that such entry and removal shall not be deemed a trespass. Within thirty (30) days from the date of said entry by the Association and removal of said unsightly condition, the offending lot owner shall pay to the Association all expenses incurred by the Association for removal. In the event any lot owner fails or refuses to reimburse the Association within said thirty (30) day period, then a lien (as hereinafter defined and established), shall arise and be created in favor of the Association for all costs and expenses for doing such work.

**(I) FENCES AND SIDEWALKS**

No fence shall be erected on any lot in said subdivision unless approval for the erection thereof is first obtained from the Developer or Architectural Control Committee as hereinafter established. Picket fences and sidewalks shall be erected, at the expense of the Lot Owner, or builder, upon property belonging to the City in front of each lot. If constructed by the Developer or the Association, the Lot Owner, or builder, shall promptly reimburse the Developer or Association, as the case may be, for the expense upon request for payment, and there shall be a lien upon the Lot in question for same.

**(J) SQUARE FOOTAGE REQUIREMENTS**

No dwelling unit shall be constructed or maintained on any lot unless it shall conform to the minimum heated square foot size requirements as set forth in this Section. A single-level home shall contain not less than seventeen-hundred (1,700) square feet, and a two-level home shall contain not less than eighteen-hundred and fifty (1,850) square feet.

**(K) NO EXPOSED CONCRETE BLOCK**

In the erection and construction of dwelling units and other permitted improvements on said lots, there shall be no exposed concrete blocks. All concrete blocks shall be covered with brick or natural stone. Pumice stone, asbestos and stucco are expressly forbidden. It is expressly provided that the Architectural Control Committee may vary this requirement in the event that architectural style of a submitted set of plans would demand it; and, further, provided that the aesthetic appearance of the completed improvement would be acceptable. The decision of the Architectural Control Committee, in its sole discretion, shall be deemed binding and conclusive on all parties.

**(L) RESUBDIVISION OF LOTS**

There shall be no resubdivision of lots without the written consent of the Developer, excepting that two (2) or more adjoining lots may be combined such that a single dwelling unit may be erected upon the resulting lot. The owner of any two (2) lots combined as herein provided, shall pay an assessment, as hereinafter established, on each lot as originally platted.

**(M) SEWAGE DISPOSAL**

Before any dwelling on a lot shall be occupied, a connection with the municipal sewer system meeting applicable municipal codes shall be made. There shall not be erected, permitted, maintained or operated on any lot any privy, cesspool, vault or septic system without written approval from the Developer or the Association.

**(N) DRIVEWAYS**

All driveway cut-ins from the street shall be illustrated on the plot plans submitted to the Architectural Control Committee as hereinafter established. All driveways shall be of concrete construction unless consent for use of material other than concrete shall first be obtained from the Architectural Control Committee. Application for consent to use other than concrete for driveways, shall be in writing and shall state reasons for the requested variance.

**(O) DAMAGE TO COMMON PROPERTIES**

Damage to any common properties, including, but not limited to, sidewalks, curbs or streets, and any damage to adjoining property markers, shall be replaced or repaired immediately by the offending party. The expense of said repair shall be borne entirely by the offending lot owner. Repair shall be commenced immediately and the damaged area shall be repaired in such a manner to conform to its state prior to such damage. In the event repair of said damaged common area is not completed within thirty (30) days from the date of damage thereto, the Association shall have the right to enter said damaged area (said entry expressly being deemed not a trespass), and repair said damage. The Association shall make demand upon the offending lot owner upon five (5) days written notice after such entry for full reimbursement of expenses borne by the Association in repairing damage to common properties. Additionally, there shall be assessed against the offending lot owner, liquidated damages in the sum of twenty-five (\$25.00) dollars per day from the date of such notice to the date of completion of repair, provided that said liquidated damages shall not exceed the sum of five hundred (\$500.00) dollars; and, further, provided that the Board of Directors may waive liquidated damages, if extenuating circumstances are present. In the event the offending lot owner fails to make the required reimbursement and/or fails to pay the above provided for liquidated damages, a lien shall be attached to his lot to benefit the Association.

**(P) SCREENED-IN PORCHES**

Screened-in porches shall be allowed only at the rear of dwelling units.

**(Q) GARAGE DOORS**

Garage doors shall be closed at all times except during ingress and egress.

**(R) CLOTHESLINES**

No outside clotheslines of any kind or nature whatsoever will be permitted on any lot at any time.

**(S) IMPROVEMENTS AFTER COMPLETION**

Any improvements commenced after completion of a dwelling unit (completion date of a dwelling unit shall be conclusively established by the date set out in the Notice of Completion filed in the Register's Office of Hamilton County, Tennessee, or upon the expiration of one (1) year from the date of visible commencement of construction, as the case may be), such as remodeling, will be completed within six (6) months from the date of commencement of construction. Violations of this Section shall be subject to the same liquidated damage provisions as set out in Section (O) hereof, and shall begin to accrue on the first day after expiration of said six (6) month period.

**(T) SIGNS**

No signs, billboards, or advertising devices of any kind or nature whatsoever shall be placed, displayed or installed on any lot or on an improvement thereon. Except that a "for



sale" sign may be placed on any lot provided that the same does not exceed a diagonal measurement of four (4) feet.

**(U) GARBAGE REMOVAL**

All refuse, garbage and trash shall be collected in suitable containers which shall be stored, except for days of garbage collection, in areas out of view from users of any public right-of-way or of any common property. Each lot owner will be responsible for arranging for removal of his garbage and will be solely responsible for pay any charges incurred for same.

**(V) VEHICLES, BOATS AND CAMPERS**

Cars and vehicles owned by lot owners shall be parked only in the owner's garage or driveway. No house trailer or any such vehicle shall be stored on the premises. Anything herein to the contrary notwithstanding, lot owners shall be allowed to store on their individual lots, but out of view from users of any public rights-of-way or common properties, mobile campers and boats upon mobile trailers which are owned by and used by the lot owner for recreational purposes only. It is furthermore expressly provided that in no event and under no circumstances may a camper or boat be used to house persons whether temporarily or permanently.

**(W) OBSTRUCTION OF COMMON PROPERTIES**

No obstruction of the common properties shall be permitted. The Association is expressly granted the right to remove, at the owner's expense, any vehicle, device or other obstruction of any kind and nature that would obstruct a common property.

**(X) PEST, REPTILE AND FIRE CONTROL**

In order to implement and effect insect, pest, reptile and fire control and prevention, the Association is hereby granted the right to enter upon any lot in the subdivision on which a dwelling unit has not been constructed, in order to combat or prevent said peril. Said entry shall not be deemed a trespass. Prior to such entry, the Association shall cause to be mailed to the record owner of any such lot, a notice outlining the reason(s) for such anticipated entry. The lot owner shall have ten (10) days from the date of mailing of said notice, to commence correction of the offending condition(s). In the event the lot owner fails to act, the Association may proceed and the lot owner shall be liable to it for all costs and expenses borne by it. In the event of failure or refusal of the lot owner to reimburse the Association as required herein within thirty (30) days from the date of said entry, then a lien shall arise and be created in favor of the Association for all costs and expenses incurred by it. The above notice may be dispensed within the event of an emergency situation.

**(Y) SUBSTANTIALLY DAMAGED DWELLING UNITS**

Any substantially damaged dwelling units shall be restored, repaired or removed within one hundred eighty (180) days from the date of the damage. If the lot owner has not commenced restoration, repairs or removal within a period of thirty (30) days from the date of said damage, the Association shall notify the offending lot owner in writing of the provisions of this paragraph. In the event the offending owner has not completed restoration, repairs, or removal within the original one hundred eighty (180) day period, the Association shall be permitted to have the damaged remains removed and shall have a lien on the lot for the expenses and costs incurred by it in effecting removal of said damaged remains.

**(Z) CARPORTS AND GARAGES**

No carports of any type shall be permitted to be erected or allowed to remain on any lot. No front entry garages permitted without approval of the Developer or Association.

**(AA) POLLUTION CONTROL**

In the interest of public health and sanitation and so that the land above described and all other land in the same locality may be benefited by a decrease in the hazards of stream pollution and by the protection of water supplies, recreation, wild life and other public

uses thereof, lot owners shall not use the above described property for any purpose that would result in the pollution of waterway that flows through or adjacent to such property by refuse, sewage, material that might tend to pollute the waters of any such stream or streams, or otherwise impair the ecological balance of the surrounding lands.

**(BB) NO ANTENNAS - RESTRICTION ON SATELLITE DISHES**

No television antenna, satellite dish [except for a satellite dish not in excess of 24" in diameter located at the rear of the residence on a Lot], radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any dwelling or other structure on any Lot without the prior written consent of the Developer or the Architectural Review Committee; nor shall radio, television signals, nor any other form of electromagnetic radiation be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals upon any other of such properties.

**SECTION III**

**BY-LAWS**

**HERITAGE RIDGE HOMEOWNERS ASSOCIATION, INC.**

**SUBSECTION A - MEMBERS**

**(1) MEMBERSHIP IN THE ASSOCIATION**

Every lot owner (as heretofore defined), shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or as security for the payment of a debt. Membership shall be appurtenant to, and may not be separated from, ownership of any lot which is subject to assessment by the Association. Membership in the Association shall be automatically transferred upon the recordation of an instrument of conveyance which is duly recorded in the Register's Office of Hamilton County, Tennessee, conveying any lot.

**(2) 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 the Developer and shall be entitled to one (1) vote for each lot owned. When more than one (1) person or entity holds record title to a lot, such that they fall within the definition of lot owner, all such persons shall be members and the vote for such lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any lot. In the event co-owners disagree as to the vote to be exercised with respect to an individual lot, then each co-owner will be entitled to a fractional vote equal to his fraction of ownership.

**CLASS B:** The Class B member shall be the Developer as defined in this declaration and he shall be entitled to three (3) votes for each lot owned by him. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever shall occur earlier:

- (a) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or
- (b) On July 1, 1998, upon conversion of the Class B membership to Class A membership, the Developer shall have the privileges and be entitled to exercise the voting rights of Class A membership. NOTHING herein contained shall be construed to prohibit the Developer from voluntarily converting his Class B membership to Class A membership, at any time, as he may see fit.

The Association, as an entity, shall not be entitled to a vote for lots owned by it.

**(3) ANNUAL MEETING OF MEMBERS**

An annual meeting of the members shall be held on the second Tuesday in January at 6:00 o'clock P.M., at such reasonable place, or other time (but not more than sixty (60) days before or after such date), as may be designated by written notice of the Board, delivered to the members not less than fifteen (15) days prior to the date fixed for said meeting. The purpose of the meeting shall be the transaction of such general business as may come before the meeting. At the annual meeting, the Board shall furnish to the members:

- (1) A statement of the expenses incurred in the operation and maintenance of the common properties itemizing receipts and disbursements for the prior year together with the allocation thereof to each owner.
- (2) A budget for the coming fiscal year shall itemize the estimated cost of maintenance and operation of the common areas and shall contain the statement as to any anticipated capital improvements during the course of the coming fiscal year.

**(4) SPECIAL MEETINGS OF MEMBERS**

Special meetings of the members may be called by the President, the Board of Directors or not less than one-half (1/2) of the members having voting rights at a place designated by the Board of Directors. Notice of any such called special meeting shall be in writing and shall be delivered to all members in the manner provided in Section III, Subsection B, Item 9, hereof, not less than ten (10) days prior to the date set for said meeting. The notice shall specify the date, time, place and the matters to be considered at said special meeting.

**(5) QUORUM**

Members holding fifty (50%) percent of the votes that may be cast at any meeting, shall constitute a quorum at such meeting.

**(6) PROXIES**

At any meeting of members, a member shall be entitled to vote and may vote by proxy executed in writing by the member or by his duly authorized Attorney-in-Fact. No proxy shall be valid after twelve (12) months from the date of its execution unless otherwise provided in the proxy.

**(7) PARLIAMENTARY RULES**

Robert's Rules of Order (latest edition), shall govern the conduct of the Association meetings, unless otherwise expressly otherwise set forth herein.

**SUBSECTION B - THE BOARD OF DIRECTORS****(1) BOARD OF DIRECTORS**

The affairs of this Association, and the administration of property on behalf of this Association, shall be managed by a Board of Directors (hereinafter "Board"). The Board of Directors shall consist of three (3) natural persons of legal age; however, the number of Directors may be changed by amendment to the By-Laws of the Association. Each member of the Board shall be a lot owner as hereinbefore defined.

**(2) NOMINATION OF DIRECTORS**

Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. 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 appointment 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. Nominations for a position on the Board may also be made by a petition filed with the Secretary of the Association at least ten (10) days prior to the annual meeting of the Association. The petition shall be signed by three (3) or more different lot owners and by the nominee named therein indicating his willingness to serve as a member of the Board, if elected.

**(3) ELECTION OF DIRECTORS**

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 are entitled to exercise under the provisions of this declaration. The persons receiving the largest number of votes shall be elected.

**(4) TERM OF OFFICE**

Members of the Board of Directors shall serve for a term of two (2) years. Members of the Board shall serve until their respective successors are duly elected and qualified or until their death, resignation or removal.

**(5) RESIGNATION AND REMOVAL**

Any Director may be removed from the Board with or without cause by a two-thirds (2/3) vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. Any member of the Board may resign at any time by giving written notice of his intent to resign to the President of the Association or to any remaining Board member. A Director may also be removed in the manner above set out in the event of his disability which, in the opinion of the majority of the Board, renders such member incapable of performing Board duties. A member of the Board shall be automatically removed from office upon transfer of his ownership in a lot such that would disqualify him from membership in the Association.

**(6) COMPENSATION**

No Director shall receive compensation for any service he may render to the Association, solely in his capacity as Director, unless specifically authorized by the Board. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

**(7) REGULAR MEETINGS OF THE BOARD**

Regular meetings of the Board of Directors shall be held annually on the second Tuesday in January, at a time prior to the annual meeting of the members, at such places within or without the State of Tennessee as the Board shall determine. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present, shall be regarded and have the same force and effect as the act of the Board. Meetings of the Board shall be chaired by the Chairman of the Board, who shall be elected from the membership of the Board of Directors. The Corporate Secretary shall be present at meetings of the Board of

Directors and said Secretary shall record the Minutes of the meeting.

(8) SPECIAL MEETINGS OF THE BOARD

Special meetings of the Board may be called by or at the request of the President, or by any two (2) Directors, and shall be held at such time and place as the Directors may determine.

(9) NOTICE OF SPECIAL MEETINGS

Notice of any special meeting of the Board of Directors shall be given at least ten (10) days previously thereto by written notice delivered personally or sent by mail or telegram to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a Waiver of Notice of such meeting, except where a Director

attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at the meeting need not be specified in the notice of Waiver of Notice of such meeting unless specifically required by law or by these By-Laws.

(10) POWERS AND AUTHORITY OF THE BOARD

The Board of Directors shall have power to:

- (a) Enforce the provisions in this declaration, these By-Laws, and the rules and regulations governing the common areas.
- (b) To set, levy, collect and enforce all lien assessments heretofore created and hereafter created for the benefit and use of the Association.
- (c) To adopt and publish rules and regulations governing the use of the common area facilities and the personal conduct of the members and guests thereon, and to establish penalties for the infraction thereof.
- (d) To suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations.
- (e) To exercise for the Association, all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by any other provisions of these By-Laws, the Articles of Incorporation or the Declaration.
- (f) To care for, maintain, preserve and protect the common properties owned by the Association and the improvements and amenities located thereon, as well as areas, landscaping, streets and sidewalks which are on property within or adjacent to the subdivision but located on property dedicated to or owned by any governmental entity.
- (g) To employ a Manager(s), an independent contractor(s), or other such employees as the Board may deem necessary and to prescribe their duties. The above powers shall not be deemed to be exclusive, and there is specifically reserved unto the Board of Directors, the right to expend such sums as it may deem fit and proper for the care, preservation and maintenance of the common properties, and the efficient and comfortable operation of same. (Subject to Limitations on capital expenditures as hereinafter set out).

(11) DUTIES OF THE BOARD

It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members.

- (b) Supervise all officers, agents and employees of this Association to see that their duties are properly performed.
- (c) As more fully provided herein to:
  - (1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;
  - (2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
  - (3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.
- (d) To 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 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.
- (f) Cause all officers, agents or employees, having physical responsibilities, to be bonded as it may deem appropriate.
- (g) Cause the common properties to be maintained in a good and adequate state of repair.
- (h) Cause to be kept, accurate records regarding status of title of common properties, and make the same available for inspection by members or perspective members upon reasonable notice.
- (i) To do and perform any other duties required by law or imposed by these By-Laws (or this Declaration).

**(12) DELEGATION OF AUTHORITY**

The Board of Directors shall delegate to the extent that it considers necessary, any portion of its authority to manage, control and conduct the current business of the Association, to any standing or special committee, including an Architectural Control Committee, of the Association or to any officer or agent thereof. Notwithstanding any delegation of authority that the Board may make hereunder, it shall exercise general supervision over the officers and agents of the corporation and shall be responsible to the members for the proper performance of their respective duties.

**(13) ACQUISITION AND ENCUMBERING OF PROPERTY**

The Board of Directors shall have the power to acquire by purchase, gift or any other lawful manner, any property, both real and personal, rights or privileges, that the Association may lawfully acquire at such price and on such terms and conditions as the Board shall deem proper. The Board shall also have the power to create, make and deliver mortgages, bonds, deeds of trusts, trust agreements, security interest, and any other kind of lawful encumbrance on property of the Association, both real and personal, for the acquisition of such property or for any other lawful purpose of the Association. Provided, however, that the prior approval of a majority of both classes of the members of the Association shall be required, in the event the Board desires to authorize structural alterations, capital additions to or capital improvements of the common properties which would require a one-time expenditure in excess of two thousand (\$2,000.00) dollars. In the event of an emergency, such as catastrophic damage to the common properties, the Board, in its exercise of reasonable judgment, may exceed these limits, if, in the judgment of the Board, such damage should be corrected before a meeting of the Association members could reasonably be called and held.

(14) RULES AND REGULATIONS

The Board shall have the power and right to make, adopt and amend rules and regulations for the purpose of regulating and governing the use and operation of the common properties. Copies of such rules and regulations shall be furnished to each owner prior to the time the same shall become effective.

(15) FAILURE OF THE BOARD TO ACT - NOT WAIVER

The failure of the Board or its agents, to enforce any of the terms, conditions, covenants, restrictions, liens or By-Laws, or any of the rules and regulations adopted by it, shall not constitute a waiver of the right of enforcement of the same.

SUBSECTION C - OFFICERS(1) OFFICERS

The officers of the corporation shall be a President, one (1) or more Vice-President(s) (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer, and such other officers as may be elected from time to time in accordance with the provisions of this Article. The officers of the corporation shall be members of the Association subject to the provision that the Secretary need not be a member. Officers may also serve as members of the Board of Directors, and vice versa.

(2) ELECTION AND TERMS OF OFFICE

The officers of the corporation shall be elected annually by the Board of Directors. New officers may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor has been duly elected and qualified.

(3) REMOVAL

Any officer elected or appointed by the Board of Directors may be removed by the Board whenever, in its judgment, the best interest of the Association would be served thereby.

(4) VACANCIES

A vacancy in any office because of death, resignation, disqualification, or otherwise, may be filled by the Board for the unexpired portion of the term.

(5) POWERS AND DUTIES OF OFFICERS

The several officers shall have such powers and shall perform such duties as may, from time to time, be specified in resolutions or other directives of the Board of Directors, or as specified elsewhere in this Declaration. In the absence of such specifications, each officer shall have the power and authority and shall perform and discharge the duties of officers of the same title serving non-profit associations having the same or similar general purposes and objectives as this corporation.

SUBSECTION D - LIABILITY AND INDEMNIFICATION(1) LIABILITY OF MEMBERS OF THE BOARD AND OFFICERS

The members of the board, the officers and any agents and employees of the Association: (i) shall not be liable to the owners or Association as a result of their activities as such for any mistake of judgment, or otherwise, except for their own willful misconduct, bad faith, or failure to exercise that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions; (ii) shall have no personal liability in tort to an owner or any other person or entity direct or imputed by virtue of acts performed by them as Board members and/or officers except for their own willful misconduct, bad faith, or failure to exercise that degree of diligence, care and skill which ordinarily prudent

men would exercise under similar circumstances in like positions; and (iv) shall have no personal liability arising out of the use, misuse or condition of the common properties, or which might in any other way be assessed against or imputed to them as a result of or by virtue of their capacity as such Board members and/or officers.

## (2) INDEMNIFICATION BY ASSOCIATION

To the extent now or hereafter permitted by applicable law, the Association shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including without limitation, counsel fees and court costs, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more owners or any other persons or entities, to which he shall be, or shall be threatened to be, made a party by reason of the fact that he is or was a member of the Board or an officer or agent or employee of the Association; provided, in the case of any settlement, that the Board shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or by vote of the Association or of the Board, or otherwise. The indemnification by the Association set forth in this Article, shall be paid by the Board on behalf of the Association and shall constitute a common expense.

## (3) COSTS OF SUIT IN ACTIONS BROUGHT BY ONE OR MORE OWNERS ON BEHALF OF ALL OWNERS

No suit shall be brought by one (1) or more, but less than all owners on behalf of all owners, without approval of a majority of owners and, if approval is obtained, the Plaintiff's expenses, including reasonable counsel's fees and court costs, shall be a common expense unless such suit is brought by one (1) or more owners against other owners, the Association or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all owners as Defendants, in which event the Plaintiff's expenses, including counsel's fees and court costs, shall be charged as a common expense.

## (4) NOTICE OF SUIT AND OPPORTUNITY TO DEFEND

Suits brought against the Association, or the Board, or the officers, employees or agents thereof, in their respective capacities as such, or the property as a whole, shall be directed to the President of the Association, who shall promptly give written notice thereof to the other members of the Board and any mortgages of common properties, and shall be defended by the Board and any mortgages of common properties, and shall be defended by the Board and the Association, and all owners shall have no right to participate other than through the Board in such defense. Suits against one (1) or more, but less than all owners, shall be directed to such owners, who shall promptly give written notice thereof to the Board and to the Mortgages of the lots affected, and shall be defended by such owners at their expense.

## SUBSECTION E - ASSESSMENTS AND LIENS

### (1) PURPOSE OF ASSESSMENTS

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the owners and for the improvements and maintenance of the common properties. The assessment charge and lien shall not apply to the Grantee of a Utility Easement. All properties dedicated to and accepted by a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of Tennessee, shall be exempt from the assessments created herein except no land or improvements devoted to dwelling use shall be exempt from said assessments.



**(2) GENERAL ASSESSMENTS**

As more fully provided in the Declaration, each member is obligated to pay to the Association, annual and special assessments which will be secured by a continuing lien upon the property 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 the highest legal rate of interest, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property and interests, costs, and reasonable attorney's 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 for herein by non-use of the common area or abandonment of his lot.

**(3) UNIFORM RATE OF ASSESSMENT**

Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis, or any other basis as determined by the Board.

**(4) SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENT**

In addition to the annual assessments as authorized herein, 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 cost of any construction, reconstruction, repair or replacement of a capital improvement upon a common area, including fixtures and personal property related thereto, provided that any such easement shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for that purpose.

**(5) INITIAL ASSESSMENT - ANNUAL ASSESSMENTS**

(A) Initial Assessment Period. Each Lot Owner shall, upon the closing of any purchase of a lot prior to December 31, 1996, pay an Initial Assessment in the amount of One Hundred Twenty Five (\$125.00) Dollars per lot. The Initial Assessment shall be used by the Developer for common expenses, maintenance and care of common properties, expenses connected with formation of the Association and similar such expenses. If there remains a balance from such funds at the time of the initial meeting of the Association on January 14, 1997, such balance shall be turned over by the Developer to the Association for use in funding its budget.

(B) Annual Assessments. Beginning with the calendar year commencing January 1, 1997, each lot owner shall pay with respect to each Lot, an assessment of One Hundred Twenty-Five (\$125.00) Dollars per year, or such higher or lower amount as may be established by the Association to fund its activities as herein provided.

**(6) LIEN**

Recognizing that the Association is the convenient instrument by which the property owners may advance their common interests, and further recognizing the need to create a vehicle for the collection of assessments and other liens and charges as created herein and to provide for the continuing cost of maintenance and the on-going cost of management in the Association, a lien is hereby granted to the Association upon each lot and the improvements thereon as security for the payment of all assessments against said lot and for the payment of any liens created by this instrument. The lien shall also secure all costs and expenses, interest on past-due amounts, and reasonable attorney's fees incurred by the Association in enforcing a lien upon said lot. The lien granted to the Association, may be foreclosed upon as other liens are foreclosed upon, in the State of Tennessee. The Association shall have the right to proceed against a lot owner in a Court of Law or equity, seeking a personal judgment. The Association has the right to record a Notice of Lien in the Register's Office of Hamilton County, Tennessee. However, failure to so record shall not

invalidate the lien. Parties inquiring as to status of title may rely on "Procedure for Transfer of Interest in Lot," Section as hereinafter set out.

(7) SUBORDINATION

The lien and the assessment provided for herein and the other liens hereby created, shall be subordinate to the lien of any first mortgage or first mortgages now or hereafter placed upon the property, and running to a bank, savings and loan association, insurance company or other institution lender if, and only if, all assessments, whether annual or special, with respect to such Lot having a due date on or prior to the date such mortgage is recorded have been paid. It is further provided that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale or transfer of such property in lieu of foreclosure. Such sale or transfer shall not release such property from liability for any assessments thereafter become due not from the lien of any such subsequent assessment.

SECTION F - GENERAL PROVISIONS

(1) PROCEDURE FOR TRANSFER OF INTEREST IN LOT

Whenever a transfer of any interest in a lot, such as a lease, a sale or a mortgage is contemplated by the owner thereof, the owner, Grantee, mortgagee, or any title company insuring title to the lot, shall have the right to request of the Association, a written statement of the assessments and/or liens, if any, currently due and payable on any lot. The Association shall furnish, at such request, to the interested party, within a reasonable time, a written statement outlining the status of such liens or assessments. Such statements shall be executed by any officer of the Association and any Grantee, mortgagee or title insurance company, may rely upon such statement in concluding the transaction. The Association shall be bound by such statement and shall assume the risk and liability for the correctness of same. No amendment to this paragraph shall adversely affect the rights of any first mortgagee whose mortgage is recorded prior to the amendment unless such mortgagee consents to such amendment. Until further notice, the address to which inquiries may be sent for title status (and any other inquiries), shall be:

Heritage Properties, L.L.C.  
P.O. Box 991  
Hixson, TN 37343

Changes of notice of the above address may be recorded in the Register's Office of Hamilton County, Tennessee, from time to time by the Developer, and such change of address shall not be construed to be an amendment to this instrument.

(2) OWNERS' EASEMENT OF ENJOYMENT

Every owner shall have a right and Easement of Ingress and Egress, and of Enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every lot subject to the right of the Association to dedicate or transfer all or any part of the common area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. Nothing herein shall constitute an access easement over any Lot owned by an individual Lot Owner, and any such access easement shall be expressly reserved on the recorded subdivision plat.

(3) ARCHITECTURAL CONTROL

No dwelling utility or other structure, including swimming pools, shall be commenced, erected or maintained upon any lot, nor shall any exterior addition to or change or alteration thereto, be made until the plans and specifications showing the square footage, nature, kind, shape, height materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association or by an Architectural Control Committee, appointed by it. Refusal or approval of plans, specifications, location or color, may be based upon any ground, including purely aesthetic considerations which, in the sole discretion of the Board of Directors or committee, shall be deemed

sufficient. One (1) copy of all plans and one (1) copy of a specification sheet and other related data shall be furnished to the Board of Directors or committee for its records. A plot plan shall also be furnished to the committee or Board showing the approximate location of the improvements on a lot. Furthermore, there shall be submitted, a written statement of the anticipated color scheme used in construction of the improvement. In the event the Board or its designated committee, fails to approve or disprove such design, location and color scheme within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Approval of the plans and specification by the Board or by the Architectural Control Committee, is to preserve and protect the overall harmony of design within the subdivision. Approval or disapproval of plans or specifications by the said entity shall not be construed as an approval or disapproval of the architectural or structural soundness of said plans. Each owner shall be individually responsible for the technical aspects of the plans and specifications.

#### (4) EXTENT OF TITLE CONVEYED

The fee title to any lot described as bounded by any street, lane, walkway, park, playground, lake, pond, pool, or any other common property which has not been dedicated or accepted by the public and the fee title to any lot shown on the recorded plat of Heritage Ridge Subdivision as abutting upon any such common property, shall not extend upon such common property and the fee title to such common property is reserved to the Developer to be conveyed to the Heritage Ridge Homeowners Association, Inc., for the common enjoyment of all the residents in Heritage Ridge Subdivision.

#### (5) BOOKS AND RECORDS

The books, records, and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association, as well as the rules and regulations governing the use and enjoyment of a common properties, shall be available for inspection by any member. The Association may make a reasonable charge for copies of such documents. The fiscal year of the Association, for accounting purposes, shall be established by the Board of Directors.

#### (6) ENFORCEMENT

The Association or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges, and assessments now or hereafter imposed by the provisions of this Declaration. Any failure to enforce upon the breach of any covenant, shall not be deemed a waiver or estoppel to enforce such future breaches and the continuing failure to observe such covenants shall be deemed a new breach on each calendar day it continues regardless of the fact that no new act or occurrence has been taken by the defaulter, but simply by the continuing event of breach which is contrary to the restrictive covenants or to the By-Laws of this Association. Where the Association is given the right to enter upon a lot, or the right to perform an act, this shall not be construed as an affirmative duty to so enter or act on the Association. In the proceeding brought hereunder to enforce said restrictions, conditions, covenants, reservations, liens, or assessments, the Plaintiff shall be entitled, in addition to injunctive relief and damages, to the costs and expenses of such action or proceeding, including a reasonable attorney's fee, should the Court grant the relief sought in such action or proceeding.

#### (7) SEVERABILITY

Invalidation of any one (1) of these covenants, conditions, restrictions, or By-Laws, by judgment or Court Order, shall in no way effect any other provisions which shall remain in full force and effect.

#### (8) AMENDMENT

The covenants and restrictions of the Declaration shall run with and bind the land for a term of twenty (20) years from the date of this Declaration is recorded; after which time, they

shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the members entitled to vote, and thereafter, by an instrument signed by not less than fifty-one percent (51%) of the lot owners. In order to be effective, any amendment hereof must be in writing and be duly recorded in the Register's Office of Hamilton County, Tennessee.

(9) DEVELOPER'S RIGHTS PRIOR TO FORMATION OF THE ASSOCIATION

Developer reserves all of the rights and authorities herein granted to the Association, including without limitation all rights of architectural control which are herein reserved to the Association, prior to the formation of the Association and its initial organizational meeting on January 14, 1997. Thereafter, all rights and responsibilities of Developer with respect to the common properties within the subdivision shall be deemed to transfer to the Association. The right of architectural control shall remain with Developer until such time as Developer shall

state by written instrument delivered to the Association that all rights and responsibilities with respect to architectural control are transferred to the Association; upon such transfer, the Association shall exercise its right of architectural control as herein provided.

(10) CAPTIONS

The captions herein are inserted only as a matter of convenience and for ease of reference and are in no way intended to limit, define, or describe the scope of the provisions contained in that section.

(11) USE OF TERMS

Any use herein of the singular shall include the plural, and the masculine the feminine, as the context may require.

(12) INTERPRETATION

The provisions contained herein shall be liberally construed so as to effectuate their purpose.

(13) GOVERNING LAW

This instrument shall be interpreted and construed in accordance with the laws of the State of Tennessee.

HERITAGE PROPERTIES, L.L.C.

BY: Jessie E. Anderson, Jr.  
Manager

STATE OF TENNESSEE)  
COUNTY OF HAMILTON)

Before me, Rosa L. Hopkins, of the state and county aforesaid, personally appeared Jackie E. Dancy, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he is the Manager of Heritage Properties, LLC, the within named bargainer, a corporation, and as such, executed the foregoing instrument for the purposes therein contained, by personally signing the name of the corporation as such officer.

Witness my hand and notarial seal, at Chattanooga, this 7 day of Aug, 1996

Rosa L. Hopkins  
NOTARY PUBLIC

My Commission Expires: 4-9-2000

343618

PAMELA HURST  
REGISTER  
HAMILTON COUNTY  
STATE OF TENNESSEE

\*96 AUG 9 PM 2 47

BY: J. Lee  
DEPUTY

RECPT. # 801467