

Prepared by and Return to :  
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Nashville, Tn 37220

DECLARATION FOR BLUE WATER BAY  
AT CENTER HILL LAKE

DEVELOPER  
GREYHAWK DEVELOPMENT COROPORATION

AUGUST 5, 2003

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## BLUE WATER BAY AT CENTER HILL LAKE

### Offering Information

Blue Water Bay is a residential development that will be established by Greyhawk Development Corp. ( hereinafter referred to as the "Developer"), under the terms of that certain Declaration of Covenants, Conditions, and Restrictions for Blue Water Bay, to be filed in the Register's office for Dekalb County, Tennessee (herein after referred to as the Declaration"). Blue Water Bay will be constructed in sections and will originally be comprised of some 383 residential lots or building pads. All the land for the proposed sections shall be submitted initially to the Declaration. The use of the property shall be limited to residential development. The ownership interest of each owner of a lot in Blue Water Bay will be subject to the provisions of the Declaration.

Blue Water Bay will be governed in accordance with the provisions of the Declaration, and the Charter and Corporate Bylaws of Blue Water Bay Homeowner's Association, Inc., a Tennessee non-profit corporation that will be organized to manage its affairs (hereinafter referred to as the "Association"). Each purchaser of a lot in Blue Water Bay will acquire title to the property and shall become a Member of the Association, which will hold title to all property and improvements of Blue Water Bay other than the individual lots. Each Owner becomes a voting Member of the Association at the time he receives a deed to his residence and all subsequent sales or transfers of the residence will automatically convey the ownership interest appurtenant to such residence as well as membership in the Association to the new owner. Each Owner shall be entitled to one vote for each property on which a residence is constructed, which lots are designated as Class "A" lots in the Covenants and Conditions. Lots still owned by the Developer and/or builders are designated as Class "B" lots and the Developer shall be entitled to four votes for each lot. The Developer has the option to convert all lots to Class "A" status at such time as 20% of the lots (or more) in the Development are owner occupied. The Developer shall cause all lots to be converted to Class "A" status when 80% of the lots are owner occupied. The Association will manage the affairs of the Development, thereby relieving lot owners of the need to arrange for maintenance, cleaning services, repairs and landscaping services with respect to the common areas. The Association will arrange for all necessary utilities for the common areas, in compliance with Dekalb County regulations, including procure hazard insurance with respect to common areas, and secure liability insurance to protect the Association and all lot owners in regards to occurrences on or about the common areas of Blue Water Bay. Individual lot owners will furnish repairs, maintenance, and landscaping services for their individual lots, and shall maintain their respective lots in an aesthetically pleasing manner. There will be three types of residential areas in the development. There will be estate lots, cluster lots, and condominium pads. The landscaping and grass mowing for the clusters and condominiums will be maintained by the Association after the initial installation. This service will create a different assessment rate for cluster and condominium owners than those who own the estate lots. . The Association will reserve the right to enter upon any

lot to remove unsightly materials or to provide for general landscape maintenance, should the owner of such lot neglect to do so. Any charges for such services shall be added to the assessment due and owing with respect to such as provided below. When all lots within the Development have been converted to Class A Status (or seven years from the date of the first such sale, whichever first occurs) members of the Board of Directors of the Association will be elected at the annual meeting of members of the Association as prescribed in the Association's Corporate Bylaws. Until such time, members of the Board of Directors will be appointed by the Developer. By virtue of the foregoing retained control and the weighted voting described above, the Developer shall retain substantial control of the Development for a significant period of time.

The Association intends to appoint a manager of the Association to be responsible for common area utilities, maintenance, and insurance, as well as collection of assessments from lot owners. All of these services will be paid for by the lot owners pursuant to monthly assessments to be set and levied by the Board of Directors of the Association in accordance with the Declaration. Each lot owner shall be personally liable for such assessments. Should any owner fail to pay his assessment when due, his voting rights in the Association will be suspended, and interest and costs of collection may be charged upon the delinquent assessment. The projected amount of the annual assessment to be levied on the estate lots during 2003 and subsequent years is anticipated to be \$360 per lot, prorated at \$30 per month beginning when the lot owner takes title to the property. The projected amount of the annual assessment to be levied on the cluster lots during 2003 and subsequent years is anticipated to be \$720 per lot, prorated at \$60 per month. Any individual or entity other than a builder who has purchased a cluster lot will be assessed at the estate lot rate of \$360 per year until the residence is complete and ready for residential use, at which time the same will convert to the \$720 annual cluster rate. A builder will not pay assessment fees during the interim period when he takes possession of the property prior to the completion of construction. Upon said completion the new owner would begin to pay at the \$720 annual rate. The condominium fees and assessment will be set by the Association prior to construction of the condominiums in future sections and will be recorded in an addendum to these documents at that time.

At the time of closing a sale of a lot, each Owner shall be charged an amount equal to 2 months assessment to capitalize the Association. This 2 month assessment will cover their assessment through the month of closing and dues will be then prorated through the balance of the calendar year. The Association will from time to time review their budget for all maintenance items that incur costs and reserve the right to lower or raise the assessments as deemed necessary to comply with the budget.

Within the covenants and conditions included herein there are regulations regarding garages and carports. In the area of cluster housing the developer intends to allow garages or carports that are approved by the Architectural Review Committee to be built as detached from the primary residence. While the primary residence will be located within the building pad the garages or carports may be approved outside the building pad. These guidelines could be subject to approval by the Dekalb County Planning Commission and will apply to the cluster lots only.

To ensure that each lot owner will conduct his affairs in a manner so as to insure the maintenance of the Development as a first – class development, the Board of Directors of the Association may establish Rules and Regulations governing the use of the lots and the common areas by lot owners as well as their respective tenants, contractors, agents, employees and invitees.

The conveyance of ownership of a lot in Blue Water Bay shall be pursuant to a Warranty Deed by direct purchase from the Developer upon payment of the total purchase price for the lot. A lot purchaser will be responsible for the cost of recording the Warranty Deed to his lot and any title insurance coverage he may desire. Financing of the purchase of the lot may be secured by a purchaser from any financing institution, and all fees or other costs in connection with such financing will be borne by the purchaser.

The Developer will warrant that the improvements to the common areas of Blue Water Bay will be in good order and free from defects in material, workmanship or installation for a period of (1) year from the completion of the Section in which such lot is located, provided that such defect is not the result of vandalism, catastrophe or cause beyond the control of the Developer or due to the negligence or other fault of the purchaser, purchaser's contractors or agents. The Developer's liability under the warranty shall be limited to the repair or replacement of any defective item or condition and the Developer will have no liability for loss of use, injuries to person or property or other consequential damages resulting from such defect or condition, and Developer expressly disclaims any other warranty or liability for the condition of soils, subsurface conditions or any other matter that might affect Purchaser's cost of erecting improvements upon the lot.

Legal matters relating to the establishment of Blue Water Bay and the offering of lots as described in this Offering Brochure have been performed for the Developer by Amy Cross Nance, Attorney, 1600 Westgate Circle Ste. 125, Brentwood, Tennessee 37027, as counsel for the Developer. However, the opinions of Developer's counsel will be rendered for the sole benefit of the Developer and should not be relied upon by prospective purchasers.

The succeeding sections of this Offering Brochure contain material documentation relating to the creation of Blue Water Bay and proposed contractual arrangements between the Developer and purchasers of lots.

Within the Development several areas of common grounds exist which the Developer will leave in the natural wooded state, either for buffer or aesthetic purposes, solely at the discretion of the Developers.

Prospective purchasers of lots should be aware the Developer reserves the right to alter, amend, or revoke the offer to sell lots in Blue Water Bay as set forth in this Offering Brochure at any time prior to the execution of an Agreement of Sale of Lot(s) without notice to such prospective purchaser.

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR  
BLUE WATER BAY AT CENTER HILL LAKE**

**THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS** (hereinafter referred to as the "Declaration") is made and published this 5<sup>th</sup> day of August, 2003 by and between Greyhawk Development Corporation, a Tennessee corporation and Watercrest Properties, a Tennessee Partnership having its principal place of business located in Nashville, Tennessee (hereinafter referred to as "Developer") and any and all persons, firms or corporations hereafter acquiring any of the within described property:

**WITNESSETH:**

**WHEREAS**, Developer is the owner of a tract of land in the County of Dekalb, State of Tennessee and described on Exhibit A which attached and fully incorporated herein, known as Blue Water Bay at Center Hill Lake. Blue Water Bay of Center Hill Lake of which is shown upon a plat of record in Book Slide, Page 239, Register's Office for said County, Section I being the first plan of an overall development; and

**WHEREAS**, it is in the best interest of Developer, as well as to the benefit, interest and advantage of each and every person or other entity hereafter acquiring any of the within described property that certain covenants, conditions and easements, assessments, liens and restrictions governing and regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land; and

**WHEREAS**, Developer desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the real property in the Blue Water Bay at Center Hill Lake community; and for the continued maintenance and operation of such common areas as may be provided;

**NOW, THEREFORE**, in consideration of the premises, the Developer agrees with any and all persons, firms, corporation or other entities hereafter acquiring any of the property hereinafter described, that the same shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens (all hereafter collectively referred to as "Restrictions") relating to the use and occupancy thereof; said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and which shall inure to the benefit of each Owner thereof. Every person or other party hereafter acquiring any of the within described properties made subject to this Declaration, shall be deemed to have assented to this Declaration and Restrictions by virtue of acceptance of a deed to any of the properties or any interest therein.

## ARTICLE I

### DEFINITIONS

The following words when used in this Declaration or any supplemental declaration hereto (unless the context shall prohibit) shall have the following meanings:

1.1 "Blue Water Bay at Center Hill Lake" shall mean and refer to that certain residential community which is being developed in three or more sections on real property in Dekalb County, Tennessee and conveyed to Developer by deed of record in Book 159 Page 402 Register's Office for DeKalb County, Tennessee.

1.2 "Association" shall mean and refer to Blue Water Bay at Center Hill Lake Homeowners Association, Inc., a nonprofit corporation to be organized and to exist under the laws of the State of Tennessee, its successors and assigns.

1.3 "Common Area(s)" shall mean and refer to any and all real property owned by the Association, or such other property to which the Association may hold legal title whether in fee or for a term of years, for the non-exclusive use, benefit and enjoyment of the members of the Association subject to the provisions of the Declaration, such Common Areas to include, without limitation, the streets, sidewalks, and other passageways to the extent not dedicated to and accepted by any governmental body, parks, recreational areas, club house, and walls and fences constructed by Developer. Common Areas with respect to the properties made subject to this Declaration or subsequently by Supplementary Declaration(s) shall be shown on the plat(s) of Blue Water Bay at Center Hill Lake and designated thereon as "Common Areas" or "Open Space" and which shall constitute "general common elements" within the meaning of the Tennessee Horizontal Property Act.

1.4 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions; and Restrictions applicable to the properties as is recorded in the Office of the Register of Deeds for Dekalb County, Tennessee.

1.5 "Developer" shall mean and refer to Greyhawk Development Corporation, a Tennessee corporation and Watercrest Properties, a Tennessee Partnership having their principal places of business in Nashville, Tennessee, its successors and assigns.

1.6 "Member" shall mean and refer to any person or persons who shall be an "Owner" and, as such, shall be a member of the Association. "Member" shall also mean and refer to a resident of Blue Water Bay at Center Hill Lake Subdivision who elects to become a member of the Association and be bound by the Declaration.

1.7 "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee interest in any Residence which is a part of Blue Water Bay at Center Hill Lake excluding, however, those parties having such interest merely as a security interest for the performance of an obligation.

1.8 "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall

include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

1.9 "Properties" shall mean and refer to any and all of that certain real property within that certain 290 acre residential subdivision being developed by Developer in Dekalb County, Tennessee, which subdivision is and shall be commonly known as Blue Water Bay at Center Hill Lake, including common areas and private elements as provided in the Tennessee Horizontal Property Act.

1.10 "Residence" shall mean and refer to a residential dwelling constructed on a "Site" or "Lot" in accordance with the provisions of Article VI and for which a certificate of occupancy has been issued.

1.11 "Site" or "Lot" shall mean and refer to any plot of land to be used for single-family residential purposes and so designated on the subdivision plat or survey of Blue Water Bay at Center Hill Lake which shall be of public record and which shall constitute "private elements" within the meaning of the Tennessee Horizontal Property Act.

## ARTICLE II

### PROPERTIES SUBJECT TO THIS DECLARATION

2.1 Property. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Dekalb County, Tennessee. Blue Water Bay at Center Hill Lake is to be built in three (3) or more sections. All of the real property known as Blue Water Bay at Center Hill Lake shall be submitted to these restrictions, subject to the Developer's right to construct improvements on the properties in phases and the right to submit certain additional land.

2.2 Additional Sections. Without further assent or permit, Developer hereby reserves the right, exercisable from time to time to construct on the real property submitted to this Declaration pursuant to Paragraph One hereof two (2) or more additional sections.

2.3 Additional Tracts. Without further assent or permit, Developer hereby reserves the right, exercisable from time to time, to subject all or part of other, contiguous real in order to extend the scheme of this Declaration to such property to be developed as part of Blue Water Bay at Center Hill Lake in compliance with Dekalb County regulations, and to thereby bring such additional contiguous properties within the jurisdiction of the Association.

2.4 Supplementary Declaration. The additions herein authorized shall be made by filing of record one or more supplementary Declarations in respect to the creation of additional Lots or the addition of other properties to be then subject to this Declaration and which shall extend the jurisdiction of the Association to such property and thereby subject such addition to assessment for its just share of the Association's expenses and shall also require the filing of such additional plats as are required for such sections in the Register's Office for Dekalb County. Each supplementary Declaration must subject the added property or additional Lots to the covenants, conditions, and restrictions contained herein.



2.5 Consent to Rezoning. Every Member shall be deemed to have consented to any rezoning of any property owned by Developer that may be necessary to the development of such property as part of Blue Water Bay at Center Hill Lake. Owners of any Sites in the additional property shall succeed to all of the rights and obligations of membership in the Association.

2.6 Extension of Development Rights to Adjacent Property. The Developer shall have the rights described in Paragraphs 2.2 and 2.3 of this Article II, exercisable without approval of the Association or any other person or entity. The Developer shall have the voting rights as specified hereinafter with respect to any added Sites, subject to the original limitations as to duration of weighted voting

The Association may not assert as a reason to object to the new development plan the fact that existing Association facilities will be additionally burdened by the property to be added by the new development.

### ARTICLE III

#### ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. (a) Every person or entity who is the Owner of record of a fee interest in any Site within the Properties shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, Rules and Regulations. Every person who is a resident of Blue Water Bay and who elects to be bound by this Declaration, the Association's Articles of incorporation, Bylaws, Rules and Regulations shall also be a Member. The foregoing is not intended to include persons or entities who hold an interest in any Site merely as security for the performance of an obligation. Ownership of such Site (or of a residence in Blue Water Bay at Center Hill Lake Subdivision) shall be the sole qualification for membership. When any Site is owned of record in tenancy by the entireties or tenancy in common or by some other legal entity, membership as to such Site(s) shall be joint and the right of such membership (including the voting power arising therefrom) shall be exercised only as stipulated in Paragraph 3.2 herein below.

- (a) During any period in which a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association, or be in violation of the covenants or restrictions imposed on owners of residences in Blue Water Bay at Center Hill Lake, the voting rights and right to the use of the Common Areas or any other facilities which the Association may provide may be suspended by the Board of Directors until such assessment is paid. In the event of violation other than the non payment of an assessment, a member's voting and use rights may be suspended by the Board only after a hearing. Such hearing shall be held by the board (or a committee thereof) only after giving such Member ten (10) days prior written notice specifying each alleged violation and setting the time, place and date of and procedure for the hearing. Determination of the default or violation and imposition of the sanction shall be made by a majority vote of the Board or the Committee thereof. The rights of the Association under this paragraph are in addition to the right to enforce maintenance restrictions in paragraph 6.3, below.

- (b) No membership or initiation fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each Member's Lot as specified in the Declaration, the Bylaws, or as the Developer or the Directors of the Association may from time to time hereafter adopt.

### 3.2 Voting and Voting Rights.

- (a) The voting rights of the Members shall be appurtenant to the ownership of the Site. There shall be two classes of Sites with respect to voting rights:
- (i) Class A. Class A Sites shall be all Sites except Class B Sites as the same are hereinafter defined, and the Owner( s) of each such Class A site shall be entitled to one (1) vote. When two or more persons hold an interest (other than a leasehold or security interest) in any site, all such persons shall be Members. The vote for such Site shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Site and in no event shall more than one (1) vote be cast with respect to any Site. For purposes of this paragraph, residents of Blue Water Bay at Center Hill Lake Subdivision who elect to become Members shall be deemed to be Owners of Class " A" Sites.
  - (ii) Class B. Lots still owned by the Developer and/or builders are designated as Class "B" lots and each Developer shall be entitled to four votes for each lot. The Developer has the option to convert all lots to Class " A " status at such time as 20% of the lots (or more) in the Development are owner occupied. The Developer shall cause all lots to be converted to Class "A" status when 80% of the lots are owner occupied.
- (b) Any Member who is delinquent in the payment of any charges duly levied by the Association against a Site owned by such Member shall not be entitled to vote until all such charges, together with such reasonable penalties as the Board of Directors of the Association may impose, have been paid.
- (c) Members shall vote in person or by proxy executed in writing by the Member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the Member of his Site. No proxy shall be valid unless in a form approved by the Board of Directors as an official proxy. A corporate Member's vote shall be cast by the President of the Member corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation. The vote of a limited liability company Member shall be cast by the Chief Manager of such company.
- (d) Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the Members present at the meeting shall, prior to voting on any matters, demand a ballot vote on that particular matter. Where

directors or officers are to be elected by the Members, the official solicitation of proxies for such elections may be conducted by mail.

- (e) The Developer shall have the right, in its discretion, to appoint at least one (1) representative on the Board of Directors during the first seven (7) years after the date hereof notwithstanding the sale of all the Sites within Blue Water Bay at Center Hill Lake to Owners within such time frame.

#### ARTICLE IV

##### COMMON AREA PROPERTY RIGHTS

4.1 Ownership of the Common Areas shall be vested in the Association, shall remain undivided and shall not be subject to partition or division of co-ownership. Every owner shall have a non-exclusive right and easement of enjoyment in and to the Common Areas, including any Common Areas which may be added to Blue Water Bay at Center Hill Lake, which shall be appurtenant to and shall pass with the title for every Site subject to the provisions of this Declaration, the Charter and Bylaws of the Association, including, but not limited to, the following:

- (a) The right of the Association to limit the use of the Common Area to Members, their families, and guests;
- (b) The right of the Association to suspend the voting and enjoyment rights of a Member for any period during which any assessment against his Site remains unpaid, or for an infraction of the Association's published rules and regulations;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to a 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 the Members entitled to at least two-thirds (2/3) of the votes appurtenant to Class A Sites and Class B Sites agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this paragraph shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage, utilities and drainage facilities upon, over, under and across the Common Areas when such easements are requisite for the convenient use and enjoyment of the Properties.
- (d) The Developer hereby retains the right to maintain a sales office on the Common Areas or on a designated lot of the Developer's choice. The Builder also retains the right to maintain a sales or construction office on a designated lot of the Builder's choice. This office will be a small portable building or mobile home, and may be moved from one Lot to another Lot at Builder's discretion as the project progresses.

4.2 The right and easement of enjoyment granted to every Member in paragraph 4.1 may be exercised by the Member's family. A Member may, with the approval of the Board of

Directors of the Association, delegate his right of enjoyment in the Common Area to his tenants who occupy the residence of the Member within the Properties.

## ARTICLE V

### COVENANT FOR MAINTENANCE ASSESSMENTS

5.1 Monthly or Annual Assessment for Maintenance Fund. For each Class A Site owned within the Properties, every Member covenants, and each subsequent owner of any such Site, by acceptance of a deed therefor, whether or not it is so expressed in such deed, is deemed to covenant and agree to pay to the Association monthly or annual assessments or charges for the creation and continuation of a maintenance fund in the amount hereafter set forth, which may be levied by the Board of Directors of the Association. However, if Developer converts any Class B Lots to Class A Lots before all Lots are Owner occupied, the Developers and/or Builders will not be subject to Homeowners Association fees or any annual assessment fees.

5.2 Purpose of Assessments. The assessments levied by the Association shall be used to provide funds for such purposes as the Association may determine are for the benefit of its Members, which purposes shall include maintenance, landscaping and beautification of the Common Areas, wall and fences constructed by the Developer, and maintenance of all landscaped areas and recreational areas. Funds may also be used to provide other services for the Association Members to promote the health, safety and welfare of the residents of the community and in particular for the acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area, including but not limited to the cost of repair, replacement and additions thereto, the employment of a general manager and other personnel; the cost of labor, equipment, materials, management and supervision thereof; the payment of taxes assessed against the Common Area; the procurement and maintenance of insurance; the employment of attorneys, accountants and other personnel whom the Directors may determine to be useful; the employment of security personnel to provide any service which is not readily available from any governmental authority; and such other needs as may arise. In addition, the Association shall maintain and operate recreational areas, and a management office and the Association shall assess the membership all reasonable costs so incurred.

5.3 Creation of the Lien and Personal Obligation of Assessment.

In order to secure payment at and after due date, as each assessment becomes due there shall arise a continuing lien and charge against each Site, the amount of which shall include costs and reasonable attorneys fees to the extent permissible by law. Each such assessment, together with such interest, costs and reasonable attorneys fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. Such personal obligation shall not pass to successors in title unless expressly assumed by them, provided such assumption shall not relieve such Owner of such obligation if the same is not paid when due by the successor assuming it. The lien securing the obligation shall nevertheless be enforceable against the Site even after sale to a subsequent purchaser for value from such Owner. The Board of Directors may also cause a separate notice of lien to be filed of record in connection with any action to collect the assessment herein provided. The Board of Directors

shall have the same right with respect to residents of Blue Water Bay at Center Hill Lake who elect to become Members of the Association.

5.4 Exempt Property. The assessments, charges and liens created under this Article V shall not apply to the Common Area, nor shall it apply to any Site, the title to which is vested either in any mortgagee subsequent to foreclosure; provided, however, that upon the resale of such property by such mortgagee the assessment herein provided shall again commence and accrue and shall be fully applicable to such Site upon the conveyance to any subsequent Owner. Any Site which Developer may hereafter designate for common use as part of the Common Area or otherwise shall be exempt from the assessments and charges created herein. In addition, all property dedicated to and accepted by a local public authority, all land granted to or used by a utility company shall be exempt from such assessments.

5.5 Social Assessments. In addition to the monthly or annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only, provided that any such assessment shall have affirmative votes or not less than a two-thirds (2/3) majority of a meeting of the members, held after not less than five (5) days notice in writing.

5.6 Date of Commencement of Annual or Monthly Assessment: Due Dates: Certificate of Payment. Annual or monthly assessments provided herein shall commence as to each Site effective as of the date on which a certificate of occupancy is issued with regard to the improvements contracted on such Site or within one (1) year from lot closing whichever comes first. At the time of closing a sale of a residence, each Owner shall be charged an amount equal to 2 months assessment to capitalize the Association. The Association shall also be entitled to require prepayment of assessments through the end of the calendar year in which the closing occurs on a prorated basis. The purpose of the capital fund is to insure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Developers. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Site and in the event the Board elects not to fix such assessment rate as herein provided, the amount of the prior year's annual assessments shall be the fixed amount. Written notice of any changed assessment rate shall be sent to every Member. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Site have been paid to date.

5.7 Effect of Non-Payment of Assessment: Remedies of the Association. Any assessment not paid within the due date shall bear interest at the maximum legal contract rate and to the extent allowed by law. The Association, its agent or representative, may bring an action at law against the Member personally obligated to pay the same or foreclose the lien against the Site to which the assessment relates, and interest, costs and reasonable attorneys' fee for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Member may waive or otherwise escape liability for the assessment provided for herein

by nonuse of the Common Area or abandonment of his Lot. By acceptance and recordation of deed to a Site, each Member grants to the Association irrevocably the power to sell the Site at Public auction to the highest and best bidder for cash in accordance with the procedures, terms and conditions governing Judicial or Trust Sales provided by Tennessee law.

5.8 Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any deed of trust (sometimes hereinafter called "mortgage") on any Site. The sale or transfer of any Site shall be subject to any assessment lien. The sale or transfer of any Site which is subject to any mortgage, pursuant to a foreclosure thereof, or under a power of sale or any proceeding in lieu of foreclosure thereof, however, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, but the Association shall have the lien upon the proceeds from foreclosure or sale junior only to the said foreclosed mortgage but senior to the equity of redemption of the mortgagor or trustor.

## ARTICLE VI

### ARCHITECTURAL REVIEW ARCHITECTURAL CONSTRUCTION. MAINTENANCE AND RESTRICTIONS

Anything in this Declaration to the contrary notwithstanding, the Developer shall have the responsibility of enforcing the restrictions set forth in this Article including the right to approve the initial design and construction of all improvements on the sites while the Developer is still the owner of class "B" Lots. After all Lots have been converted to class "A" status, the Board of Directors of the Association shall assume and be responsible for the enforcement hereof. References in this Article to the Developer shall, therefore, apply to the Association after it has been incorporated and has assumed the enforcement of these restrictions.

Except as provided for in Paragraph 10.8 & 10.9 hereinafter, the following Architectural Review Architectural, construction, maintenance and use restrictions shall apply to each and every residence now or hereafter subjected to this Declaration.

6.1 Approval of Plans and Architectural Review Architectural Review Committee. No construction, reconstruction, remodeling, alteration or addition to any structure, building, fence, wall, driveway, path or other improvement of any nature shall be constructed without obtaining the prior written approval of the Developer as to the location of the same and as to its plans and specifications, which shall be in compliance with Dekalb County regulations. For this purpose, the Developer shall establish an Architectural Review Architectural Review Committee ("ARCHITECTURAL REVIEW COMMITTEE") which shall have full authority to review and act upon requests for approval of plans a prerequisite to consideration of such approval, and prior to the beginning of the contemplated work. The ARCHITECTURAL REVIEW COMMITTEE shall consist of three members who shall be selected by the Developer and be subject to removal at any time by the Board of Directors. To request approval, ARCHITECTURAL REVIEW COMMITTEE may request information as they deem necessary to review the proposed construction. Architectural Review Committee shall be the sole arbiter of the same and may withhold approval for any reason, including purely aesthetic considerations. Upon approval

being given, construction shall commence within ninety (90) days, and shall proceed to completion promptly and in strict compliance with the approved plans, otherwise the approval shall be void. The failure of the ARCHITECTURAL REVIEW COMMITTEE to act upon any set of plans within thirty (30) days from the date of the submission of the same shall constitute the approval of such plans. All plans of proposed residences to be constructed in Blue Water Bay at Center Hill Lake must be of an Architectural Review Architectural style as specified in Paragraph 6.2 hereof, and Architectural Review Committee may refuse approval of any plans which in its sole judgment, are inconsistent with the overall purpose and aesthetic values of Blue Water Bay at Center Hill Lake or the Architectural Review Architectural standard described in Paragraph 6.2 hereof.

#### 6.2 Improvement, Setback, and Use Restrictions.

- (a) All structures must be of Architectural Review Architectural styles acceptable to the Developer in Developer's sole discretion and built to comply with the approved Site plan and plans and specifications therefore and applicable building codes. Before any house may be occupied it must be completely finished and a certificate of occupancy issued therefore. The owner of any residence must complete landscaping prior to assuming occupancy.
- (b) Minimum setback requirements have been established but are not intended to gender uniformity. They are intended to avoid overcrowding and monotony. It is therefore intended that setbacks may be staggered, where appropriate, so as to preserve trees and to assure vistas of open areas. The Developer reserves the right to approve the Site and location of each house or other structure on each Site and to arrange the same in such manner as it shall deem in the best interest of the overall development. No building or structure, or any part thereof, shall be located on any Site nearer to the front line nor to a side street line than the minimum setback lines shown on the recorded plan or as specified in these Restrictions. Interior Lots shall provide the minimum side yard provided on the recorded plan. For the purpose of determining compliance with the minimum setback requirement, eaves, open or covered stoops and steps extending beyond the front wall of a structure shall not be considered as a part thereof.
- (c) The total living area of the main structure upon any Cluster Lot, exclusive of the open porches, patios, garages, carports, and breezeways, shall not be less than one thousand and two hundred (1,200) square feet and for a two story residence the first floor must contain no less than eight hundred (800) square feet. The total square feet of any estate lot residence shall be no less than 1500 square feet with a first floor of 1000 square feet and the amount approved by the Architectural Review Committee on the Site Plan for each Site, and shall comply with the maximum and minimum ratios of land to building area as shown on the recorded plat.
- (d) Without prior approval of Architectural Review Committee, no walls, may be constructed along any lot line of any Site; no retaining wall shall extend to a height greater than three (3) feet above the earth being retained, unless approved by the Architectural Review Committee. All retaining walls of the same material as the

foundation or material acceptable to Architectural Review Committee. All Walls and their materials must be approved by the Architectural Review Committee

(e) All fences must be approved by Architectural Review Committee. Split rail wood fences are allowed and any other materials as approved by Architectural Review Committee.

(e) Unless otherwise approved by Developer, swimming pools must be located to the rear of the main dwelling and shall be no nearer than five (5) feet to any Site line. Any swimming pools to be constructed within Blue Water Bay at Center Hill Lake must be approved by Dekalb County Environmental Department, and by the Blue Water Bay at Center Hill Lake Architectural Review Committee. No above ground pools will be permitted. Developer reserves the right to establish a uniform mail box and mail box location system, including the designation of materials for construction.

(f) Incinerators for garbage, trash or other refuse shall not be used nor permitted to be erected or placed on any Lot. Any and all equipment, woodpiles, garbage cans, refuse or storage piles placed on any Lot, whether temporary or permanent, shall be screened with landscaping to conceal the same from view of neighboring Lots, roads, streets and open areas. Plans for all screening landscaping must be approved by the Architectural Review Architectural Committee. Trash pick-up service must be contracted for by each homeowner, to be picked up at the residence door, thereby preventing trash containers from being placed in the front yards or near the street in driveways.

(g) No lumber, brick, stone, block, or concrete or other building materials, nor any other thing used for building purposes shall be stored on any Site except for the purpose of construction on such Site, and then only for such length of time as is reasonably necessary for the construction of the improvements then in process.

(h) All mechanical equipment, air conditioning compressors, and other like equipment shall not be visible from neighboring Lots, roads, streets and open areas. Outdoor television antennas may be installed, with the prior approval of Architectural Review Committee. Satellite dishes shall not exceed eighteen (18") inches in diameter and shall be installed on the residence in location as approved by Architectural Review Committee.

(i) No Owner shall excavate or extract earth from any of the Lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which will materially affect the surface grade of surrounding Site except to the extent that fill may be required on a certain Site as shown on the recorded plan. All fill shall be subject to the approval of Architectural Review Committee, as to the nature of the fill employed and as to the manner and methods of installation.

(j) Outside clothesline and clothes hanging devices shall not be permitted. Eave lights may not be installed or directed so as to shine on the residence of adjacent property owners.



- (k) Sales of personal property on the premises by "garage sale", "patio sales" and similar sales to the general public are prohibited, unless approved by the Architectural Review Committee.
- (l) Any builder or Member who damages any public areas in any way shall be responsible for repairing the same at his sole expense.
- (m) All driveways shall be constructed of exposed limestone aggregate concrete, brush finish plain concrete or any material approved by Developer and must be installed before occupancy, unless prior written approval is received from Developer .
- (n) Roof materials shall be either metal, 25 year dimensional fiberglass shingles or cedar shake or other such materials as approved by Architectural Review Committee. Roof pitch must be approved by Architectural Review Committee. All colors of roof material must be approved by Architectural Review Committee.
- (o) Exterior materials shall be either log, siding, or stone veneer. Acceptable siding materials include "HardiPlank" concrete siding or equivalent product or wood siding. Use of logs as exterior materials are allowed only on lots that are considered estate lots. Any other exterior materials may be approved by Architectural Review Committee in advance of the start of construction, which approval shall be at the sole and absolute discretion of Architectural Review Committee. In this regard, Architectural Review Committee shall not be governed by previous approvals or denials and shall be free to impose its own comprehensive standards as to percentage of coverage and as to quality and type of material.
- (p) Exterior materials for foundations shall be either stone veneer or split face block or any other material as approved by Architectural Review Committee. Exposed concrete block foundations are prohibited. Brick foundations shall be allowed only on lots which the Architectural Review Committee shall approve.
- (q) Any paint colors on Blue Water Bay at Center Hill Lake residences, shall be approved by Architectural Review Committee and also any repainting colors if of a different color than the existing color, must be approved by Architectural Review Committee of the Association.
- (r) Any propane tanks must be approved by the Architectural Review Committee.
- (s) Mailboxes shall be uniform in nature and shall be as approved by the Architectural Review Committee.
- (t) Any garage erected on said lot may be detached from the residence with Architectural Review Committee approval or a garage can be installed in basement of any residence. Any residence with less than a two-car garage or a two car parking space must have written approval from the Developer. Carports will not be permitted. No trailer, tent, garage, barns or other outbuildings shall be erected or used as either a temporary or permanent residence. Any other type outbuilding shall not be permitted without the approval of Architectural Review Committee. Any camping is prohibited.

ER.  
 without Committee Approval. OB.  
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- (u) No school buses, trailer trucks, dump trucks, or mobile homes are to be parked or stored on any lot. The Developer and Builder may use a small portable building or mobile home as a temporary or permanent office. It may be moved from one Lot to another Lot at the Developer's or Builder's discretion as the project progresses. Motor homes and boats may be parked or stored either in a garage or out of site of a main road or neighbor's view.
- (v) No more than one residential unit is permitted on any lot.
- (w) A perpetual easement is reserved on each lot, as shown on the recorded plat, for the construction and maintenance of utilities such as electricity, gas, water, sewerage, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.
- (x) All tree removal of trees outside the building pad in excess of twelve (12") inch caliper from any Lot must be approved by Architectural Review Committee prior to the removal of the tree.
- (y) The Developer of this subdivision, or its assigns, reserve the right to enter upon any lot for the purpose of cutting grass and cleaning up such lot, if the same be reasonably required, charging the expense thereof, which shall become a lien upon the lot, unless paid by the residence owner.
- (z) For the purpose of the beauty and continuity of the subdivision the Developer reserves the right to prohibit any builder or group of builders from building the same residence in its same exterior form or elevation in lots adjoining or in a close proximity.
- (aa) All buildings or structures of any kind constructed on any Lot shall have masonry foundations, and no exposed block or unfinished concrete foundations shall be exposed to the exterior above grade level. Stone or stucco is accepted. Any exceptions must be approved in writing by the Developer.
- (bb) Drainage and sewer easements as shown on the recorded plat shall be for the purpose of construction, maintaining, opening or sizing storm drains, sewerage lines and open ditches.
- (cc) In order to preserve and protect the decorum of the community, the developer reserves the right to restrict the advertising and placement of signs on or relating to properties for sale or resale within the premises of Blue Water Bay at Center Hill Lake, or more and to designate the size, design, wording and placement of signs and other advertising material used in connection therewith.
- (dd) When the construction of permanent improvements on the Lot(s) shall commence the owner has one year to complete construction. Once begun, construction shall proceed in an expeditious manner to completion and no residence shall be left in a partially completed state, and weekend project building is not allowed.
- (ee) Roads within the development shall be kept open for traffic and shall not be blocked except as may be temporarily necessary for the delivery of materials and the connection of utility services.

(ff) All work on the premises shall be done in a neat and orderly fashion with debris to be removed regularly throughout the course of construction. Upon completion of construction all excess building materials shall be removed from the property.

(gg) While the Developer may defer final paving of the streets and completion of landscaping until a substantial completion of houses within each area of the Development, any damage to the physical improvements within the common areas (i.e. roads, landscaped open areas) shall be repaired by the contractor causing any such damage at his expense.

(hh) Building materials and equipment shall not be stored in the streets, common areas, or other lots without the prior consent of the Developer.

(ii) Absolutely no fires, for the burning of refuse or discarded construction materials, underbrush or any other material shall be permitted anywhere within the Development, except in areas designated therefore by the Developer. Developer reserves the right to further designate the times at which such materials may be burned and to require that a contractor or builder desiring to use said burning site provide adequate supervision to insure the safety of the entire project.

6.3 Maintenance. (a) All Sites, together with the exterior of all improvements located thereon shall be maintained in neat and attractive conditions by their respective owners. To provide uniformity in the maintenance of the landscaping, the Developer shall contract with one or more landscaping services to provide maintenance service for the Common Area. The cost of such maintenance shall be treated as a Common Area charge for all areas and paid by the Homeowners Association.

In the event any Owner shall fail to complete his residence according to the approved plans or to maintain the improvements situated upon his or her Lot in a manner satisfactory to the Association, including any landscaping, the Association may, upon the vote of two-thirds (2/3) of the Association's Directors, and after ten (10) days notice in writing to the Site Owner, and his continued failure to commence the correction of the matter in issue, enter upon said Site and complete, repair, or maintain such improvements or landscaping and the costs attributable thereto shall be added to and become a part of the assessment to which such site is subject and the owner shall be personally liable for the cost so incurred; provided, however, only three (3) days notice shall be required for nonperformance of routine landscape maintenance.

6.4 Residential Use. Unless otherwise designated on the recorded plat, each Site shall be used only for private, single family residential purposes and not otherwise.

6.5 Parking of Automobiles. A minimum of two (2) off-street parking spaces for each residence must be provided by such Site Owner, which shall be located off of the service drive of the residence, where there is a service drive; or in the Owner's driveway. Additional parking will be permitted at the front of the residence for guests of residents. Additionally, the Developer may permit the use of certain designated open spaces for the parking of automobiles on special occasions.

6.6 Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred, pastured or maintained on any Site, except household pets which shall be kept thereon in reasonable numbers as pets for the sole pleasure of the occupants, but for not any commercial purpose or use. No pets shall be permitted outside of the residences or an enclosed area, or in the Common Areas unless accompanied by their Owners and except on a leash. The Association may take appropriate measures to insure compliance with this provision.

6.7 Nuisances and Unsightly Materials. No house or other structure on any site shall be used for any commercial or business purpose. Each Owner shall refrain from any act or use of his Site which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. In this regard, each Owner shall refrain from engaging in inherently dangerous activities such as the assembly and disassembly of motor vehicles or other mechanical devices, the shooting of firearms, fireworks, or pyrotechnic devices of any type or size. No noxious, offensive or illegal activity shall be carried on upon any Site. Boats and recreational vehicles may be stored on estate lots (see 6.2 u) but must be adequately screened with landscaping material as approved by Architectural Review Committee. No motorized off-road vehicle of any kind whatsoever shall be operated in the streets or Common Areas at Blue Water Bay at Center Hill Lake without a written permit from the homeowner's association. No airplane, helicopter, gyrocopter, or any other motorized flying device whatsoever shall be permitted to land on or be operated in the streets, lots, or common areas at Blue Water Bay at Center Hill Lake. However, residents may own and operate motorcycles as a means of transportation only and may be operated for purpose of access to their residence.

6.8 Governmental Restrictions. Each Member shall observe all governmental building codes, health regulations, zoning restrictions and other regulations applicable to his residence. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provisions of this Declaration, the more restrictive provision shall apply.

6.9 Recreational Activities. All recreational activities shall be restricted to the areas indicated for these purposes on the recorded plat for Blue Water Bay at Center Hill Lake.

6.10 Rules and Regulations. The Board of Directors may establish reasonable rules and regulations from time to time, all of which shall be binding upon every Member.

6.11 The property which lies between the lake side lots and Center Hill Lake is owned by the U.S. Army Corps of Engineers and said property is designated as an area to be undisturbed and shall be left and continued in such condition as complies with the pre-existing condition and neither the Association nor any owner, including owners of Lake side lots shall take any action contrary to such preserved status.

6.12 Sales and Resales. In order to preserve and protect the decorum of the community, the Developer reserves the right to restrict the advertising and placement of signs on or relating to properties for sale or resale within the premises of Blue Water Bay at Center Hill Lake and to designate the size, design, wording and placement of signs and other advertising material used in connection therewith. No "For Sale" signs or directional signs or open house signs except those of the Developer, its affiliates shall be placed at the entrance, or anywhere inside the development on the Common Areas. This right of the Developer shall continue for a period of

seven (7) years from the date hereof; thereafter this right shall be exercisable by the Association through its Board of Directors.

## ARTICLE VII

### EASEMENTS

7.1 General. Each Site now or hereafter subjected to this Declaration shall be subject to all easements shown or set forth on the recorded plat(s) or survey upon which such Lot is shown. No structure(s) of any type shall be erected or placed upon any part of a Lot or Common Areas which will interfere with the rights and use of any and all easements shown on such recorded plat.

7.2 Emergency. There is hereby reserved without further assent or permit, a general easement to all policemen and security guards employed by Developers, firemen, ambulance personnel and all similar persons to enter upon the properties or any portion thereof which is now or hereafter made subject to this Declaration in the performance of their respective duties.

## ARTICLE VIII

### PROVISIONS FOR PROTECTION OF MORTGAGEES

8.1 Special Actions Requiring Mortgagee Approval. Notwithstanding anything herein to the contrary, unless each of the mortgagees of the individual Sites, as the case may be, have given their prior written approval, the Association shall not be entitled to:

- (a) By act or omission, seek to abandon the Properties or terminate the restrictions declared herein; except as provided by statute in case of substantial loss of the Sites and Common Areas;
- (b) Partition or subdivide any Site;
- (c) Change the pro rata interest or obligations appurtenant to a Site or Lot for purposes of levying assessments and charges and determining shares of Common Areas and Proceeds of the Properties.
- (d) By act or omission, seek to abandon, partition or subdivide, encumber, sell or transfer the Common Areas. The granting of easements for public purposes consistent with the intended use of the Common Areas shall not be deemed to transfer within the meaning of this clause;
- (e) Use hazard insurance proceeds for losses to any common facilities for other than the repair, replacement or reconstruction of such improvements, except as provided by statute.

8.2 Special Rights of Mortgagees. A mortgagee, or beneficiary of any deed of trust shall be entitled to the following rights:

- (a) Upon request, such mortgagee is entitled to written notification from the Association of any default in the performance of any individual Owner of any obligation under the Declaration.
- (b) Upon request, such mortgagee is entitled to receive copies of any other notices permitted or required by this Declaration to be given to an Owner.
- (c) Any mortgagee shall have the right to examine the books and records of the Association during regular business hours, and such books and records shall be made available to such mortgagees upon written request, delivered at least seven (7) days prior to the date on which such inspection is requested.

**8.3 Conformity with Federal Home Loan Mortgage Corporation Regulations.**

Notwithstanding anything to the contrary contained in these restrictions, all terms, conditions, and regulations now existing, or which may be promulgated from time to time, by the Federal Home Loan Mortgage Corporation pertaining to planned residential developments of the same type as Keystone are hereby incorporated as terms and conditions of this Declaration and shall be binding upon Developer, the Association and the Owners, so long as such terms and conditions are not inconsistent with the laws of the State of Tennessee and do not infringe on any substantial property rights of individual Owners. Any agreement for the professional management for the Association, whether it be by the Developer, its successors and assigns, or any other person or entity, may be terminated on ninety (90) days written notice and the terms of any such contract shall so provide and shall not be of a duration in excess of three (3) years. The Association shall give to the Federal Home Loan Mortgage Corporation, notice in writing of any loss to or the taking of the common facilities if such loss or taking exceeds Ten Thousand Dollars (\$10,000.00). That Association may rely on the information contained in book entitled "Mortgages" as must be established pursuant to this Declaration for a list of mortgages to be notified hereby.

**8.4 Notice of Mortgage.** Any Owner who mortgages his ownership interest shall notify the Association in such manner as the Association may direct, of the name and address of his mortgagees. The Association shall maintain such information in a book entitled "Mortgages".

**8.5 Subordination of a Lien for Assessments.** Any holder of a mortgage or deed of trust which comes into the possession of a Site pursuant to the remedies provided in such instrument, or by foreclosure or deed (or assignment) in lieu of foreclosure, shall take such Site free and clear of any claims for unpaid assessments of charges against the mortgaged Site which accrued prior to such holder coming into possession as provided in paragraphs 5.4 and 5.8, above. While a mortgagee is in possession of a Site, such Site shall be exempt from assessment as provided in paragraph 5.4. Moreover, such Mortgagee shall not be required to follow the procedures set forth in paragraph 8.1 as a condition of reselling such lot.

**ARTICLE IX**

**GENERAL PROVISIONS**

**9.1 Covenants Running with the Land** All provisions, conditions, restrictions, options benefits and burdens contained in this Declaration and the Bylaws attached hereto and forming a part hereof shall be construed as covenants running with the land and with every part thereof and

every interest therein, including, but not limited to, every Site and the incidents and appurtenances of every Site; and every Owner and every claimant of any interest of any nature at any time in the Properties, or any Site, either present or future, and every Owner's heirs, executors, administrators, successors and assigns shall be bound by and entitled to the benefits of the same.

9.2 Acceptance of Development. By the acceptance of a deed to a Site, any purchaser of a Site shall be deemed to have accepted and approved the entire plans for Blue Water Bay at Center Hill Lake, and all improvements constructed by that date, including, without limitation, the utilities, drains, roads, water, sewer, management office, decorative masonry, landscaping, and all other improvements as designated on the Plat of record in Book Slide Page 239 Register's Office for Dekalb County, Tennessee. Such purchaser agrees that all improvements constructed after the date of purchase consistent with such plans, and of the same quality of then existing improvements, shall be accepted. Security will be provided at the Developers discretion, and no owner shall have any cause of action for failure to provide adequate security.

9.3 Amendment. The covenants and restrictions of this Declaration may be amended by the Developer as a matter of right until such time as all of the lots in Blue Water Bay at Center Hill Lake have been converted to Class A status or until seven (7) years from the date of recording this Declaration, whichever first occurs. No such amendment may change the percentage of ownership interest of a Lot or Site or otherwise operate to diminish an Owner's rights without the consent of the affected Owner and Mortgagees. This Declaration and the Bylaws of the Association may also be amended by a vote of at least two thirds (2/3) of the Members of the Association; provided however that nothing herein contained shall require the holder of a mortgage or deed of trust to join in an amendment unless the amendment changes the size of the Lot or Site or the pro rata interest of said Lot or Site in the Common Areas. Any such amendment shall not become effective until the instrument evidencing such amendment and its adoption has been duly recorded in the Register's Office for Dekalb County Tennessee.

9.4 Enforcement. Each Member, Owner, tenant, occupant or invitee shall be governed by and shall comply with the provisions of this Declaration, the Bylaws, and the decisions, resolutions and regulations from time to time adopted by the Board of Directors; and failure to comply with the same or any default shall entitle the Board of Directors or other unit owners to the following relief:

- (a) Any such default shall be grounds for an action by the Board of Directors on behalf of the other Members to recover any sums or amounts due, to recover damages or to secure injunctive relief, foreclosures of any lien, or any combination thereof
- (b) Any Member shall be liable for the expense of any maintenance, repair or replacement rendered necessary by the Member's act, neglect or carelessness or by that of the Member's invitees, employees, agents or lessees, but only to the extent that such expenses are not met by the proceeds of insurance carried by the Board of Directors, or by insurance carried by an injured or damaged Member (where insurance is carried, it is agreed and intended that such insurance shall provide, if

possible, that no insurer shall have any right of subrogation against, or any right of action against, the Developer, any Member, any Owner, any Owner's lessees, invitees, employees or agents).

- (c) in any proceeding arising because of an alleged default by a Member, the Board of Directors shall be entitled to recover from the Member the costs of the proceeding and reasonable attorney's fees.
- (d) The failure of the Board of Directors to enforce any right, provision, covenant or condition which may be granted by the Declaration and Bylaws shall not constitute a waiver of the right of the Board of Directors to enforce such right, provisions, covenant or condition in the future.
- (e) Invalidation of anyone or more of the terms, covenants restrictions or provisions of this Declaration or the Bylaws by judgment, court order, legislation or regulation shall not affect, alter, modify or impair any other term, covenant, restriction or provision of such documents.

9.5 Headings and Binding Effect. Headings are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular paragraphs to which they refer. The covenants, agreements and rights set forth herein shall be binding upon and inure to the benefits of the respective heirs, executors, successors and assigns of the Developer and all persons claiming by, through or under Developer.

9.6 Unintentional Violation of Restrictions. In the event of unintentional violation of any of the foregoing restrictions with respect to any Lot, the Developers or its successors reserves the right (by and with the mutual written consent of the Owner or Owners for the time being of such Lot) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular Lot.

IN WITNESS WHEREOF, the Developer has cause this Declaration of Covenants, Conditions, and restrictions to be duly signed this 5<sup>th</sup> day of August, 2003

Greyhawk Development Corporation

BY: Larry J. Hasty  
Larry J. Hasty  
Secretary

Watercrest Properties

By: Eddy Queen  
Eddy Queen  
Managing Partner



STATE OF TENNESSEE  
COUNTY OF Davidson

Before me, Barbara Smith, a Notary Public in and for the County and State aforesaid, personally appeared Larry J. Hasty, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Secretary of Greyhawk Development Corporation, the within named bargainer, a corporation, and that he as such Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Secretary.

WITNESS my hand and official seal at office in Nashville, Tennessee, this 6 day of August, 2003

Barbara Smith  
Notary Public

My Commission Expires: 9/30/06



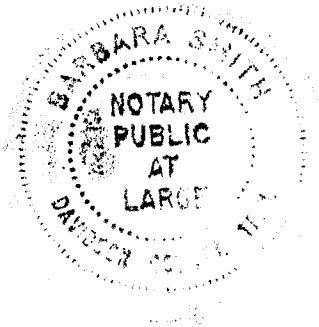
STATE OF TENNESSEE  
COUNTY OF Davidson

Before me, Barbara Smith, a Notary Public in and for the County and State aforesaid, personally appeared Eddy Queen, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Managing Partner of Watercrest Properties, the within named bargainer, a Partnership, and that he as such Managing Partner being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Managing Partner..

WITNESS my hand and official seal at office in Nashville, Tennessee, this 6 day of August, 2003

Barbara Smith  
Notary Public

My Commission Expires: 9/3/06



**ORGANIZATION OF**  
**BLUE WATER BAY AT CENTER HILL LAKE**  
**HOMEOWNERS ASSOCIATION, INC.**

**BY WRITTEN CONSENT**

The undersigned persons, in the respective capacities of incorporator, directors of the Corporation, as the same appear by their signatures, take the following action in organizing the Corporation, the charter of the Corporation having been filed on the \_\_\_ day of July, 2002.

**I. ACTS OF INCORPORATOR**

1.1 Certificate of Incorporation. A copy of the Certificate of Incorporation of the Corporation, together with the original receipt showing payment of the statutory organization tax and filing fee, shall be inserted in the Minute Book of the Corporation.

1.2 Election of Directors. The following resolution is hereby adopted:

**RESOLVED**, that the following persons are hereby elected to serve as directors of the Corporation for the ensuing year, or until their successors shall be duly elected, each to serve at the pleasure of the shareholders:

Daniel C. Burton  
Randy Hoffman  
Larry J. Hasty  
Eddy Queen

1.3 Resignation of Incorporator. The Incorporator hereby resigns her position as Incorporator of the Corporation, effective immediately.

**II. ACTS OF DIRECTORS**

2.1 Approval. The acts of the Incorporator by the written consent contained in this instrument are hereby approved.

2.2 Bylaws. A form of Bylaws for the internal regulation and management of the Corporation is adopted and shall be placed in the Minute Book of the Corporation.

2.3 Organization Expenses. The President of the Corporation is hereby authorized to pay, as expenses of the Corporation, all charges and expenses incident to or arising out of its

organization, and to reimburse any person who has made any disbursement therefor.

2.4 Officers. The following resolution is hereby adopted:

**RESOLVED**, that the following officers be, and they hereby are, elected to serve for the ensuing year or until their successors are elected and qualified, each to serve at the pleasure of the Board:

Randy Hoffman, President  
Larry J. Hasty, Secretary

2.5 Depository; Loans. The President and Secretary of the Corporation are hereby authorized to open an account in the name of the Corporation at \_\_\_\_\_ The officers of the Corporation are hereby authorized to execute the standard form resolution of such bank when such account is opened, and the resolution is incorporated herein by reference and shall be placed in the Minute Book following this instrument.

2.6 Authorization to Do Business in Other States or Countries. The following resolution is hereby adopted:

**RESOLVED**, that for the purpose of authorizing the Corporation to do business in any state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for this Corporation to transact business, the proper officers of this Corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices, and to make and file all necessary certificates, reports, powers of attorney and/or other instruments as may be required by the laws of such state, territory, dependency or country to authorize the Corporation to transact business therein.

2.7 Fiscal Year. The following resolution is hereby adopted:

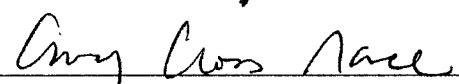
**RESOLVED**, that the Corporation's annual accounting period shall commence the first day of January and end the thirty-first day of December each year.

### III. ACTS

3.1 Approval. The acts of the Incorporator and Board of Directors by written consent contained in this instrument are hereby approved and ratified.

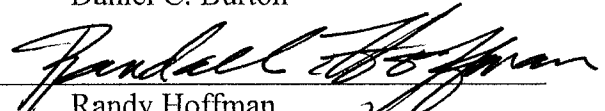
IN WITNESS WHEREOF, the undersigned execute this Written Consent on the date appearing on the first page, and the Secretary of the Corporation shall place it in the Minute Book of the Corporation. All of the undersigned vote in favor of the above resolutions.

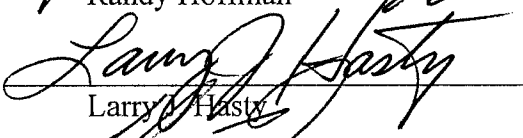
**INCORPORATOR:**

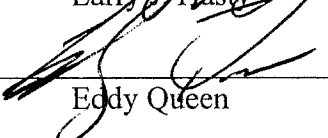
  
\_\_\_\_\_  
Amy Cross Nance

**DIRECTORS**

  
\_\_\_\_\_  
Daniel C. Burton

  
\_\_\_\_\_  
Randy Hoffman

  
\_\_\_\_\_  
Larry Hastig

  
\_\_\_\_\_  
Eddy Queen

**BYLAWS**  
**OF**  
**BLUE WATER BAY AT CENTER HILL LAKE**  
**HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE 1: DEFINITIONS**

The words defined in the Declaration of Covenants, Conditions and Restrictions for Blue Water Bay at Center Hill Lake (the "Declaration") recorded in Book \_\_\_\_ Page \_\_\_\_\_ Register's Office for Dekalb County, Tennessee, shall have the same meanings ascribed to them in these Corporate Bylaws.

**ARTICLE 2: OFFICES**

**2.01. Registered Office.** The registered office of the Corporation shall be c/o Greyhawk Development Corporation, 850 Tyne Boulevard, Nashville, TN 37220

**2.02. Other Offices.** The Corporation may also have offices at such other places both within and without the State of Tennessee as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE 3: MEMBERS**

**3.01. Membership.** The Developer and each Owner shall be a Member of the Corporation. Each Owner of a residence in Blue Water Bay at Center Hill Lake Subdivision who elects to become a Member and be bound by the Declaration shall also be a Member.

**ARTICLE 4: MEETINGS OF MEMBERS**

**4.01. Place of Meetings.** Meetings of the Members of the Corporation may be held at any location determined by the Board of Directors within the State of Tennessee.

**4.02. Annual Meeting.** An annual meeting of the Members of the Corporation shall be held each year on the second Thursday of the third month following the close of the fiscal year, if not a legal holiday, then on the next secular day following, at 7:00 p.m.,

at which time the members shall elect a Board of Directors, and shall transact such other business as may properly be brought before the meeting.

**4.03. Special Meeting.** Special meetings of the Members, for any purpose or purposes, may be called by the President, the Board of Directors, or by Members constituting not less than twenty-five percent (25%) of the total of those votes entitled to be cast at such meeting. Business transacted at all special meetings shall be confined to the objects stated in the notice of such meetings.

**4.04. Notice.** Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member of the Corporation entitled to vote at such meeting.

**4.05. Quorum.** The presence in person or by proxy of more than fifty percent (50%) of those votes entitled to be cast at a meeting of the Members shall constitute a quorum at all meetings of the Members for the transaction of business.

**4.06. Majority Vote; Withdrawal of Quorum.** When a quorum is present at any meeting, the vote of more than fifty percent (50%) of the votes entitled to be cast by Members qualified to vote and present in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Charter of the Corporation, these Corporate Bylaws, the Declaration or the Tennessee Non Profit Corporation Act, a different vote is required, in which case such express provision shall govern and control the decision of such question. When a quorum is once present to organize a meeting, a meeting may be adjourned from time to time, without notice other than announcement at the meeting despite the absence of a quorum caused by the subsequent withdrawal of any of those present.

**4.07. Method of Voting; Proxies.** Each Member shall be entitled to the vote allocated to the residence owned by such Member as set forth in the Declaration. No Member, other than the Developer, shall be entitled to vote at any meeting of the Corporation until such Member has presented evidence of ownership of a residence in the Residential Development to the Board of Directors. The vote of each Member may only be cast by such Member or proxy given by such Member to his duly authorized representative bearing a date not more than eleven ( 11) months prior to such meeting. Such proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting. If title to a residence shall be in the name of two or more persons as Owners, all of such persons shall be Members of the Corporation and are referred to herein as "Joint Owners". Anyone of such Joint Owners may vote at any meeting of the Members of the Corporation and such vote shall be binding upon such other Joint Owners who are not present at such meeting until written notice to the contrary has been received by the Board of Directors in which case the unanimous vote of all such Joint Owners (in person

or by proxy) shall be required to cast their vote as Members. If two or more of such Joint Owners are present at any meeting, their unanimous action, shall also be required to cast their vote as Members of the Corporation.

**4.08. Cumulative Voting Denied.** Cumulative voting for Directors shall not be permitted.

## ARTICLE 5: DIRECTORS

**5.01. Management.** The business and the affairs of the Corporation shall be managed by its Board of Directors who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Charter, the Bylaws, or the Declaration directed or required to be exercised or done by the Members.

**5.02. Number; Qualifications; Election; Term.** During the period that the Developer is the owner of Class B lots, as specified in the Declaration, the Board of Directors shall consist of four (4) persons appointed by the Developer. After all Lots have been converted to Class A status, the Board of Directors shall consist of five (5) Directors, each of whom shall be a Member of the Corporation or an employee of the Developer, or its subsidiaries or affiliates. The Members of the initial Board of Directors shall serve terms of one (1) year. Each Director elected to replace an original Director upon the expiration of his term of office shall serve for a term of office ending with the annual meeting of Members following his election and until his successor shall be elected and shall qualify. Directors shall serve without compensation.

**5.03. Removal; Change in Number; Vacancies.** Any Director may be removed either for or without cause, at any special meeting of the Members of the Corporation by the affirmative vote of a majority of Members present in person or by proxy at such meeting and entitled to vote, if notice of the intention to act upon such matter shall have been given in the notice calling such meeting. If any vacancy occurs in the Board of Directors caused by death, resignation, retirement, disqualification or removal from office of any Director or otherwise, a successor or successors may be chosen at a special meeting of Members called for that purpose, and each successor Director so chosen shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

**5.04. Place of Meeting.** The Directors of the Corporation shall hold their meetings, both regular and special, within State of Tennessee.

**5.05. Annual Meetings.** The annual meeting of each newly elected Board shall be held without further notice immediately following the annual meeting of Members of the Corporation, and at the same place, unless by unanimous consent of the Directors then elected and serving such time or place shall be changed.

**5.06. Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

**5.07. Special Meetings.** Special meetings of the Board of Directors may be called by the President on a three (3) days notice to each Director, either personally or by mail or by telegram. Special meetings may be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors. Except as may be otherwise expressly provided by statute, the Charter, these Corporate Bylaws, or the Declaration, neither the business to be transacted at, nor the purpose of: any special meeting need be specified in a notice or waiver of notice.

**5.08. Quorum.** At all meetings of the Board of Directors the presence of a majority of the Director shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors, when present at any meeting at which there is a quorum, shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

**5.09. Committees Having Board Authority.** The Board of Directors may, by resolution passed by a majority of the Board, designate one (1) or more committees to consist of two (2) or more of the Directors of the Corporation. Any such committee, to the extent provided in said Resolution, shall and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation, except where action of the full Board of Directors is required by statute, the Charter, or the Declaration.

**5.10. Other Committees.** Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Corporation may be designated and appointed by a Resolution adopted by a majority of the directors at a meeting at which a quorum is present, or by the President thereunto authorized by a like Resolution of the Board of Directors. Membership on such committees may, but need not, be limited to Directors or Members of the Corporation.

**5.11. Procedure.** All committees shall keep regular minutes of their proceedings and shall report the same to the Board when required.

**5.12. Managing Agents.** The Board of Directors may employ for the Corporation a management agent at a compensation established by the Board of Directors and such management agent shall perform such duties and services with respect to the Properties as the Board of Directors shall authorize, and the Board of Directors may delegate to such management agent such duties with respect to management, repair and maintenance of the Properties which are not by statute, the Charter, these Corporate Bylaws, or the Declaration required to be performed by or have the approval of the Board of Directors or the members of the Corporation.



## ARTICLE 6: NOTICES

**6.01. Method.** Whenever notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by mail, by electronic mail, postage prepaid, addressed to such Director or member at such address as appears on the records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same shall be thus deposited in the United States mail as aforesaid.

**6.02. Waiver.** Whenever any notice is required to be given to any Member or Director of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice.

## Article 7: OFFICERS

**7.01. Number; Titles.** The officers of the Corporation shall be elected by the Directors from among the members of the Board of Directors and shall be a President, a Secretary and a Treasurer. Any two (2) or more offices may be held by the same person except the offices of President and Secretary.

**7.02. Election.** The board of Directors at its first meeting after each annual meeting of members shall choose a President, a Secretary, and a Treasurer, all of who shall be members of the Board.

**7.03. Other Officers.** The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

**7.04. Salaries.** The salaries of all officers of the Corporation, if any, shall be fixed by the Board of Directors.

**7.05. Term of Office; Removal.** Each officer of the Corporation shall hold office until the annual meeting of the Board of Directors next following his election and thereafter until his successor is chosen and qualified in his stead or until his death or until his resignation or removal from office. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors, but such removal shall be without prejudice to the contract right, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

**7.06. President.** The President shall be the chief executive officer of the Corporation; he shall preside at all meetings of the Members and the Board of Directors, shall have general and active management of the affairs of the Corporation, shall see that all orders and resolutions of the Board are carried into effect, and shall perform such other duties as the Board of Directors shall prescribe.

**7.07. Secretary.** The Secretary shall attend all sessions of the Board of Directors and all meetings of the members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committees when required. He shall give, or cause to be given, notice of all meetings of the members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be.

**7.08. Treasurer.** The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation, and shall perform such other duties as the Board of Directors may prescribe. If required by the Board of Directors, he shall give the Corporation a bond in such form, in such sum, and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

#### ARTICLE 8: MISCELLANEOUS PROVISIONS

**8.01. Reserves.** There may be created by resolution of the Board of Directors such reserve or reserves as the Directors from time to time, in their discretion, think proper to provide for contingencies, or to repair or to maintain any portion of the Residential Development, or for such other purposes as the Directors shall think beneficial to the Corporation, and the Directors shall modify or abolish any such reserve in the manner in which it was created.

**8.02. Checks.** All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

**8.03. Fiscal Year.** The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

**8.04. Seal.** The corporate seal, if any, shall be in such form as may be determined by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced otherwise.

**8.05. Indemnification.** The Corporation shall indemnify any Director, officer or employee, or former Director, officer or employee of the Corporation, against expenses actually and necessarily incurred by him, and any amount paid in satisfaction of judgments, in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer or employee (whether or not a Director, officer or employee at the time such cost or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The Corporation may also reimburse to any Directors, officer, or employee the reasonable cost of settlement of any such action, suit or proceedings, if it shall be found by a majority of a committee of the Directors not involved in the matter in controversy, whether or not a quorum, that it was to the interest of the Corporation that such settlement be made and that such Director, officer or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall be not be deemed exclusive of any other rights to which such Director, officer or employee may be entitled by law.

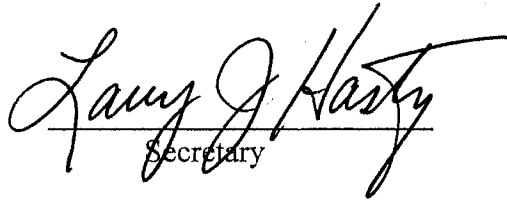
**8.06. Inconsistencies.** In the event these Corporate Bylaws shall be inconsistent with the Declaration, then the Declaration shall be controlling.

**8.07. Amendment of Bylaws.** These bylaws may not be altered, amended or repealed except by the affirmative vote of more than fifty percent (50%) of those votes entitled to be cast by Members qualified to vote.

**8.08. Table of Contents; Headings.** The table of contents and headings used in these Bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation.

CERTIFICATION

I hereby certify that the foregoing Corporate Bylaws were adopted by the  
Incorporator of Blue Water Bay at Center Hill Lake Homeowners Association, Inc. on  
the 5<sup>th</sup> day of Aug ~~July~~ 2003

  
Secretary

Jeffrey L. McMillen, Register  
DeKalb County  
Rec #: 72801      Instrument 118962  
Rec'd: 180.00      WRK: 2 Pgs 317  
State: 0.00  
Clerk: 0.00      Recorded  
EDP: 2.00      8/6/2003 at 11:48 am  
Total: 182.00      in Record Book  
181 Pages 328-363