

THIS INSTRUMENT PREPARED BY:

Long, Ragsdale & Waters, P.C.
190 Market Place Boulevard
Knoxville, Tennessee 37922

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

TELICO HARBOR

THIS DECLARATION, is made and entered into this 6th day of April, 1989, by SEVEN C'S, INC., a Delaware corporation (hereinafter referred to as "Developer").

W I T N E S S E T H:

That, WHEREAS, Developer is the owner of certain property adjacent to Tellico Reservoir and lying in the Sixth (6th) Civil District of Monroe County, Tennessee, more particularly described on Exhibit B which is attached hereto and incorporated by this reference (the "Property") and as shown on a plat recorded on March 28, 1989 in Plat Cabinet C, Slide 6 (noted in Book 28, Page 83) in the Register's Office for Monroe County, Tennessee (the "Plat"); and

WHEREAS, Developer acquired the Property from the Tellico Reservoir Development Agency, an agency created under the laws of the State of Tennessee and organized and existing pursuant to Act of April 1, 1982, Pub. Ch. No. 679, codified at Section 64-1-701 et. seq. of the Tennessee Code Annotated (hereinafter referred to as "TRDA"); and

WHEREAS, Developer has entered into certain agreements with TRDA which subject the Property to various restrictions, conditions, limitations, easements and covenants; and

WHEREAS, the Property is subject to the restrictions, conditions, limitations and easements applicable to Tract XTELLER-13 contained in that certain Special Warranty Deed between the Tennessee Valley Authority, a corporate agency and instrumentality of the United States organized and existing pursuant to the Tennessee Valley Authority Act of 1933, 48 Stat. 58, as amended, 16 U.S.C. Section 831-831dd (1976; Supp. V, 1981), (hereinafter referred to as "TVA"), recorded in the Register's Office for Monroe County, Tennessee, in Book of Warranty Deeds, Vol. 163, page 461; and

WHEREAS, the Property is subject to the restrictions, conditions, limitations, easements and covenants as contained in Contract No. TV-60000A, as supplemented, between TVA and TRDA, and these covenants, conditions and restrictions; and

WHEREAS, Developer, with the encouragement and assistance of TRDA desires to create upon the Property a residential community with streets, water and sewer utility systems, recreational facilities, greenbelt areas and other common facilities for the use and benefit of said community (hereinafter referred to as the "Project"); and

WHEREAS, Developer desires to provide for the construction of the facilities aforesaid and also desires to provide for the preservation of the values and amenities in said community and for the maintenance of said facilities and, to this end, desires to subject the Project, to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each owner thereof;

583 page 79
see Mis. 72
see Mis. 72
see Mis. 72

Just Amended Plat and Reservation
For the Tellico Reservoir
see Mis. 72
page 68

page 457
page 72
see Mis. 72
page 68

NOW, THEREFORE, Developer hereby declares that all of the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the Property and be binding upon all parties having any right, title or interest in or to said Property of any portion thereof, their heirs, executors, administrators, legal representatives, successors and assigns, and which shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

In addition to other definitions herein provided and except where it is clearly evident from the context that a different meaning is intended, the following terms shall have the following meanings when used in this Declaration:

1. "Declaration" means this instrument as extended or supplemented from time to time in the manner herein provided.
2. "Developer" means Seven C's, Inc., a Delaware corporation, its successors and assigns.
3. "Association" means Tellico Harbor Property Owners Association, Inc., a Tennessee non-profit mutual benefit corporation, its successors and assigns.
4. "Charter" means that certain Charter of Tellico Harbor Property Owners Association, Inc. attached hereto and incorporated herein by this reference as Exhibit C.
5. "By-Laws" means the By-Laws of Tellico Harbor Property Owners Association, Inc. attached hereto as Exhibit D.
6. "Board of Directors" means the Board of Directors of Tellico Harbor Property Owners Association, Inc.
7. "Property" means all real property described on Exhibit B which is hereby subject to this Declaration and shall also include any additional land made subject to the terms of this Declaration in the future.
8. "Common Property" means all the land, property and space shown on the Plat, and all improvements and structures erected, constructed or contained therein or thereon, and all easements, rights and appurtenances belonging thereto and all future furniture, fixtures, furnishings and equipment intended for the mutual use, benefit or enjoyment of the Owners.
9. "Private Streets" shall mean and refer to every way of access for vehicles which is not dedicated to the general public but is designated as Common Property.
10. "Public Streets" shall mean and refer to all ways of access for vehicles which are dedicated to the general public.
11. "Utility Easements" shall mean and refer to those areas of land designated for such purposes on the Plat or as may be provided for in this Declaration or any amendments hereto.
12. "Lot" shall mean the numbered lots as shown on the Plat.
13. "Living Unit" shall mean and refer to any portion of a building situated upon the Property designed and intended for use and occupancy as a residence by a single family.

14. "Member" means all those persons or entities who are members of the Tellico Harbor Property Owners Association, Inc. as hereinafter provided.

15. "Owner" shall mean and refer to the record owner (other than Developer), whether one (1) or more persons or entities, of a fee simple title to any Lot which is a part of the Property, but excluding those persons or entities having such interest merely as collateral security for the payment of a debt or for the performance of an obligation.

16. "Occupant" means any person or persons in possession of a Living Unit.

17. "Common Expense" means all expenses incurred by the Association for the maintenance, repair, replacement, operation, management and administration of the Common Property, together with any expenses which are the specific responsibility of an individual Owner which are paid by the Association and charged to the responsible Owner as a Personal Charge for reimbursement.

18. "Assessment" means such amounts as are required by the Association for payment of the Common Expenses and levied against the Owners by the Association in accordance herewith.

19. "Personal Charge" means any expense or charge of the Association for which a specific Owner is liable.

20. "Master Plan" means that certain master plan for development of the Property as prepared by Kelvin Tucker & Associates, Inc. and submitted to TRDA by the Developer.

21. "Shoreline Strip" means those certain lands of the Tellico Reservoir owned by TVA and lying between 805 M.S.L. and 820 M.S.L. and adjacent to the Property.

ARTICLE II

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. Every Owner shall be a Member of the Association, which membership shall be appurtenant to and may not be separated from the ownership of any Lot.

Section 2. Voting. If more than one (1) person or entity owns any interest in any Lot, all such persons or entities shall be Members; provided, however, that the Owner or Owners of each Lot shall collectively have only one (1) vote per Lot owned in the affairs of the Association. However, until four (4) months after the Developer has closed the sale of at least seventy-five percent (75%) of all Lots, as evidenced by the recording of appropriate warranty deeds in the Register's Office for Monroe County, Tennessee, transferring title to said Lots from the Developer, or until five (5) years after the first conveyance of any Lot, whichever shall occur first, the Developer shall be entitled to exercise control of eighty percent (80%) of all voting rights in the affairs of the Association. Such Developer control shall include but not be limited to the right of the Developer to control the Association, the Association Board, the Property, etc.

Section 3. Meetings. There shall be an annual meeting of the Members at such time and place (in Knox or Monroe County) and on such date as shall be established by the Board of Directors. Meetings shall be in accordance with the By-Laws of the Association.

ARTICLE IIIRESERVATION OF EASEMENTS

Section 1. Utility and Drainage Easements. Developer, for itself and its successors and assigns, hereby reserves and is granted a perpetual, alienable and releasable blanket easement, privilege and right on, in, over and under the Property to install, maintain and use electric, antenna television and telephone transmission and distribution systems, poles, wires, cables and conduits, water mains, water lines, drainage lines and drainage ditches, or drainage structures, sewers and other suitable equipment and structures for drainage and sewerage collection and disposal purposes, or for the installation, maintenance, transmission and use of electricity, cable television systems, telephone, gas, lighting, heating, water, drainage, sewerage and other conveniences or utilities on, in over and under all of the Common Property and on, in, over and under all of the easements, including, but not limited to, private streets, in place or as shown on the Plat, whether such easements are for drainage, utilities or other purposes, and on, in, over and under a five (5) foot strip along the side yard lot line of each Lot in the Property and along a ten (10) foot strip along the front and rear lot lines of the respective Lots. The Developer shall have the unrestricted and sole right and power of alienating and releasing the privileges, easements and rights reserved and granted herein with the understanding, however, that the Developer will make such utility easements available to the Association for any other utilities which the Developer and Association shall agree upon, and for which the Association shall have assumed the responsibility for obtaining additional easements in order that utilities other than sewer and water may be installed. Such utility easements shall be made available to the Association without cost to it. The Association and Owners other than the Developer shall acquire no right, title or interest in or to any poles, wires, cables, conduits, pipes, mains, lines or other equipment or facilities placed on, in, over or under the Property which is subject to said privileges, rights and easements. Within these aforesaid easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels within the easements, or which may obstruct or retard the flow of water through drainage channels within the easements.

Section 2. Other Easements. All other easements and reservations as reflected on or in the notes of the Plat or hereafter granted of record by the Association, in its sole discretion, as to the Common Property, shall be binding upon each owner and his Lot to the same extent as if set forth herein.

ARTICLE IVRESERVED UTILITIES

Utilities for the Property shall be furnished by companies so engaged in the vicinity of the Property. The Developer has and retains the exclusive right to negotiate contracts and agreements with such companies, under such conditions and for such considerations as it shall deem proper under the circumstances. The utilities referred to shall include, but not be limited to, water service, sewer service, natural, liquified or manufactured gas systems, electrical systems, sanitation service, telephone systems, cable systems, antenna television transmission and distribution facilities.

The Developer shall have the right, but not the obligation, to delegate to the Association the right to enter into contracts with utility companies to furnish certain or all of the utility

services aforesaid. In the event of such delegation, the Association shall have the right to so contract and to expend funds of the Association therefor as a Common Expense in order to secure necessary or desirable utility services whether named hereinabove or not.

ARTICLE V

PLAN FOR CONSTRUCTION AND MAINTENANCE OF COMMON PROPERTIES

Section 1. Water and Sewer System. The water system distribution infrastructure and sewer system collection infrastructure serving the Property and the water distribution system and sewer collection system within the Property shall be constructed by the Developer. The Association, through its designated agents or employees, shall have the right to enter upon any Lot to perform the required operation and maintenance to the pumped effluent sewer system and shall further have the right, but not the obligation, to perform any or all service, repair, replacement or routine inspections in connection with the on site residential pressure sewer systems and appurtenances thereto and to make a Personal Charge to the Owner for the costs thereof.

Section 2. Private Streets. The streets have been constructed by the Developer and shall be private streets and a part of the Common Properties. The cost of maintenance, capital improvements, operation, taxes and other expenses incident to the streets, shall be paid from Assessments as part of the Common Properties.

Section 3. Recreational Facilities. It is contemplated that the Developer shall construct as Common Properties certain initial recreational facilities which will consist of a clubhouse. Additionally, it is contemplated that Developer shall reserve an area for the future development of other recreational facilities. Provided, however, Developer shall not in anyway be obligated to contribute to the construction and development of such other recreational facilities. The Developer shall have the right, but not the obligation, to construct such other recreational facilities as Common Properties as it shall in its sole discretion decide. The cost of maintenance, capital improvements, operation, taxes and other expenses incident to these Common Properties shall be the obligation of the Association and shall be paid from Assessments as herein provided and also from any fees for the use of the Common Properties. The Developer shall be the sole judge as to the time when such recreational facilities shall be constructed and notwithstanding anything to the contrary herein contained shall not be obligated to construct any additional recreational facilities.

ARTICLE VI

PROPERTY RIGHTS IN COMMON PROPERTIES

Section 1. Association Powers and Duties. The operating entity for the Common Properties shall be the Association. The Association shall have all powers and duties set forth therefor in this Declaration, its Charter and By-Laws, applicable laws, statutes, ordinances and governmental rules and regulations, and all other lawful powers and duties deemed by its Board of Directors as advisable or necessary to carry out its functions. Every Owner shall be bound by this Declaration, the Association Charter, By-Laws and Rules and Regulations as they shall be amended from time to time.

Section 2. Interest of the Association. All property acquired by the Association, whether real or personal or otherwise, whether owned or leased, shall be held, utilized and disposed of by the Association as Common Property for the use and

benefit of the Owners. Except as otherwise specifically provided in this Declaration, any expense of the Association for acquisition, ownership, leasing, administration, maintenance, operation, repair or replacement of the Common Properties shall be treated as and paid for as part of the Common Expense of the Association.

Section 3. Members' Easement of Enjoyment. Every Member shall as Owner of one (1) or more Lots have a right and non-exclusive easement appurtenant to said Lot which shall pass with the title to every Lot of use and enjoyment in and to the Common Properties. Such easements of enjoyment shall, however, be subject to the following limitations:

(A) the right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure; and

(B) the right of the Association to suspend the enjoyment rights of any Member other than the Developer as provided in this Declaration; and

(C) the right of the Association to charge reasonable admission and other fees for the use, service and enjoyment of any recreational facility or other improvements situated upon the Common Properties; and

(D) the right of the Developer, its successors and assigns, so long as any Lot is being held by the Developer for sale in the ordinary course of business, to use such portions of the Common Properties as the Developer shall determine in its sole discretion for the purpose of aiding in such sales, including the right to freely determine its sales tour route through the Property even though traffic is increased in a specific area thereby and to use portions of the Common Properties for parking for prospective purchasers and such other parties as the Developer, its successors or assigns determines. Notwithstanding any provisions of this Declaration to the contrary, the Developer, its successors and assigns shall further have the right to use any Living Unit owned by it for Model Home purposes in the furtherance of its sales program. The foregoing rights shall include the right to display and erect signs, billboards and placards and to store, keep and exhibit same and to exhibit and distribute audio and visual promotional materials upon the Common Properties or in Model Homes; and

(E) the right of the Association to delegate to any occupant of such Lot the right to the use and enjoyment of the Common Property subject however to the covenants, conditions and restrictions contained herein.

(F) the right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument is signed by seventy-five percent (75%) of all Members entitled to cast a vote and unless written notice of the proposed action is sent to every Member not less than thirty (30) days nor more than sixty (60) days in advance thereof. Provided, however, that Developer shall retain the right to make such a transfer or dedication without the necessity of joinder of Owners during the time prior to transition of control from the Developer.

(G) the rights granted to, or retained, by the Developer in this Declaration.

Section 4. Parking Rights. The use of parking areas located on the Common Property shall be subject to and at all times governed by the Association rules as the same are in effect

from time to time. Such rights to use parking areas is expressly subject to a non-exclusive right of ingress and egress attributable to other Members. This right to use shall also be subject to all drainage, utility and other necessary easements whether now or hereafter located on the Property.

ARTICLE VII

COVENANT FOR COMMON EXPENSE ASSESSMENTS

Section 1. Creation of Lien. The Owner of a Lot, other than the Developer, by acceptance of a deed, whether or not it shall be so expressed in any such deed, shall be deemed to covenant and agree to pay to the Association: (1) Common Expense Assessments, and (2) Special Assessments, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Common Expense and Special Assessments, together with interest, late charges and costs of collection thereof, including a reasonable attorney's fee, as hereinafter provided, shall be a continuing charge and lien upon each Lot. Each such Assessment, together with such interest, late charges, costs and reasonable attorney's fees, shall also be the personal obligation of the Owners of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by them.

Section 2. Purpose of Common Expense Assessments. The Common Expense Assessments levied hereunder by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Owners and in particular for the construction, leasing, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties and the improvements situated thereupon, including, but not limited to, taxes, charges and insurance on the Common Properties, maintenance, repair, replacement and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 3. Special Assessments. In addition to the Common Expense Assessments, the Association may levy in any assessment year a Special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Common Property, even though such streets may have been dedicated to the public, and also any desired repair, replacement or improvement of facilities of the Association and/or the construction of any capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of Members voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Basis and Changes in Assessments. Until January 1 of the year immediately following the date of this Declaration, the maximum Common Expense Assessment shall be One Hundred Eighty Dollars (\$180.00) per Lot payable in equal monthly installments of Fifteen Dollars (\$15.00). From and after January 1 of the year immediately following the date of this Declaration, the Common Expense Assessment aforesaid may be increased each year above the Common Expense Assessment for the previous year by majority vote of the Board of Directors of the Association and without a vote of the Membership, provided, however, that such increase shall not in any one (1) year exceed the greater of five percent (5%) or increases in the Consumer Price Index for the twelve (12) month period ending June 30 of the preceding year using the "All Urban Consumer, U.S. City Average" for "General Summary, All Items" as promulgated by the Bureau of Labor Statistics of the U. S. Department of Labor or, if such is not available, any other reliable governmental or other non-partisan

publication evaluating similar information. In the event the Developer builds additional amenities, a new Common Expense Assessment amount shall be set which will not exceed the five percent (5%) cap level as aforesaid without requiring a vote of the members. Unless the Common Expense Assessments shall be increased as aforesaid, they shall remain at the rate prevailing for the previous year. From and after January 1 of the year immediately following the date of this Declaration, the Common Expense Assessment may be changed prospectively from the amounts hereinabove set forth in any year, without limitation on the amount of such change, by a majority vote of the Members at a meeting called for this purpose. The Board of Directors of the Association may at any time after consideration of current income and expense and the future income requirements of the Association, within its discretion, fix the Common Expense Assessment at an amount less than the amounts aforesaid.

Section 5. Notice and Quorum for Any Action of Members Authorized Under Sections 3 and 4. Written notice of any meeting of the Membership called for the purpose of taking any action authorized under Section 3 or 4 hereof shall be sent to all Members thirty (30) days and ten (10) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast a majority of all votes shall constitute a quorum. If the required quorum is not present, another meeting may be called, subject to the same notice requirement, and the required quorum shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than ninety (90) days following the preceding meeting.

Section 6. Non-Payment of Assessments. If any Assessments are not paid on the date when due, then such Assessments shall become delinquent and the Association shall have the right to declare the Assessments for the entire year due and payable, together with such interest thereon and costs of collection (including reasonable attorney's fees) thereof as hereinafter provided. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property and both actions shall be cumulative and neither shall preclude the other. No Owner may waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment. The Association may suspend the voting rights of any Owner who has not paid any Assessment.

If Assessments have become delinquent, such Assessments shall bind every Lot in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Owner to pay such Assessments shall remain his personal obligation and shall not pass to successors in title unless expressly assumed by them. Such delinquent Assessments shall bear interest from the date of delinquency at any lawful rate as determined from time to time by the Board of Directors of the Association or, if not so determined, the highest interest rate allowed by law. Further, the Board of Directors may set a late fee charge. In the event a judgement is obtained, such judgment shall include interest and late fees on the Assessments as above provided and a reasonable attorney's fee to be fixed by the Court, together with the costs of the action.

Section 7. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon the properties subject to Assessment. While an ordinary sale or transfer shall not affect the Assessment lien, any sale or transfer which is subject to any first mortgage or deed of trust pursuant to a decree of foreclosure or proceeding in lieu of foreclosure shall extinguish the lien of such Assessments which become due prior to such sale or transfer. No such sale or transfer shall relieve such

property from liability for any Assessments thereafter becoming due or from the subsequent lien thereof except with respect to any future such decree of foreclosure or proceeding in lieu of foreclosure.

ARTICLE VIII

ARCHITECTURAL CONTROL COMMITTEE

Except as to original construction by the Developer, no building, fence, wall, structure, landscaping or planting shall be commenced, erected or maintained upon the Property or the Shoreline Strip, nor shall any exterior addition, change or alteration be made thereto, until and unless the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design, effect on sight line from other Lots, location in relation to surrounding structures and topography and compliance with this Declaration and the Protective Covenants contained herein by the Architectural Control Committee of the Association. The Committee shall make such determinations by majority vote and the determination of the individual committee members shall be upon the exercise of the sole and absolute discretion of such member. Such Committee shall be composed of three (3) or more representatives appointed by the Board of Directors of the Association. The Board of Directors may appoint industry professionals to serve as the three (3) Committee representatives. Such industry professionals may, in the sole discretion of the Board, be reasonably compensated. In the event said Committee fails to approve or disapprove such design and location within forty-five (45) days after said plans and specifications have been properly submitted to it in accordance with reasonable rules and regulations which may be adopted thereby, approval will not be required and this provision will be deemed to have been fully complied with, except to the extent such construction is in violation of the Protective Covenants, Shoreline Strip Rules or Water Use Facilities Permit. The Architectural Control Committee shall have the right to set reasonable charges and fees within their discretion necessary to offset expenses incurred by them in connection with the performance of their duties hereunder and the failure to pay same shall be grounds for withholding approval hereunder, said Personal Charge shall be promptly paid. It is understood and agreed that the individual seeking architectural review shall be responsible for all fees and charges of such review. The Architectural Control Committee, through its members or duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot, Living Unit or the Shoreline Strip area at reasonable hours for the purposes of the performance of its functions hereunder.

ARTICLE IX

EXTERIOR MAINTENANCE

Section 1. Failure to Maintain by Owner. In the event the Owner of any Lot or Living Unit shall fail to properly provide for exterior maintenance thereof, the Association may, but shall not be obligated to, provide such exterior maintenance as follows: cut, trim, care for and maintain trees, shrubs and grass, or repair, replace and care for walks, roofs, gutters, downspouts, exterior building surfaces, windows, fascia, doors, decks and other exterior improvements, including repainting or staining as needed.

Section 2. Assessment of Cost. The cost of such exterior maintenance shall be assessed by the Association against the Lot or Living Unit upon which such maintenance is done and shall be added to and become a part of the Annual Assessment for such Lot

or Living Unit until paid, subject, however, to any prior lien by reason of a first mortgage or first deed of trust, and shall become due and payable in all respects as provided herein for Assessments.

Section 3. Access at Reasonable Hours. For the purpose solely of performing the exterior maintenance authorized by this Article XI, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot or exterior of any Living Unit at reasonable hours on any day except Sunday.

ARTICLE X

OWNER LIABILITY

Any violations of this Declaration, any Supplemental Declaration, the Association Charter, By-Laws and Rules and Regulations, or any laws, statutes, ordinances or governmental authority rules and regulations by a family member, guest, lessee, licensee or invitee of any Owner other than the Developer shall be the responsibility of that Owner and all enforcement rights or penalties therefor shall be applicable to said Owner, except as specifically provided to the contrary in such documents or laws, statutes, ordinances or governmental authority rules and regulations.

In the event an Owner violates or threatens to violate any of the provisions hereof, the Association shall have the right to proceed in any appropriate Court for an injunction to seek compliance. In lieu thereof, or in addition thereto, the Association shall have the right to levy a Personal Charge, enforceable in the same manner as Assessments, against the Owner and his Lot for such sums as are necessary to enjoin any violation or to remove any unauthorized addition or alteration and to restore the affected property to good condition and repair.

If any person, firm or corporation or other entity, excepting, however, the Developer, shall violate or attempt to violate this Declaration, it shall be lawful for the Developer, Association, or any Owner (a) to prosecute proceedings at law for the recovery of damages against those so violating or attempting to violate any covenant, condition or restriction, or (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity the threat or continuance of any breach, or (c) to enter (either peaceably or forcibly without liability to such Owner or Occupant for such entry) upon any Lot, or any portion of the Property, upon which, or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting person, firm or corporation or other entity, excepting, however, the Developer, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof. The remedies contained in this Section shall be cumulative to each other, and shall be construed as cumulative of all other remedies now or hereafter provided by law or equity. Damages provided herein shall include, but not be limited to, attorney's fees and all other costs and expenses of enforcement. The failure of the Developer, Association, or any Owner to enforce any covenant, condition, restriction, or any obligation, right, power, privilege, authority, or reservation herein contained, however long continued, shall in no event be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation or as to any other breach or violation thereof occurring prior to or subsequent thereto.

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ARTICLE XI

SUSPENSION OF VOTING RIGHTS AND EASEMENT OF ENJOYMENT

Section 1. Regular Suspension. Should an Owner other than the Developer become delinquent in the payment of any Assessment or Personal Charge or violate any other provision of this Declaration and/or any Supplemental Declaration or the Association Charter, By-Laws or Rules and Regulations, the Association may deny such Owner enjoyment of the Common Properties until such time as any such delinquent Assessments or Personal Charges and any interest due thereon are paid and any such violations are ceased and any penalties therefor are satisfied.

Section 2. Penalty Suspension. The Association shall further have the right in its sole discretion to impose as a Penalty Suspension for any such violations the suspension of such Owners easement of enjoyment for a period not to exceed thirty (30) days for any one (1) violation or occurrence. An Owner must be given such notice and opportunity as is reasonable under the circumstances to refute or explain in person or in writing the charges against him by the Association before any decision of the Association to impose any such Penalty Suspension is enforced.

Section 3. General. Any suspension of rights under these provisions shall not be used as a basis for any reduction of Assessments or other charges payable by such Owner.

ARTICLE XII

PROTECTIVE COVENANTS

Attached hereto as Exhibit A and made a part hereof as fully as though contained herein word for word are the Protective Covenants relative to the Property which may be added to as provided herein. Every provision of this Declaration shall apply as fully as to the Protective Covenants as if same were set forth herein word for word.

ARTICLE XIII

OWNERSHIP AND USE OF SHORELINE STRIP

Ownership of the Shoreline Strip remains in TVA, the operating entity of Tellico Reservoir, which attempts to administer the area in such manner as to effect a reasonable balance between the right of the general public to use the Tellico Reservoir and its shorelands and the right to use and peaceful enjoyment by the Owners of abutting lands. It is contemplated that TVA, TRDA, the Association and the Developer will enter into an agreement for implementation of Shoreline Strip Rules and Water Use Facilities Permit to establish operating guidelines for the management of the Shoreline Strip in order to provide access to Tellico Reservoir by Owners in the Property and to provide for the construction of the rights of use by the general public. In the event TVA, TRDA, the Association and the Developer enter into such agreements, all usages of the Shoreline Strip shall be subject to any Shoreline Strip Rules and Water Use Facilities Permit.

ARTICLE XIV

RESTRICTIONS

Section 1. Lighting. No mercury vapor, high or low pressure sodium or quartz, high intensity, beam type or wide area lighting shall be erected on any Lot without Architectural Control Committee approval.

Section 2. Mailboxes. All mail boxes shall be uniformly numbered and be the same style, design, color and location as approved by the Architectural Control Committee.

Section 3. Antennas, etc.. No antenna, satellite disc, clothes lines or similar apparatus which is visible from any other Lots shall be installed on any Lot.

Section 4. Driveways. All driveways shall be constructed of either pavement or concrete and each Lot shall provide a minimum of two (2) off-street parking spaces (excluding garage spaces) or one space per automobile regularly used by Owners of the Lot, their family or any occupant thereof, whichever is less.

Section 5. Docks. Any docks or other such structures shall be subject to all applicable government permits, licenses, ordinances, rules, laws, statutes and regulations as well as Architectural Control Committee approval. All docks and surrounding areas shall be maintained in good repair with a clean and orderly appearance at all times.

Section 6. Building Size. The minimum square footage of any Living Unit shall be no less than one thousand one hundred (1,100) square feet and the maximum shall be set from time to time by the Architectural Control Committee. Provided, however, that all applicable zoning regulations and requirements as to maximum size shall control.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association or the Owners subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-six (26) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owners having two-thirds (2/3) of the total number of qualified votes in the Association has been recorded, agreeing to change said covenants and restrictions in whole or in part, provided, however, that no such agreement to change shall be effective unless made and recorded three (3) years in advance of the effective date of such change and unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 2. Invalidity. If any of the provisions of this Declaration, any Supplemental Declaration, the Charter or By-Laws of the Association, or any section, clause, phrase, word or the application thereof, in any circumstance, is held invalid, the validity of the remainder of such instruments and the application of any such provision, action, sentence, clause, phrase or word, in other circumstances, shall not be affected thereby.

Section 3. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 4. Gender and Plurals. Whenever the context so requires, use of any gender shall be deemed to include all genders, use of the singular shall include the plural, and use of the plural shall include the singular. The provisions of this Declaration shall be liberally construed to effectuate its

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purpose of creating a uniform plan for the development and operation of the Property.

Section 5. Captions. The captions used in this Declaration are inserted solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the text.

Section 6. Enforcement. Enforcement of this Declaration shall be by any proceeding at law or in equity against any person or entity violating or attempting to violate any covenant, condition or restriction herein, either to restrain violation or to recover damages against the party in violation, and/or against the land to enforce any lien created by these covenants. Failure by the Association, the Developer or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Assignment, Transfer or Conveyance by Developer. The Developer reserves and shall have the right to assign, transfer or convey any reservations, rights or obligations of the Developer hereunder, and upon such assignment, transfer or conveyance the Developer shall immediately be released and discharged as to any and all liability incident to such reservations, right or obligation.

Section 8. Applicability. All provisions set forth herein shall extend to and be binding on the respective legal representatives, heirs, successors and assigns of all parties mentioned herein where consistent with the context hereof.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed by its duly authorized corporate officer(s) as of this 6th day of April, 1989.

DEVELOPER:

SEVEN C'S, INC.

By James S. Schaal
Its President

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STATE OF TENNESSEE
COUNTY OF Knox

Before me, REMA C. BUTLER, of the state and county aforesaid, personally appeared JAMES S. SCHAAD, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be President of SEVEN C'S, INC., the within named bargainer, a corporation, and that he as such President, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as President.

WITNESS my hand and seal at office in Knoxville, this 5th day of April, 1989.

REMA C. BUTLER
Notary Public

My Commission Expires:
3/18/91



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PROTECTIVE COVENANTSEXHIBIT A TO THE DECLARATION

1. Application. These Protective Covenants shall apply to all of the Property.
2. Architectural Control Committee. When the Architectural Control Committee, hereinafter referred to as the A.C.C., is mentioned in these Protective Covenants, it shall mean the Architectural Control Committee of the Association as more particularly described in Article VIII of the Declaration. Except as to original construction by the Developer, A.C.C. permits shall be required for any construction activity within the Property as set forth in Article VIII of the Declaration and within the Shoreline Strip. The A.C.C. shall further have the authority, in connection with the issuance of such permits, to adopt such rules, regulations and standards and to adopt such standard building or other codes (or any portion thereof) as it shall deem appropriate or necessary for the proper performance of its function and duties. The Owner, contractor and builder will subject all permitted activities to such inspections as required by the A.C.C. to determine compliance with such A.C.C. permits, the Declaration, these Protective Covenants, the Shoreline Strip Rules and the Water Use Facilities Permit. In the event of any conflict between the provisions of the Declaration, these Protective Covenants and those of the A.C.C. rules, regulations and standards, same shall prevail in that order. In the event of any conflict between the provisions of the Shoreline Strip Rules and the Water Use Facilities Permit with the A.C.C. rules, regulations and standards, the Shoreline Strip Rules and Water Use Facilities Permit shall prevail. All actions of the A.C.C. shall be subject to review by the Board of Directors of the Association and appeals may be taken thereto under such terms and conditions as such Board of Directors may set from time to time.
3. Amendment, Rescission or Additions. The Developer, its successors and assigns, may amend, rescind or add to the Protective Covenants from time to time, provided, however unless the Lots are specifically exempted from the Protective Covenants by the Declaration or a Supplemental Declaration at the time the Lots are subjected to the plan of the Declaration, such amendment, rescission or additions shall not make the Protective Covenants as to those Lots less restrictive for construction of residential buildings than as provided in the standards herein. Provided, however, that the Developer, its successors and assigns may amend the Protective Covenants at any time for the purpose of compliance with any applicable rule, regulation, ordinance, permit, law or statute.
4. Zoning. The Lots shall be used for residential purposes only. It is contemplated that the minimum square footage of any Living Unit constructed on any Lot in the Property shall be one thousand one hundred (1,100) square feet (unless otherwise approved in writing by the A.C.C.) and maximum shall be as set forth from time to time by the A.C.C.
5. Resubdivision. No Lot shall be resubdivided except upon written approval of the A.C.C. The A.C.C. may permit the construction of a single residence upon two (2) or more Lots by waiver of the five (5) foot utility easement and side yard setback on the appropriate interior lot lines, provided, however, such action by the A.C.C. shall not be construed as a waiver of other matters affecting such Lots, including, but not limited to, the obligation to pay Assessment on each such Lot.
6. Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently.

7. Setbacks. No building shall be placed closer to the front or back lot lines than the setback lines shown therefor on a recorded subdivision plat, provided, however, where such requirements create an undue hardship upon the Owner, such setbacks may be modified by the A.C.C. to the extent necessary to prevent the hardship.
8. Side Yards. No building or other structure shall be closer to a side lot line than ten (10) feet, which restrictions may be extended in excess of ten (10) feet when necessary for drainage, utility or screening purposes and the extent thereof is reflected on the recorded subdivision plat, provided, however, where such restrictions create an undue hardship upon the Owner, such restrictions may be modified by the A.C.C. to the extent necessary to prevent the hardship.
9. Land Near Recreation Areas. No structure or building shall be placed nor shall any material or refuse be placed or stored upon any Lot within twenty (20) feet of the property line of any Common Property.
10. Assurance of Completion of Buildings. Except as to original construction by the Developer, the Owner and any contractor, builder, person or entity constructing a structure upon the Property shall, prior to beginning the construction of any such structure, furnish the A.C.C. proof that a suitable completion bond has been made to ensure completion of the building, within the required time limits, and to indemnify the Owner against material and mechanic liens. At the same time, there shall be furnished to the A.C.C. satisfactory proof that builders' risk and appropriate workmen's compensation insurance will be in effect for the construction period. The Board of Directors may in its sole discretion waive the requirements of this subsection.
11. Sewage Disposal. No privately owned septic tank or other sewage disposal system shall be permitted upon any Lot.
12. Water Supply. No privately owned well or other water system shall be permitted upon any Lot.
13. Outbuildings. Outbuildings or accessory buildings for residence purposes such as servants' quarters or guest houses, shall be permitted on Lots, provided the building and/or buildings are occupied by servants employed on the premises or by guests and are not occupied otherwise as rental units by nonservant or nonguest occupants, and provided the A.C.C. shall approve the design, plans, specifications, et cetera, of such buildings. Outbuildings or accessory buildings permitted upon Lots.
14. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street property lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.
15. Signs. All signs are prohibited in areas zoned upon the Property except:

(a) Signs erected by the Association or Developer for identification of streets, neighborhoods, recreational amenities, traffic control and directional purposes;

(b) Signs of a temporary nature advertising property for sale and construction signs, which such signs shall not exceed one (1) square foot in area, shall be limited to one (1) such sign per Lot, must be placed upon the specific property involved, must be professional in design and appearance and may not be placed for the purpose of advertising that such property is already sold; and

(c) Signs erected by Developer in connection with its sales program.

Except for signs as provided in subparagraphs (a), (b) and (c), above, the erection of signs shall require a permit of the A.C.C. and no such sign shall be erected without the prior approval of the A.C.C.

16. Model Houses. No provision of these Protective Covenants shall preclude the Developer in furtherance of its sales program from erecting and maintaining Model Houses.

17. Businesses Prohibited in Residential Areas. The practice of any profession or the carrying on of any business is prohibited within any area zoned as residential except for the business of the Developer in the furtherance of its sales program and any home occupation which does not create any extraordinary traffic within the subdivision. Said home occupations must, however, first be approved by the A.C.C. and a permit issued therefor.

18. Nuisances. No obnoxious or offensive activity shall be carried on upon any Lot or Parcel of Land of the Property.

19. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling thereon, except that dogs, cats and other household pets may be kept or maintained; provided, however, that they are not kept or maintained for commercial purposes, that they do not constitute or create any annoyance or nuisance to the neighborhood, and that the Association may reasonably regulate the keeping and maintenance of such household pets. Each Owner is expressly responsible for the control and behavior of its pets.

20. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste material shall be kept in a clean and sanitary container hidden from view except on pickup days.

21. Salvage Yards, Etc. No automobile wrecking, junk or salvage yards are permitted on any Lot.

22. A.C.C. Responsibility. The function of the A.C.C. is designed for the enforcement of the Declaration and these Protective Covenants. The performance of its duties with respect thereto shall be on a best efforts basis in an effort to reasonably protect the aesthetics and property values of the Property and the health, safety and welfare of all of the Owners therein as a community of interests. No warranty or representation is made to or should be implied by any individual Owner that the actions of the A.C.C. in the issuance of permits, inspection and approval of construction, or otherwise, is intended as a tacit approval of the quality, safety, desirability or suitability of such design or construction.

23. Enforcement. These Protective Covenants may be enforced in the same manner as any violation or threatened violation of the Declaration of which these Protective Covenants

are a part, including, but not limited to, the lien rights of the Association for any costs or charges incurred in connection therewith.

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EXHIBIT B

All of that certain property as shown on the Final Plat for Tellico Harbor, Section A, Monroe County, Tennessee prepared by Tucker Hinson Associates, Incorporated, Project No. 86291A, dated July 15, 1988 (Sheet 1-4) recorded on March 28, 1989 noted in Note Book 28/83 recorded in Plat Cabinet C, Slide 6, Monroe County, Tennessee.

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EXHIBIT C
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G. T. CROWELL
SECRETARY

OF
TELICO HARBOR PROPERTY OWNERS ASSOCIATION, INC.
INCENTRY CROWEL
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The undersigned natural person, having capacity to contract and acting as incorporator of a corporation not for profit under the Tennessee Nonprofit Corporation Act adopts the following charter for such corporation:

1. The name of the corporation is Tellico Harbor Property Owners Association, Inc.
2. The duration of the corporation is perpetual.
3. This corporation is a mutual benefit corporation.
4. This corporation is not a religious corporation.
5. The name and address of the initial registered agent of the corporation in the State of Tennessee shall be Patrick Schaad, c/o Schaad Properties, 2601 Western Avenue, Knoxville, Knox County, Tennessee 37921.
6. The name and address of the incorporator is Sherry Hammar Kesterson, c/o Long, Ragsdale & Waters, P.C., 190 Market Place Boulevard, Knoxville, Knox County, Tennessee 37922.
7. The address of the principal office of the corporation in the State of Tennessee shall be ~~XXXXXX~~ 2601 Western Avenue, Knoxville, Knox County, Tennessee 37921.
8. This corporation is a nonprofit corporation.
9. This corporation will have members.
10. The purpose for which the corporation is organized is to operate and manage a planned unit development known as Tellico Harbor for the use and benefit of the owners of the lots as the agent of such owners. A Declaration of Covenants, Conditions and Restrictions has been or will be filed with the Register's Office for Monroe County, Tennessee (the "Declaration").
11. No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to, its directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth hereinabove.

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12. All funds and the titles of all interests in properties acquired by this corporation, whether fee simple or leasehold in nature and the proceeds thereof shall be held in trust for the owners of the lots in accordance with the provisions of the Declaration and its supporting documents.

13. All of the powers of this corporation shall be subject and shall be exercised in accordance with the provisions of the Declaration together with its supporting documents which govern the use of the land to be operated and administered by this corporation.

14. The corporation shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized and shall likewise have the powers provided for not-for-profit corporations by the Tennessee General Corporation Act, Tennessee Code Annotated Sections 48-1-101, et seq., or as the same shall hereafter be amended.

15. All owners of lots in Tellico Harbor shall be members of the corporation and no other persons or legal entities shall be entitled to membership.

16. The interest of any member in any part of the real property or in the funds and assets of the corporation cannot be conveyed, assigned, mortgaged, hypothecated or transferred in any manner, except as an appurtenance to the lot.

17. Voting by the members of the Association in the affairs of this corporation shall be on the basis of one vote for each lot; provided, however, until four (4) months after the Developer has closed the sale of at least seventy-five percent (75%) of all lots, as evidenced by the recording of appropriate warranty deeds in the Register's Office for Monroe County, Tennessee, transferring title to said lots from the Developer, or until five (5) years after the first conveyance of any lot, whichever shall occur first, the Developer shall be entitled to exercise control of eighty percent (80%) of all voting rights in the affairs of the Association. Such Developer control shall include but not be limited to the right of the Developer to control the Association, the Association Board, the Property, etc. except through votes allocated on the basis of lot ownership.

18. The property, affairs and business of the corporation shall be managed by a board of directors. The number of directors, the terms and manner of election of directors shall be specified in the bylaws of the corporation.

19. Assessments paid by the owners of lots for the maintenance and operation of Tellico Harbor and its interests shall be utilized by the corporation to pay for the cost of said

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maintenancel and operation. The corporation shall have the right to have an interest in any funds received by it through assessments from the owners of individual lots except to the extent necessary to carry out the powers vested in it as agent for said members.

20. The corporation shall make no distribution of its assets to its members, directors or officers, and it shall be conducted as a non-profit corporation.

21. Any funds held by the corporation from its receipts over and above its common expenses shall be known as the common surplus of the corporation and the same shall be held for the use and benefit of the members in proportion to their pro rata ownership of lots.

22. Upon termination of Tellico Harbor and dissolution or final liquidation of this corporation, the distribution to the members of this corporation of the common surplus in proportion to their pro rata ownership of lots shall not constitute or be deemed to be a default under this section or distribution of income.

23. The incorporators and directors of the corporation shall have the right to take any action required or permitted by vote without a meeting on written consent pursuant to the provisions of Tennessee Code Annotated Section 48-1-1402.

24. The provisions of this charter may be amended, altered or repealed from time to time to the extent and in the manner prescribed by the Tennessee General Corporation Act, Tennessee Code Annotated Sections 48-1-101, et seq., and any additional provisions so authorized may be added hereto; provided that the provisions of this charter shall not be changed, modified, repealed or expanded in such a manner as to be inconsistent with the purposes for which the corporation is formed.

25. Every director and every officer of the corporation shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the corporation or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the board of directors approves such settlement and reimbursement as being for the best interest of the corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

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Dated this 10th day of November, 1988.

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~~Sherry Hammer Kesterson~~
GENTRY SPOWELL
SECRETARY OF STATE
Incorporator

OF

TELLICO HARBOR PROPERTY OWNERS ASSOCIATION, INC.
A CORPORATION NOT FOR PROFIT

I. IDENTITY

These are the By-Laws of Tellico Harbor Property Owners Association, Inc., a corporation not for profit under the laws of the State of Tennessee, the Charter of which was filed in the Office of the Secretary of State on the 10th day of December, 1988, hereinafter called "Association", which has been organized for the purpose of administering the operation and management of facilities for the use and benefit of Lot owners in Tellico Harbor, a planned unit development established or to be established upon property located in Monroe County, Tennessee, which is more particularly described in a Declaration of Covenants, Conditions and Restrictions recorded or to be recorded in the Register's Office for Monroe County (the "Declaration").

A. The provisions of these By-Laws are applicable to Tellico Harbor Property Owners Association, Inc., and the terms and provisions, conditions and authorizations contained in the Charter and the Declaration for Tellico Harbor developed by Seven C's, Inc., a Delaware corporation (the "Developer"). The terms and provisions of such Charter and Declaration are incorporated herein by reference and shall be controlling wherever the same may be in conflict herewith.

B. All present or future owners, tenants or future tenants or any other person that might use Tellico Harbor are subject to the regulations set forth in these By-Laws and in said Charter of this Association.

C. The office of the Association shall be located at 2601 Western Avenue, Knoxville, Tennessee 37921.

D. The fiscal year of the Association shall be the calendar year.

II. MEMBERSHIP, VOTING, QUORUM, PROXIES

A. The qualification of members and voting by members shall be as set forth in paragraph 17 of the Charter of the Association.

B. A quorum at members' meeting shall consist of persons entitled to cast a majority of the votes of the entire

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membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

C. The vote of the owners of a Lot owned by more than one person or by a corporation or other entity, shall be cast by the person named in a Certificate signed by all of the owners of the Lot and filed with the Secretary of the Association, and such Certificate shall be valid until revoked by subsequent Certificate. If such a Certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

D. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.

E. Except where otherwise required under the provisions of the Charter of the Association, or these By-Laws, or where the same may otherwise be required by law, the affirmative vote of a majority of the members represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

III. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

A. The annual members' meeting shall be held at the office of the Association or at such other place designated by the Board of Directors at 9 a.m. on the first Tuesday in March of each year or at such other time as designated by the Board of Directors in an appropriate and timely notice to the members for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday.

B. Special members' meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members of the Association owning a majority of the Lots.

C. Notice of all members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other officer of the Association in absence of said officers, to each member, unless waived in writing, such notice shall be written or printed and shall state the time and place and subject for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting,

which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States mails addressed to the member at his post office address as it appears on the records of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. In the event that a member, after having been duly notified in the manner set out above, shall fail to appear, either in person or by proxy, said member, by such failure to appear, delegates the Board of Directors of the Association to cast his vote for him in any matter which comes to vote before the entire Association, and in which he would have been entitled to vote had he been present.

IV. BOARD OF DIRECTORS

A. The first Board of Directors of the Association shall consist of three (3) persons. At least a majority of the Board of Directors shall be members of the Association, or shall be authorized representatives, officers or employees of the Developer member of the Association. So long as Developer retains control of eighty percent (80%) of the votes in the affairs of the Association, as set out in paragraph 17 of the Charter, the Developer shall have the right to designate and select the persons who shall serve as members of each Board of Directors of the Association. Thereafter, Developer shall be entitled to vote in proportion to the number of Lots it owns on the same basis as other Lot owners subject to these By-Laws.

B. At the first annual meeting of the Association after the Developer no longer retains control of eighty percent (80%) of the votes of the Association, the Board of Directors shall be elected by a majority of the members. The term of office of the two (2) Directors receiving the highest plurality of votes shall be established at two (2) years, and the term of office of the other elected Director shall be established at one (1) year. Thereafter, as many Directors of the Association shall be elected at the annual meeting as there are regular terms of office of Directors, for a term of two (2) years, expiring at the second Annual Meeting following their election, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

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C. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary provided a quorum shall be present.

D. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

E. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director personally, by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. Any Director may waive notice of a meeting before or after the meeting, such waiver shall be deemed equivalent to the giving of notice.

G. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Charter and these By-Laws. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Charter and these By-Laws, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining the quorum.

H. The presiding officer of directors' meetings shall be the Chairman of the Board, if such an officer has been elected, and if none, then the President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

I. No compensation shall be paid to Directors for their services as Directors.

J. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Charter of the Association, and these By-Laws. Such powers and duties shall be exercised in accordance with said Charter, these By-Laws and the common law and statutes, and shall include, without limiting the generality of the foregoing, the following:

1. To make, levy and collect assessments against members and members' Lots to defray the costs of the operation and maintenance of common elements, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;
2. To make and amend Rules and Regulations governing the use of the property, real and personal, owned and operated by the Association for the use and benefit of unit owners, so long as such Rules and Regulations and limitations which may be placed upon the use of such property do not conflict with the terms of the Charter;
3. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, as may be necessary or convenient in the operation and management of the development and all common elements and in accomplishing the purposes set forth in the Charter;
4. To contract for the management of the Association, and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Charter or to have approval of the Board of Directors and membership of the Association;
5. To enforce by legal means the provisions of the Declaration, Charter and By-Laws of the Association, and the regulations hereinafter promulgated governing use of the property and facilities;
6. To pay all taxes and assessments which are liens against any part of the property owned by the Association and to assess the same against the members and their respective units;
7. To carry insurance for the protection of the members and the Association against casualty and liability as required;
8. To pay all costs of power, water, sewer and other utility services, if any, rendered to the property owned by the Association;

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9. To employ personnel for reasonable compensation to perform the services required for proper administration of the Association; and

10. To borrow money for any legitimate purposes which may be necessary for the improvement, maintenance and well-being of the property.

K. The undertakings and contracts authorized by said first Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board of Directors duly elected by the membership after Developer no longer retains control of eighty percent (80%) of the votes in the affairs of the Association, so long as any undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with the Declaration, Charter and these By-Laws. Provided, however, that prior to the passage of Developer control, the Association shall not be bound either directly or indirectly to contracts or leases (including a management contract) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than ninety (90) days' notice to the other party.

V. OFFICERS

A. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, who shall be a Director, and a Secretary/Treasurer, all of whom shall be elected annually by the Board of Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. The Board of directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the chief executive officer of the Association. He shall have all the powers and duties which are usually vested in the office of President of an association including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

C. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

D. The Secretary/Treasurer shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall keep the records of the Association, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary/Treasurer when the Secretary/Treasurer is absent. The Secretary/Treasurer shall also have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Secretary/Treasurer.

E. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the planned unit development.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association are as follows:

A. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each unit. Such account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

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

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

2. Proposed assessments against each member and the due date of any payments.

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4/4/89

Copies of the proposed budget and proposed assessment shall be transmitted to each member on or before January 1st of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to at any time in their sole discretion levy any additional assessment in the event that the budget originally adopted appears to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

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

D. An audit of the accounts of the Association may be made annually by a Certified Public Accountant in the discretion of the Board, and, if performed, a copy of the report shall be furnished to each member not later than January 31 of the year following the year for which the report is made.

E. Upon written request from any first mortgage, a copy of financial statement for the immediately preceding year shall be provided.

VIII. AMENDMENTS TO BY-LAWS

Amendments to the By-Laws shall be proposed and adopted in the following manner:

A. Notice: Notice of the subject matter of a proposed amendment shall be included in the Notice of any meeting at which a proposed Amendment is considered.

B. Approval: A resolution adopting a proposed Amendment must receive approval of seventy-five percent (75%) of the votes of the entire membership of the Association. Directors and members not present at the meetings considering the Amendment may express their approval in writing.

C. Initiation: An Amendment may be proposed by either the Board of Directors or by the membership of the Association, and

after being proposed and approved by one of such bodies, it must be approved by the other.

IX. INSPECTION OF BOOKS, RECORDS AND DOCUMENTS

The Association shall, upon request, make available to lot owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the (i) Declaration of Covenants, Conditions and Restrictions for Tellico Harbor (ii) By-Laws of Tellico Harbor Property Owners Association, Inc. (iii) Rules and Regulations of Tellico Harbor and (iv) all books, records and financial statements of the Association. The foregoing shall be available during normal business hours at the office of the Association.

Prior to the passage of Declarant Control of the Association pursuant to Article IV, Section 2 of the Declaration and the Charter (as amended), the Association shall not enter into or be bound either directly or indirectly to any contract or lease (including without limitation any management contract) unless said contract or lease shall provide for a right of termination or any such contract or lease, without cause, which is exercisable without penalty at any time after the transfer of Declarant control, upon not more than ninety (90) days notice to the other party.

The foregoing were adopted as By-Laws of Tellico Harbor Property Owners Association, Inc., a corporation not for profit under the laws of the State of Tennessee, at the first meeting of the Board of Directors on the 4th day of April, A.D. 1989.

President James S. Schrad (Pres.)

ATTEST:

Michael Schrad
Secretary

FILED in my office on the 6 day
of April 1989 at 2:15 P.M.
Noted in Note Book 28 Page 98
Recorded in Ms Book 71 Page 369
Mildred A. Easton
Register of Monroe County, Tennessee

shk24a.corp
4/4/89

This instrument prepared by:
LONG, RAGSDALE & WATERS, P.C.
P. O. Box 90384
Knoxville, Tennessee 37998

68

For Second Amendment to Declaration release see Mls. 72

3795

page 457

FIRST AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
TELLICO HARBOR

KNOW ALL PERSONS THAT WHEREAS, the undersigned, Seven C's, Inc. a Delaware corporation, is the Developer of Tellico Harbor, a planned development, same being located in the Sixth (6th) Civil District of Monroe County, Tennessee, and

WHEREAS, the Developer has established the planned development pursuant to the Declaration of Covenants, Conditions and Restrictions of Tellico Harbor, of record in Book 71, page 369, et seq., of the Register's Office for Monroe County, Tennessee (the "Declaration"); and

WHEREAS, the Declaration may be amended and modified by the Developer pursuant to Article II, Section 2 of the Declaration, and there being no other members at the present time of the Tellico Harbor Property Owners' Association, Inc.; and

WHEREAS, the Developer has now determined that the Declaration should be amended in order to clarify restrictions on the Lots.

NOW, THEREFORE, Developer does hereby amend and modify the Declaration specifically pursuant to the rights granted in Article II, Section 2 of the Declaration and other applicable business of the same, as follows:

1. Article XIV, Section 3 is hereby deleted in its entirety and replaced with the following:

Section 3. Antennas, etc. No antenna, satellite disc, clotheslines or similar apparatus which is visible from any other Lot shall be installed on any Lot without the prior written consent of the Architectural Control Committee.

2. Article XIV, Section 6 is hereby deleted in its entirety and replaced with the following:

Section 6. Building Size. The minimum square footage of any Living Unit shall be no less than one thousand one hundred (1,100) square feet unless otherwise approved in writing by the Architectural Control Committee and the maximum shall be set forth from time

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to time by the Architectural Control Committee. Provided, however, all applicable zoning regulations and requirements as to maximum and minimum size shall control. Approval by the Architectural Control Committee shall in no event be deemed to certify or indicate in any way compliance with any applicable zoning regulations, codes or other regulations or statutes.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed to be signed by its duly authorized corporate officer on this 5th day of June, 1989.

SEVEN C'S, INC.

By James S. Schard, President
Its: President

STATE OF TENNESSEE
COUNTY OF Knox

Before me, William E. Fleury, of the state and county aforesaid, personally appeared James S. Schard, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged him self to be President of SEVEN C'S, INC., the within named bargainor, a corporation, and that he as such President, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by him self as President.

WITNESS my hand and seal at office in Knoxville Tennessee this 5th day of June, 1989.

William E. Fleury
Notary Public



My commission expires: March 21, 1993

FILED in my office on the 7 day
of June 1989 at 9:30 A.M.
Noted in Note Book 28 Page 136
Recorded in Ms Book 72 Page 68
Michael A. Gester
Register of Monroe County, Tennessee



835
457
mail to:
Patrick
7124
Knoxville,
Tn.
37611
J. Schaefer
Hickory Hills An.

This instrument prepared by:
LONG, RAGSDALE & WATERS, P.C.
P. O. Box 90384
Knoxville, Tennessee 37990

SECOND AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
TELLICO HARBOR

KNOW ALL PERSONS THAT WHEREAS, the undersigned, Seven C's, Inc. a Delaware corporation, is the Developer of Tellico Harbor, a planned development, same being located in the Sixth (6th) Civil District of Monroe County, Tennessee, and

WHEREAS, the Developer has established the planned development pursuant to the Declaration of Covenants, Conditions and Restrictions of Tellico Harbor, of record in Book 71, page 369, at seq., of the Register's Office for Monroe County, Tennessee (the "Declaration"); and

WHEREAS, the Declaration may be amended and modified by the Developer pursuant to Article II, Section 2 of the Declaration, and there being no other members at the present time of the Tellico Harbor Property Owners' Association, Inc.; and

WHEREAS, the Declaration has been amended pursuant to that certain First Amendment to Declaration of Covenants, Conditions and Restrictions Tellico Harbor recorded in Book 72, page 68, at seq., of the Register's Office for Monroe County, Tennessee; and

WHEREAS, the Developer has determined that the Declaration should be further amended in order to correct the reference to the recording information for the Plat.

NOW, THEREFORE, Developer does hereby amend and modify the Declaration specifically pursuant to the rights granted in Article II, Section 2 of the Declaration and other applicable business of the same, as follows:

1. The first whereas clause on page 1 of the Declaration is hereby deleted in its entirety and replaced by the following:

That, WHEREAS, Developer is the owner of certain property adjacent to Tellico Reservoir and lying in the Sixth (6th) Civil District of Monroe County, Tennessee, more particularly described on Exhibit B which is attached hereto and incorporated by this reference (the

"Property") and as shown on a plat recorded on March 28, 1989 in Plat Cabinet C, Slide 6 (noted in Book 28, Page 93) in the Register's Office for Monroe County, Tennessee (the "Plat"); and

2. Exhibit B to the Declaration is hereby deleted in its entirety and replaced by the following:

All of that certain property as shown on the Final Plat for Tellico Harbor, Section A, Monroe County, Tennessee prepared by Tucker Hinson Associates, Incorporated, Project No. 86291A, dated July 15, 1988 (Sheet 1-4) recorded on March 28, 1989 noted in Note Book 28/93 recorded in Plat Cabinet C, Slide 6, Monroe County, Tennessee.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed to be signed by its duly authorized corporate officer on this 24th day of July, 1989.

SEVEN C'S, INC.

By James S. Schaad (Pres)
Its: President

STATE OF TENNESSEE
COUNTY OF Knox

Before me, William E. Fleury, of the state and county aforesaid, personally appeared James S. Schaad, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged him self to be President of SEVEN C'S, INC., the within named bargainor, a corporation, and that he as such President, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by him self as President.

WITNESS my hand and seal at office in Knoxville Tenn. this 24th day of July, 1989.

William E. Fleury
Notary Public



My commission expires: Mar 21, 1993

FILED in my office on the 3 day of Aug. 1989 at 12:01 PM
Noted in Note Book 29 Page 21
Recorded in Ms. Book 72 Page 457
Mildred A. Toste
Register of Monroe County, Tennessee

THIS INSTRUMENT PREPARED BY:
 J. Michael Garner
 Nicholson, Garner & Duggan
 Attorneys at Law
 P.O. Box 5059
 Maryville, TN 37802-5059

WAIVER AND AGREEMENT

THIS AGREEMENT, Made and entered into on this the 7th day of October, 1994, by and between THE ARCHITECTURAL CONTROL COMMITTEE OF TELLICO HARBOR SUBDIVISION, hereinafter referred to as first party and RALPH LEMANSKI, hereinafter referred to as second party;

WITNESSETH:

WHEREAS, the first party, pursuant to provisions of Declaration of Covenants, Conditions and Restrictions of Tellico Harbor Subdivision, of record in Misc. Record Book 71, page 369, et seq. at the Register's Office for Monroe County, Tennessee, has the authority to waive and modify setback line requirements where the same create an undue hardship; and

WHEREAS, the parties agree that in the case of second party as to Lot No. 35, Section "A" of Tellico Harbor Subdivision, of record in Plat Cabinet C, Slide 6, at the Register's Office for Monroe County, Tennessee, that said setback requirements as hereinafter set forth would create an undue hardship as to the property of the second party; and

WHEREAS, second party is the owner of the lot in Tellico Harbor Subdivision hereinabove referred to by deed of record in Deed Book 213, page 459, at the Register's Office for Monroe County, Tennessee.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set out, it is hereby

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therein contained, by signing the name of The Architectural Control Committee, by himself as Chairman.

Witness my hand and seal at office this 7th day of October, 1994.



Reme C Butler
NOTARY PUBLIC

My commission expires: 7/21/95

STATE OF TENNESSEE)
COUNTY OF BLOUNT) SS.

Personally appeared before me, the undersigned, a Notary Public in and for the said County, the within named bargainor, RALPH LEMANSKI, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand and official seal at office this 7th day of October, 1994.

J. Michael Ham
NOTARY PUBLIC

My commission expires: March 2, 1997



FILED in my office on the 24 day
of Oct 1994 at 10:48 AM
Noted in Book 37 Page 35
Recorded in Ms Book 91 Page 253
MILDRED A. ESTES
Register of Blount County, Tennessee

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WAIVER AND AGREEMENT

THIS AGREEMENT, made and entered into on this the 19th day of JUNE, 1995, by and between THE ARCHITECTURAL CONTROL COMMITTEE OF TELlico HARBOR SUBDIVISION, hereinafter referred to as first party and JOHN O. HAYES and wife, RUTH ELLEN HAYES, hereinafter referred to as second party;

WITNESSETH:

WHEREAS, the first party, pursuant to provisions of Declaration of Covenants, Conditions and Restrictions of Tellico Harbor Subdivision, of record in Misc. Record Book 71, page 369, et seq. at the Register's Office for Monroe County, Tennessee, has the authority to waive and modify setback line requirements where the same create an undue hardship; and

WHEREAS, second party is the owner of the Lot 110 Section "A" of Tellico Harbor Subdivision hereinabove referred to by deeds of record in Deed Book 205, page 276 and Deed Book 224, page 690 at the Register's Office for Monroe County, Tennessee; and

WHEREAS, the parties agree that the setback line requirements for Lot No. 110, Section "A" of Tellico Harbor Subdivision as shown on the plat of record in Plat Cabinet C, Slide 6 as amended by the re-plat of Lot Nos. 110 and 111, Section "A" in Plat Cabinet A, Slide 103, in the Register's Office for Monroe County, Tennessee, would create an undue hardship as to the property of the second party.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set out, it is hereby agreed as follows:

That first party does hereby waive enforcement of any restriction or requirements by Declaration or by recorded plat, restrictive covenants or otherwise, heretofore imposed upon Lot 110, Section "A" of Tellico Harbor Subdivision, of record in Plat Cabinet C, Slide 6 as re-platted in Plat Cabinet C, Slide 103 at the Register's Office for Monroe County, Tennessee, only as to any violations of said minimum building setback line requirements and does hereby specifically agree that said building set back line

requirements shall not be applicable to the lot hereinabove referred to.

IN WITNESS WHEREOF, the undersigned have executed this agreement by the proper persons thereunto duly authorized.

THE ARCHITECTURAL CONTROL COMMITTEE OF TELlico HARBOR SUBDIVISION

BY: Patrick Schaad
PATRICK SCHAAD, Chairman

John O. Hayes
JOHN O. HAYES

Ruth Ellen Hayes
RUTH ELLEN HAYES

Filed in my office on the 29 day of June 1995 at 12:45 PM
Noted in Note Book 38 Page 49
Recorded Miss Beck 94 Page 583
MILDRED A. ESTES
Register of Monroe County, Tennessee

STATE OF TENNESSEE)
COUNTY OF Knox)

Before me, the undersigned, a Notary Public of the state and county mentioned, personally appeared Patrick Schaad, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chairman of the Architectural Control Committee of Tellico Harbor Subdivision, the within named bargainer, an association, and that he as such Chairman, executed the foregoing instrument for the purpose therein contained, by signing the name of the association by himself as chairman.

Witness my hand and seal this 19th day of June, 1995.

Rena C. Butler
NOTARY PUBLIC



My commission expires: 1-27-99

STATE OF TENNESSEE)
COUNTY OF Monroe)

Personally appeared before me, the undersigned, a Notary Public in and for said County, the within named bargainer, John O. Hayes and wife, Ruth Ellen Hayes, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that they executed the within instrument for the purposes therein contained.

Witness my hand and official seal at office, this the 21st day of June, 1995.

Barbara M. Cannon
NOTARY PUBLIC



My commission expires: 2-26-97

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584

THIS INSTRUMENT PREPARED BY:
ROBERT R. CROLEY, ATTORNEY
CROLEY, DAVIDSON & HUIE
1500 First Tennessee Plaza
Knoxville, TN 37929
(19416)

**SECOND AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
TELLICO HARBOR**

THIS Second Amendment to Declaration Covenants, Conditions and Restrictions is made and entered into this 12th day of May, 2000, by CHEROKEE INVESTMENT, L.L.C., a Tennessee limited liability company, (hereinafter referred to as "Developer").

W I T N E S S E T H:

WHEREAS, Seven C's, Inc., a Delaware corporation, as owner and developer of certain property in District Six of Monroe County, Tennessee, made and entered into a Declaration of Covenants, Conditions and Restrictions, Tellico Harbor, on April 6, 1989, which was recorded in Miscellaneous Book 71, page 369, in the records of the Monroe County Register's Office (the "Declaration"); and

WHEREAS, said Declaration was amended by First Amendment to Declaration of Covenants, Conditions and Restrictions, Tellico Harbor, dated June 5, 1989, and recorded in Miscellaneous Book 72, page 68, in the records of the Monroe County Register's Office; and

WHEREAS, Cherokee Investment, L.L.C., a Tennessee limited liability company, has succeeded to the interests of Seven C's, Inc., as Developer; and

WHEREAS, Developer and its successors and assigns may amend, rescind, or add to the Protective Covenants pursuant to Item 3 of the Protective Covenants attached to the Declaration as Exhibit A; and

WHEREAS, the Developer and Tellico Harbor Property Owners Association, Inc., have determined that the Declaration and the Protective Covenants should be amended.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, Developer and Tellico Harbor Property Owners Association, Inc., do hereby amend, rescind, and/or add to the Declaration and Protective Covenants as follows:

1. Section 2 of Article V, Private Streets, is hereby deleted, as said streets are now public streets.

2. Sections 3 and 4 of Article XIV are hereby deleted in their entirety and replaced with the following:

Section 3. Antennae, etc. Unless governmental regulations otherwise prohibit this provision, no antenna, satellite dish exceeding 24 inches in diameter, clotheslines or similar apparatus shall be installed on any Lot in front or side yards facing the street without the prior written consent of the Architectural Control Committee.

Section 4. Driveways. All driveways shall be constructed of either pavement or concrete, and each Lot shall provide a minimum of two (2) off-street parking spaces (excluding garage spaces) or one space per motor vehicle regularly used by Owners of the Lot, their family or any occupant thereof, whichever is less. Unless

governmental regulations otherwise prohibit this provision, no overnight on-the-street parking will be permitted. Boats, boat trailers, golf carts, motorcycles, motorbikes, recreational vehicles, tractors, trailers, and campers shall not be parked or stored outside.

3. Article XIV of the Declaration is hereby amended to add the following:

Section 7. Types of Residential Construction. Unless governmental laws and regulations otherwise prohibit this provision, no modular home construction or manufactured house construction of permanent residences will be permitted in the development. Only plans for residential on-site construction, commonly referred to as "stick-built" homes, will be submitted for approval by the Architectural Control Committee.

4. Item 10 of the Protective Covenants attached to the Declaration as Exhibit A is hereby deleted in its entirety and replaced with the following:

10. Portable Toilets. During the construction of a house on any Lot, a portable toilet shall be provided by the builder or property owner.

5. Item 15(b) of the Protective Covenants attached to the Declaration as Exhibit A is hereby deleted in its entirety and replaced by the following:

(b) Except as otherwise provided herein, signs of a temporary nature advertising property for sale and construction signs, which shall not exceed four (4) square feet in area, shall be limited to one such sign per Lot and shall be placed only on the specific Lot involved. Any such sign shall be professional in design and appearance and shall not be placed for the purpose of advertising that such property is sold.

6. Item 19 of the Protective Covenants attached to the Declaration as Exhibit A is hereby amended to add the following.

Dogs shall either be kept on a leash or under direct personal control and supervision when not on an Owner's Lot.

IN WITNESS WHEREOF, the undersigned have caused this instrument to executed the day and year first above written

DEVELOPER:

CHEROKEE INVESTMENT, L.L.C., a Tennessee limited liability company

By: Paul Hill

Title: CHIEF MANAGER

TELLICO HARBOR PROPERTY OWNERS ASSOCIATION, INC., a Tennessee corporation

By: Paul Hill

Title: SECRETARY

Attest:

Keith Adcock

THIS INSTRUMENT PREPARED BY:
ROBERT R. CROLEY, ATTORNEY
CROLEY, DAVIDSON & HUIE
1500 First Tennessee Plaza
Knoxville, TN 37929
(19416)

**THIRD AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
TELLICO HARBOR**

THIS Third Amendment to Declaration, Covenants, Conditions and Restrictions is made and entered into this 17th day of November 2004, by **CHEROKEE INVESTMENT**, a Tennessee General Partnership, (hereinafter referred to as "Developer").

WITNESSETH:

WHEREAS, Seven C's, Inc., a Delaware corporation, as owner and developer of certain property in District Six of Monroe County, Tennessee, made and entered into a Declaration of Covenants, Conditions and Restrictions, Tellico Harbor, on April 6, 1989, which was recorded in Miscellaneous Book 71, page 369, in the records of the Monroe County Register's Office (the "Declaration"); and

WHEREAS, said Declaration was amended by First Amendment to Declaration of Covenants, Conditions and Restrictions, Tellico Harbor, dated June 5, 1989, and recorded in Miscellaneous Book 72, page 68, in the records of the Monroe County Register's Office and by Second Amendment to Declaration of Covenants, Conditions and Restrictions, Tellico Harbor, dated May 12, 2000 and recorded in Misc. Book 123, page 179, in the records of the Monroe County Register's Office; and

WHEREAS, Cherokee Investment, a Tennessee General Partnership, has succeeded to the interests of Seven C's, Inc. and Cherokee Investments, L.L.C., a Tennessee limited liability company, as Developer; and

WHEREAS, Developer and its successors and assigns may amend, rescind, or add to the Protective Covenants pursuant to Item 3 of the Protective Covenants attached to the Declaration as Exhibit A; and

WHEREAS, the Developer and Tellico Harbor Property Owners Association, Inc., have determined that the Declaration and the Protective Covenants should be amended.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, Developer and Tellico Harbor Property Owners Association, Inc., do hereby amend, rescind, and/or add to the Declaration and Protective Covenants as follows:

1. Section 2 of Article III, Voting, is hereby deleted, in its entirety and the following is inserted in lieu thereof:

Section 2. Voting. If more than one (1) person or entity owns any interest in any Lot, all such persons or entities shall be Members; provided, however, that the Owner or Owners of each Lot shall collectively have only one (1) vote per Lot owned in the affairs of the Association. However, until four (4) months after the Developer has closed the sale of at least seventy-five percent (75%) of all Lots, as evidenced by the recording of appropriate warranty deeds in the Register's Office for Monroe County, Tennessee, transferring title to said Lots from the Developer, the Developer shall be entitled to exercise control of eighty percent (80%) of all voting rights in the affairs of the Association. Such Developer control shall include but not be limited to the right of the Developer to control the Association, the Association Board, the Property, etc.

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF AMENDMENT
TO THE CHARTER
(Nonprofit)

For Office Use Only

FILED

2005 SEP 27 AM 10:04
SECRETARY OF STATE

CORPORATE CONTROL NUMBER (IF KNOWN) 0209822

PURSUANT TO THE PROVISIONS OF SECTION 48-60-105 OF THE TENNESSEE NONPROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:

Tellico Harbor Property Owners Association, Inc.
IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

2. PLEASE MARK THE BLOCK THAT APPLIES:

- AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE
 - AMENDMENT IS TO BE EFFECTIVE, _____ (MONTH, DAY, YEAR)
- (NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING

3. PLEASE INSERT ANY CHANGES THAT APPLY:

- A. PRINCIPAL ADDRESS: 2000 Cherokee Dr.
Maryville TN USA 37801
CITY STATE/COUNTRY ZIP CODE
- B. REGISTERED AGENT: Tellico Harbor Property Owners Association, Inc.
- C. REGISTERED ADDRESS: 2000 Cherokee Dr.
Maryville TN 37801
CITY STATE ZIP CODE COUNTY
- D. OTHER CHANGES: _____

4. THE CORPORATION IS A NONPROFIT CORPORATION.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:

6. THE AMENDMENT WAS DULY ADOPTED ON May 1, 2005 (MONTH, DAY, YEAR) BY (Please mark the block that applies):

- THE INCORPORATORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
- THE BOARD OF DIRECTORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
- THE MEMBERS

7. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:

- ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY §48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED. BK M167 PG 269
- ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

Chairperson - POA
SIGNER'S CAPACITY

9/16/05
DATE

Kelly A Henry
SIGNATURE

Kelly A. Henry
NAME OF SIGNER (TYPED OR PRINTED)

Secretary of State
Division of Business Services

312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 10/17/05
REQUEST NUMBER: 5584-1035
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 10/14/05 1005
EFFECTIVE DATE/TIME: 10/14/05 1630
CONTROL NUMBER: 0209822

TO:
TELLICO HARBOR PROPERTY OWNERS ASSOC
2000 CHEROKEE DR
MARYVILLE, TN 37801

RE:
TELLICO HARBOR PROPERTY OWNERS ASSOCIATION, INC.
ARTICLES OF AMENDMENT TO THE CHARTER

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN
EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE
OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS
PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

State of Tennessee, County of MONROE
Received for record the 25 day of
OCTOBER 2005 at 2:56 PM. (RECH 169932)
Recorded in Book #167 pages 269- 270
State Tax \$.00 Clerks Fee \$.00,
Recording \$ 7.00, Total \$ 7.00,
Register of Deeds MILDRED A ESTES

BK #167 PG 270

FOR: ARTICLES OF AMENDMENT TO THE CHARTER

ON DATE: 09/27/05

FROM:
TELLICO HARBOR P.O.A., INC.
P.O. BOX 50818
KNOXVILLE, TN 37950-0000

RECEIVED: FEES \$20.00 \$0.00
TOTAL PAYMENT RECEIVED: \$20.00

RECEIPT NUMBER: 00003805275
ACCOUNT NUMBER: 00110681



SS-4458

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE