

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

AND
MASTER DEED
FOR

MARY LOU DUNCAN
REGISTER OF DEEDS
SULLIVAN COUNTY, TENNESSEE
06 JUN 2006 TIME 09:10 p
BOOK 00664 PAGE 0410
TAX C CF 2.00
FEE 70.00 TOTAL 72.00
RECEIPT NO. 2006-006206

THE TOWNHOMES AT THE RESERVE

THIS DECLARATION AND MASTER DEED, made on this 31 day of May, 2006, by The Leonard, L.P., a limited partnership, hereinafter referred to as Declarant or Developer to and for the purpose of establishing a planned unit development known as **THE TOWNHOMES AT THE RESERVE**.

WHEREAS, the undersigned is the owner of real property, situate in the City of Bristol, Second Civil District, Sullivan County, Tennessee; and

WHEREAS, Declarant desires to establish a planned unit development of Townhomes consisting of nine (9) buildings two units for a total of eighteen (18) Townhome Sites or Lots on the real property more particularly described on Exhibit A attached hereto and made a part hereof;

NOW THEREFORE, in consideration of the foregoing, and pursuant to the provisions of the Tennessee Horizontal Property Act (TCA 66-27-101 et. seq.), the Declarant and the owners of the property declare that the real property described on Exhibit A shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, rights and reservations, which are for the purpose of protecting the value and desirability of the property and the furtherance of the development, and which shall be covenants to run with the real property and be binding on all parties having any right, title or interest in the described property or any part thereof, or any private element thereon, their heirs, successors and assigns, and all of which shall inure to the benefit of each Townhome Lot Owner.

ARTICLE I.

DEFINITIONS

A. "Assessment"

1. "Assessment" shall mean an Owner's share of the common expenses assessed against the Unit and the Owner from time to time by the Association for the entire subdivision known as The Reserve. Assessments are also described as set forth in Article X. of the Declaration and in the Bylaws.
2. "Annual Assessment" shall mean the Assessment on an annual basis, which may be any twelve-month period of time, not necessarily limited to a calendar year.
3. "Neighborhood Assessment" shall mean an Owner's share charged by the Association, for such items as mowing and exterior maintenance, which are not common to all Subdivisions within The Reserve but relate only to The Townhomes at the Reserve and also described in the Declaration, Article I., Section S and Article X, Section F.
4. "Special Assessment" shall mean an Owner's share of expenses which may be assessed by the Association against an Owner and Townhome Unit to provide funds for

payment of specific costs and fees due which are unique to that Townhome Unit or to a group of Townhome Units, which Assessments may not be uniform.

- B. "Association" shall mean The Reserve at Leonard Farms Home Owners Association, Inc.
- C. "Board of Directors" shall mean the board of directors of The Reserve at Leonard Farms Home Owners Association, Inc. BOOK 00664 PAGE 0411
- D. "Buffer Area" shall mean the planted area between the Townhomes and Middlebrook Subdivision, as more particularly described in Article IV, Section D.
- E. "Bylaws" shall mean the Bylaws of The Reserve at Leonard Farms Home Owners Association, Inc. recorded as a part of the Declaration.
- F. "Common Area" shall mean that real property and personal property owned by the Association, as further defined in the Declaration in Article I, Section I and in Article VIII, for the use and benefit of all of the property owners in The Reserve.
- G. "Covenants" shall mean this Declaration of Covenants, Conditions and Restrictions and Master Deed.
- H. "Declarant" shall mean The Leonard, L.P., its successors and assigns.
- I. "Declaration" shall mean the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions - The Reserve at Leonard Farms of record in the Register's Office for Sullivan County, Tennessee at Bristol, Tennessee in Deed Book 614, page 149, as the same may be amended from time to time.
- J. "Deed of Trust" shall mean and include a mortgage, deed of trust, deed to secure debt, bill of sale to secure debt, contract to secure debt, chattel mortgage, security agreement and financing statement, or any and all like or similar instruments given to secure the repayment of indebtedness, whether specifically enumerated herein or not.
- K. "Easements" shall mean those easements set forth in the Declaration in Article VII and set forth in these Covenants in Article IV, Section E and in Article VII.
- L. "Elements"
1. "General Common Elements" shall mean and be all those portions of the Property owned or to be owned by the Association, for the common use and enjoyment of the Unit Owners, and, maintenance facilities used for common benefit, compartments, and/or installations for central services, garbage containers, and other devices for common use, if any, but specifically excluding the Private Elements.
 2. "Private Elements" shall mean the Townhome Lot on which the Unit is located, together with the improvements which constitute the Unit owned in fee simple by the Owner, subject to such easements as may encumber the same.
 3. "Limited Common Elements" shall mean and be that which is normally used exclusively for and reserved for a Unit or certain number of Units to exclusion of others, such as the mailbox which serves the Unit, but is not located on the Private Elements.
- M. "Owner" shall mean the record owner of a Townhome Lot, whether one or more persons or entities, owning a fee simple title to a Townhome Lot which is part of the development, excluding those having any interest merely as security for the payment of any debt or other obligation.
- N. "Plat" shall mean the original plat of the Property and any subsequent plats or surveys of the Property which are or may hereafter be filed for record in the Office of the Register of Deeds of Sullivan County, Tennessee at Bristol, Tennessee, as amended from time to time.

- O. "Property" shall mean that real property described on Exhibit A. Additional Property may be added to the development by the Declarant and subjected to these Covenants as set forth in the Declaration.
- P. "The Reserve" shall mean The Reserve at Leonard Farms. BOOK 00664 PAGE 0412
- Q. "The Townhomes" or "Townhomes" shall mean The Townhomes at The Reserve.
- R. "Townhome Documents" shall mean these Covenants together with the Declaration and the Bylaws of the Association, and the Plats, all of which instruments may be amended from time to time pursuant to their terms and the terms of these Covenants.
- S. "Townhome Lot" or "Lot" shall mean a single, residential lot owned by an Owner as shown on the Plat which may have a zero lot line clearance in accordance with the applicable local ordinance.
- T. "Townhome Unit" or "Unit" shall mean and include the town house style structure and improvements built on the Lot.

ARTICLE II.

PROPERTY RIGHTS

- A. The Townhomes at The Reserve. By these Covenants The Townhomes at The Reserve are subjected to the terms and conditions of the Declaration as to the Property described on Exhibit A attached hereto and made a part hereof. The Townhomes shall be a "Tract" as that term is defined in the Declaration and a Subdivision located in The Reserve, as set forth in Article I., sections X and Z. The Townhomes at the Reserve shall be used and designated for residential use only. The Developer by the execution of these Covenants and the inclusion of the description on Exhibit A intends this to be an instrument describing the Tract to be subjected to the Declaration and states that the Declaration and its terms shall be applicable to the subdivision within The Reserve known as The Townhomes at The Reserve.
- B. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the General Common Elements and Common Area, if any, which easement shall be appurtenant to and shall pass with the title to every Townhome Lot, subject to the following provisions:
1. The right of the Association to suspend the voting rights and right to use of any facilities by an Owner for any period during which any Assessment against the Owner's Lot or Unit remains unpaid.
 2. The right of the Association to dedicate or transfer any part of the General Common Elements and Common Area to any public agency, authority, or utility for purposes which benefit the development and subject to such conditions as may be agreed to by the Association.
 3. Upon the completion of the development the Common Area it shall be owned by the Association.
- C. Delegation of Use. Any owner may delegate his right of the lawful use and enjoyment of the Common Area to members of his family, his tenants, or contract purchasers who reside in the Townhome Unit in accordance with the Bylaws of the Association.
- D. Member of the Association. Every Owner shall be a member of the Association and each Lot shall be subject to all of the terms contained in the Declaration.
- E. Other Restrictions.

1. Setbacks. Zoning is based on the Special Use Permit approved by the Bristol Tennessee-Municipal-Regional Planning Commission on April 21, 2003 for a Residential Cluster Development within an R-2 single-family duplex zone which requires the following set backs:

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- a. A thirty five (35) foot peripheral setback is required along the rear lot lines of lots 51A abutting Middlebrook Subdivision, 51B, 52A, 52B, 53A, 53B, 54A, 54B, 55A and 55B along the "open space" only, all as shown on the Plat. The thirty five (35) foot peripheral setback is also the site of the Buffer Area. In addition a rear set back of ten (10) feet is required adjoining the thirty five (35) foot peripheral setback. A ten (10) foot rear set back is required for lots 49A, 49B, 50A, 50B, and 51A (where abutting the property line of 152.09 feet in length).
 - b. The front set back for all Lots shall be twenty five (25) feet.
 - c. The side set back shall be five (5) feet except where any side Lot line adjoins Oak View Circle where the side set back shall be twenty five (25) feet.
 - d. The interior boundary shall be a zero lot line clearance.
2. Drainage and Utility Easements.
 - a. A fifteen-foot utility easement is reserved along all front and rear lot lines and a ten-foot utility easement is reserved along each side of all side lot lines, excluding interior zero clearance lot lines, as shown on the Plat. Sewer and water lines are located in the fifteen-foot utility easement is reserved along the front lot lines.
 - b. Surface water shall follow natural drainage patterns.
 - c. There exists a twenty (20) foot drainage and utility easement parallel and adjacent to the Oak View Circle right-of-way in the front yard setback area.

ARTICLE III.

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

- A. Membership. Every Owner of a Townhome Lot shall be a member of the Association and such membership in the Association shall be appurtenant to and shall not be separated from ownership of any Townhome Lot.
- B. Classes. The Association has two classes of voting membership as set forth in the Declaration. Each Owner shall be entitled to one vote for each Townhome Lot owned. When more than one person holds an interest in any Townhome Lot all such persons shall be members of the Association, but the Owners acting together shall cast the one vote for each Townhome Lot as determined by the majority of the persons constituting the Owner. In no event shall more than one vote be cast by multiple owners of a Townhome Lot.
- C. Board of Directors. The Association is governed by a Board of Directors. The Board of Directors shall have the powers and perform the duties and responsibilities set forth in the Horizontal Property Act of Tennessee, Tennessee Code Annotated, Section 66-27-101, et seq., as amended from time to time, but only as to the Townhomes, and additionally shall the powers as set forth in the Bylaws with regard to the Townhomes. The Board of Directors shall not have the authority to dissolve the horizontal property regime or the authority to amend the Covenants, or be entitled to partition or otherwise divide Townhomes or separate the Common Elements from the development, without the vote of the Owners of two-thirds of the Lots, at a meeting called for that purpose by the Association after at least thirty (30) days notice, or, by the written consent of t the

Owners of two-thirds of the Lots. No other owner of property in the Reserve not a part of the Townhomes shall have the right to participate in such vote.

ARTICLE IV.

MAINTENANCE

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The exterior of the dwellings built on the lots in Phase 1A and the green space, planted space on those lots, and the Buffer Area shall be maintained by the Association, to the exclusion of the Lot Owner. The costs will be paid by the Owners of the Townhome Lots by means of a Neighborhood Assessment as that term is defined in Article I., Section S and Article X, Section F of the Declaration.

- A. Maintenance of Grounds and Exterior of the Units. The Association shall maintain the Lots, including green space and planted space, and included but not limited to mowing of grass, general maintenance of established lawns (seeding, fertilizing), maintenance and/or replacement of plants, trees, and shrubs that are a part of the general plan of landscaping of the Townhomes, and the Buffer Area which shall be treated as a Neighborhood Assessment. The Association shall maintain, repair and replace all exterior parts of the Units including but not limited to the exterior walls, trim, and roof of the buildings, driveways, and other paved areas, which may be treated as a Neighborhood Assessment or as a Special Assessment, as determined by the Board of Directors of the Association.
- B. Maintenance, Repair, or Replacement for One Building. In the event that a maintenance, repair, or replacement item is required for one building to the exclusion of the other buildings, such as roof replacement, paving, or painting. A Special Assessment for such item shall be made on the Owners and Units in that building alone. In the event the Board of Directors of the Association determines that the need for maintenance or repairs is caused by the willful or negligent act or omission of an Owner, his family, tenants, guests, or invitees, the cost of which is not covered by insurance, the direct and indirect cost of such maintenance or repair may be assessed as a Special Assessment against such Owner and Unit.
- C. Individual Responsibility for Maintenance. Each Owner shall be responsible for the maintenance, repair and replacement of all other portions of his Unit including the heating and air conditioning systems, glass, and interior items within the Unit. In the event any Owner, after twenty days written notice from the Board of Directors fails to perform the maintenance or make repairs or replacements required to be made, the Association may, upon a two-thirds (2/3) vote of the Board of Directors, cause the repair or replacement to be made and the cost of the same shall become a Special Assessment payable upon demand.
1. No Owner shall have the right to change the decor of any portion of the exterior area of his Townhome Unit, including but not limited to materials and color or make any addition to the exterior of the Unit.
 2. Nothing in the provisions of this subsection shall be construed to prevent the Association, if in the opinion of the Board of Directors an emergency exists, from taking immediate steps to correct a condition with regard to a Townhome Unit. The term emergency shall include but shall not be limited to any condition which if not immediately corrected, will endanger the person or property of the Townhome Owner, its occupants, or his neighbors.
 3. The interior of the Townhome Unit not visible to an exterior inspection may be maintained and decorated to the requirements and taste of the Owner, without obligation to the Association, as long as any interior changes made by the Owner or failure to maintain the same do not cause a structural, weakening of the Townhome Unit or the party wall or create problems for any adjoining Townhome Unit or Units.

D. Buffer Area. A planted landscaped buffer zone shall be maintained along the division line between the Townhomes and Middlebrook Subdivision and between Townhomes and the "open space" shown on the Plat, with thirty-five foot depth measured from the rear lot line as shown on the Plat. The Lots to which the Buffer Area is applicable are Lots 51A along Middlebrook Subdivision only, 51B, 52A, 52B, 53A, 53B, 54A, 54B, 55A and 55B along the "open space" only, all as shown on the Plat. The Buffer Area and landscape plan shall comply with the requirements of the City of Bristol, Tennessee municipal code as such provisions exist in April of 2006 including the following provisions:

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1. The Buffer Area shall have at a minimum no less than three rows of buffer trees with a minimum row separation of eight (8) feet and spaced no more than sixteen (16) feet on center, which may include the existing deciduous trees, coniferous trees, and evergreen shrubs. Upon completion of all site preparations and required plantings, the Association shall assume and remain responsible for maintaining plantings in a healthy and orderly manner.
2. All trees, shrubs, groundcovers, and other plant materials shall be controlled by pruning, trimming, or other suitable methods so that plant materials do not interfere with public utilities, restrict pedestrian or vehicular access or otherwise constitute a traffic hazard, shall be maintained in a relatively weed-free condition and clear of undergrowth, shall be fertilized and irrigated at intervals as necessary to promote optimum growth, and shall be replaced if they die or become unhealthy because of accidents, drainage problems, disease, or other causes.
3. No Owner shall alter or have the right to alter any portion of the Buffer Area located on his Lot.

E. Access Easement for Maintenance. The Association shall have the irrevocable right, or easement, which may be exercised by the Board of Directors or its agents, to have access to a Townhome Lot from time to time during reasonable hours as necessary for inspection, and to do any required maintenance, repairs, or replacement thereon, or for access to the Buffer Area, Common Elements or Limited Common Elements accessible from such Lot, or to make repairs to any Townhome Unit as provided in this Article if Owner fails to meet his responsibilities, or, at any time for making emergency repairs or to prevent damage to the Buffer Area, Common Elements, Limited Common Elements, or another Unit. Such easement is also delegated to emergency personnel. Easements are also set forth in the Declaration in Article VII.

ARTICLE V.

INSURANCE

- A. Insurance to Be Obtained. The Board of Directors on behalf of the Association shall obtain a policy of insurance for all of the improvements constituting the Elements. The Board of Directors on behalf of the Association shall obtain a policy of insurance for all of the improvements on each Townhome Lots that is improved with a Unit, a with full replacement coverage guaranteed on dwelling coverage. The Board of Directors on behalf of the Association shall further obtain and keep in force a comprehensive public liability insurance policy in an amount not less than \$1,000,000.00. Each Owner shall be responsible for obtaining any desired insurance on the contents of the Unit.
- B. Premium As Part of Assessment. Premiums for such insurance shall be paid by the Association and included in the Neighborhood Assessment for the Townhomes. The Board of Directors of the Association shall arrange for the premiums to be set aside from the monthly collection of the Neighborhood Assessment in order to be accumulated for the purpose of paying insurance premiums.
- C. Owner and Lender May Receive Certificate with Regard to Unit. Each Owner shall be entitle to receive a certificate of insurance with regard to the hazard insurance for the

Owner's Unit, as well as a certificate of insurance for the holder of a note secured by a Deed of Trust on the Owner's Unit. The cost of the certificate(s), if any, shall be a special Assessment against such Owner and Unit. The proportionate cost of the premium for each Unit from the date of closing to the renewal date of the policy, shall be a Special Assessment against such Owner and Unit payable at the closing of the sale of the Unit to the first owner other than the Developer.

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- D. Insurance Committee. The Board of Directors of the Association shall appoint an insurance committee consisting of three members of the Association who are Townhome Owners, which committee shall have the following powers and duties:
1. Maintain custody of copies of the insurance policies required by this Article.
 2. To hold all proceeds of insurance and disburse them in accordance with this Article for the reconstruction, replacement and/or repair of any damage to the Common Elements, or if necessary after the vote required by this Article for the razing of Units.
 3. To assist the Board of Directors by setting standards for the insurance policies obtained and in settling disputes with regard to insurance matters between Owners in the event of loss.
 4. To conduct an annual review with regard to the insurance for the Townhomes.
 5. To make recommendation to the Board of Directors in order to set the annual and monthly portion of the Neighborhood Assessment for the Townhomes with regard to insurance, which amounts must be in excess of the amount necessary to pay the current year's insurance premiums in full.
- E. Obligation to Rebuild. If any Townhome Unit or Units are damaged by fire or other casualty for which insurance is payable, the Owner of such Townhome Unit and the holder of a lien secured by a Deed of Trust to whom such insurance proceeds are payable or who are entitled to such proceeds shall have an affirmative obligation enforceable by the Association at law or in equity to use the proceeds first for the restoration, repair, and/or replacement of any improvements damaged by fire or other casualty, unless a decision is made, as hereinafter provided in this Article V, not to repair any such damaged Unit or Units. If proceeds of any such insurance are inadequate to fully provide for the restoration, repairs and/or replacement, or for approved razing of any damaged Unit, the Owner of a damaged Unit shall have an affirmative duty to the Association to fund the difference, and the Association upon majority vote of the Board of Directors may levy a Special Assessment for an amount sufficient to pay for any necessary work for such repair, restoration, and/or replacement, or for approved razing of the damaged Unit.
- E. Disbursement of Insurance Proceeds. In the event of a small repair or replacement covered by insurance is necessitated to only one Unit, as a small repair may be defined by the Board of Directors from time to time, the proceeds may be distributed directly to the effected Owner. The Board of Directors shall require all other proceeds of any loss requiring restoration, repairs and/or replacement, or for approved razing to be paid to the insurance committee established in this Article V or to a commercial lender with a current loan on any one or more of the Townhomes. The proceeds for restoration, repairs and/or replacement, or for approved razing shall be held in trust and shall be placed in an interest bearing account to be used by the insurance committee or lender, as applicable, for repair and/or replacement of the damaged Townhome Units or approved razing. In the event the election is made, as provided in this Article V, not to repair any such damaged Unit or Units, such funds shall be disbursed to raze the improvements and the remainder of the proceeds shall be disbursed to the Owner of each damaged Townhome Unit razed in proportion to the insurable interest of each, after first satisfying any liens against the Unit in order of their priority. All funds held by the insurance committee or the commercial lender shall be disbursed as construction is completed after periodic

inspection and receipt of lien waivers if applicable. The payment of a fee for inspections shall be allowed.

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- F. Duty to Use Insurance Proceeds. The Association shall have an affirmative duty to use all proceeds of insurance received by it due to casualty loss to any improvements to the Common Elements for the restoration, replacement and/or repair of such improvements unless a decision is made by the Association not to do so by two-third (2/3) vote of the Townhome Owners.
- G. Repair. Any casualty damage or destruction to a Townhome which does not render the Townhome Unit or Units uninhabitable and which is reasonably economically feasible to repair or restore, or any damaged improvements in the Common Elements, shall be repaired. In the event more than two-thirds of a building housing two Units is destroyed and each Unit is more than 50% destroyed, there shall be no obligation to rebuild unless unanimous agreement is reached to restore the building by the affected Owners.
- H. Razing. In the event damaged Units are not replaced they shall be completely razed and the Lots restored to a neat, clean, and attractive appearance. Cost of such work shall be borne by the Owners whose Townhomes are being razed. The removal of the building and the restoration of the property shall be paid from the insurance proceeds and disbursed by the insurance committee, the balance of which shall be paid to each applicable owner after the payment of the costs of restoring the land. Failure to bear any additional expense caused by the razing shall allow the Association by majority vote of its Board of Directors to levy a Special Assessment against each such Owner.
- I. Determination of Allocation. The allocation of all proceeds of insurance by the Board of Directors between the Townhome Units shall be binding upon the affected Owners.

ARTICLE VI.

ASSESSMENTS

- A. Covenant to Pay Assessments. Each Owner of any Townhome Unit by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Assessments, Special Assessments and Neighborhood Assessments to the Association.
- B. Purposes of Assessments. The Special Assessments, and Neighborhood Assessments levied by the Association shall be used exclusively to promote the recreation health, safety, and welfare of the residents of The Townhomes at The Reserve and for the improvement repair, restoration and maintenance of the Common Elements and Limited Common Elements, to provide insurance coverage as set forth in Article V, to provide for capital improvements to the Townhomes, and for the replacement, restoration, and/or repair and/or razing of any Townhome Units and other improvements damaged by casualty for which insurance proceeds are not adequate or available, and any other matters set forth in this document. The Assessments shall be used for the purposes set forth in the Declaration for the benefits of the owners of properties in The Reserve.
- C. Amount of Assessments, Increase In Assessments.
 - 1. The initial Annual Assessment shall be in an amount per Townhome Unit as set by the Declarant. Payment shall be made in equal monthly installments due on the first (1st) day of each month, during the year for which an Assessment is due. The Board of Directors may change the amount of the Annual Assessment for each Townhome Unit at its annual meeting. Notice of any change shall be given at least forty-five (45) days in advance of the beginning of the new assessment year.
 - 2. The Annual Assessment projection must be based upon a budget proposed and approved by the Board of Directors, which may be suggested by a committee of three

Owners of Units established by the Board of Directors, at the discretion of the Board of Directors. Written notice of the Annual Assessment, the monthly amount necessary to defray it, and a copy of the budget shall be sent to every Owner immediately after the annual Assessment for the Townhomes, including the Neighborhood Assessments, is set and adopted by the Board of Directors with a statement as to when the new payment will commence, which shall be at least forty-five (45) days after the date of the notice.

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- D. Commencement of Assessments. Assessments shall commence as to each particular Townhome Unit on the first day of the month following the consummation of sale of the Unit by the Declarant. The first annual Assessment shall be adjusted according to the number of months remaining in the assessment year. The Declarant shall pay Assessments only when any retained unit is occupied.
- E. Special Assessment Payment. Special Assessments assessed by the Board of Directors shall be, assessed from time to time as necessary and written notice of the same with amount and the reasons therefore shall be sent to the affected Owner or Owners. All Special Assessments, unless otherwise specified, shall be payable within thirty (30) days of mailing, unless in the opinion of the Board of Directors an emergency exists, and in such event, the Board of Directors may stipulate such shorter time for payment as is reasonable under the circumstances. The Board of Directors may provide that any Special Assessment shall be payable in unequal installments.
- F. Certificate of Assessments Due. The Association shall, upon written request and payment of a reasonable charge as set by the Board of Directors, furnish a certificate signed by an officer of the Association setting forth whether or not Assessments and/or Special Assessments are paid current, and the monthly amount of Annual Assessments on a specified Townhome within five (5) business days of the written request. A properly executed certificate of the Association shall be binding upon the Association as of the date of its issuance. The certificate shall be released upon payment of the fee by the Owner.
- G. Lien Against Unit, Personal Obligation, Interest, Penalty. Assessments together with interest, costs, and reasonable attorney's fees, shall be charges against the property interest of each Townhome Unit and a continuing lien upon the Townhome Unit as well as the personal obligation of the Owner at the time when the Assessment becomes due. The personal obligation for delinquent Assessments shall not pass to the successors in title of an Owner unless expressly assumed. The sale or transfer of any Townhome Unit shall not affect the lien of the Assessment against the Townhome Unit.
1. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. Any Assessment not paid within sixty (60) days after the due date shall have added to it a penalty of \$10.00 per day.
 2. The Association may bring an action at law against the Owner personally obligated to pay the same, and the Owner shall be liable for all court costs, other expenses, and reasonable attorney's fees incurred by the Association.
 3. The Board of Directors may by majority vote direct any officer of the Association to sign and record a notice of lien in the Office of the Register of Deeds for Sullivan County, Tennessee, where a delinquent Owner's deed is or would properly be recorded and the cost of filing such lien, together with a fee to the Association for its labor of \$50.00 and any attorney's fees incurred, shall be an additional lien as to the Townhome Unit. The notice of lien shall state the amount of the delinquent Assessments, the amount of any additional interest, penalties, fees and expenses, the name of the record owner, and the property description of the Townhome Unit. Upon failure of the Owner to make payment of the lien in full in 60 days after recordation, the Association may judicially sell or foreclose the lien against the Townhome for failure of payment as provided by law.

4. No Owner may waive or otherwise escape liability for the Assessments provided herein by non-use of the Common Elements or Common Areas, or, by abandonment of his Townhome.

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5. Unless a prior notice of lien is recorded in the Office of the Register of Deeds of Sullivan County, Tennessee, the lien of the Assessments provided for herein shall be subordinate to the lien of any Deed of Trust or other like instruments. The sale or transfer of a Townhome Unit pursuant to mortgage foreclosure, or any proceeding in lieu thereof, shall not affect the personal liability of any Owner, and shall remain a claim against any excess proceeds due the Owner from the foreclosure sale. No sale of other transfer of a Townhome Unit pursuant to mortgage foreclosure, or any proceeding in lieu thereof, shall relieve such Townhome Unit from liability for any Assessments thereafter becoming due or from the lien thereof.

ARTICLE VII.

PARTY WALLS

- A. Law of Party Walls Applies. Each wall which is built as a part of the original construction between the Townhome Units shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article the general rules of law regarding party walls and liability for property damage due to negligence or willful acts of omissions shall apply thereto.
- B. Cost of Repair Shared. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.
- C. Dispute Resolution. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each affected Owner shall have the right to request the Board of Directors of the Association to arrive at a decision by a majority vote, which shall be binding upon all parties.

ARTICLE VIII .

EASEMENTS

- A. Easements through Encroachment or Mistake. If any Townhome Unit encroaches upon any other Townhome Unit or upon the area of the Townhome Unit reserved for another Owner's use, whether or not as shown by duly recorded plat, whether through mistake of the surveyor or builder or as a result of settling or shifting or a building, an easement shall automatically arise for the encroachment and for the maintenance of same and such easement shall last so long as the building stands. If any Unit, or any adjoining Unit shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, and encroachments upon other Townhome Units or an area of any Townhome Unit reserved for another Owner's use due to such rebuilding shall occur then valid easements for such encroachments and maintenance thereof shall exist so long as the subject building shall stand.
- B. Easements for Utilities. There is hereby granted a blanket easement upon, across, over, and under all of the property for ingress, egress, installation, replacing, repairing, and maintaining a master television antenna system or cable system, computer and internet and all necessary or convenient utilities, including, but not limited to, electric gas, sewer, and water. The easement rights herein reserved are hereby granted to the appropriate utility companies to erect and maintain the necessary poles and other equipment located on Avoca development property and to affix and maintain utility wires, circuits, and conduits and the like on, above, across, and under the roof and exterior walls of the Units or other improvements.

- C. Easements in Emergency. There is hereby granted to the Association, its directors, officers; agents and employees and to any manager employed by the Association, and to all, policemen, firemen, ambulance personnel, and all similar emergency personnel and easement to enter upon the Townhomes, or any part thereof, in the proper performance of their respective duties. Except in the event of emergencies, the right under this Section shall be exercised only during reasonable daylight hours and whenever practicable after reasonable advance notice to the affected Owner.
- D. Existing Easements. The Property is subject to any and all presently existing utility easements and rights of ingress and egress related thereto. The rights of the Declarant s to grant further necessary easements until such time as the Control Period shall be as set forth in the Declaration
- E. Easements for Maintenance. There shall be and is a general easement and right granted for access to all areas of the development, including as reasonably necessary the Units, for the repair and maintenance of the Elements and Common Areas together with the improvements thereon.
- F. Easement Grant for Utility Services. An easement is reserved for the public utility services as currently located. A fifteen (15) foot utility easement is reserved along all front and rear lot lines and along all side lot lines, excluding interior zero clearance lot lines, as shown on the Plat.

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ARTICLE IX.

AMENDMENTS, TERMINATION, CONFLICTS, RIGHTS RESERVED TO THE DEVELOPER

- A. It shall be the sole right of the Developer to:
1. Amend this Declaration during the Developer Control Period.
 2. Record an instrument subjecting additional real property which is a portion of The Reserve to these Covenants.
 3. To appoint the initial insurance committee for the Townhomes.
- B. Amendments to this Declaration may be made by the Developer alone during the Developer Control Period. All other amendments shall be proposed by the Board of Directors or any Member of the Association in accordance with the procedure outlined in the Declaration.
- C. These Covenants shall be construed to be covenants running with the land, and with every part thereof and interest therein. Each and every provision shall bind and inure to the benefit of all Owners, Lots, and Units or any part thereof or interest therein, and the heirs, representatives, successors and assigns of each Owner.
- D. These Covenants shall be binding upon all present and future Owners for a period of twenty (20) years from the date of their recordation in the appropriate recording office for the recording for land records where the property is located. They shall be automatically extended for successive periods of ten (10) years unless an instrument signed by all of then current Owners and their first lien holders is recorded in Office of the Register of Deeds of Sullivan County, Tennessee at Bristol, Tennessee, or they are otherwise terminated as provided in the Declaration.
- E. Each Owner shall comply strictly with the Declaration and Bylaws together with the administrative rules and regulations adopted pursuant to those Bylaws, as well as the obligations, covenants, conditions and restrictions contained in these Covenants. Failure to comply with the same shall be grounds for an action to recover sums due, for damages or for injunctive relief, maintainable by the Board of Directors on behalf of the Association or by

an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

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- F. Invalidation of any provision of these Covenants shall not affect the validity of the remaining portions thereof which shall remain in full force and effect. In the event of a conflict between these Covenants and the Declaration, the Declaration shall control.
- G. No provision of these Covenants shall be deemed to be waived, abrogated or modified by reason of the failure by the Association or any Owner to enforce it, irrespective of the number of violations or breaches which may have occurred.
- H. The headings contained in this document are solely for convenience and shall not be construed as defining or describing the scope of the Covenants or the intent of the provisions.
- I. Whenever the masculine singular form of the pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context requires.
- J. This document shall be effective when recorded in the Office of the Register of Deeds of Sullivan County, Tennessee.

WITNESS the following signature this the day and year first above written.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

THE LEONARD, L.P.

By: Frank L. Leonard
Frank L. Leonard, Managing Partner

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STATE OF TENNESSEE
COUNTY OF SULLIVAN

Personally appeared before me, a Notary Public in and for said county and state, Frank L. Leonard, who acknowledged himself to be the Managing Partner of The Leonard, L.P., a limited partnership, the within bargainer, and that he as such Managing Partner of The Leonard, L.P. being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the Limited Partnership by himself as Managing Partner.

Witness my hand and official seal at Bristol, Tennessee, this the 31st
day of May, 2006.

Fara A. Childers
Notary Public

My Commission Expires: 4/27/09



EXHIBIT A - PROPERTY DESCRIPTION

Being Lots 49A, 49B, 50A, 50B, 51A, 51B, 52A, 52B, 53A, 53B, 54A, 54B, 55A, 55B, 56A, 56B, 57A, and 57B as shown on a plat entitled "Replat of Lot 1, Phase 1A" The Reserve at Leonard Farms as shown on a plat of record in the Register's Office for Sullivan County, Tennessee at Bristol, Tennessee in Plat Book 9, pages 3 and 4, AND BEING a part of the same property conveyed to The Leonard, L.P., by deeds of record in said Register's Office in Deed Book 259, page 32, Deed Book 214, page 100, Deed Book 214, page 103 and Deed Book 259, page 635.

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