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INSTRUMENT NO. 034847

84121

DECLARATION  
OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
CHIPS CROSSING SUBDIVISION  
A  
PLANNED UNIT DEVELOPMENT

THIS DECLARATION, made and entered into this 23rd day of May, 1990, by Carlton Enterprises, Inc., a Corporation organized and existing under the laws of the State of Tennessee, with its' principal place of business being located in Knox County, Tennessee, hereinafter referred to as "Declarant."

WITNESSETH: 01\* \*15200  
\*15200 S  
\*15200 H

WHEREAS, the Declarant is the owner of certain real property located and being legally described as follows, to wit: A \*000 3  
27285

Located and being situated in the SIXTH (6th) Civil District of the County of Knox, State of Tennessee, and being known and designated as follows, to wit:

Chips Crossing Subdivision, A Planned Unit Development, as shown of record in Map Cabinet L, Slide 304-B, the Register's Office of Knox County, Tennessee, to which reference is heremade, being more particularly described in EXHIBIT "A" attached hereto and made a part hereof.

BEING the same property described in the Knox County, Tennessee Register's Deed Book 1993, Page 707.

NOW, THEREFORE, Declarant hereby declares that all of the real property hereinabove-described 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 real property hereinabove-described, and shall be binding on all parties having any right, title or interest in the above-described property, or any part thereof, their respective heirs, successors and assigns, and shall inure to the benefit of every Owner(s) thereof by virtue of such ownership.

ARTICLE I  
DEFINITIONS

Section 1. "Association" shall mean and refer to Chips Crossing Homeowners' Association, a mutual benefit, not-for-profit corporation, organized and existing under the laws of the State of Tennessee, with its' principal office being located in Knox County, Tennessee, its' successors and/or assigns.

DEED BOOK 118

05/23/1990

Section 2. "Owner(s)" shall mean and refer to the record owner(s), whether one (1) or more persons or entities, of a fee simple title to any Lot which is a part of the "Property", including contract seller(s), but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Property" shall mean and refer to that certain real property hereinabove-described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any plat of land shown upon any recorded subdivision map of the "Property", exclusive of any designated Common Areas as shown on the recorded plat, and as hereinabove brought within the jurisdiction of the Planned Unit Development by the recordation of additional plat(s) and/or annexation agreement(s) by the Declarant, its' successors and assigns.

Section 5. "Declarant" shall mean and refer to Carlton Enterprises, Inc., its' successors and assigns. Declarant and Developer are synonymous for the purposes of this Declaration.

Section 6. "Member" shall mean and refer to those person(s) entitled to membership as provided in this Declaration.

Section 7. "Lender" as used herein shall mean and be defined as any lender, whether institutional investor, bank, savings and loan association, or loan broker, whose loan is secured by a Lot in the Development as shown on the recorded plat and shall include, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Federal Housing Administration (FHA) and the Veterans Administration (VA), their respective successors or assigns, as their respective interests may appear.

Section 8. "Common Areas" as used herein shall mean all real property, including the improvements thereon, owned by the Association for the common use and enjoyment of the Owner(s), and as designated on the recorded plat, if any, and being more particularly described in EXHIBIT "B", attached hereto and made a part hereof.

Section 9. "Joint Permanent Easement" as used herein shall mean and refer to the NON-EXCLUSIVE, JOINT PERMANENT EASEMENT, inclusive of ERNEST STREET, EVELYN STREET, and EMILY STREET, as shown on the recorded plat of the development, as the same appears of record in Map Cabinet L, Slide 304-B, in the Register's Office of Knox County, Tennessee, to which reference is here made and incorporated herein, and dedicated of record in Deed Book 2009, Page 474, in the Register's Office of Knox County Deed and attached hereto and made a part hereof as EXHIBIT "C".

## ARTICLE II

### PROPERTY RIGHTS

Section 1. Owners' Easements and Enjoyment. Every Owner(s) shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Common Areas;

(b) the right of the Association to suspend the voting rights and/or right of use to the recreational facilities of an Owner(s) for any period during which any assessment against the

Owner(s) respective Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of the Association published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided that, any such dedication or transfer shall not be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3rds) of each class of members of the Association has been recorded.

Section 2. Delegation of use. Any Owner(s) may delegate, in accordance with the By-Laws, his/her right of enjoyment to the Common Areas and facilities to the members of his/her family, his/her tenants, or contract purchasers who reside on the property.

### ARTICLE III

#### MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner(s) of a Lot, which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be every Owner(s) with the exception of the Declarant, and each Owner(s) shall be entitled to one (1) vote for each Lot owned; when more than one (1) person owns an interest in any Lot, all such person(s) shall be members; the vote for such Lot shall be exercised as the co-owners may among themselves determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot. In the event the Declarant, their successor or assigns, have a Lot leased or rented, the Declarant shall be entitled to one (1) vote for each Lot owned or retained by it upon the termination of the Class B membership.

Class B. The Class B member shall be the Declarant, and it shall be entitled to three (3) votes for each Lot Owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) Four (4) months after seventy-five percent (75%) of the Lots in the development have been conveyed to Lot purchasers; or
- (b) Five (5) years following the conveyance of the first Lot; or
- (c) June 1, 1995, whichever of the afore-mentioned events occurs first.

### ARTICLE IV

#### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner(s) of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to

the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and a reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which the assessments is made. Each such assessment, together with interest, costs, and a reasonable attorney's fees, shall also be the personal obligation of the person(s) who is the Owner(s) of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to their respective successor(s) in title unless expressly assumed by such successors and assigns.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Areas situated within the Property, including, but not limited to costs of repairs, maintenance, replacements, additions, management, insurance maintained in accordance with the Association By-Laws, the improvement and maintenance of the uniform scheme of the exterior surfaces of all residential buildings within the Property as constructed on each Lot, and the employment of attorneys to represent the Association when the need arises.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be FOUR HUNDRED TWENTY AND 00/100\*\*\*\*\*Dollars (\$420.00) per Lot, payable in lump sum payments or installments as the members of the Chips Crossing Homeowners' Association may establish.

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner(s), the maximum annual assessment may be increased each year without a vote of the Members, if such increase is not in excess of the increase in the consumer price index (CPI) as established by the Department of Labor and published the July preceding the increase in the annual assessment.
- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner(s), the maximum annual assessment may be increased each year above that established by the consumer price index (CPI) by a vote of the members with a two-thirds (2/3rds) affirmative vote of each class of members who are eligible to vote, whether voting in person or by proxy, at a meeting duly called for the purpose of establishing said annual assessment as provided in Section 5 hereof.
- (c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum set forth herein subject to the provisions of Sections 6 and 7 hereof.

Section 4. Replacement Reserves. The Association shall maintain in a separate bank account funds for Replacement Reserves to maintain, improve and preserve a) exterior building surfaces and roofs, b) Common Areas and c) the Non-exclusive Joint Permanent Easement. The Replacement Reserves shall be a part of and collected from Lot Owner(s) by the Association as regular assessments in an amount determined and established in the annual Association budget. The initial Replacement Reserves fund shall be established by Declarant in an amount equal to two (2) months assessments allocated for each Lot and shall be collected from and

transferred by the Declarant to the Replacement Reserves of the Association at the time of the closing of the sale of each Lot in the Property.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Non-exclusive Joint Permanent Easement and/or Common Areas designated on the recorded plat, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are eligible to vote and are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected monthly. The Capital Improvement Fund shall be maintained in a separate bank account in the name of the Association as the Capital Improvement Fund.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than (60) days in advance of the meeting. At the first such meeting called, the presence of the members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. Subsequent meetings shall not be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at the uniform rate for all Lots and may be collected on a monthly basis as determined by the Association; provided that, during the continuation of construction and improvement, the rate of assessment for unimproved Lots shall be at TWENTY-FIVE percent (25.0%) of the rate of assessment for improved Lots.

Section 8. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the Common Areas and Non-exclusive Joint Permanent Easement to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner(s) subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its' issuance.

Section 9. Effect of Nonpayment of Assessments. 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. The Association may bring an action at law against the Owner(s) personally obligated to pay the same, or foreclose the lien against the property. Owner(s) may not waive or otherwise escape liability for the assessments provided for herein by abandonment of their Lot or for non-use of the Common Areas or the Non-exclusive Joint Permanent Easement.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which have become due prior to such sale or transfer. A sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All property dedicated to and accepted by a local public authority and all properties owned by charitable and nonprofit organizations shall not be subject to the assessments provided for herein. However, in no event, shall any land or improvements devoted to residential use and occupancy within the Property be exempt from said assessments.

## ARTICLE V

### ARCHITECTURAL CONTROL

Buildings, fences, walls or other structures shall not be commenced, erected or maintained upon the Property, nor shall any exterior addition, modification, change, or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the such building, fence, wall, or other structure shall have been submitted to and approved in writing as to the harmony and conformity with the exterior design and location of surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board of Directors of the Association. In the event said Board or its' designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with by the respective Lot Owner(s). Provided, that nothing herein contained shall be construed to permit interference with the development of the Property by Declarant so long as said property follows the general plan of development.

## ARTICLE VI

### PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the residential units upon the Property and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owner(s) who make use of the wall in proportion to such use.

Section 3. Destruction by Fire of Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner(s) who has used the wall may restore it, and if the other Owner(s) thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owner(s) to call for

a larger contribution from the other Owner(s) under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner(s) who by their negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner(s) to contribution from any Owner(s) under this Article shall be appurtenant to the land and shall pass to such Owners' respective successor(s) in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one (1) arbitrator, and such arbitrators shall choose one (1) additional arbitrator, and the decision concerning said dispute shall be determined by a simple majority of all the arbitrators.

## ARTICLE VII

### EXTERIOR MAINTENANCE

In addition to maintenance upon the Non-exclusive Joint Permanent Easement, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, flowers, sidewalks, and any other structures which may exist or hereafter be constructed within the Common Areas shown on the recorded plat or plats.

Such exterior maintenance shall not include glass surfaces, except on improvements within the Common Areas.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its' Owner(s), or through the willful or negligent acts of the family, guests, or invitees of the Owner(s) of the Lot needing such maintenance or repair, the costs of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject, and shall be collected in accordance with terms of this Declaration.

## ARTICLE VIII

### RESTRICTIONS ON USAGE

Section 1. Land Use and Building Types. Lots shall not be used except for residential purposes. In the event that in a future annexation or development, if any, certain plots of land are designated as "commercial areas" on recorded plats, then such plots may be used for any commercial purposes permitted by applicable municipal and zoning ordinances.

Section 2. Nuisance. Noxious or offensive activities shall not be conducted upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood and Property.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any residential unit except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes; and provided further, that the Association may regulate the keeping and maintaining of household pets.

Section 4. Outside Antennas. Outside radio, television or satellite antennas shall not be erected on any Lot or residential unit within the Property unless and until permission for the same has been granted by the Board of Directors of the Association or the Association's Architectural Control Committee.

Section 5. Signs. Sign(s) of any kind shall not be displayed to public view on any Lot except one (1) professional sign of not more than five (5) square feet advertising the property for sale or rent; or signs used by a builder to advertise and market the property during the construction and sales period.

Section 6. Garbage and Refuse Disposal. Lots shall not be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and such refuse shall not be kept except in sanitary containers; all equipment for the storage of such material shall be kept in a clean and sanitary condition; incinerators or other disposal equipment shall not be allowed on any Lot.

Section 7. Lawful Use. Immoral, improper, offensive, or unlawful use shall not be made of the Lots and residential units within the Property, nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 8. Commercial Business. Commercial business may not be maintained or transacted on any Lot or in any residential unit.

Section 9. Sports Apparatus and Equipment. Basketball goals, posts or backboards or any other fixed sports apparatus shall not be attached to any residential unit or garage or be erected on the Lot of any residential unit.

Section 10. Vehicles and Parking. Vehicles of any type shall not be permanently or semi-permanently parked on the Property or the Non-exclusive Joint Permanent Easement in the vicinity of any Lot or residential unit for the purpose of accomplishing repairs thereto, or the reconstruction thereof, except as permitted by the By-laws, Rules and Regulations promulgated by the Association. This restriction shall also apply to all vehicles not in operating condition regardless of whether or not such vehicles are being operated.

Section 11. Recreation Vehicles. There shall not be any parking of recreational vehicles, including, but not limited to, camping trailers, boats, motor homes, and the like, except in areas specifically designated for this purpose by the Board of Directors of the Association.

Section 12. Commercial Vehicles. The Association shall have the power to adopt Rules and Regulations concerning the parking of any commercial vehicles within the Property or on individual residential Lots.

## ARTICLE IX

### EASEMENTS

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



Section 2. Access. Easements to each individual Lot for ingress and egress shall be provided to each Lot by the Non-exclusive Joint Permanent Easements as shown on the recorded plat aforesaid. The Non-exclusive Joint Permanent Easement shall remain unobstructed by vehicles of any type.

Section 3. Maintenance. Easements for repair and maintenance of exterior surfaces of each Lot are reserved for the completion of necessary repairs as determined by the Board of Directors of the Association to be required to perpetuate the architectural continuity of the development and preserve the residential structures therein. The Association has a reasonable right of entry upon any Lot to make emergency repairs and to do such other work as reasonably necessary for the proper maintenance, welfare, safety and operation of the Development.

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

## ARTICLE X

### DISCLOSURE

Section 1. Owners and Lenders. The Declarant during the period of development and the Association thereafter shall make available to Lot owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, other rules concerning the Development and the books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Section 2. Financial Disclosure. Any lender and holder of a first mortgage on any Lot in said Development is entitled, upon request, to a financial statement for the immediately preceding fiscal year, for a reasonable charge.

Section 3. Notice of Lender. Upon written request to the Association identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its' mortgage;
- b) Any sixty (60) day delinquency in the payment of assessments or charges owed by a respective Lot Owner(s) on which it holds the mortgage;
- c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
- d) Any proposed action that requires the consent of a specified percentage of mortgage noteholders.

## ARTICLE XI

### INSURANCE

Section 1. Insurance required by the Association. The Association shall obtain and maintain casualty and hazard insurance on all insurable improvements and fixtures for the full replacement

cost thereof within the Property Common Areas and public liability insurance on the Common Areas and the Non-exclusive Joint Permanent Easement within the Property. The Association may obtain insurance against such other hazards and casualties as the Association may deem desirable, including such other real and/or personal property owned by the Association. The Association shall be the owner and beneficiary of all such insurance policies and fidelity bonds acquired pursuant to this Article. The insurance coverage with respect to the Common Areas and Non-exclusive Joint Permanent Easement shall be written in the name of and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are common expenses included in the common assessments made by the Association as provided in ARTICLE IV herein.

Section 2. Fidelity Bonds. The Association shall also obtain and maintain fidelity bonds on all officers and directors of the Association who are responsible for handling, receipting for, and managing the monies and funds of the Association, which shall be carried for the protection of and in the name of the Association.

Section 3. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Lot Owner(s) to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Lot Owner(s) as provided in ARTICLE IV herein. In the event that the Association is maintaining blanket casualty and fire insurance on the dwelling units on the Lots, the Association shall repair or replace the same from the insurance proceeds available.

Section 4. Dwelling Unit Replacement Election. In addition to casualty insurance on the Common Areas, the Association, through the Board of Directors, may elect to obtain and continue fire insurance in such form as the Board of Directors deems appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the dwelling units, including the structural portions and fixtures thereof, owned by such Owner(s). Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a common expense of the Association to be included in the regular common assessments of the Owner(s), as levied by the Association in accordance with ARTICLE IV hereof. The insurance coverage with respect to the dwelling units shall be written in the name of, and the proceeds thereof shall be payable to the Association as Trustee for the Lot Owner(s).

Section 5. Ratable Assessments by the Association. The Association is hereby empowered to assess each Lot ratably for an amount equal to the sum of the current premium for said blanket hazard and casualty insurance based on the valuation of the improvements within the Common Areas and the premiums for the fidelity bonds. Such premiums shall be held in a separate account and accumulated from monthly assessments and collected for the specific purpose of paying the premiums on such insurance as the premiums become due.

Section 6. Annual Review of Insurance Policies and Fidelity Bonds. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any

necessary repairs or replacement of any such property which is covered by said insurance and is subject to damage or destruction.

## ARTICLE XII

### GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner(s) or Owners, shall have the right to enforce by any proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner(s), to enforce any covenant or restriction herein contained shall not in any event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one (1) of these covenants or restrictions by judgement or court order shall not in any way affect any other provision, and all other provisions shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owner(s), and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owner(s). Any amendment will not be effective until it is recorded in the Register's Office of Knox County, Tennessee. As long as there is a Class B membership in the Association any amendment of this instrument shall only be effective with the prior written approval of the Veterans' Administration and/or the Federal Housing Administration.

Section 4. Annexation. Additional residential property may be annexed to the Property by the Declarant within five (5) years of the sale of the first Lot, provided that the Federal Housing Administration and/or the Veterans' Administration determine that the annexation is in accord and conformity with the general plan heretofore approved. As long as there is a Class B membership in the Association, any amendment of this instrument shall only be effective with the prior written approval of the Veterans' Administration and/or the Federal Housing Administration.

Section 5. Dedication of Additional Common Areas. As long as Class B membership exists in the Association, additional common areas within the Property shall not be dedicated without the prior written consent of the Veterans' Administration and/or the Federal Housing Administration.

Section 6. Encroachments. It is understood that the residential units which adjoin each other and have a party wall built as a part of the original construction of the said units, which is placed upon the dividing line between adjoining Lots, may encroach on such adjoining Lots or Common Areas due to construction or other reasons. Accordingly, an easement is reserved for such encroachments as are contained in the buildings, whether the same now exist or may be caused or created by construction, settlement, or movement of the building(s), or by permissible repairs, construction, or alteration. With regard to any differences which may exist on the Plat entitled Chips Crossing Subdivision, A Planned Unit Development, as shown of record in Map Cabinet L, Slide 304-B, in the Register's Office of Knox County, Tennessee, or in any other lands which may hereafter be platted or annexed to the Property and the party walls and Lot lines which exists on

the additional plats and annexations to the Property, the Lot lines and party walls which actually exist shall control over discrepancies in such plats and annexations.

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

IN WITNESS WHEREOF, the undersigned corporation has hereunto caused its' name to be signed by its' duly authorized officer the day and year first above written.

CARLTON ENTERPRISES, INC.

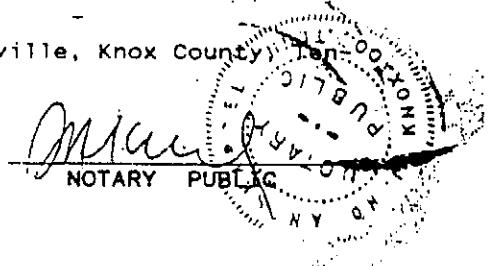
BY: John L. Carlton  
John L. Carlton, President

State of Tennessee, County of Knox:ss

Before me personally appeared John L. Carlton, with whom I am personally acquainted and who, upon oath acknowledged himself to be the President of Carlton Enterprises, Inc., the within named Grantor, a corporation, and that such President, being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of the Corporation by himself as such President.

Witness my hand and official seal at Knoxville, Knox County, Tennessee, this 23rd day of May, 1990.

My Commission Expires: February 18, 1991



THIS INSTRUMENT PREPARED FOR RECORDING BY:  
J. Nolan Sharbel, Attorney  
7814-A Kingston Pike  
Knoxville, Tennessee 37919