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CHARTER
OF
CHIPS CROSSING HOMEOWNERS' ASSOCIATION

The undersigned corporation, Carlton Enterprises, Inc., having the capacity to contract and acting as the incorporator of a not-for-profit, mutual-benefit corporation under the Tennessee Nonprofit Corporation Act, adopts the following charter for said corporation:

ARTICLE I

The name of the corporation is CHIPS CROSSING HOMEOWNERS' ASSOCIATION, hereinafter referred to as the ASSOCIATION, being a corporation organized and existing under the laws of the State of Tennessee.

ARTICLE II

The Initial Registered Office and Principal Office of the ASSOCIATION is located at Carlton Enterprises, Inc., 9044 Middlebrook Pike, Knoxville, Knox County, Tennessee 37923; and its initial registered agent at this office is John L. Carlton.

ARTICLE III

The Incorporator of the not-for-profit, mutual benefit corporation is Carlton Enterprises, Inc., whose principal place of business is 9044 Middlebrook Pike, Knoxville, Knox County, Tennessee 37923.

ARTICLE IV

The ASSOCIATION does not contemplate pecuniary gain or profit to the members thereof, and the specific purpose for which it is formed is as a not-for-profit, mutual-benefit corporation to provide for the maintenance, preservation, and architectural control of the residential Lots, Common Areas, Easements and Joint Permanent Easements within that certain tract of real property being more particularly described as follows, to wit:

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:
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, to which reference is here made and being more particularly described in Exhibit "A," attached hereto and made a part hereof;

BEING the same property described in the Knox County Register's Deed Book 1993, page 707;

And to promote the health, safety, and welfare of the residents within the above-described Property and any addition(s) thereto as may hereafter be brought within the jurisdiction of the ASSOCIATION, and for this purpose to

- A. exercise all powers and privileges and to perform all of the duties of the ASSOCIATION as set forth in that certain DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, hereinafter called the "DECLARATION," applicable to the property and to be recorded in the Office of the Register of Deeds of Knox County, Tennessee, and as the same may be amended from time to time as therein provided, said DECLARATION being incorporated herein as if set forth verbatim;
- B. fix, levy, collect, and enforce payment by any lawful means, all charges and/or assessments pursuant to the terms of the DECLARATION; to pay all expense in connection therewith and all office and other expenses incident to the conduct of the business of the ASSOCIATION, including all licenses, taxes, and/or governmental charges levied or imposed against the property of the ASSOCIATION;
- C. acquire, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real and/or personal property in connection with the affairs of the ASSOCIATION;

- D. borrow money, and with the assent of two-thirds (2/3) of each class of members; mortgage, pledge, deed in trust, or hypothecate any or all of its real and/or personal property as security for money borrowed or debts incurred;
- E. participate in mergers and consolidations with other nonprofit, mutual benefit corporations organized for the same purposes or annex additional residential property, provided that any such merger, consolidation, or annexation shall have the assent of two-thirds (2/3) of any class(es) of members;
- F. dedicate, sell, 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; such dedication or transfer shall not be effective unless an instrument has been signed by 2/3rds of any class(es) of members, agreeing to such dedication, sale or transfer;
- G. have and to exercise any and all powers, rights, and privileges, which a not-for-profit, mutual-benefit corporation organized under the Tennessee Nonprofit Corporation Act by law may now or hereafter have or exercise.

ARTICLE V

Every person or entity who is an owner of public record of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the ASSOCIATION, including contract sellers, shall be a member of the ASSOCIATION; provided that, the foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by ASSOCIATION.

ARTICLE VI

The ASSOCIATION shall have two (2) classes of voting membership:

Class A: Class A members shall be all Owner(s) of the Lots within the Property, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned; all such person(s) shall be member(s). The vote for any such Lot shall be exercised as the Owner(s) may determine, but in no event shall more than one (1) vote be cast with respect to any one lot.

Class B: The Class B member(s) shall be the Declarant (as defined in the Declaration), and 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 any of the following events, whichever occurs earlier:

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

ARTICLE VII

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of nine (9) Directors, who need not be members of the Association. The number of directors may be changed by amendment of the By-Laws of the Association. The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

John L. Carlton
9044 Middlebrook Pike
Knoxville, Tennessee 37923

Nora J. Carlton
9044 Middlebrook Pike
Knoxville, Tennessee 37923

At the first annual meeting, the members shall elect ~~three (3) directors for terms of one (1) year each, three (3) directors for terms of two (2) years each and three (3) directors for terms of three (3) years each; and at each annual meeting thereafter the members shall elect three (3) directors for terms of three (3) years each~~ and other directors as required.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of all class(es) of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any not-for-profit, mutual benefit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE IX

DURATION

The corporation shall exist perpetually.

ARTICLE X

AMENDMENTS

Amendment of these Articles shall require the assent of 75 percent (75%) of the entire membership, provided that, as long as a Class B membership exists in the Association, any amendment of this Charter shall be approved in writing by the Veterans' Administration and the Federal Housing Administration.

IN WITNESS WHEREOF, for the purpose of forming this not-for-profit, mutual-benefit corporation under the laws of the State of Tennessee, the undersigned, constituting the incorporator of this ASSOCIATION, has executed this Charter for Incorporation this 23rd day of May 1990.

Carlton Enterprises, Inc.

By: John L. Carlton, President of
Carlton Enterprises, Inc., Incorporator

IN WITNESS WHEREOF, the undersigned President of the ASSOCIATION does affirm that Article VII, Board of Directors, was amended on April 11, 2005, by written ballot signed by 75 percent (75%) of the entire membership of the ASSOCIATION.

CHIPS CROSSING HOMEOWNERS' ASSOCIATION

By Patricia Sams
Patricia Sams, President

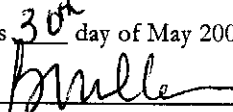


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STATE OF TENNESSEE
COUNTY OF KNOX

Before me personally appeared Patricia Sams, with whom I am personally acquainted, and who, upon oath, acknowledged herself to be the President of Chips Crossing Homeowners' Association, the within named ASSOCIATION, and that as such President, being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of the ASSOCIATION by herself as such President.

Witness my hand and official seal at Knoxville, Knox County, Tennessee, this 30th day of May 2005.



Notary Public

My commission expires: 11.01.06

This instrument prepared for recording by
Chips Crossing Homeowners' Association
8400 Norway Street
Knoxville, TN 37931

