

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

SADDLEBACK RIDGE

A Planned Unit Development

THIS DECLARATION, made on the date hereinafter set forth by JOHN W. WEBB, JR., d/b/a Saddleback Dev. Co., of 735 Hardin Lane, Sevierville, Tennessee 37862, hereinafter referred to as "Developer."

WITNESSETH:

WHEREAS, Developer is the owner of certain property in the County of Sevier, State of Tennessee, which is more particularly described as:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF BY SPECIFIC REFERENCE.

NOW THEREFORE, Developer hereby declares that all of the Properties 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 and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Saddleback Ridge Homeowners Association, Inc., its successors and assigns. A copy of the Articles of Incorporation are attached hereto as Exhibit "B," and a copy of the Bylaws are attached hereto as Exhibit "C," the provisions of these exhibits are to be considered included in and incorporated into this document, but are subject to the "conflict of provisions" rules set forth in the respective documents.

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

Section 3. "Properties" shall mean and refer to certain real property herein before described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association. Any conflict between Exhibit "A" hereto and any recorded plat shall be resolved in favor of the description contained in Exhibit "A" hereto, except that any tract labeled as "Reserved" will become encumbered by these restrictions only when dedicated to the Association or brought within the restrictions by amendment.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) conveyed by the Developer to the Association upon completion of the project or property specifically noted as "Common Area" upon the face of any recorded plats of Saddleback Ridge.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Areas and reserved tracts. It is anticipated that the streets within the Planned Unit Development will be dedicated to the City of Sevierville

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or other municipal organization and are excluded from the definition of Common Areas unless conveyed to the Association.

Section 6. "Developer" shall mean and refer to John W. Webb, Jr., d/b/a Saddleback Dev. Co., his heirs and assigns. Developer and declarant are synonymous for the purposes of this declaration.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in this Declaration.

Section 8. "Subdivision Map" shall mean the map of Saddleback Ridge Subdivision describing the Common Areas and Lots thereon. The Developer retains the exclusive right to amend the map from time to time to adjust Lot lines in order to fit the residences to conform to the topography of the property. Any amendments shall be recorded (either by map or amendment of restrictions) and shall not be effective until consented to and executed by any Lot Owner directly affected by the adjustment of Lot lines. As of the day of recording of these restrictions, the only modification is the deletion of the ten (10) foot setback on all lot lines referenced on the plat and replacement with a requirement that all residences be constructed so as to be at least twenty (20) feet from any other residence.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements and Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area 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 facility situated upon the Common Area;

B. The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the published rules and regulations.

C. The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each non-Developer Owner of any Lot by acceptance of a deed therefor, whether improved or unimproved and whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the

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Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided in this document and its exhibits. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Such charges shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to any Owner's successors in title.

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 Properties and for the improvement and maintenance of the Common Area including, but not limited to, costs of mowing grass on unimproved Lots, repairs and maintenance to Common Areas, replacement and additions to Common Areas, management, and taxes assessed against the Common Areas, insurance maintained in accordance with the Bylaws, employment of professionals to represent the Association when necessary or when the need arises, organizational and start-up costs of the Association. The Association shall specifically maintain all landscaping located within any right-of-way dedicated to a municipal authority.

Section 3. Effect of Nonpayment of Assessments. Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 18% per annum. The Association may bring an action at law or equity against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape responsibility for the assessments provided for herein by non-use of the Common Area or abandonment of possession of his Lot. If the Association brings a legal action for the collection of Assessments, the Association shall be entitled to Court costs, reasonable attorney fees, and other reasonable costs of said collection effort.

Section 4. 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 or such assessments as to payment which became due prior to such sale or transfer together with any personal obligation of the transferee with regard to delinquent assessments. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof or personal obligation therewith. The Association shall have the authority to subordinate lien rights to a second mortgage, such subordination to be evidenced in writing only.

Section 5. Exempt Property. All property dedicated to, and accepted by a local public authority and all Properties owned by charitable and nonprofit organizations exempt from taxation by the laws of the State of Tennessee and the United States Internal Revenue Services, shall be exempt from assessments herein; provided however, that no land or improvements intended for dwelling use shall be exempted from said assessments.

ARTICLE IV

ARCHITECTURAL CONTROL

No house, residence, building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until 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 and location in relation to surrounding structures and topography by the Developer, or by any architectural review committee composed of three (3) or more representatives appointed by the Developer. Residences shall specifically be subject to Section 2 of Article V below. The Developer's or Architectural Review Committee's discretion in approving or denying alterations of any nature shall be exercised under an obligation of good faith, but such ultimate decision shall be in the Developer's or Architectural Review Committee's absolute discretion. In the event said Developer, 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 in writing, approval will not be required and this Article will be deemed to have been fully complied with. Provided that nothing herein contained shall be construed to permit interference with development of the Properties by Developer, and Developer shall have absolute discretion and act as the architectural control committee until completion of the project, said completion to be evidenced by construction of a residence upon each Lot in the subdivision.

ARTICLE V

BASIC LOT AND BUILDING RESTRICTIONS

Section 1. The term "Lots" as used herein shall refer to the numbered Lots on the subdivision plat of Saddleback Ridge Subdivision to be recorded in the Register's Office for Sevier County, Tennessee. These Lots shown on said plat shall be used for residential purposes only. Except as herein otherwise specifically provided, no structure shall be erected or permitted to remain on any Lot on said Properties other than one single-family residence. The Developer shall have the authority to designate certain areas on the map or plat as recreational or reserved areas. In such areas, construction of recreational facilities other than single-family residences will be permitted. No trade or commercial activity shall be carried on any residential Lot other than rental activities, provided however, that the Developer reserves the right to provide a Property Rental and/or a Property Association Office on the Property.

Section 2. In order to maintain the subdivision's aesthetics, property value, general plan and design, layout, and uniformity between residences, all residences constructed within the subdivision must be in strict conformity with the Developer's "Aspen," "New Aspen," "Summit," and "Breckenridge" designs, unless the Developer approves in writing the plans and specifications for an alternate design. The Developer retains the right to modify or amend such plans, and to further make available additional subdivision plans which are in harmony with the three existing plans. Residences shall only be constructed according to plans supplied by the Developer or supplied to the Developer by a Lot Owner and approved in writing by the Developer. Placement and construction materials to each Lot's driveway shall be approved by the Developer or Architectural Review Committee prior to commencement of construction.

Section 3. Without prior written approval of the Developer, the height of the main residence on each building Lot shall not be more than two full stories above the normal surface of the ground.

Section 4. No temporary building of any kind, including tent, trailer, barn, mobile home, (except a recreational vehicle) shall be built or placed on any Lot at any time. No outside clothes lines shall be built or placed on any Lot at any time. No recreational vehicle shall be allowed to be used for residence or rental purposes upon any Lot.

Section 5. No Lot shall be used as a dumping ground for rubbish, trash, garbage or other waste matter. Garbage or other waste shall be kept in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All containers for garbage or waste shall be placed so that they are not visible from the roadway in the subdivision except on the day designated for garbage or trash pick-up day by proper authorities. No incinerator or any outdoor burning shall be permitted.

Section 6. No Lot or group of Lots in the subdivision as delineated on the plat as recorded in the Register's Office for Sevier County, Tennessee, shall be divided or subdivided into smaller Lots without the express written approval of the Developer and City of Sevierville, provided, however, the Developer shall have the sole and exclusive right to change any Lot lines of any Lots unsold by the Developer, including but not limited to, changes which affect the boundaries, for development purposes, of the Common Areas as shown on Exhibit "A."

Section 7. No one shall be allowed to strip topsoil from any Lot or to remove trees or otherwise waste away the natural beauty of the Lots. This provision does not disallow necessary construction or any other activities calculated to increase the beauty of the Lot or increase its value.

Section 8. No sign of any kind shall be displayed or placed upon any Lot or structure thereon except that one "For Sale" or "For Rent" sign not exceeding two feet by three feet in size may be placed on a Lot by the Owner thereof.

Section 9. Nothing contained in these covenants and restrictions shall prevent the Developer or any person designated by the Developer from erecting or maintaining such commercial and display signs and such temporary dwellings and model houses and other structures as the Developer may deem advisable for development purposes.

Section 10. No obnoxious or offensive trade or activity shall be carried on or upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 11. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats and other domestic pets may be kept provided they are not kept, bred or maintained for any commercial purposes, and further provided that they are controlled so they do not become any annoyance or nuisance in the neighborhood.

Section 12. Nothing shall be done on any Lot whereby the natural flow of surface water shall be increased or altered in such a manner as to cause a nuisance to adjoining or neighboring property.

Section 13. Each Lot Owner shall provide space for parking two automobiles off the roadway prior to the occupance of any dwelling established by the Developer.

Section 14. All buildings, structures, installations and other improvements to be located on any Lot must comply with all governmental laws and regulations validly affecting said Lot, and if any provisions herein may differ therefrom, such variance shall not be construed as a waiver by the Developer of the necessity of compliance with the terms hereof.

Section 15. There shall be a twenty-five (25) foot setback from the perimeter of the Planned Unit Development, such perimeter to be the perimeter of all phases of Saddleback Ridge. This setback shall not apply to the boundaries between phases. No residence may be constructed closer than twenty (20) feet from another residence. Roofs, porches, etc. shall constitute part of the residence for which the measurement is determined.

Section 16. No Owner, guest, licensee, or tenant of Owner shall use or allow to be used the subdivision streets for "on street" parking. All vehicles shall be parked in the unit's driveway or garage.

Section 17. Nothing herein contained shall be construed to prohibit rental use of the property for any term.

Section 18. These covenants are to take effect immediately upon recordation and shall be binding on all parties and all persons claiming under them. If the parties hereto or any of them, or their heirs and assigns, shall violate or attempt to violate any of the covenants herein, it shall be lawful for the Developer, Association, or any other person or persons owning any real estate situated in said subdivision, to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any such covenants and either to prevent him or them from doing so or to recover damages, Court costs and reasonable attorney fees, and other dues for such violation.

ARTICLE VI

MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide maintenance upon each Lot which is subject to assessment hereunder, as follows: Grass mowing as required to keep a neat appearance, and yard maintenance to the extent of pruning shrubs and landscaping only. Flower planting, mulching, and the replacement of trees shall be responsibility of Owners. Ultimate responsibility and scope of the Association's responsibility shall rest with the Association.

In the event that the need for maintenance or repair of a Lot is caused through the willful or negligent acts of its Owners, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Lot needing such maintenance or repair, the costs of such maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

EASEMENTS

Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the

recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage of water through drainage channels in the easements. Easements to each individual Lot for ingress and egress shall be provided over the Common Area or by access easements as shown on the recorded plat. An easement shall be reserved throughout the Common Areas at such places that are convenient for the placement of driveways and utilities to serve the Lots. Article IV, Architectural Control, shall specifically control the placement of driveways.

ARTICLE VIII

Developer'S RIGHTS

Section 1. In addition to those rights reserved hereinabove, the Developer shall have an easement over the Common Areas for purposes of continuing construction of the project and for sales and marketing activities. The Developer shall further have the right to lease any completed but unsold unit in the project.

Section 2. While the Developer owns any of the units and until such unit is sold and is occupied by the Purchasers, the Developer or its designee may use and show one or more of such unsold or unoccupied units as a model unit or units and may use one or more of such unsold or unoccupied units as a sales office and maintain customary signs in connection therewith.

Section 3. The Developer shall have the absolute right to adjust the boundaries and dimensions of the Common Areas up to and until the Common Areas are deeded directly to the Association. No adjustment of Common Areas shall affect or encroach upon any Lot previously deeded to a Lot Owner, unless said Lot Owner consents to the adjustment. The dimensions and layout of the Common Areas may be increased or diminished due to the topography of the land, layout of the various residential plans as selected by the individual Owners, aesthetic considerations relating to the natural beauty of the subdivision, utility and other development concerns. The Developer's modification of land depicted as "Common Areas" upon the subdivision plat shall not be for purposes of adding additional Lots beyond those number of Lots depicted upon the subdivision plat.

Section 4. The Developer retains an easement over the Common Areas for dedication to future Owners of additional Phases of this subdivision, it being the Developer's intent that all phases of Saddleback Ridge Subdivision be integrated as one community. Provisions shall be made for the contribution between various phases to each other's Common Area maintenance depending upon the respective expense of each phase's recreational amenities.

ARTICLE IX

INSURANCE

Insurance (other than title insurance) which shall be carried upon the Common Areas and shall be governed by the following provisions:

1. Authority to Purchase; Named Insured. All insurance policies upon the Common Areas shall be purchased by the Association, and the named insured shall be the Association individually and as agent for the Lot Owners without naming them and their mortgagees. Provisions shall be

made for the issuance of the mortgage endorsements and memoranda of insurance to the mortgagees of Lot Owners. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the Association or, if a mortgagee is involved, jointly to the Association and the mortgagee, and all policies and endorsements shall be deposited with the Association.

Lot Owners may obtain insurance coverage at their own expense upon their own property and for their personal liability and living expense.

2. Copies to Mortgagees. One copy of each insurance policy and of all endorsements thereon shall be furnished by the Association to each mortgagee, if requested, and if included in the mortgagee roster. Such copies shall be furnished not less than thirty (30) days prior to the beginning of the term of the policy or not less than thirty (30) days prior to the expiration of each preceding policy which is being renewed or replaced whichever date shall first occur.

3. Coverage.

A. Casualty. All buildings and improvements upon the Common Areas shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, all as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

i. Loss of Damage by Fire and other hazards covered by a standard extended coverage endorsement, and

ii. Such other Risks as from time to time shall be customarily covered with respect to building similar in construction, location and use as the buildings on the land including but not limited to vandalism and malicious mischief.

B. Public Liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association, including but not limited to hired automobiles and non-owned automobile coverages, and with cross-liability endorsements to cover liabilities of the Lot Owners as a group to a Lot Owner.

C. Workmen's Compensation Policy to meet the requirements of law.

D. Such Other Insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

4. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, the Developer or any Owner, 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 provision of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

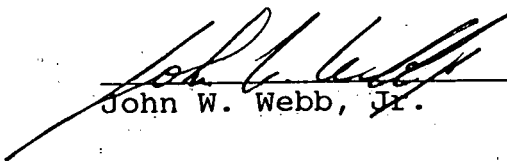
Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-year (20) period by an instrument signed by not less than 90% of the Lot Owners, and thereafter by an instrument signed by not less than 75% of the Lot Owners. Provided however, the Developer shall have the right to amend the restrictions so long as Developer owns one-third (1/3) of the Lots. Any amendment must be evidenced by recording in the Sevier County, Tennessee Register of Deeds Office.

Section 4. Annexation.

A. Additional property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of the Members.

B. Additional land adjacent to the Properties may be annexed by the Developer without the consent of Members within ten (10) years of the date of this instrument. Said property may be annexed for residential or Association purposes.

IN WITNESS WHEREOF, the Developer has executed this instrument the day and date first above written.

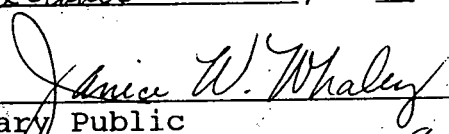

John W. Webb, Jr.

STATE OF TENNESSEE

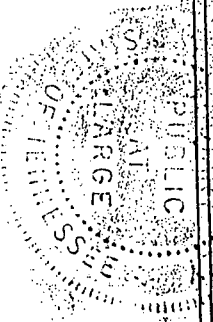
COUNTY OF SEVIER

Personally appeared before me, JOHN W. WEBB, JR., the maker, 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 seal, this 17th day of October, 1995.


Notary Public

My commission expires 8-18-98



Secretary of State
Corporations Section

EXHIBIT "B"

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 06/21/94
REQUEST NUMBER: 2858-1879
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 06/21/94 1010
EFFECTIVE DATE/TIME: 06/21/94 1010
CONTROL NUMBER: 0280632

TO:
BRABSON & YATES
PO BOX 5260
SEVIERVILLE, TN 37864-5260

State of Tennessee, County of SEVIER
Received for record the 29 day of
JUNE 1994 at 2:17 PM. (RECH 13512)
Recorded in official records
Book M235 Page 612- 613 CHF \$ 2.00
Notebook 51 Page 281
State Tax \$.00 Clerks Fee \$.00,
Recording \$ 5.00, Total \$ 7.00,
Register of Deeds SHERRY ROBERTSON
Deputy Register SHARON

RE:
SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.
CHARTER - NONPROFIT

CONGRATULATIONS UPON THE INCORPORATION OF THE ABOVE ENTITY IN THE STATE OF TENNESSEE, WHICH IS EFFECTIVE AS INDICATED.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH THE WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE DISSOLUTION.

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.

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FOR: CHARTER - NONPROFIT

ON DATE: 06/21/94

FROM:
BRABSON & YATES (BOX 5260/SEVIERVILLE)
P O BOX 5260

RECEIVED: FEES \$50.00 \$50.00
TOTAL PAYMENT RECEIVED: \$100.00

SEVIERVILLE, TN 37864-5260

RECEIPT NUMBER: 00001668094
ACCOUNT NUMBER: 9171693



RILEY C. DARNELL
SECRETARY OF STATE

RECEIVED
STATE OF TENNESSEE
JUN 21 10:10
SECRETARY

CHARTER
OF
SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.

The undersigned natural person, having capacity to contract and acting as the incorporator of a corporation under the Tennessee Nonprofit Corporation Act, adopts the following charter for such corporation.

ARTICLE I

The name of the corporation is SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

The corporation is organized to provide mutual benefits to the owners of property in Saddleback Ridge Subdivision located in Sevierville, Tennessee.

ARTICLE III

This corporation is not a religious corporation.

ARTICLE IV

(a) The complete address of the corporation's initial registered office in Tennessee is 307 CNB Plaza, 200 Forks of River Parkway, P.O.Box 5260, Sevierville, TN 37864, County of Sevier.

(b) The name of the initial registered agent, to be located at the address listed in 4(a), is Douglas S. Yates.

ARTICLE V

The incorporator is Douglas S. Yates, whose address is 307 CNB Plaza, 200 Forks of River Parkway, Sevierville, Tennessee 37862, County of Sevier, and whose mailing address is P.O. Box 5260, Sevierville, Tennessee 37864.

ARTICLE VI

The address of the principal office of the corporation in the State of Tennessee, County of Sevier, shall be 307 CNB Plaza, 200 Forks of River Parkway, P.O.Box 5260, Sevierville, TN 37864.

ARTICLE VII

The corporation is not for profit and is filing pursuant to the Tennessee Nonprofit Corporation Act.

ARTICLE VIII


The corporation shall have members but no stock will be issued.

ARTICLE IX

Upon the dissolution of the corporation its assets shall be distributed in conformity with its by-laws and the provisions of T.C.A. 48-64-106 after the giving of proper notice thereof pursuant to T.C.A. 48-64-101, et seq.

DATED: June 20, 1994.

BK M235 PG 613


DOUGLAS S. YATES, INCORPORATOR
307 CNB Plaza, 200 Forks of River Pkwy.
P.O. Box 5260
Sevierville, Tennessee 37864

~~BK M259 PG 102~~

BYLAWS

OF

SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

Name and Location. The name of the corporation is Saddleback Ridge Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 735 Hardin Lane, Sevierville, Tennessee 37862, but meeting of Members and Directors may be held at such places within the State of Tennessee, County of Sevier, as may be designated by the Board of Directors.

ARTICLE II.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner 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 voting Members. Members shall be all Owners and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. In the event the Developer, its successors and assigns, has a Lot leased or rented, the Developer shall be entitled to one vote for each such Lot or dwelling unit and one vote for each Lot retained by Developer.

ARTICLE III.

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meeting. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members, or of proxies, entitled to cast one-tenth (1/10) of

the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Maximum Annual Assessment. Until January 1, 1997, the maximum annual assessment for maintenance fees for unimproved lots shall be Two Hundred Fifty and 00/100 (\$250.00) Dollars per year and Six Hundred and 00/100 (\$600.00) Dollars for improved (i.e., residential) lots. Annual assessments shall be due and payable on the January 1 of each year, and shall be prorated for sales during any given year. Lots shall pay at the improved rate (\$600.00) in the first year following commencement of construction. In addition to the monthly maintenance fee, each Owner shall pay a one time organizational fee in the amount of Two Hundred and 00/100 (\$200.00) Dollars at the time of initial conveyance from Developer to Owner, said fee to subsidize the Association's initial organizational costs. Lots sold before January 1, 1996 shall bear maintenance fees for the years of 1996 and thereafter.

A. From and after January 1, 1997, 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 as established by the Department of Labor and published the July preceding the increase.

B. From and after January 1, 1997, the maximum assessment may be increased each year above that established by the Consumer Price Index by a two-thirds (2/3) vote of Members who are voting in person or by proxy, at a meeting duly called for this purpose as provided in Article III herein.

C. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum subject to the provisions of Sections 6 and 7 herein.

D. The Developer anticipates transfer of Lots to Lot Owners after completion of the residence. If the Developer conveys a vacant Lot to a Lot Owner for investment purposes (for later sale or construction) said Lot shall incur the initial organization fee of Two Hundred and 00/100 (\$200.00) Dollars and will bear a non-prorated Two Hundred Fifty and 00/100 (\$250.00) Dollars maintenance fee per year (in advance) for purposes of subsidizing the Association's expenses in maintaining the vacant Lot in an attractive condition consistent with the Common Areas and other Lots. The maintenance fee for vacant Lots shall be adjusted annually for the Consumer Price Index as established by the Department of Labor, using July of the preceding year as the base month. Upon substantial completion of a residence upon the

vacant Lot, the Lot Owner shall pay maintenance fees in the same manner as other improved Lots.

Section 7. Special Assessments for Capital Improvements. In addition to the monthly 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, or structural repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Members who 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.

Section 8. Notice and Quorum for any Action Authorized Under Sections 1 and 2. Written notice of any meeting called for the purpose of taking any action authorized under Section 1 and 2 shall be sent to all Members not less than fifteen (15) days nor more than forty (40) days in advance of the meeting. At the first such meeting called, the presence of the Members or of proxies entitled to cast 20% of all the votes of the 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. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 9. Uniform Rate of Assessment. Both monthly and special assessments must be fixed at the uniform rate for all Lots and may be collected on a monthly basis.

Section 10. Date of Commencement of Monthly Assessments. Due Dates. The monthly assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance. Written notice of any increase or decrease in the monthly assessment shall be sent to every Owner 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. The Association shall have the authority to transfer and convey portions of the Common Area when it is deemed necessary by a majority of the Owners.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect one (1) director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of

the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The director shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

A. Adopt and publish rules and regulations governing the use of the Common Area and facilities, the personal conduct of the Members and their guests thereon and to establish penalties for the infraction thereof;

B. Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

C. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation of the Declaration;

D. Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

E. Employ a manager; an independent contractor or such other employees or agents as they deem necessary and to prescribe their duties.

F. Deed Common Areas to Lot Owners in order to provide access or change in access to individual Lots.

Section 2. Duties. It shall be the duty of the Board of Directors to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statements are requested in writing by one-fourth (1/4th) of the Members who are entitled to vote;

B. Supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

C. As more fully provided in the Declaration, to:

1. Fix the amount of the monthly assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

2. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

D. Issue or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

E. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

F. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

G. Cause the Common Area to be maintained.

ARTICLE VIII.

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

A. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgage, deeds and other written instruments and shall co-sign all checks and promissory notes.

B. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

C. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

D. The Treasurer shall receive and deposit in appropriate bank account all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX.

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI.

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association monthly and special assessments which are secured by a continuing lien

upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 18% per annum, and 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 interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII.

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:

SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE XIII.

AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV.

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all of the directors of Saddleback Ridge Homeowners Association, Inc. have hereunto set our hands this 17 day of October, 1975.

John L. Kelly, Jr.
Joe Green

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Saddleback Ridge Homeowners Association, Inc., a Tennessee Corporation, and

That the foregoing Bylaws constitute the original Bylaws of said Association as duly adopted at a meeting of the Board of Directors thereof, held on the 12 day of October, 1995.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 12 day of October, 1995.

Secretary:

Jill Green

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State of Tennessee, County of SEVIER
Received for record the 17 day of
OCTOBER 1995 at 2:23 PM. (RECH# 21925)
Recorded in official records
Book M259 Page 91-111 CHF \$ 2.00
Notebook 52 Page 460
State Tax \$.00 Clerks Fee \$.00
Recording \$ 84.00, Total \$ 86.00,
Register of Deeds SHERRY ROBERTSON
Deputy Register ANNETTE