

**LONE MOUNTAIN SHORES
OWNERS ASSOCIATIONS, INC.,**

Docket No. CV-2354

HENRY BENNAFIELD, JANICE BENNAFIELD, BELLA GOLDEN, JAMES HAWS, DENISE HAWS, VIC WARTHMAN, ELIZABETH WARTHMAN, TROY VANDERHOOF, PAM VANDERHOOF, ED LUND, LAKE FRONT RENDEZVOUS, LLC, M&G EAGLESNEST, LLC, B&M STORAGE, LLC, MICHAEL SISLOW, BRANDY SISLOW, JASON JORDAN, 836 JACKSBLUFF, LLC, FRED MAESS, KRISTY WAMBOLD, JAMES SCRUGGS, DEBBIE HUNLEY, BRENDAN FRANTZ, AIMEE FRANTZ, DAVID LANG, DAVID NORCROSS, MICHELLE NORCROSS, PETE SZUCH, CAROLINE SZUCH, and JAMON SELLMAN,

FILED
Claiborne County Circuit Civil Court

DEC 21 2023

Jackie Rosenbalm, Clerk
175, DC

Come now Defendants, by and through undersigned counsel, pursuant to Rule 56 of the *Tennessee Rules of Civil Procedure* and submit this Memorandum of Law in support of Defendants' Motion for Summary Judgment. For cause, Defendants state as follows:

FACTS

Plaintiff Lone Mountain Shores Owners Association, Inc. (hereinafter "LMSOA") is a Tennessee non-profit corporation whose general purpose is "to impose upon its members mutually beneficial restrictions that allow reasonable use of their property that does not adversely affect the LMSOA or other owners of lots within Lone Mountain Shores, while helping preserve property values." (See Exhibit 1, Article I, Section I.) Lone Mountain Shores is a subdivision located in Claiborne County, Tennessee. The members of LMSOA consist of the respective property owners of the Lone Mountain Shores subdivision.

The original "Declaration of Covenants, Restrictions, and Easements for Lone Mountain Shores" ("1998 Covenants") was established and filed on September 17th, 1998." Since its inception LMSOA has explicitly approved of owners renting their homes and also renting their homes on a short-term basis. The 1998 Covenants contained the following provisions which codified this approval:

"Residential Use Only. The lots shall be used for residential purposes only, and no commercial use shall be permitted. This restriction shall not be construed to prevent rental of any dwelling for private residential purposes or to prevent an individual lot owner from conducting home occupations in the dwelling, which occupation is subordinate to the primary residential use and occupies not greater than twenty percent (20%) of the dwelling's floor area or employs not more than two (2) persons."

"Rental. As stated in Section 6.04 residences may be rented and all tenants are awarded owner's privileges and are required to abide by all covenants and restrictions."

(See Exhibit 7, Article VI, Section 6.03; Article VI, Section 6.09.)

On August 12, 2013, an "Amended and Restated Declaration of Covenants, Restrictions, and Easements for Lone Mountain Shores" (2013 Covenants) was filed which amended the "Rental" and "Residential Use Only" provisions. The 2013 Covenants also

included a new Section 2.14 which defined “Single Family Residential Purposes.” Below are those provisions from the 2013 Covenants:

“Residential Use Only. All Lots shall be used for single family residential purposes only, and no commercial use is permitted. This restriction is not to be construed to prevent rental of any Lot or any dwelling for private single family residential purposes or to prevent an Owner from conducting home occupations in a Dwelling, provided such occupations: (a) are subordinate to the primary residential use; (b) occupy no more than twenty percent (20%) of the Dwelling's floor area; and (c) employ not more than two (2) persons.

Examples of prohibited commercial uses of a Lot or any dwelling include providing the services of or operating as a restaurant, an inn, a boarding house, or a bed-and-breakfast or providing other atypical rental services of a commercial nature.

Examples of non single family residential purposes uses of a Lot or any dwelling include, but are not limited to: occupancy by two or more unaffiliated individuals or groups that function as independent housekeeping units; owners or their agents occupying any part of the property at the same time as renters; utilizing the Lot or any dwelling as a fraternity, sorority or dorm complex; or using the Lot or any dwelling as a Group Home or institution of any kind.”

(Article VI, Section 6.04)

“Section 6.07 Rental. Lots and dwellings may be rented only for private single-family residential purposes subject to the following provisions:

- a. The renting to unaffiliated individuals or groups at the same time is prohibited;
- b. Tenants are required to abide by all LMS Governing Documents;
- c. Owners are responsible for the actions of their tenants. Each owner shall take appropriate steps and should put in place additional rules, limitations and restrictions necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other Owners;
- d. All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.”

(Article VI, Section 6.07)

“Single Family Residential Purposes” shall mean the property, consisting of just one primary Dwelling and all ancillary buildings on it shall be occupied by just

one legitimate single housekeeping unit as distinguished from unaffiliated individuals or groups occupying a motel, hotel, bed & breakfast, or boardinghouse .. Additionally, allowances are made for one accessory living quarters, such as a mother-in-law suite, without violating the "single family residential use" provided this secondary living quarters meets the requirements of Section 6.05 of these Covenants. Any rental accommodations and services such as those provided by hotels, motels, bed & breakfasts, rooming or boarding houses, apartment buildings or condominiums are excluded by this definition."

(Article II, Section 2.14).

These 2013 amendments were enacted in response to an LMSOA owner allegedly operating a bed-and-breakfast out of the home on her property. (See Exhibit 4; Exhibit 10.) By enacting the 2013 amendments, the LMSOA Board and its members sought to ensure no LMSOA owner was operating a commercial enterprise on his/her property. (See Exhibit 11.) However, the LMSOA Board and its members did not want to eliminate or prohibit the members/owners from continuing to rent their homes on a short-term basis as they had been doing since LMS' inception.

To this end, the Board assured LMS owners that these 2013 amendments did not prevent owners from continuing to utilize their homes as short-term rentals. In a May 2013 document provided to all owners, the Board explained that "Single Family Residential Purposes" encompasses short-term renting so long as "a rental group occupies the property as one legitimate single housekeeping unit." (See Exhibit 3.) The Board made it very clear that this provision was not intended to prohibit the type of short-term rental practices which had been operating for years and which Defendants in this case have utilized:

"In reviewing the Single Family Residential Purposes definition it should be noted that **as long as a rental group occupies the property as one legitimate single housekeeping unit, regardless of blood relationships, they are considered to be using the property for single family residential purposes.** A rental group functions as a legitimate single housekeeping unit when it shares expenses and responsibilities for activities at the property and has some type of affiliation whether it is friends, relatives, business associates or a similar

association. The property is rented to the group, not to each individual or couple independently. The home is rented, not a room.

This is consistent with the current permitted methods of rentals as provided for in the Covenants and therefore should have no adverse effects. This accepted type of renting is distinguished from unaffiliated individuals or groups functioning as independent housekeeping units or the renting of a room and sharing a common area as in a bed & breakfast or boardinghouse, or renting a single room as in occupying a motel or hotel. It should be noted that the renting at the same time to multiple independent groups or couples, or to persons who are not utilizing the property for residential purposes, has always been prohibited by the Covenants."

(See Exhibit 3.)(emphasis added)

In November 2014, LMSOA filed suit against the owner allegedly operating her home as a bed-and-breakfast. (See Exhibit 11.) In that suit, LMSOA claimed the owner was in violation of the covenants because the owner was "operating a commercial resort" that: (1) provided "hotel-like all-inclusive services" such as on-site staff members and meal preparation; and (2) charged a per-person rate. (See Exhibit 9; Exhibit 11.) Notably, LMSOA did not file suit against any owners operating their homes as short-term rentals, nor did LMSOA allege at any time that the 2013 covenants prevented short-term rentals.

In fact, LMSOA said just the opposite. LMSOA made clear that the 2013 covenants permit short-term rentals of the entire home to one group. The official LMSOA website even advertised many LMSOA owners' homes for short-term rental. (See Exhibit 12.) Moreover, during discovery in the 2014 lawsuit, the then LMSOA President affirmed under oath that the covenants permit short-term rentals. In response to an interrogatory propounded to LMSOA by the defendant owner, the LMSOA President stated as follows:

"3. Describe in detail the factual basis for any assertion that Lot 823 operated as a commercial resort, specifically how its operation was different than other lots operating as short-term rentals in Lone Mountain Shores Subdivision.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "different than other lots operating as short-term rentals" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to discovery of admissible evidence. Without waiver of or prejudice to the foregoing objection, LMSOA refers Defendants to the website Best Freaking Golf-LakeTrip.com which is in the possession, custody, or control of Defendants.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing objection on response, **LMSOA says, to its knowledge, "other lots" did not provide "All-inclusive services," including on-site staff members, grocery shopping, meal preparations, and other services as described in the documents attached as LMSOA re Webb PRO 000519-000590. Additionally, unlike other short-term rental properties in the subdivision, Lot 823's pricing varied based upon the number of guests. LMSOA was unaware of other rentals in the subdivision that offered services and per-person pricing."**

(See Exhibit 9.) (emphasis added)

Short-term rentals thereafter continued in Lone Mountain Shores just as they had been prior to the 2013 amendments. In 2021, the LMSOA Board conducted a survey of LMSOA owners for the purpose of getting feedback about short-term rentals in Lone Mountain Shores. (See Exhibit 2.) That survey revealed overwhelming support for short-term rentals. When asked whether LMSOA should "No longer allow short-term rentals", 70.73% of responding owners answered "Strongly Disagree" or "Disagree." Only 23.17% of responding owners answered "Agree" or "Strongly Agree." (See Exhibit 2.) When asked whether LMSOA should "Allow only long-term rentals of 90 days or more", 68.9% of responding owners answered "Disagree" or "Strongly Disagree." Only 20.12% of responding owners answered "Agree" or "Strongly Agree." (See Exhibit 2.)

Despite this overwhelming owner support for short-term rentals in Lone Mountain Shores, and the clear allowance for same in the covenants, the current LMSOA Board decided they did not like short-term rentals. The current LMSOA Board thus initiated this lawsuit against Defendants in 2022. LMSOA is now seeking a permanent injunction which would

prevent these Defendants, or anyone else in Lone Mountain Shores, from utilizing their home as a short-term rental.

In their suit, LMSOA now claims that short-term rentals are a “specifically prohibited commercial activity” under Sections 2.14 and 6.04. (See Second Amended Sworn Complaint, ¶33.) Despite every previous LMSOA Board believing the exact opposite, the current Board now claims short-term rentals are “clearly” excluded from the definition of “single family residential purposes.” (See LMSOA “Memorandum of Law in Support of Motion for Summary Judgment”, p. 15.) The current LMSOA Board knows Section 2.14 does not “clearly” prohibit short-term rentals, they just wish it did.

The Defendants in this case have fully complied with the covenants and utilized their homes as short-term rentals for “single family residential purposes” just as the covenants intended. Specifically, and as set forth in the Defendants’ respective sworn declarations, the Defendants:

- (1) do not rent their properties to two or more unaffiliated groups at the same time;
- (2) never have their property occupied simultaneously by two or more unaffiliated individuals or groups that function as independent housekeeping units;
- (3) do not occupy their respective properties at the same time as their renters;
- (4) do not utilize their respective properties as a fraternity, sorority, or dorm complex;
- (5) do not utilize their respective properties as a group home or institution of any kind;
- (6) do not provide services of or operate any of their respective properties as a restaurant, an inn, a boarding house, or a bed-and-breakfast;
- (7) do not provide atypical rental services of a commercial nature;
- (8) take appropriate steps and have in place rules, limitations and restrictions necessary to ensure that their respective tenants do not conduct deleterious activities or otherwise create a nuisance to other owners;
- (9) do not offer per-person pricing when renting their respective properties, and the price of renting Defendants’ respective properties does not vary based upon the number of guests;

- (10) rent their respective properties to tenants for the respective tenants' private and exclusive use for the full lease term;
- (11) ensure their respective tenants have exclusive use of Defendants' respective properties during the term of lease;
- (12) have tenants that engage in ordinary incidents of residential occupancy, such as eating, sleeping, parking, entering and exiting, lounging outside, and generally using and enjoying the entirety of Defendants' respective properties and homes which Defendants' tenants have rented; and
- (13) do not have cash registers or payment processing systems at or on their respective properties/homes.

(See Declarations of Defendants filed contemporaneously herewith.)

The foregoing facts are all undisputed. These undisputed facts establish that Defendants' short-term rental activities do not violate the Lone Mountain Shores covenants. Defendants' short-term rental activities are instead fully compliant with the covenants as the covenants are written, as well as with how those covenants have been interpreted and enforced since Lone Mountain Shores' inception over twenty years ago. For these reasons, Defendants are entitled to judgment as a matter of law, and Defendants respectfully request the Court grant Defendants' Motion for Summary Judgment.

SUMMARY JUDGMENT STANDARD

Summary judgment is appropriate if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. *Tennessee Rule of Civil Procedure* 56.04. "Material" facts are those which must be decided in order to resolve the substantive claim at issue. *Hamer v. Southeast Res. Group, Inc.*, 2016 Tenn. App. LEXIS 176, *9-10 (Tenn. Ct. App. Mar. 3, 2016). "An issue is only 'genuine' if the non-movant presents evidence from which a rational trier of fact could find in its favor." *Id.*

In October 2015, the Tennessee Supreme Court issued its decision in *Rye v. Women's Care Ctr. of Memphis, M PLLC*, 477 S.W.3d 235 (Tenn. 2015), which embraced the federal “put up or shut up” standard for summary judgment. In particular, the Court stated the following:

“[W]hen a motion for summary judgment is made [and] ... supported as provided in [Tennessee Rule 56],” to survive summary judgment, the nonmoving party “may not rest upon the mere allegations or denials of [its] pleading,” but must respond, and by affidavits or one of the other means provided in Tennessee Rule 56, “set forth specific facts *at the summary judgment stage* “showing that there is genuine issue for trial.” Tenn. R. Civ. P. 56.06. The nonmoving party “must do more than simply show that there is some metaphysical doubt as to the material facts.” Matsushita Elec. Indus. Co., 475 U.S. at 586. The nonmoving party must demonstrate the existence of specific facts in the record which could lead a rational trier of fact to find in favor of the nonmoving party. . . .

The focus is on the evidence the nonmoving party comes forward with at the summary judgment stage, not on hypothetical evidence that theoretically could be adduced, despite the passage of discovery deadlines, at a future trial.

Rye, 477 S.W.3d at 265 (emphasis in original).

LAW AND ARGUMENT

I. Tennessee Law Does Not Favor Restrictive Covenants.

This case involves the interpretation of restrictive covenants imposed upon Defendants’ properties. Tennessee courts have made clear that Tennessee law does not favor restrictive covenants because such covenants are in derogation of the rights of free use and enjoyment of property. *See, e.g., Humes v. Mayor of Knoxville*, 20 Tenn. (1 Hum.) 403, 407 (1839). A property owner’s right to own, use, and enjoy private property is a fundamental right. *Hughes v. New Life Dev. Corp.*, 387 S.W.3d 453, 474 (Tenn. 2012). Because restrictive covenants restrict this fundamental right, Tennessee courts strictly construe them. *Hughes*, 387 S.W.3d at 481.

Any doubt concerning the applicability of a restrictive covenant will be resolved against the restriction and in favor of the property's unrestricted use. *Id.* Restrictive covenants will not be extended "to any activity not clearly and expressly prohibited by [their] plain terms." *Williams v. Fox*, 219 S.W.3d 319, 324 (Tenn. 2007). Accordingly, when the terms of a restrictive covenant can be construed in more than one way, courts must resolve any ambiguity against the party seeking to enforce the restriction and in a manner that advances the unrestricted use of the property. *Id.* (emphasis added)

II. The Residential Purposes Provisions Do Not Prohibit Short-Term Rentals.

In this case, LMSOA alleges that Defendants' rental activities violate the LMSOA restrictive covenants because Defendants' rental activities are: (1) not a single-family residential use of the properties; and (2) a specifically prohibited commercial activity. As fully described below, Defendants' rental activities do not violate any provision of the restrictive covenants and are in fact permissible under the covenants.

A. *Pandharipande v FSD Corp.*

The first issue is whether "residential purposes only" and "no commercial use" provisions clearly prohibit short-term rentals. The Tennessee Supreme Court recently held they do not. *See Pandharipande v. FSD Corp.*, 2023 Tenn. LEXIS 61 (Tenn. 2023). In *FSD*, the Tennessee Supreme Court was tasked with determining whether the "residential and no other purposes" covenant provisions enacted in 1984 for the Four Seasons development ("FSD") prohibited short-term rentals. *Id.* at *23. The provisions at issue in *FSD* were almost identical to the provisions in this case. They stated as follows:

"(a) . . . Except as otherwise provided in this Declaration, each Lot shall be used for residential and no other purposes. There shall not be constructed or maintained upon any Lot [any] duplex or multi-unit structure. Except as otherwise provided in [this] Declaration, the Common Area shall be used for recreational . . . and

other purposes directly related to the single-family use [of] the lots authorized hereunder.

....

(j) . . . [N]o gainful profession, occupation, trade or other nonresidential use shall be conducted in any Lot or upon the Common Area of any portion thereof, provided [*4] that this restriction shall not prohibit consultations, conferences, or the transaction of business by telephone or other electronic devices.”

Id. at *3-*4. (emphasis added)

In FSD, homeowner Pratik Pandharipande purchased his home in FSD in 2015 “with the intent to lease it on a short-term basis.” *Id.* at *5. Mr. Pandharipande “soon began doing just that.” *Id.* With the assistance of a property-management company, Mr. Pandharipande leased his property to third parties for rental terms ranging from two to twenty-eight days. *Id.* at *5-*6.

In 2018, FSD’s members amended FSD’s covenants to include a specific restriction on lease terms. *Id.* at *6. One of those restrictions stated that the length of any lease “must be for a minimum of [thirty] consecutive days.” *Id.* Mr. Pandharipande thereafter continued to lease his property for terms less than thirty days. *Id.* This led to Mr. Pandharipande and FSD suing one another to determine whether Mr. Pandharipande’s rental activities violated the 1984 and/or 2018 covenants. *Id.* Notably, FSD admitted in its answer to Mr. Pandharipande’s complaint that the 1984 covenants did not prohibit Mr. Pandharipande from renting his property on a short-term basis. *Id.* at *7. FSD later changed its position as to the 1984 covenants in response to Mr. Pandharipande’s Motion for Summary Judgment. *Id.*

The trial court and thereafter the Tennessee Court of Appeals ruled in favor of FSD as to the 1984 covenants. *Id.* at *10. Mr. Pandharipande then sought appeal with the Tennessee Supreme Court, which the Supreme Court granted. *Id.* The Tennessee Supreme Court undertook a lengthy analysis of the “residential and no other purposes” provision from the 1984

covenants.¹ The Court concluded this provision is ambiguous and does not clearly prohibit short-term rentals. *Id.* at *23. Defendants submit this Court should reach the same conclusion.

The *FSD* Court first analyzed the dictionary definitions for the terms: “used”, “residential”, and “purposes.” *Id.* The Court concluded that, based on dictionary definitions alone, the 1984 covenants did not “clearly and expressly prohibit” Mr. Pandharipande from leasing his property for short terms of two to twenty-eight days. *Id.* at *29 (emphasis added). As to “purposes”, the Court defined a “purpose” as “the object toward which one strives or for which something exists.” *Id.* at *24.

As to “use”, the Court said it means to “to put into service or apply for a purpose.” *Id.* However, the 1984 covenants contained the phrase “shall be used for residential and no other purposes”, which is a passive verb with no subject. *Id.* The Court thus stated it could not determine whether the focus should be on “the property owner’s use of the property or instead—in the case of a rental—on the occupant’s use of the property?” *Id.* The 1984 covenants did not answer that question. *Id.*

The Court analyzed multiple definitions for “residential” and determined those definitions “point in two different directions. Some suggest that the term has a temporal element and requires a degree of permanence. Others, however, suggest that the term includes shorter stays as well.” *Id.* at *25. For this reason, the Court determined that “residential purposes” could include “using a property to house short-term visitors who engage in largely the same activities as permanent residents” such as sleeping, eating, and bathing. *Id.* at *28-*29. The Court stated, “It would not be unreasonable to interpret the covenants in this way.” *Id.* at *29.

¹ The Court also considered arguments from both sides regarding the 2018 covenant provision and ruled on that issue. Because the Court’s analysis and decision regarding the 2018 covenant provision is not applicable to this case, it is not necessary for Defendants to examine that issue in this Motion.

Therefore, using the dictionary definitions for these terms, the 1984 covenants did not clearly and expressly prohibit short-term rentals. *Id.*

The Court next analyzed the 1984 covenants as a whole and came to the same conclusion. *Id.* Significantly, the Court noted that the 1984 covenants defined the term “Lot” as “a portion...of the Properties...intended for any type of independent ownership for construction and use as a residence by a single family.” *Id.* The Court said:

“...dictionary definitions of ‘residential’ and related words do not unambiguously exclude transient stays. **So the fact that a ‘Lot’ must be intended for ‘use as a residence by a single family’ does not necessarily mean that it must be used as a permanent or long-term residence.**”

Id. (emphasis added)

Additionally, the Court said “residential” use does not exclude “any use that generates income for the owner.” *Id.* at *31. The *FSD* Court said the phrase “other nonresidential use” therefore is best understood to mean an activity regularly conducted on the property as a means of earning money. *Id.* “To be sure, using a property as a short-term rental ordinarily generates income for the owner. But the only activities that are regularly conducted on the property when it is being used as a short-term rental are things like eating and sleeping—activities in which a resident would engage that are not similar to performing a profession, occupation, or trade.” *Id.* The Court held, “it is reasonable to consider those activities residential in nature.” *Id.*

The *FSD* Court also discussed a 1984 covenants provision which allowed an owner to “delegate his or her right of enjoyment to the Common Area and facilities to the members of his or her family, tenants, and social invitees.” *Id.* at *31-*32(emphasis added). The Court held that this reference to tenants “presupposes that at least *some* rentals are allowed.” *Id.* Because this provision lacks clarity as to what rentals are allowed, it only reinforces the Court’s conclusion that “the covenants are ambiguous and do not clearly prohibit short-term rentals.” *Id.* at *32.

The *FSD* Court next discussed how case law from other states support this conclusion. *Id.* It said, “Nearly all courts to have considered whether residential-purposes provisions in restrictive covenants prohibit short-term rentals have held they do not. *Id.* at *33(emphasis added). The Court stated, “the fact that so many other courts have held that similar residential-purposes provisions either unambiguously allow short-term rentals or do not unambiguously prohibit them further supports our conclusion that the 1984 covenants do not clearly bar Pandharipande's short-term rentals.” *Id.* at *37.

The Court thus held that it now joins “those courts that have found residential-purposes provisions ambiguous with respect to whether short-term rentals are allowed. As we must, we resolve this ambiguity in favor of Pandharipande and hold that the 1984 covenants do not prohibit his short-term rentals.” *Id.*

B. Just as in FSD, the Lone Mountain Shores’ Covenants are Ambiguous.

Applying these principles to the Lone Mountain Shores covenants mandates the same conclusion: the Lone Mountain Shores’ covenants do not prohibit short-term rentals. To begin, the LMS covenants contain a provision that explicitly allows rentals. Section 6.07, entitled “Rental” states that “Lots and dwellings may be rented only for private single-family residential purposes subject to the following provisions:

- a. The renting to unaffiliated individuals or groups at the same time is prohibited;
- b. Tenants are required to abide by all LMS Governing Documents;
- c. Owners are responsible for the actions of their tenants. Each owner shall take appropriate steps and should put in place additional rules, limitations and restrictions necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other Owners;
- d. All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.”

(Exhibit 8, Article VI, Section 6.07).

As demonstrated in Defendants' sworn declarations filed herewith, it is undisputed that Defendants' rental activities are in compliance with Section 6.07. Specifically, Defendants do not rent to unaffiliated individuals or groups at the same time, and Defendants have all taken appropriate steps and put in place rules, limitations, and restrictions necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other owners.

There are no provisions in Section 6.07, or anywhere else in the Lone Mountain Shores covenants, which place any time/duration constraints on rental leases. Instead, Section 6.07 makes clear that rentals are allowed. Moreover, just like the similar provision in *FSD*, Section 6.07 lacks any clarity as to what length rentals are allowed. This lack of clarity only reinforces the conclusion that the LMS covenants are ambiguous and do not clearly prohibit short-term rentals.

In its complaint and recent Motion for Summary Judgment, LMSOA seems to primarily rely upon Section 2.14 when claiming the LMS covenants prohibit short-term rentals. However, when we examine Section 2.14 in conjunction with *FSD* and other LMS provisions, it is evident LMSOA's reliance on Section 2.14 is incorrect. Section 2.14 states as follows:

"Single Family Residential Purposes" shall mean the property, consisting of just one primary Dwelling and all ancillary buildings on it shall be occupied by just one legitimate single housekeeping unit as distinguished from unaffiliated individuals or groups occupying a motel, hotel, bed & breakfast, or boardinghouse .. Additionally, allowances are made for one accessory living quarters, such as a mother-in-law suite, without violating the "single family residential use" provided this secondary living quarters meets the requirements of Section 6.05 of these Covenants. Any rental accommodations and services such as those provided by hotels, motels, bed & breakfasts, rooming or boarding houses. apartment buildings or condominiums are excluded by this definition."

(See Exhibit 8.)

Defendants' rental activities are in compliance with this section. It is undisputed that Defendants: (1) do not rent to unaffiliated individuals or groups at the same time; (2) do not use their properties as boarding houses, hotels, or bed-and-breakfasts; and (3) do not offer rental accommodations and services such as those provided by hotels, motels, or bed-and-breakfasts.

Additionally, the phrase "single family residential purposes" does not prohibit Defendants renting their homes on a short-term basis. The *FSD* Court made this clear when it said, "the fact that a 'Lot' must be intended for 'use as a residence by a single family' does not necessarily mean that it must be used as a permanent or long-term residence." *FSD Corp*, 2023 Tenn. LEXIS 61 at *29. Section 2.14 contains no such restriction either.

The majority of jurisdictions outside Tennessee have reached this same conclusion regarding "single family residential purposes" provisions in restrictive covenants. *See, e.g., Slaby v. Mt. River Estates Residential Ass'n*, 100 So. 3d 569, 580 (Ala. Ct. App. Mar. 30, 2012)("the phrase 'single family residential purposes only,' when applied in the present context, does not require permanent occupancy by only one traditional nuclear family. That phrase does not prohibit the Slabys from renting their cabin on a short-term basis to individuals or groups of associated persons unrelated by blood to the Slabys or to one another."); *Wilkinson v. Chiwawa Cmty. Ass'n*, 327 P.3d 614, 624 (Wash. 2014)("short-term rentals do not violate the ban on commercial use or the requirement that structures be suitable for single-family residential use"); *Mullin v. Silvercreek Condominium Owner's Assoc., Inc.*, 195 S.W.3d 484, 487-488 (Mo. App. 2006)(restrictive covenant which stated, "All units and restricted common elements shall be used, improved and devoted exclusively to residential use by a single family" did not prohibit nightly rentals of the unit); *Lowden v. Bosley*, 909 A.2d 261, 269 (Md. Ct. App. Oct. 17, 2006)(provision allowing a lot to be "used for single family residential purposes", particularly

when coupled with the Declaration's express allowance of "tenants", plainly permits a rental to a single family residing in the home, whether the rental is for a "short" term or a "long" term"); *Pinehaven Planning Board v. Brooks*, 70 P.3d 664, 667-68 (Idaho 2003)(covenants restricting use of residential property to the construction of a single-family residence, which could not be used for commercial, industrial, or business purposes did not prohibit renting the property to people who used it for residential purposes, whether short or long term).

Moreover, when we examine LMSOA's history and LMSOA's reasons for adopting Section 2.14, it is evident that LMSOA never intended Section 2.14 to prohibit Defendants (or any LMSOA owners) from renting their properties on a short-term basis. Section 2.14 was enacted to prohibit LMSOA owners from operating their homes as commercial enterprises such as bed-and-breakfasts and hotels. It was not enacted to prohibit the single-family short-term rentals Defendants utilize.

The LMSOA Board made this clear in its May 10, 2013 "Material Changes Q&A" letter to owners that the "single family residential purposes" provision does not prohibit owners from renting their homes on a short-term basis to a group of affiliated individuals, regardless of blood relationships. The Board stated as follows in that 2013 letter to owners:

"In reviewing the Single Family Residential Purposes definition it should be noted that **as long as a rental group occupies the property as one legitimate single housekeeping unit, regardless of blood relationships, they are considered to be using the property for single family residential purposes.** A rental group functions as a legitimate single housekeeping unit when it shares expenses and responsibilities for activities at the property and has some type of affiliation whether it is friends, relatives, business associates or a similar association. The property is rented to the group, not to each individual or couple independently. **The home is rented, not a room.**

This is consistent with the current permitted methods of rentals as provided for in the Covenants and therefore should have no adverse effects. **This accepted type of renting is distinguished from unaffiliated individuals or groups functioning as independent housekeeping units or the renting of a room and**

sharing a common area as in a bed & breakfast or boardinghouse, or renting a single room as in occupying a motel or hotel. It should be noted that the renting at the same time to multiple independent groups or couples, or to persons who are not utilizing the property for residential purposes, has always been prohibited by the Covenants.”

(See Exhibit 3.)(emphasis added)

We thus have a Board of Directors who, at the time this provision was enacted, explicitly stated that “single family residential purposes” does not prohibit the short-term renting of owner homes to one affiliated rental group. The Board even acknowledged that this type of renting had been ongoing in Lone Mountain Shores, and this type of renting would still be permissible under this new Section 2.14.

It is therefore not only incorrect, but also disingenuous for the LMSOA Board to now claim that Section 2.14 “clearly” excludes Defendants’ short-term rentals from the definition of “single family residential purposes.” If it “clearly” excluded short-term rentals as LMSOA now claims, then every other LMSOA Board since 2013 would not have interpreted Section 2.14 in the opposite way. The current LMSOA Board knows Section 2.14 does not “clearly” prohibit short-term rentals, they just wish it did.

The 2014 lawsuit LMSOA filed against the previous owner of Lot 823, who was operating a bed-and-breakfast on the property, further illustrates the farcical nature of LMSOA’s current position. In that case, the then LMSOA President stated under oath that short-term rentals such as Defendants’ utilize are permissible because those short-term rentals do not offer pricing “based upon the number of guests” or “all-inclusive services” such as “on-site staff members, grocery shopping, and meal preparations.” (See Exhibit 9, p. 5.) We thus have LMSOA’s own President stating under oath that short-term rentals such as those Defendants’ utilize are permissible under the LMS covenants.

Taking all of this into consideration, Defendants submit this Court should reach the same conclusion as the Court in *FSD*: the covenants are ambiguous and do not clearly prohibit short-term rentals. Tennessee law mandates that courts must resolve any ambiguity against the party seeking to enforce the restriction and in a manner that advances the unrestricted use of the property. As a result, this Court must resolve the ambiguity in the Lone Mountain Shores covenants against LMSOA and grant Defendants summary judgment.

Respectfully submitted,

TRAMMELL, ADKINS & WARD, P.C.

By 
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that an exact copy of this pleading has been served on all counsel of record by placing same in the United States Mail, postage prepaid, by delivering same to the office of said counsel, or via facsimile.

Preston A. Hawkins
Lewis Thomason, P.C.
One Centre Square, Fifth Floor
620 Market Street
P.O. Box 2425
Knoxville, TN 37901-2425
phawkins@lewisthomason.com

This the 21st day of December, 2023.

TRAMMELL, ADKINS & WARD, P.C.

By 
Ryan L. Sarr

**LONE MOUNTAIN SHORES)
OWNERS ASSOCIATIONS, INC.,)**

Docket No. CV-2354

HENRY BENNAFIELD, JANICE
BENNAFIELD, BELLA GOLDEN,
JAMES HAWS, DENISE HAWS,
VIC WARTHMAN, ELIZABETH
WARTHMAN, TROY VANDERHOOF,
PAM VANDERHOOF, ED LUND,
LAKE FRONT RENDEZVOUS, LLC,
M&G EAGLESNEST, LLC, B&M
STORAGE, LLC, MICHAEL SISLOW,
BRANDY SISLOW, JASON JORDAN,
836 JACKSBLUFF, LLC, FRED
MAESS, KRISTY WAMBOLD,
JAMES SCRUGGS, DEBBIE
HUNLEY, BRENDAN FRANTZ,
AIMEE FRANTZ, DAVID LANG,
DAVID NORCROSS, MICHELLE
NORCROSS, PETE SZUCH,
CAROLINE SZUCH, and JAMON
SELLMAN,

FILED
Claiborne County Circuit Civil Court

DEC 21 2023

Jackie Rosenbalm, Clerk *ms* DC

Come the Defendants, by and through counsel, pursuant to Rule 56 of the *Tennessee Rules of Civil Procedure* and move this Honorable Court for entry of an Order granting summary judgment in Defendants' favor. Defendants submit that no genuine issue of material fact exists, and Defendants are entitled to judgment as a matter of law. Specifically, the undisputed material facts prove that Defendants' short-term rentals of their respective properties are in compliance with the

covenants of Lone Mountain Shores, and any covenant provision which Plaintiff claims to prohibit short-term rentals is sufficiently ambiguous to mandate a ruling in Defendants' favor.

In support of this motion, Defendants rely upon their accompanying Statement of Undisputed Material Facts, Defendants' sworn declarations, pleadings on file, supporting evidentiary exhibits attached hereto, and Memorandum of Law contemporaneously filed herewith.

WHEREFORE, premises considered, Defendants respectfully move the Court for entry of an Order granting Defendants' summary judgment, dismissing Plaintiff's Complaint with prejudice, and awarding such other and further relief to which Defendants may be entitled.

Respectfully submitted,

TRAMMELL, ADKINS & WARD, P.C.

By 
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phawkins@lewisthomason.com

This the 21st day of December, 2023.

TRAMMELL, ADKINS & WARD, P.C.

By _____
Ryan L. Sarr

IN THE CIRCUIT COURT FOR CLAIBORNE COUNTY, TENNESSEE

LONE MOUNTAIN SHORES)
OWNERS ASSOCIATIONS, INC.,)

Plaintiff,)

vs.)

HENRY BENNAFIELD, JANICE)
BENNAFIELD, BELLA GOLDEN,)
JAMES HAWS, DENISE HAWS,)
VIC WARTHMAN, ELIZABETH)
WARTHMAN, TROY VANDERHOOF,)
PAM VANDERHOOF, ED LUND,)
LAKE FRONT RENDEZVOUS, LLC,)
M&G EAGLESNEST, LLC, B&M)
STORAGE, LLC, MICHAEL SISLOW,)
BRANDY SISLOW, JASON JORDAN,)
836 JACKSBLUFF, LLC, FRED)
MAESS, KRISTY WAMBOLD,)
JAMES SCRUGGS, DEBBIE)
HUNLEY, BRENDAN FRANTZ,)
AIMEE FRANTZ, DAVID LANG,)
DAVID NORCROSS, MICHELLE)
NORCROSS, PETE SZUCH,)
CAROLINE SZUCH, and JAMON)
SELLMAN,)

Defendants.)

Docket No. CV-2354

FILED
Claiborne County Circuit Civil Court

DEC 21 2023


Jackie Rosenbalm, Clerk
JS DC

NOTICE OF HEARING

Please take notice that on **Thursday, January 25, 2024 at 9:00 A.M.**, the undersigned will appear before the Circuit Court of Claiborne County and the Honorable Chancellor Elizabeth C. Asbury presiding to present Defendants' Motion for Summary Judgment. You are invited to attend and participate. This is the only notice you will receive.

Respectfully submitted,

TRAMMELL, ADKINS & WARD, P.C.

By 
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CERTIFICATE OF SERVICE

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This the 21st day of December, 2023.

TRAMMELL, ADKINS & WARD, P.C.

By 
Ryan L. Sarr

BYLAWS OF

LONE MOUNTAIN SHORES

OWNERS ASSOCIATION, INC.

Revision 2023

BK/PG: 1638/409-433
23008896

25 PGS:AL-BY LAWS	
DONNA BATCH: 80059	08/01/2023 - 10:12 AM
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	130.00
ARCHIVE FEE	0.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	132.00

STATE OF TENNESSEE, CLAIBORNE COUNTY
KIMBERLY H. REECE
REGISTER OF DEEDS



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ARTICLE I

Statement of Principles and Purpose

Section 1. General Purpose. As described in the Restated Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores (the “Covenants”), it is the intention of the Lone Mountain Shores Owners Association, Inc., a Tennessee nonprofit corporation (“LMSOA” or the “Association”), to impose upon its members mutually beneficial restrictions that allow reasonable use of their property that does not adversely affect the LMSOA or other owners of lots within Lone Mountain Shores, while helping preserve property values.

Section 2. Purpose of Bylaws and Board. The Lone Mountain Shores Board of Directors (the “Board”) has been established, in part, for the purpose of defining, maintaining, and administering the standards of development and the mutually beneficial restrictions of use and development referenced in the Covenants. The Bylaws have been developed to provide the process by which the Board will execute its responsibilities.

ARTICLE II

Members (Owners)

Section 1. Eligibility. The members of the LMSOA consist of the respective property owners of the Lone Mountain Shores subdivision (the “Property”). A property owner (an “Owner”) means the record owner, whether one or more persons or entities, of fee simple title to any lot in the Property, whether developed with improvements thereon or undeveloped (each a “Lot”). The words “Member” or “Members,” as used in these Bylaws, refer to an Owner or Owners, as the case may be, as stated on the deed of record in the Claiborne County Register of Deed’s Office. If an Owner is a land title holding trust under the terms of which all powers of management, operation, and control of the Owner’s Lot remains vested in the trust beneficiary, then the Member is that beneficiary.

Section 2. Succession. The membership of each Owner terminates when such Owner ceases to own a Lot. Upon the sale, transfer, or other disposition of an Owner’s ownership interest in the Property, such Owner’s membership in the Association is automatically transferred to the new Owner as described on the deed of conveyance. Upon sale, transfer, or other disposition, the new Owner shall notify the Secretary of the Association.

Section 3. Annual Meetings. Annual meetings of the Owners shall be held at a time and place specified in the notice of such meeting. The annual meeting of Owners shall normally be held during the month of October. At the annual meeting, Owners shall receive reports on the activities and financial condition of the Association and transact such other business as may properly come before the meeting.

Section 4. Special Owners Meetings. The Association shall hold a special meeting of its Owners upon the call of the Board or the President of the Board, or upon the written demand(s) to the Secretary by Owners holding at least ten percent (10%) of all votes entitled to be cast on any issue to be considered at the proposed special meeting. Any call or demand for a special meeting must describe the purpose(s) for which the special meeting is to be held. Only business within that purpose may be conducted at such meeting.

Section 5. Notice of Meetings. The Association shall notify Owners of the date, time, and place of each annual and special meeting of Owners no fewer than (30, nor more than 60, days before the meeting date. The notice of a meeting shall also contain such other information as may be required by these Bylaws. All notices will be mailed to the Owner's last known address according to Association records.

Section 6. Waiver of Notice. An Owner's attendance at a meeting:

- (a) Waives objection to lack of notice or defective notice of the meeting, unless the Owner at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting; and
- (b) Waives objection to consideration of a particular matter at the meeting that is not within the purpose(s) described in the meeting notice, unless the Owner objects to considering the matter when it is presented.

Section 7. Voting. The aggregate number of votes of all Owners shall be equal to the total number of all Lots which are part of the Property, and shall be divided among the respective Owners with one vote allocated to each Lot. If any Owner consists of more than one person or entity, the voting rights of such Owner may not be divided but must be exercised as if the Owner consisted of only one person or entity in accordance with the proxy or other designation made by the persons and/or entities constituting such Owner. A "Majority of the Owners" means the owners of more than fifty percent (50%) of the voting rights of all Owners.

Notwithstanding the foregoing, no Owner who is in default in the payment of any assessment will be entitled to exercise the right to vote until the Owner has cured such default. An Owner will be deemed to be in default if such Owner has not paid his or her assessments to the Association, or its designee, within 10 days after the date such

assessments are due. An Owner may protest the amount of the assessment, but it still must be paid during the pendency of any protest to the Board.

Section 8. Quorum. Unless otherwise required by law, these Bylaws, or the Covenants, a quorum shall consist of the Owners present at a meeting either in person or by representation.

Section 9. Voting Requirements. Except as otherwise provided in these Bylaws or the Covenants, action on any matter voted upon is as follows:

(a) Voting by written ballot is approved if a majority of Owners responding vote in favor of the action in accordance with the percentage required by the Covenants, Architectural Guidelines or the Bylaws;

(b) Voting at a meeting by Owners is approved if a majority of the Owners in attendance vote in favor of the action. Voting at a meeting shall not be allowed if the vote changes or amends the Covenants, Architectural Guidelines or Bylaws.

(c) Voting Process:

1. Each lot owner in good standing will receive a ballot provided that they have registered with the Board Secretary at least 30 days prior to the scheduled date of mailing. If lots are combined (per the Claiborne County Assessor's Office) owners will be provided only one ballot. If lots are uncombined during the course of the year the Owner shall receive ballots equaling the number of lots for which separate annual dues were paid for that calendar year.
 - a. A lot in good standing means there are no outstanding assessments against said property. In order to receive a ballot, any type of assessment shall be cleared no later than thirty (30) days prior to the scheduled mailing of ballots.
2. Ballots will be mailed pre-marked with non-reproducible marks and lot numbers. No copies will be accepted. Non-reproducible marks shall be changed for each voting session and located in a consistent area on all ballots.
3. Owners must print and sign their name on the ballot(s) and return in the provided envelope within the required time.
4. Proxy votes will not be permitted.

5. Ballots will be mailed to, verified and counted by a non-affiliated third party chosen by the Board of Directors.
6. In the event that a third party is not available for the voting process a **Voting Tabulation Committee** will be appointed by the Board of Directors to determine a secure mailing address for returned ballots and a procedure for their retrieval, opening, verification and tabulation. Ballots will be opened, verified, and tabulated at an Owners only meeting to which all Owners in good standing shall be invited. The Secretary of the Board shall Chair this committee.

(d) Board of Directors Responsibilities

1. Compile a list of all lot owners in good standing prior to each voting session. This list shall include lot numbers, if lots are combined or uncombined, the Owner of Record, their official mailing address and how many votes the owner is entitled to cast.
2. Create mailing labels from mailing addresses provided to the Secretary of the Board by the Claiborne County Assessor's Office and Owners.
3. Create mailing labels with the address of the third party.
4. Create ballots using colored paper and marked with non-reproducible marks to prevent copying.
5. Create a voting packet to include some of the following depending on the purpose of the vote: a) Detailed instructions on how to submit a vote. b) Biographies of candidates for election. c) The percentage of votes required to approve actions. d) The voting issues(s) description.
6. Create a **Voting Preparation Committee** of owners to meet at the Community Center to construct the ballot mailing packet ready for delivery to the third party. The Secretary of the Board shall be the Chair of this committee. In the event a third party is not available this committee shall mail the voting packets directly to all owners in good standing.
7. In the event that a third party is not available, the Board of Directors shall appoint a separate **Voting Tabulation Committee** as described above in item 6, Voting Process

8. Create a notebook with the legal names and signatures of all owners in good standing for use in verifying completed and returned ballots. This notebook shall be updated prior to any voting session and shall be delivered to the third party or Voting Tabulation Committee just prior to ballot return. Only Owners in good standing are permitted to vote. "Owner(s)" shall mean the Owner of Record as listed on the deed. In the case of LLCs, only the Owners of Record may vote. Registered agent and managers, if not also owners, are not permitted to vote on behalf of the LLC. LLCs are required to submit legal paperwork of their incorporation to the Secretary of the Board. This must contain the names of the actual owners and their legal signatures. Failure to provide these documents will invalidate their vote.
9. Upon receiving results of the voting from either the third party or the Voting Tabulation Committee, the Board will publish the outcome to all owners.

(e) Voting Preparation Committee Responsibilities

1. Attach owner address labels and third party/secure mailing return labels to appropriate envelopes.
2. Write the lot number(s) on each ballot and place ballot(s) in the correct owner's labeled envelope along with the return envelope. Lots that are combined per the Claiborne County Assessor's Office will have one vote and all combined lots will be listed on the same ballot.
3. The filled envelopes will be stamped, left unsealed and filed alphabetically.
4. The filed and stamped envelopes will be taken to the third party along with the list of owners eligible to vote that has been compiled by the Board. In the event a third party is not utilized, the committee will perform an attribute check (ANSI/ASQZ1.4) of completed envelopes against the list of eligible voters and immediately correct any errors or discrepancies. The envelopes will then be sealed and mailed.
5. At least two people (including at least one Board member) will be responsible for taking the prepared envelopes to the third party or to the post office.

(f) Third Party Responsibilities

1. Upon receipt of the ballot mailer packet, the third party will perform an attribute check (ANSI/ASQZ1.4) on the completed envelopes against the list of owners

eligible to vote. They will immediately notify the Board of any discrepancies, or finding none will seal and mail the ballots.

2. The completed ballots will be returned to the third party for verification and tabulation. The signature note shall be used to verify all signatures.
3. Voting results will be reported to the Board when tabulation is complete.
4. The legal signature notebook shall be returned to the Board.
5. The third party will maintain possession of the ballots for one year following the vote. The Board may take possession of the ballots sooner, but must keep all ballots for a minimum of one year.

(g) Voting Tabulation Committee Responsibilities

1. In the event a third party is not available, this committee will collect the returned ballots from a secure mailing address. At least two people will be responsible for picking up the returned ballots. At least one of these must be a Board member.
2. The completed ballots will be taken directly to the Community Center for opening, verification and tabulation at an owners-only meeting.
3. The committee will use the signature notebook to check and verify all signatures.
4. The tabulation of the ballots will be reported to the Board and owners at the conclusion of the meeting and the results will be considered final.
5. The committee will deliver all ballots and the signature notebook to the Board at the conclusion of the meeting and all ballots will be kept by the Board for a minimum of one year.

(h) Timeline for Board Nominations, Elections and Voting

Voting for Board of Director officers shall be completed at least seven (7) days before the Annual Meeting held in the first part of the month of October. The following timeline lists the required steps and the approximate duration of each. A closing date shall be established for each step.

1. Requests for Nominations, nomination forms, qualification requirements and duties and responsibilities for each open position shall be sent out to owners in

a mailing approximately eighty-five (85) days before the Annual Meeting. Approximately twenty-two (22) days shall be allowed to collect and confirm nominations and a closing date shall be provided approximately sixty-three (63) days before the meeting.

2. Biographies shall be collected and ballots prepared ready to deliver to the third party (or voting preparation committee). Approximately twenty (20) days shall be allowed for this to occur. All ballot preparations shall be completed and delivered to the appropriate entity above for mailing approximately forty-three (43) days before the meeting.
3. The third party or Voting Preparation Committee shall make ready, review and mail the ballots. Approximately six (6) days shall be allowed for this to occur. All ballots shall be mailed out to owners via the United States Postal Service approximately thirty-seven (37) days before the Annual Meeting.
4. On receipt of their ballots the Owners shall have approximately twenty (20) days to vote and return their ballots to the third party or secure mailing address. They must be received by midnight of the final date listed on the ballot (approximately seventeen (17) days before the Annual Meeting).
5. The third party shall review, verify and tabulate the ballots. They shall be allowed approximately ten (10) days. The election is then complete and the Board shall be notified of the results approximately seven (7) days before the Annual Meeting.
6. If third party is not available, the Voting Tabulation Committee shall pick up the sealed ballots from the secure mailing address approximately seventeen (17) days before the Annual Meeting and immediately have an owners-only meeting to open, verify and tabulate the ballots. One day is allowed for these activities.
7. The newly elected Board members shall be notified as soon as results are tabulated. The approximately seven (7) days between notification and the Annual Meeting shall be used as a transition period between the old and new Board members (if no third party is available, this period may be closer to seventeen (17) days).
8. The Annual Meeting shall begin at 11:00 AM on the first Saturday of October after the first Sunday of October. The outgoing Board members (if any) will introduce the new Board Members (if any) at the beginning of the meeting.

Any new Board members shall take office after final reports by the outgoing Board members.

Section 10. Action by Written Ballot.

(a) Notwithstanding any other provision of these Bylaws, the following actions may only be taken by written ballot of Owners:

(1) Election of members of the Board, as further provided in Section 11 below;

(2) Approval of any new project that would require spending more than one-third of the total amount of Association dues assessed in the most recent year; and

(3) Approval of any emergency assessment in an amount greater than \$125.00, in accordance with Article IV, Section 4.06, of the Covenants.

(b) Any action that may be taken at an annual or special meeting of Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter at their last known address. The written ballot shall set forth each proposed action and shall provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall:

(1) State the percentage of approvals necessary to approve each matter, other than election of Board members; and

(2) Specify the time by which the ballot must be received by the Association to be counted.

Section 11. Election of Board Members.

(a) Qualifications for Candidacy:

(1) Each Member in good standing, who is not in default of any assessments owed to the Association, may run one (1) candidate in an election for an open position on the Board. A Member in default of any assessments owed to the Association shall not be permitted to run any candidate to fill a position on the Board. A Member shall not hold more than one (1) position on the Board at any given time and shall not run a candidate for a Board vacancy if the election could result in the Member and its representatives holding more than one (1) position on the Board at any given time.

(2) In order for the Member's candidate to qualify for election, the candidate must meet the following requirements, as verified by the Board:

i) The candidate must be either: 1) a natural person who is an Owner, as defined in Article II, Section 1; or 2) in the event that an Owner is an entity, the entity may designate one (1) representative of the entity who is a natural person having an ownership interest in the entity to run as a candidate for election to the Board. A Member shall not designate or run more than one (1) candidate for election to the Board during any election.

ii) The candidate shall only run for one (1) position on the Board at a time.

(3) If a Member owns more than one (1) lot in the Property, or has common ownership with any other Member, the Member shall not designate or run more than one (1) candidate for the Members of all lots having common ownership. For example, if a Member is a limited liability company that owns lot A and owns a fifty percent interest in lot B, lots A and B cannot have more than one (1) candidate running for election or holding a position on the Board at any given time on behalf of both lots A and B.

(b) Campaign. The association may, from time to time, permit qualified candidates to publish a biography, campaign statement, or other correspondence on the Association's website during campaigns to fill a vacancy on the Board. In the event that a candidate submits a document or any other information for publication on the Association's website, the statements contained in such document or information shall be limited to statements about that candidate and shall not refer to any other candidate.

(c) Election. Election of members of the Board of Directors shall be taken only by written ballot of Owners. Notwithstanding any other provision of these Bylaws, the candidate receiving the most votes (a plurality) for any open position on the Board shall be elected to that position.

(d) Write-In Candidates. In the event of nonacceptance of nomination by all persons nominated for a specific Board position: a "write-in" line will be listed on the ballot. Only one person may be listed on this line; this individual must be eligible to hold the office to be elected. All write-in votes will be considered and processed by the Election Committee. After an eligibility check, the write-in candidate with the highest number of votes will be contacted by the Election

Committee to verify their willingness to perform the duties of the office. If they accept, they will be elected to the position. If they decline, the write-in candidate with the next highest number of votes will be contacted with the same opportunity. The process will continue until either 1) a willing candidate is identified or 2) the Election Committee runs out of eligible write-in candidates. If there are no write-in votes, or if all write-in candidates decline, the LMSOA Board will have the right to appoint a qualified individual.

ARTICLE III

Administration of Board of Directors

Section 1. Composition of Board of Directors. The LMS Board shall consist of five members (each an "Officer"), all of whom must be Owners in good standing with the Association. The Board shall consist of a President, Vice President, Secretary, Treasurer, and a member who shall also serve on the Architectural Review Committee (the "ARC") as the liaison between the Board and the ARC. Board members shall hold office for a term of two years, unless removed from office pursuant to Article III, Section 8, and until their successor has been elected or appointed.

Section 2. Regular Meetings. Regular meetings of the Board may be held at such time and place as the President may determine from time to time, but no less frequently than once a year.

Section 3. Special Board Meetings. Special meetings of the Board may be called by the President or any two Officers.

Section 4. Notice of Meetings. Regular meetings of the Board may be held upon reasonable notice being provided by the President. Special meetings of the Board must be preceded by at least two days' notice to each Officer of the date, time, and place, but not the purpose, of such special meeting. Notice of any adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, provided that the period of adjournment does not exceed one month.

Section 5. Waiver of Notice. If an Officer attends or participates in a meeting, he or she waives any required notice of the meeting, unless the Officer at the beginning of the

meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 6. Quorum and Voting. A quorum of the Board consists of a majority, but no fewer than three Officers then in office before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Officers present is the act of the Board, except as may otherwise be provided in these Bylaws or the Covenants.

Section 7. Vacancy. If a vacancy occurs on the Board the Board will appoint a replacement director to fill the vacancy or, at its discretion, the Board may decide that the replacement director should be elected by a vote of Owners. If the Directors remaining in office constitute less than a quorum of the Board, the replacement director(s) must be elected by a vote of Owners. Any director so appointed or elected to fill a vacancy shall hold office for a term equal to the unexpired term of the director succeeded.

Section 8. Removal of Directors. The Owners may remove any one or more directors, with or without cause, at a special meeting specifically called for that purpose.

Section 9. Action without Meeting. Action that is required or permitted to be taken at a meeting of the Board may be taken without such a meeting if all directors consent. If all directors so consent, the affirmative vote of the number of directors that would be necessary to authorize or take such action at a meeting shall be the act of the Board, except as may otherwise be provided in these Bylaws or the Covenants. Action taken between meetings shall be included in the minutes filed with the Association's records.

Section 10. Immunity. To the fullest extent allowed by the laws of the State of Tennessee, as now in effect and as hereafter adopted or amended, each present and future Officer (and his or her estate, heirs, and personal representatives) shall be immune from suit arising from the conduct of the affairs of the Association.

Section 11. Compensation. Members of the Board may receive no compensation for their services as directors, unless expressly provided for in resolutions duly adopted by the Owners.

Section 12. Powers and Duties. The Board shall have the following powers and duties:

- (a) To appoint the Officers in the event of a vacancy;
- (b) To administer the affairs of the Association and the Property;

- (c) To engage the services of an agent to maintain, repair, replace, administer, or operate the Property or any part thereof for all Owners, upon such terms and for such compensation and with such authority as the Board may approve;
- (d) To formulate policies for the administration, management, and operation of the Property;
- (e) To adopt rules and regulations, with written notice thereof to all Owners, governing the administration, management, operation, and use of the Property, and to amend such rules and regulations from time to time;
- (f) To provide for the maintenance, repair, and replacement of the common areas of the Property owned by the Association and payment therefor, and to approve payment vouchers or to delegate such approval to designated Officers or a managing agent;
- (g) To provide for the hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Property, and to delegate any such powers to a managing agent;
- (h) To appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (i) To determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable, but only as allowed by law;
- (j) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from Owners their respective shares of such estimated expenses, as provided in the Covenants;
- (k) Unless otherwise provided herein or in the Covenants, to comply with the instructions of the majority of the Owners, as expressed in a resolution duly adopted at any annual or special meeting of Owners;
- (l) To resolve or mediate disputes, conflicts, or problems between or among Owners regarding issues related to the Property;
- (m) To interpret and enforce these Bylaws, the Covenants, the ARC Guidelines, and any other rules and regulations of the Association ; and

- (n) To exercise all other powers and duties of a board of administration as referred to in the laws of the State of Tennessee and all powers and duties of the Board of Directors referred to in the Covenants or these Bylaws.

Notwithstanding any of the foregoing, before the Board may approve any new project that would require spending more than one-third of the Association dues assessed in the prior year, such action must be approved by a vote of the Board, with at least three (3) Directors in support, and an affirmative vote of at least fifty five percent (55%) of responding Owners by written ballot shall be required.

Section 13. Non-Delegation. These Bylaws may not be considered to grant to the Board, the Association, or to any Officers any powers or duties which, by law, have been delegated to the Owners.

ARTICLE IV

Financial and Recordkeeping Matters

Section 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. This budget shall include a reserve for contingencies for the next fiscal year and a reserve for expected future capital expenditures in reasonable amounts as determined by the Board. The estimated annual budget for each fiscal year shall be available upon a written request from any Owner in good standing with the Association. If at any time the Board determines it is necessary to withdraw funds from the capital funds on deposit for other than capital expenditures the membership shall be notified as to the amount and purpose of such withdrawal.

Section 2. Assessments. All assessments are due and payable as provided in the Covenants.

Section 3. Association Records. The Board shall cause to be kept detailed and accurate records of receipts and expenditures. Payment vouchers may be approved in such manner as the Board may determine. Said records and vouchers shall be available for examination by any Owner in good standing with the Association upon written request by such Owner at a time and place to be determined on a case-by-case basis. An appropriate fee for the reasonable costs of production/duplication may be assessed for requested copies of records at the Board's discretion.

Section 4. Individual Statements of Account. The Board shall, upon receipt of ten (10) days' written notice to it and upon payment of a reasonable fee, furnish to any Owner a

Section 8. Annual Financial Statements. The Association shall prepare annual financial statements that include a statement of financial position, statement of activities, and statement of cash flows as of the end of the fiscal year, and such other information necessary to comply with the requirements of the applicable provisions of the Tennessee Nonprofit Corporation Act. The Board shall assure that a certified audit of this Annual Financial Statement is completed each year.

ARTICLE V

Contractual Powers

Section 1. Effect of Decision Involving an Interested Officer. No contract or other transaction between the Association and one or more of its Officers or between the Association and any corporation, firm, or association in which one or more of the Officers are directors, or are financially interested, is void or voidable because such Officer(s) are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- a) The fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes, and the Board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Officer(s); or
- b) The contract or transaction is just and reasonable as to the Association when it is authorized, approved, or ratified.

Section 2. Quorum When an Interested Officer is Present. Common or interested Officers may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves, or ratifies a contract or transaction.

ARTICLE VI

Amendments

These Bylaws may be amended from time to time by action of the Board, unless specifically prohibited by the Covenants or these Bylaws. Before approving any material change to the Bylaws, the Board must notify Owners of the proposed change and provide

Owners with the opportunity to see the proposed new Bylaws. If, within 30 days after sending such notification, 10% or more of the Owners request in writing a meeting to discuss the proposed change, the President will call a meeting for open discussion of the subject; otherwise, the changes will become effective at the end of the 30-day notice period. If a meeting is held in accordance with this Section, the Board will reconsider the proposed new Bylaws in light of the discussion at the meeting and take such further action, if any, as the Board deems appropriate.

ARTICLE VII

Deeds of Trust

The Board, whenever requested in writing by a deed of trust beneficiary of a Lot, may report any of the then unpaid assessments, fees, or common charges due from, or any default by, the Owner of the mortgaged Lot.

ARTICLE VIII

Principles of Interpretation

Section 1. Severability. These Bylaws, to the extent possible, shall be construed or reformed to give validity to all of its provisions. Any provision of these Bylaws found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating any other part hereof.

Section 2. Construction. In interpreting these Bylaws, unless the context otherwise provides or requires, the singular includes the plural, the plural includes the singular, and the use of gender includes both genders.

Section 3. Headings. Headings are included for the purpose of convenient reference, and they do not affect the meaning or interpretation of these Bylaws.

Section 4. Conflict between Documents. In case of any conflict between these Bylaws and the Covenants, the Covenants shall control. In case of any conflict between these Bylaws and the Architectural Guidelines, the Architectural Guidelines shall control.

ARTICLE IX

Miscellaneous Provisions

Section 1. Registration of Mailing Address. Each Owner shall register his current mailing address with the Secretary of the Association, and notices or demands intended to be served upon or given to an Owner will be personally delivered or sent by mail, postage prepaid, addressed in the name of the Owner at such registered mailing address.

Section 2. Notices. Whenever notice is required to be given to Owners, Officers, or the Association, unless otherwise provided by law, the Covenants, or these Bylaws, such notice may be given in person or by telephone, telegraph, mail, email, or private carrier. If such notice is given by mail, it shall be sent postage prepaid by first class United States mail or by registered or certified United States mail, return receipt requested, and addressed to the respective address which appears for each such person on the books of the Association. Written notice sent by email to Owners shall be deemed to have been given when it is transmitted. Any other written notice shall be deemed to have been given at the earliest of the following:

- (a) when received.
- (b) five days after its deposit in the United States mail if sent first class, postage prepaid;
or
- (c) on the date on the return receipt, if sent by registered or certified United States mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

Section 3. Waiver of Notice. Whenever notice is required to be given under the provisions of any statute, the Covenants, or these Bylaws, a waiver thereof in writing signed by the person entitled to such notice, whether signed before or after the date stated thereon, and delivered to the Secretary of the Association and included in the minutes, shall be deemed equivalent thereto.

Section 4. Negotiable Instruments. All checks, drafts, notes, or other obligations of the Association shall be signed by an authorized Officer or by such other person(s) as may be authorized by the Board.

Section 5. Deposits. The monies of the Association may be deposited in the name of the Association in such bank(s) or financial institution(s) as the Board may designate from time to time and shall be drawn out by check signed by the Officer(s) or person(s) designated with such authority by resolution adopted by the Board.

Section 6. Limitation of Liability and Indemnification. The Association shall indemnify every Board member and Committee member against any and all judgments and expenses, including trial and appellate attorney's fees and costs reasonably incurred by or imposed upon any Board member or Committee member in connection with any action, suit, or other proceeding (including the settlement of any suit or proceeding if approved by the Board) to which he or she may be party by reason of being or having been a Board member or Committee member. Board members and Committee members are not liable for any mistake of judgment, negligent or otherwise, except for their own willful malfeasance, misconduct, or bad faith. Board members and Committee members have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such Board member or Committee member is also an Association Member), and the Association shall indemnify and forever hold each such Board member and Committee member free from and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein is not exclusive of any other rights to which a Board member or Committee member may be entitled.

With respect to claims or liabilities arising out of service as a Board member or a Committee member, the Association shall indemnify and advance expenses to each such present and future Board member or Committee member (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, as now in effect and as hereafter adopted or amended.

Section 7. Table of Fines/Violations that may be imposed by the Lone Mountain Shores Board of Directors. All fines shall be a Default Assessment per LMS Covenants Article IV, Section 4.07.

TABLE OF FINES/VIOLATIONS THAT MAY BE IMPOSED BY LMS BOARD OF DIRECTORS	
VIOLATION	FINE/VIOLATION
Start of a site improvement or construction project without ARC approval.	\$200 per occurrence, plus \$25 per day until unresolved issues are settled and written ARC approval is granted to Owner. Fine starts at initial date/start of project.
Violation or noncompliance with the Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores ("the covenants"),	Up to \$50 per day for each event of noncompliance or violation. The amount

Revision 2023

Architectural Guidelines, and Governing Documents by Owner.	per day is at the Board's discretion and based upon the severity of the violation.
No trash container on site or other means of removing trash during active construction. Unsightly lot or debris not picked up. This includes debris or damage to adjacent property or public/common areas.	ARC will notify Owner of violation. If violation has not been corrected within ten (10) days, Owner may be fined \$50 , plus \$10 per day thereafter until corrected.
No portable toilet on site during active construction.	\$50 initially. Also, following ARC notification to Owner of failure to comply, a \$10 per day fine will be assessed until installed.
Excess dirt/mud tracked onto roads (if ARC has determined due diligence has not been exercised).	\$50 per occurrence plus cost of clean-up if done by other contractors/personnel at time plus equipment cost rate.
Failure to obtain or noncompliance with a government required permit (e.g., TDEC, Septic, SWPP, Building and TVA).	Violation will be reported to appropriate government agency if not corrected within five (5) working days after ARC notifies Owner. Additionally, Owner will be responsible for any and all fines or legal costs incurred by LMS as a result of the violation.
Unattended fires or fires during County issued ban of fires.	Violation will be reported to appropriate government agency by the Board. Owner will be responsible for any and all fines, damage, or legal cost incurred by LMS as a result of the violation.
Failure to repair/restore damage to property per Covenants, Article IX, Section 9.01.	Up to \$100 per day until repair/reconstruction is commenced.

ARTICLE X

Definitions

As used in these Bylaws, the following terms have the meanings set forth below:

- a) **"ARC"** means the Lone Mountain Shores Architectural Review Committee;
- b) **"Association"** means the Lone Mountain Shores Owners Association, Inc., a non-profit corporation;
- c) **"Board"** means the Board of Directors of Lone Mountain Shores Owners Association, Inc.;
- d) **"Covenants"** means the Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores, as amended;
- e) **"LMS"** means the planned community of Lone Mountain Shores created by the Covenants;
- f) **"LMS Governing Documents"** means (i) these Bylaws; (ii) the Declaration of Covenants Conditions, Restrictions, and Easements for Lone Mountain Shores; and (iii) the Architectural Guidelines, all as they may be amended from time to time;
- g) **"LMSOA"** means the Lone Mountain Shores Owners Association, Inc., a non-profit corporation;
- h) **"Lot"** means a designated parcel of land within LMS, whether developed with improvements thereon or undeveloped;
- i) **"Majority of the Owners"** means the holders of more than fifty percent (50%) of the voting rights of Owners;
- j) **"Member"** means an Owner or Owners, as the case may be, as stated on the deed of record in the Claiborne County Register of Deed's Office. If an Owner is a land title holding trust under the terms of which all powers of management, operation, and control of the Owner's Lot remain vested in the trust beneficiary, then the Member shall be that beneficiary;
- k) **"Officer"** means a member of the Board;
- l) **"Owner"** means the record owner, whether one or more persons or entities, of fee simple title to any lot in Lone Mountain Shores, but does not mean any person or entity who holds its interest

merely as security for the performance of a debt or other obligation, until such person or entity has acquired fee simple title pursuant to foreclosure or other proceeding; and

m) **"Property"** means the Lone Mountain Shores subdivision, consisting of the aggregate of the common areas owned by the Association and all Lots.

By signing below the duly elected representative(s) of Lone Mountain Shores Owners Association, Inc., affirm that the Material Changes to this document were approved per Article VI of Bylaws for Lone Mountain Shores Owners Association, Inc.

LONE MOUNTAIN SHORES OWNERS ASSOCIATION

BY: Sabrina Izbrand

SECRETARY

STATE OF TENNESSEE

COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, as aforesaid, Sabrina Izbrand with whom I am personally acquainted, who proved to me by satisfactory evidence of identity and who, upon oath, acknowledge himself/herself to be the SECRETARY for Lone Mountain Shores Owners Association, Inc., the within named bargainer, and that as such, he/she has been authorized to execute the foregoing instrument on behalf of said corporation for the purposes therein contained, by signing the name of the corporation by himself/herself as such Sabrina Izbrand, Secretary of LM60A.

WITNESS my hand and official seal of office this 1st day of August 2023.

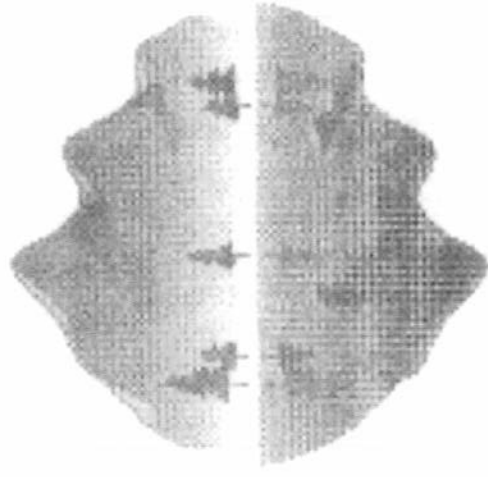


Megan L. Morgan
exp: 6/2024

Revision 2023

Lone Mountain Shores Rental Survey

March, 2021



Lone Mountain Shores Rental Survey Data

Purpose:

- ✓ To get feedback/input from the LMS property owners.
- ✓ To understand the need for potential covenant changes
- ✓ To help LMSOA board make any needed adjustments

Process:

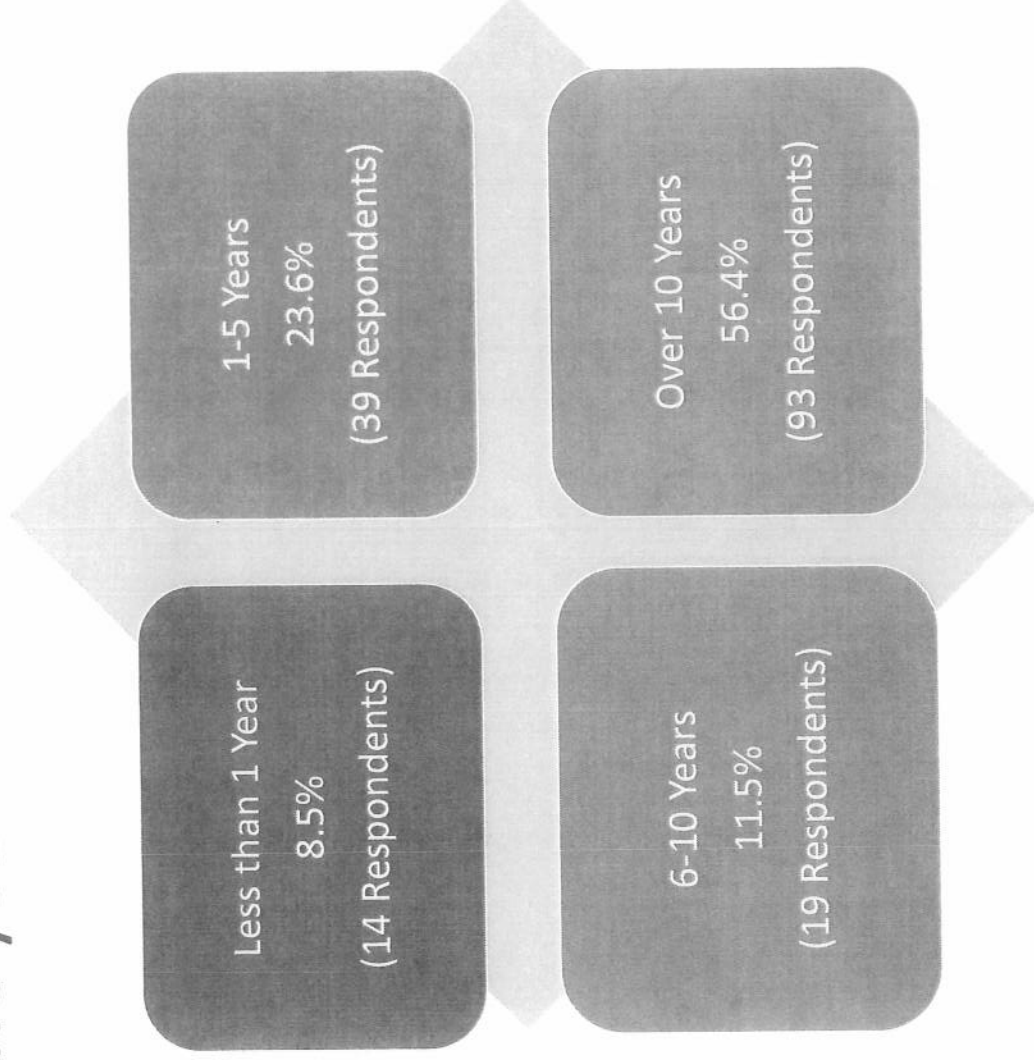
- ✓ Sent out 532 (576 lots) surveys to property owners of record via mail
- ✓ 32 days to respond
- ✓ 29% response rate: 166 lots represented in surveys returned with input
- ✓ Some questions analyzed by demographics
 - ✓ Group comparison – Ownership: Over 10 Years and Less than 10 Years

Product:

- ✓ Data to support LMSOA Board for next steps
- ✓ Agreement on next steps
- ✓ 29% response rate: 166 lots represented in surveys returned with input

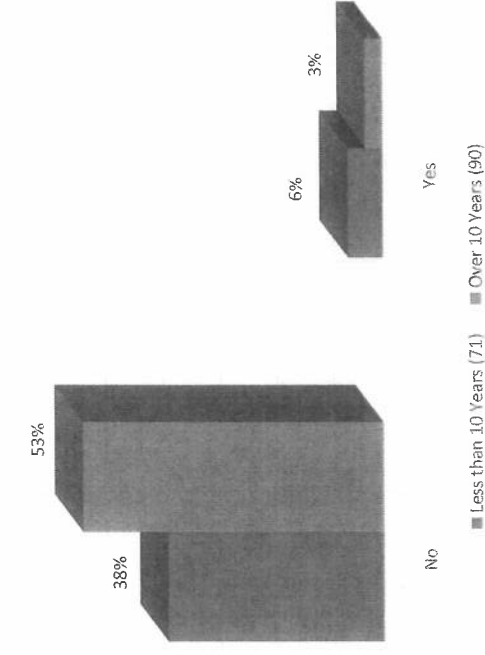


How long have you been an Owner in LMS?

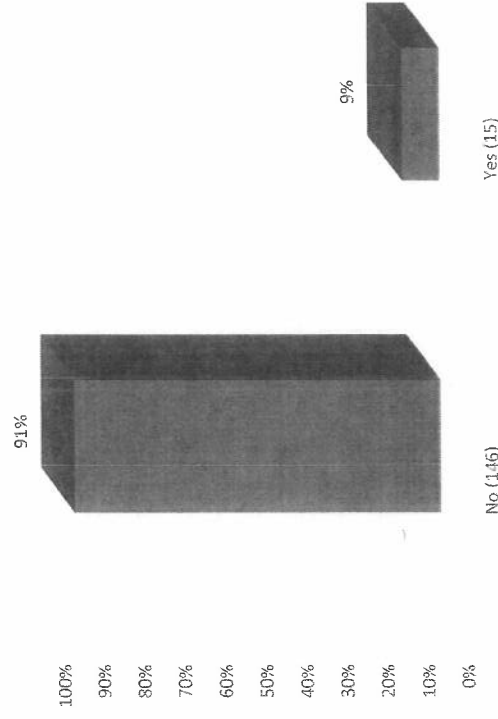


Q2. Do you currently rent your home for short term vacation rental?

Do you currently rent your home for Short Term rental?
(by length of ownership)



Do you currently rent your home for Short Term rental?



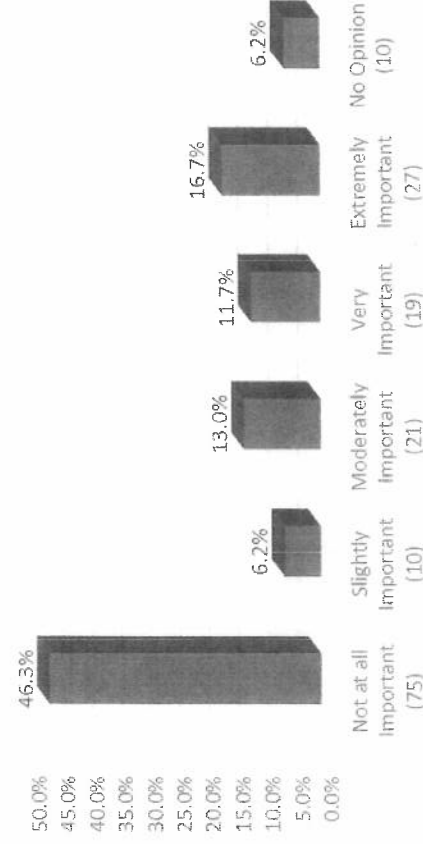
➤ More than 90% of respondents do not rent their homes.

() = number of responses

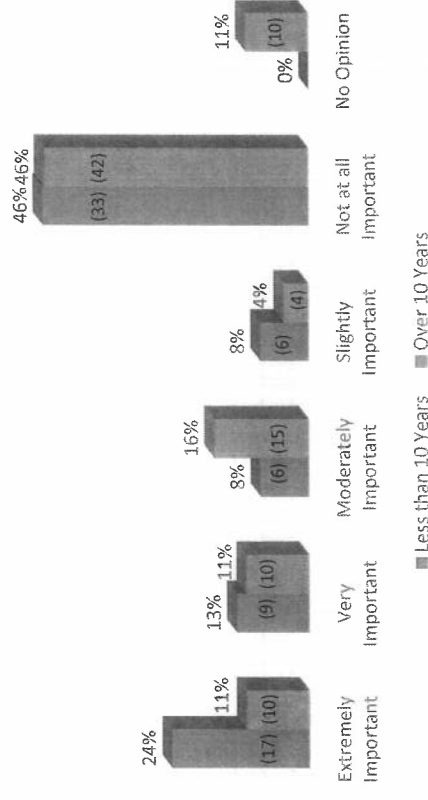


Q3. How important was the ability to rent in your purchase decision?

Importance of Renting in Purchase
(162 Responses)



Importance of Renting in Purchase Decision
Length of Ownership Comparison



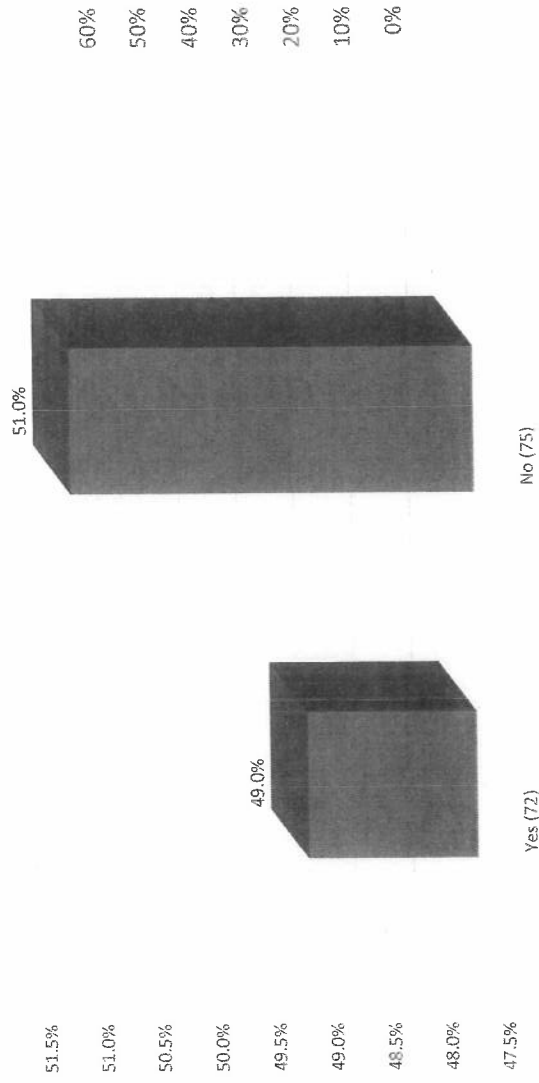
- The importance of renting was not at all important for almost ½ of all respondents no matter how long they've owned.

() = number of responses

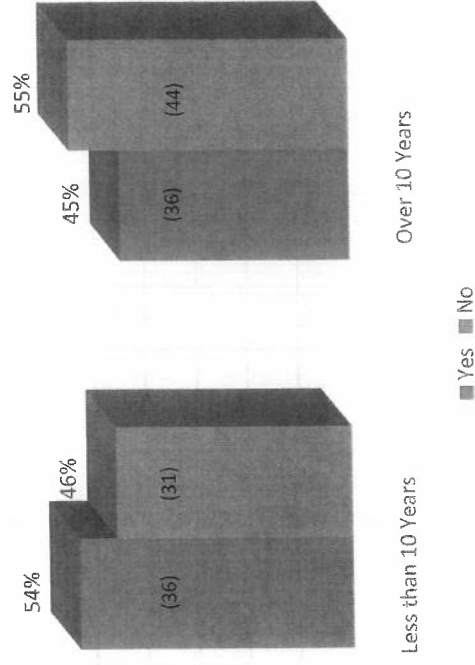


Q4. Do you feel changes need to be made to the current covenant guidelines regarding rentals?

Changes Needed to Current Covenants (Rentals)?
(147 Responses)



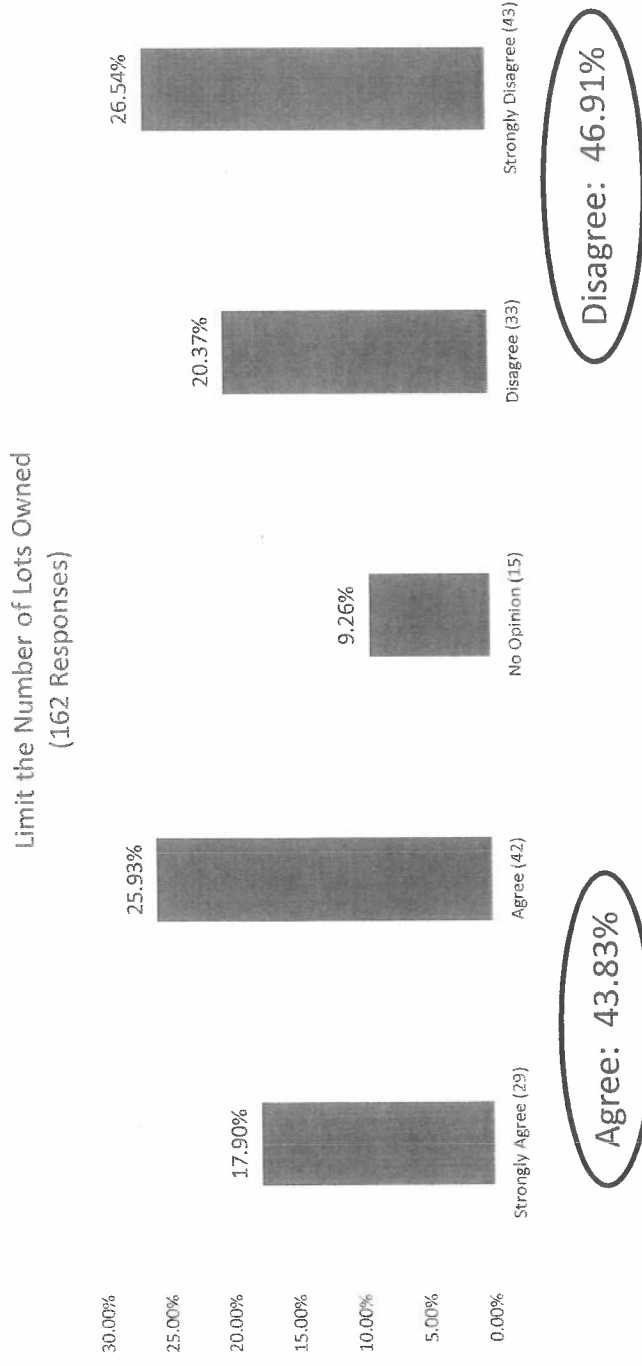
Changes Needed to Current Covenants (Rentals)?
Length of Ownership Comparison



() = number of responses



Q6. Limit the number of lots an individual or entity can own.

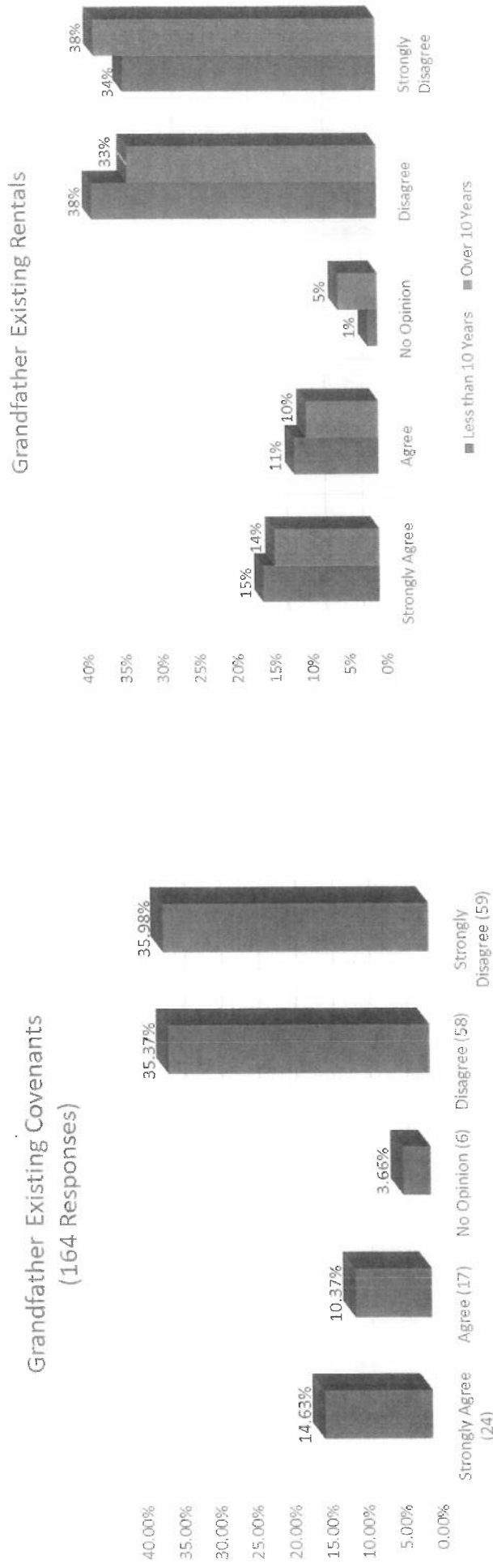


- Observation: We are close to evenly split on this question, but there seems to be a lot of energy in the comments around preventing corporations or conglomerates from purchasing multiple lots strictly for rental.

() = number of responses



Q7. Grandfather the existing covenants regarding rentals to current owners, but no longer allow rentals for future buyers.



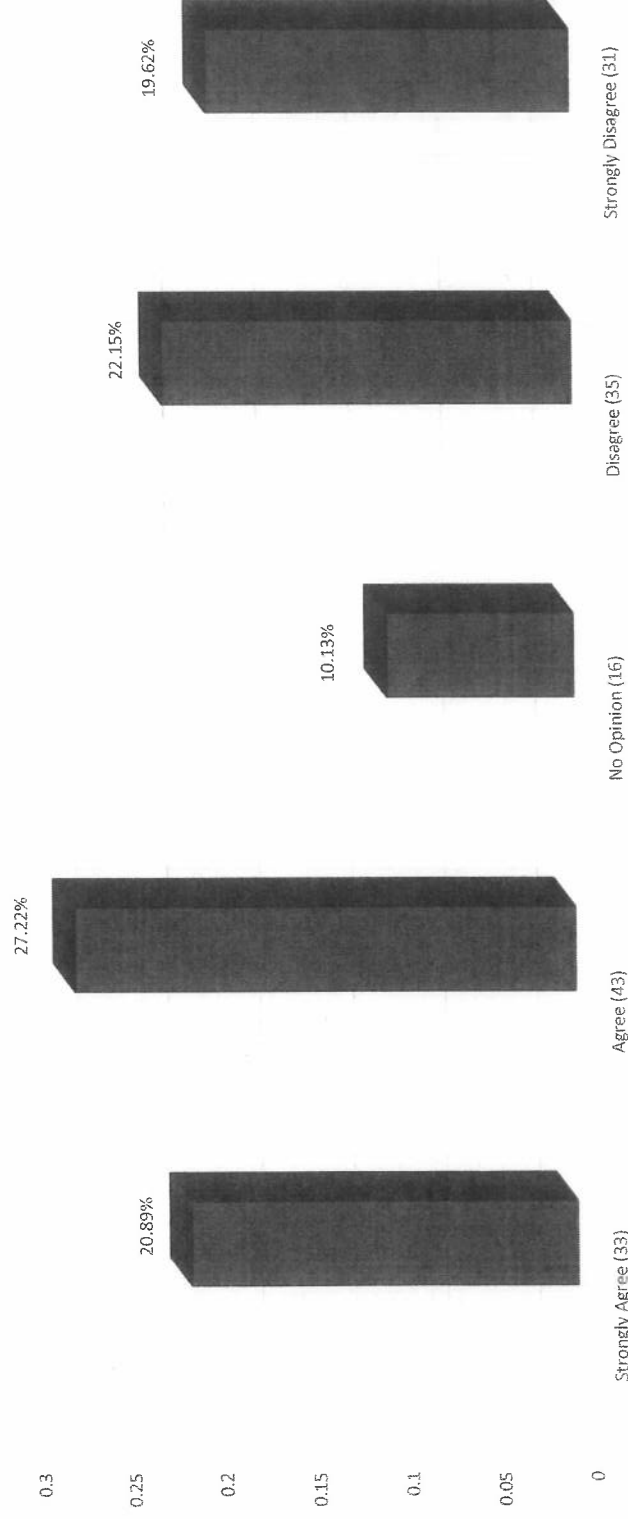
- Majority of respondents disagree with grandfathering existing covenants regarding rentals to current owners.
- Responses are similar when comparing groups by length of ownership

() = number of responses



Q8. No changes to existing covenants regarding rentals.

No changes to existing covenants regarding rentals.



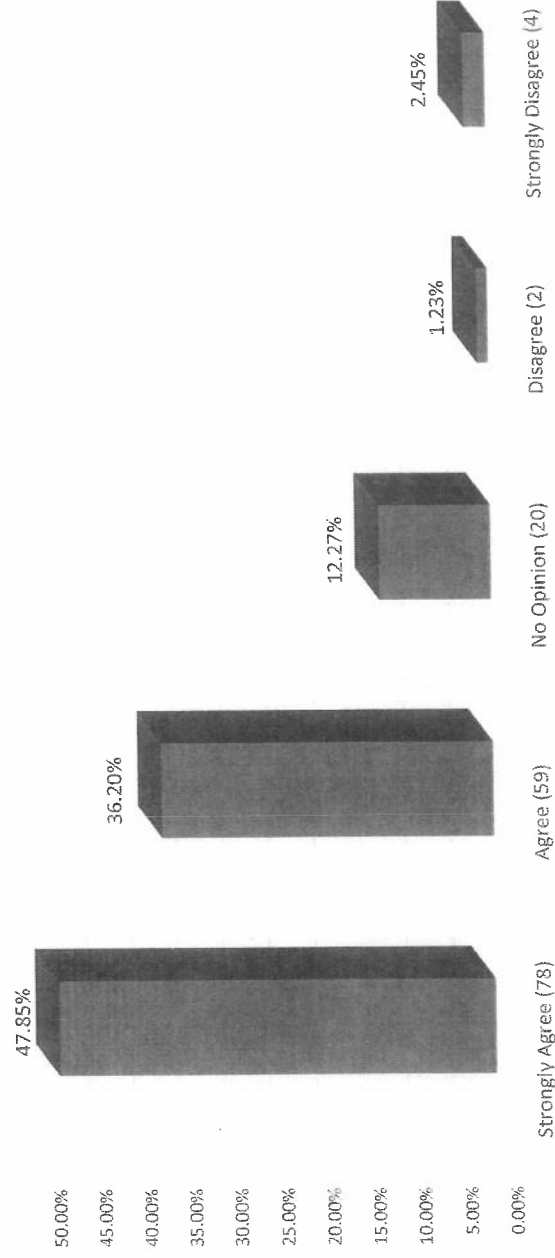
- 48.1% of respondents agree that there are no changes needed to the covenants.
- 41.8% of respondents disagree and feel changes are needed.

(158) = number of responses



Q9. Require owners to provide to renters a copy of the standard rules and guidelines at the time of rental.

Provide Renter with Standard Rules & Guidelines
(163 Responses)



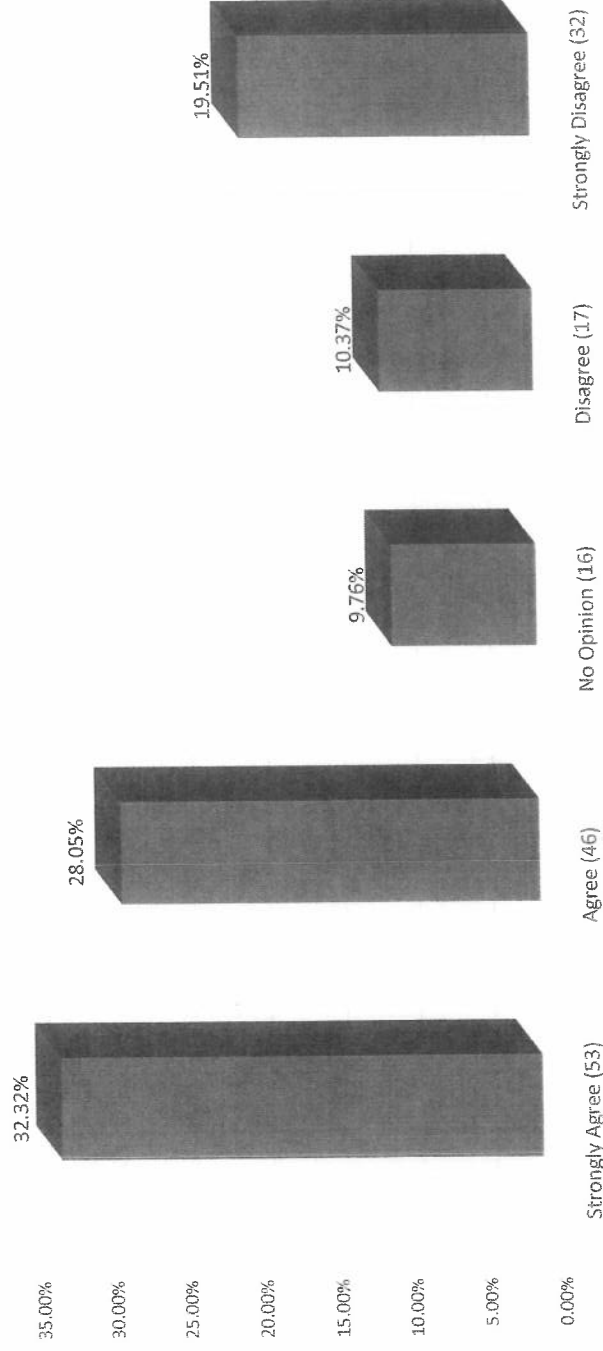
- Majority of respondents agree that renters should receive a document with standard rules and guidelines when renting

() = number of responses



Q10. Limit the number of rental homes an individual or entity can own.

Limit the number of Rental Homes Owned by Individual or Entity
(164 Responses)



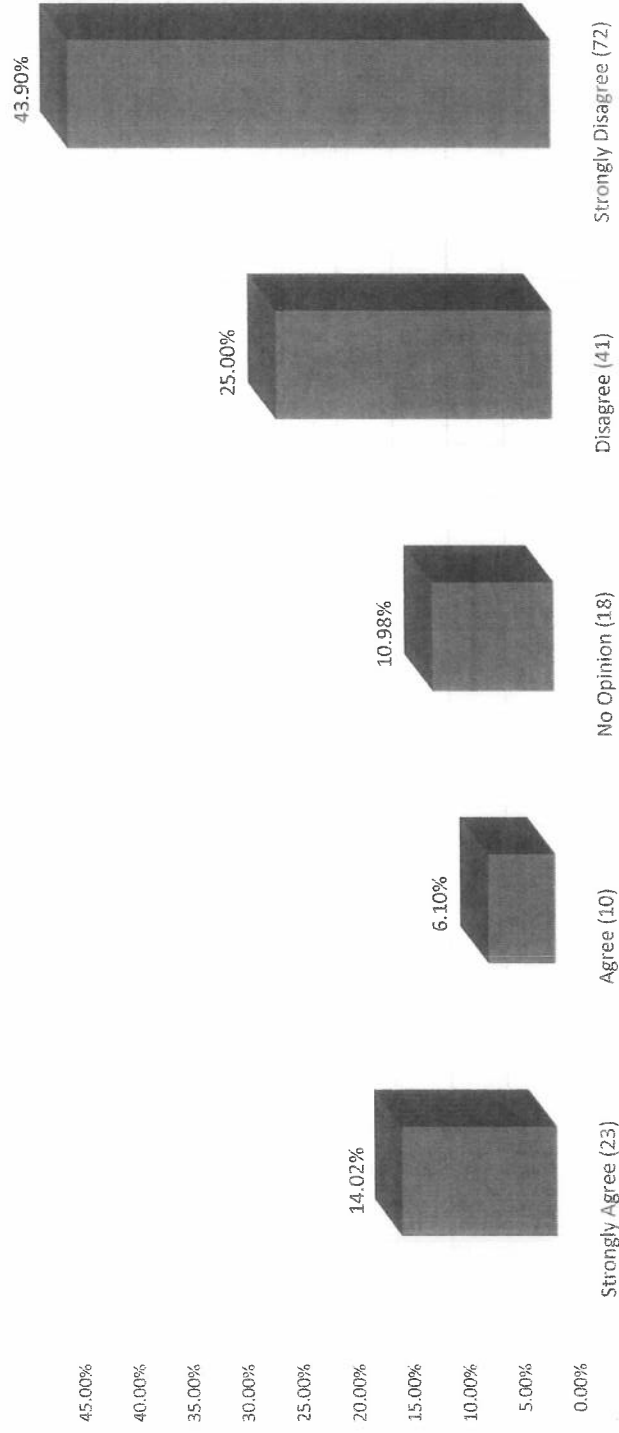
- 60% of respondents agree that there should be limit on the number of rental homes an individual or entity can own.
- Open ended responses indicate owners want to keep community residential and do not want rental companies or conglomerates buying land specifically to rent.

() = number of responses



Q11. Allow only long-term rentals of 90 days or more.

Allow Only Long-Term Rentals of 90 Days or More
(164 Responses)



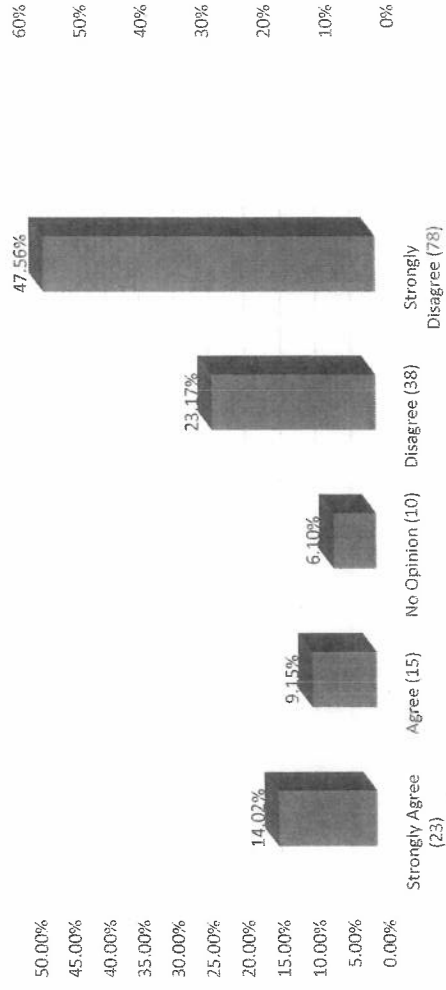
➤ 68.9% of respondents disagree that only long-term rentals should be allowed.

() = number of responses

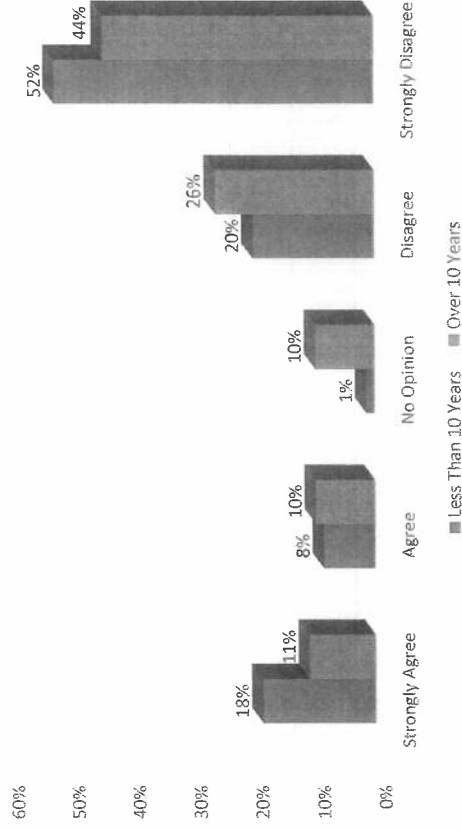


Q12. No longer allow short-term rentals

No Longer Allow Short-Term Rentals
(164 Responses)



No Longer Allow Short-term Rentals

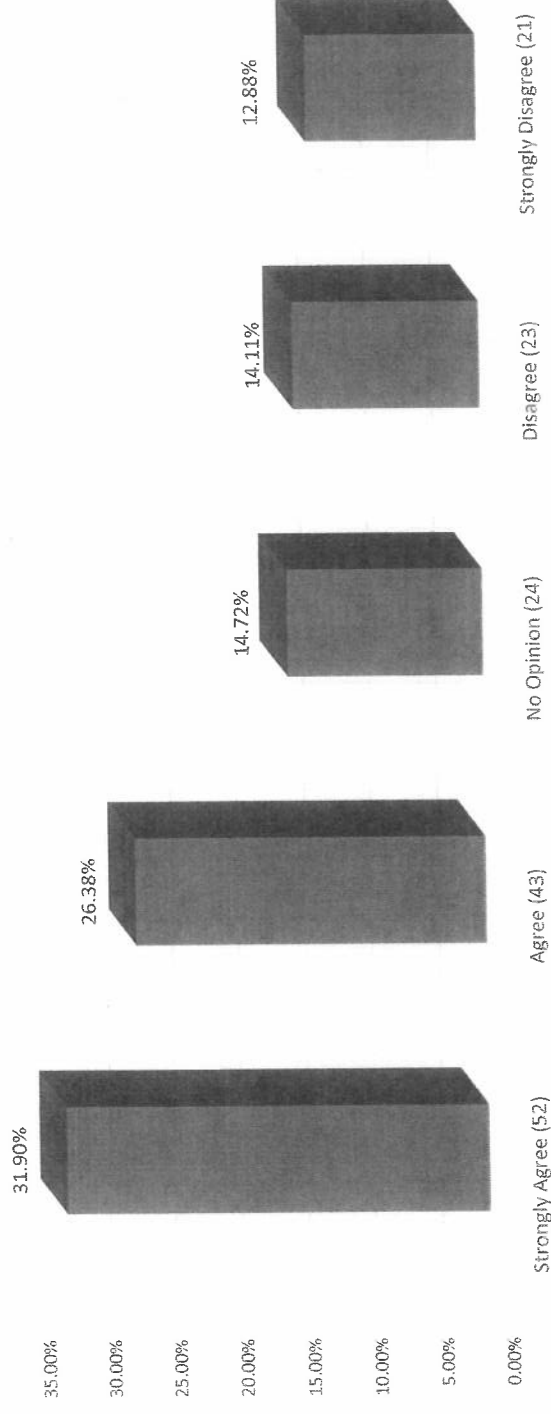


- More than 70% of respondents disagree that we no longer allow short term rentals.
- 72% of the respondents who have owned for less than 10 years disagree with eliminating short-term rentals.
- 70% of the respondents who have owned for more than 10 years disagree with eliminating short-term rentals.

() = number of responses

Q13. Create a standard rental agreement form to be used by all owners renting their house in Lone Mountain Shores.

Create Standard Rental Agreement
(163 Responses)

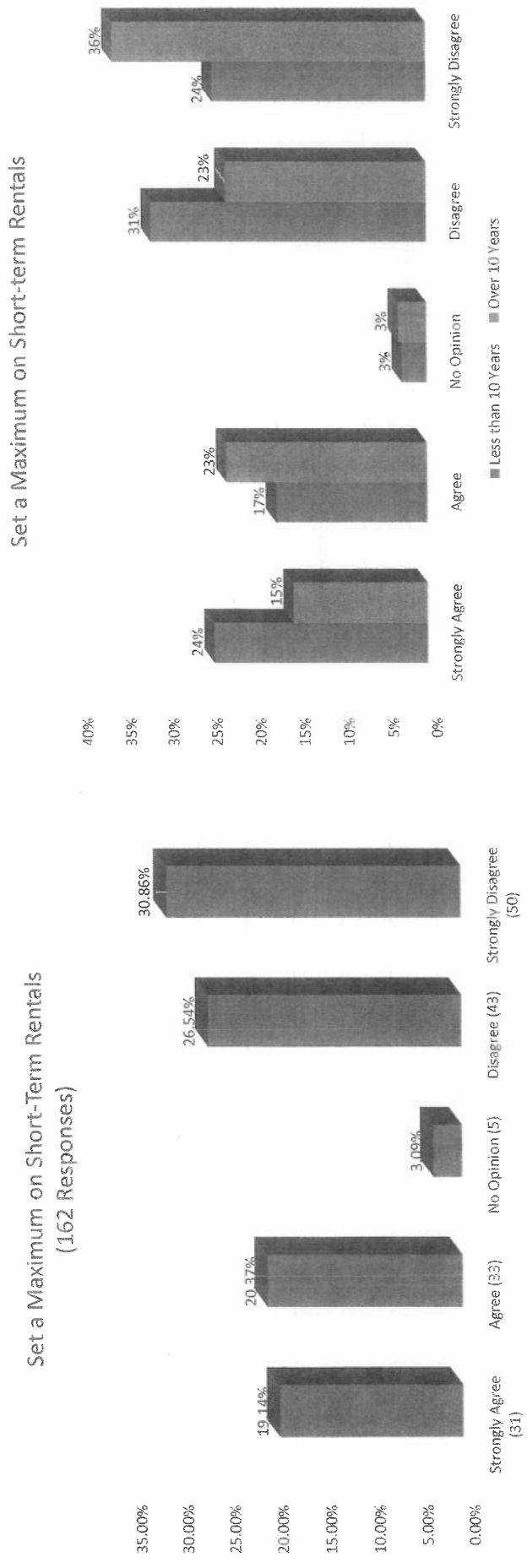


- 58% of respondents agree there should be a standard rental agreement.
- 27% of respondents disagree there should be a standard rental agreement.

() = number of responses



Q14. Set a maximum on the number of short-term rental houses allowed within the association.



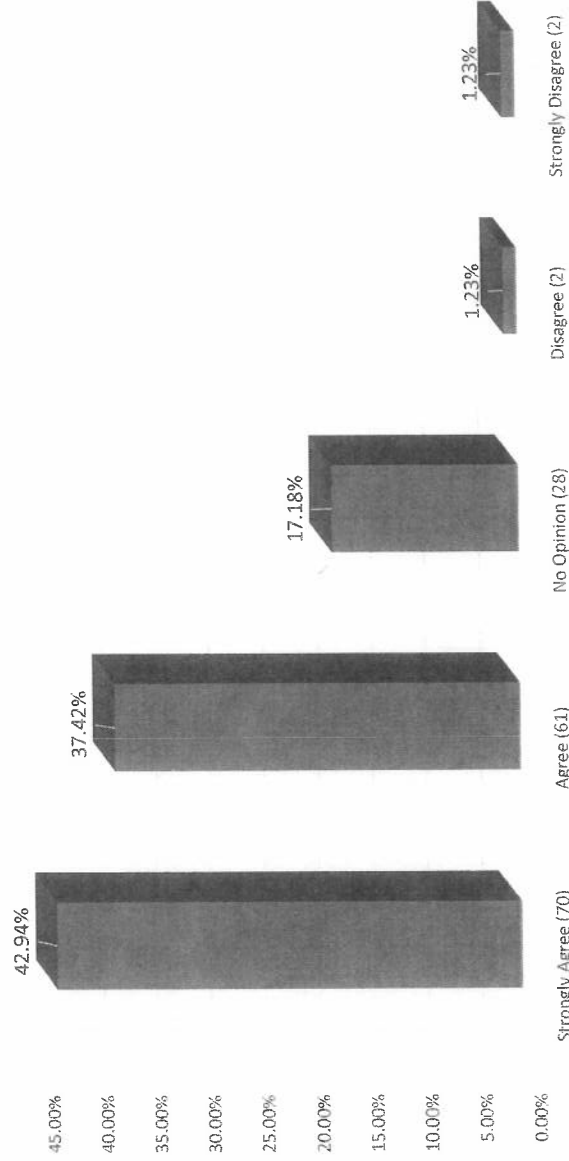
- 57% of respondents disagree there should be a maximum number of short-term rental houses in LMS.
- Disagreement responses are similar when comparing groups by length of ownership.
 - 55% Under 10 Years
 - 59% Over 10 Years

() = number of responses



Q15. Require owners to post a copy of the standard rules and guidelines in the home so they are visible to renters.

Require Owners to Post Rules & Guideline
(163 Responded)



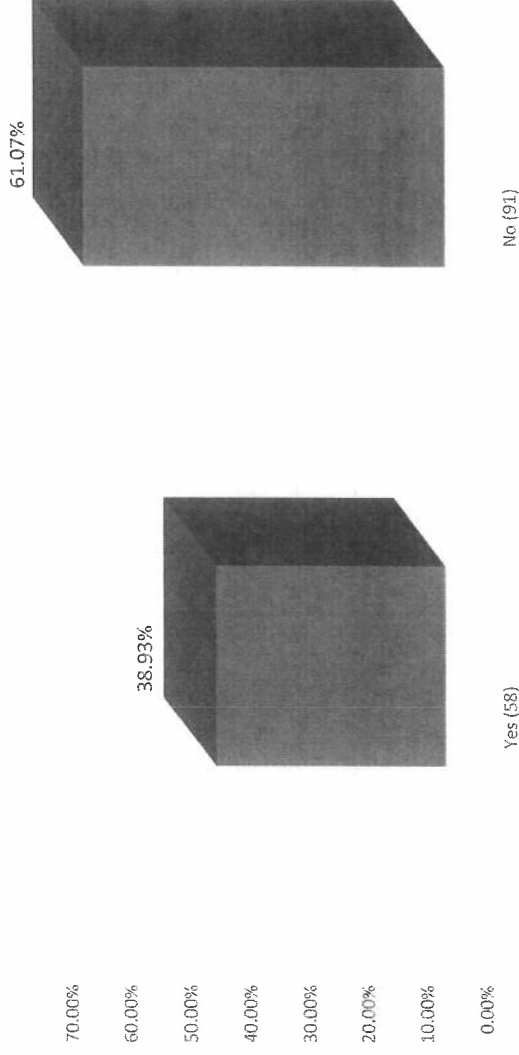
- Over 80% of respondents agree that the standard rules and guidelines should be posted in the rental home so they are visible to renters.

() = number of responses



Q16. Do you feel changes need to be made to the current covenant guidelines regarding Delegation of Use?

Changes needed to Delegation of Use Covenants
(149 Responses)



➤ 61% of respondents do not think changes need to be made to the covenants around Delegation of Use.

() = number of responses



Q18. Allow short-term renters to use common areas that include Dock 1 and Dock 2 boat launch and docks as well as Dock 1 trash receptacles. This would not include the Community Center.

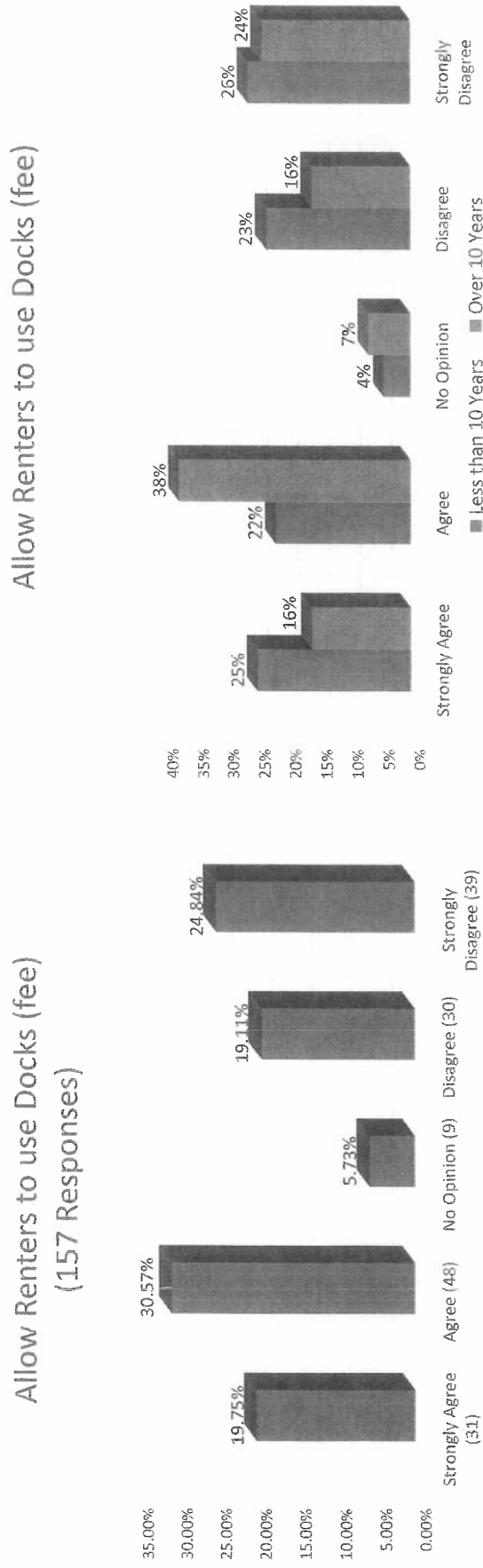


- 62% of respondents agree that short-term renters should be allowed to use Dock 1&2 boat launches and docks as well as the trash receptacle.
- Owners of over 10 Years are more agreeable to allowing renters to use the facilities (except Community Center).
 - 57% Under 10 Years
 - 66% Over 10 Years

() = number of responses



Q19. Allow short-term renters to use common areas that include Dock 1 and Dock 2 boat launch and docks as well as Dock 1 trash receptacles but charge a fee that would be used by the association for maintenance of those common areas. This would not include the Community Center.

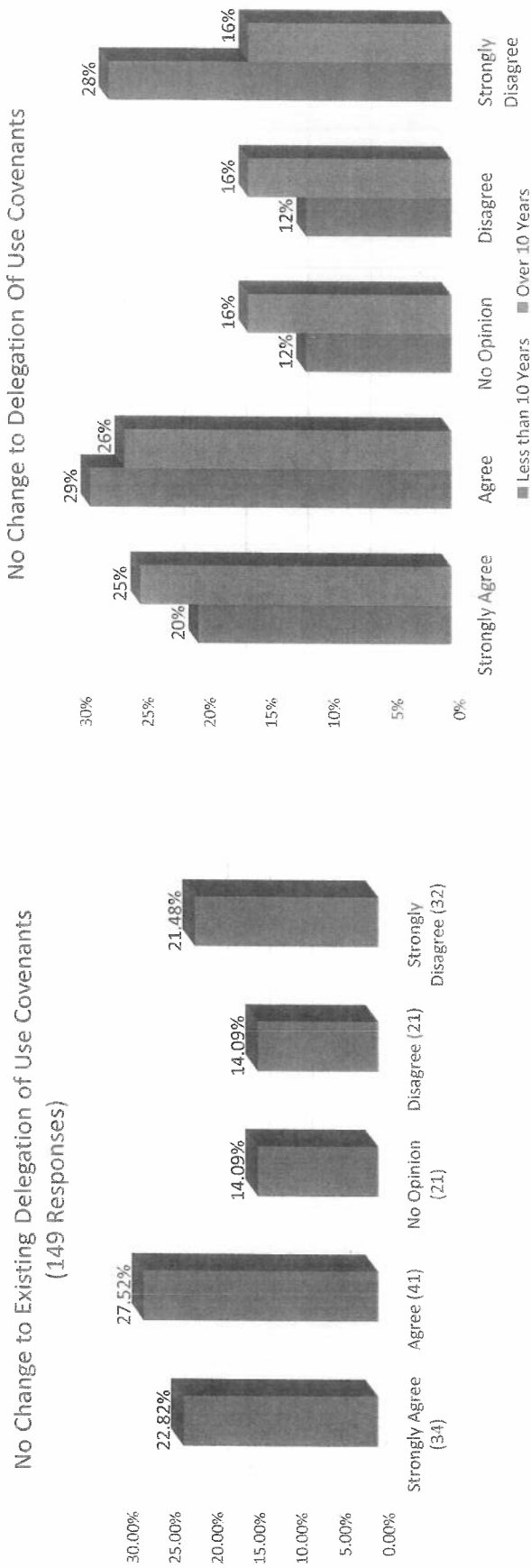


- When comparing Question 18 (no fee mentioned) to Question 19 (fee mentioned), respondents are more agreeable to allowing renters to use docks without fees than with fees.
 - 61.78% Strongly Agree or Agree to allow use when no fee is mentioned (Question 18)
 - 50.32% Strongly Agree or Agree to allow use when a fee WAS mentioned (Question 19)
- Owners of over 10 Years are more agreeable to charging a fee.
 - 47% Under 10 Years
 - 54% Over 10 Years

() = number of responses



Q20. No Change to existing covenants regarding Delegation of Use.



- 50% of respondents agree that no change is needed to existing covenants regarding Delegation of Use.
- 36% of respondents disagree that no change is needed.
- When comparing length of ownership, the agreement to no changes are similar

	Less than 10 Years	Over 10 Years
Agree	49%	51%
Disagree	40%	32%

() = number of responses



Material Changes Q&A (05/10/2013)

This document provides synopses of the questions and inquiries regarding the recommended Material changes to the Governing Documents of LMSOA. Along with each item listed the Board and Document Review Committee has provided the information and discussions used in the development of the change for your consideration. As you review each Material change to the Governing Documents you should consider all inputs in determining the merits of the recommended amendments. The Board encourages owners to review and discuss the items and, if required, we will provide any clarification required. Any restriction or limitation delineated in the Governing Documents should be viewed as providing “mutually beneficial restrictions and protections for all owners” (a principal foundation of the Covenants). The Board and Document Review Committee welcome any and all questions. This document will be updated periodically as new questions are received so you should check back occasionally.

- 1) An owner submitted a question as to the method and timing of the voting on the Material Changes.

Following the current owners review process, and after sufficient time for owners questions and comments to be responded to by the Board, owners will be sent a package to vote on each Material Change. Each Material change will be voted on independently. Only those Material Changes that receive 55% of the respondents' votes will be implemented. Currently the Board is working towards a vote in early June.

- 2) An owner phoned in a question concerning the ability of the Association to implement new restrictions found in Section 6.10 Fire Prevention and Control and Section 6.22 No Wake Zones. The owner believes these controls are the purview of TVA and the state of Tennessee and therefore outside the authority of LMSOA.

These changes are a result of numerous owner complaints and the discussions at the focus group and annual meeting. The intent is to put in place reasonable controls that assure our members act responsibly to lessen the chance of a catastrophic woodland fire and prevent damage to and extend the life of our docks. There is no intention to control the general public. These provisions will not be in conflict with governmental agency rules and regulations.

- 3) An owner posted concerns over Article II Section 2.15 of the Covenants which is a Definition, "Single family residential purposes" and Article VI Section 6.05, items a, b, and c of the Covenants, which is a Standard of Land Use, "Dwelling per Lot".

General Information for consideration:



Currently the clause "Single Family Residential Purposes" is used as a restriction/ limitation under the "Residential Use only" provision of the Land Use Article. This provision has been included in the Governing Documents since their creation. No definition of this limitation has ever been included.

Through out the history of the Association, Boards and ARC Committees have interpreted this term and enforced the limitation inconsistently. Owners have had property improvement request rejected when a secondary living quarters was included and at other times these requests have been approved for construction. This inconsistent enforcement is because of the conflicting interpretations at different times of Residential Use provision.

Because of the lack of clarity in the documents, some owners believe the current Single Family Residential Purposes use restriction provides for prohibition of the construction of multiple living quarters; while others believe that the allowance of a property improvement consisting of multiple living quarters gives an implied right to use the secondary quarters without any restrictions or limitations.

The Board reviewed past practices, the 2003 legal opinion on Rental and brought the issue to owners during the focus group reviews of the documents. As a result the Board determined that to better assure a consistent and more predictable enforcement the term should be defined. The proposed definition was developed following a review of Tennessee relative court decisions and Knoxville zoning rules and regulations. If the term is left undefined in the Documents it will still be a Standard of Land Use limitation that owners will be required to adhere to, and the likelihood of variable interpretation and inconsistent enforcement will remain.

The specified owner claims:

"The proposed changes empower the board/ARC to determine interior design and use of individual dwellings and buildings." ...Currently "ARC approval is limited to external features."

"If you choose to have a separate apartment over a garage that is your choice and not subject to approval of the ARC. The same applies to say a basement apartment."

"All they do is intrude on your use and enjoyment of your property"..."Further, they provide no value or protection for the individual property owner..."

Specific limitation of the number of Dwellings or Dwelling Units (secondary living quarters) per lot were not contained in the Covenants in the past, however the ARC Guidelines contained specific restrictions between 11/2006 and 09/2010 to more specifically define and describe the design standards as directed by the Covenants.

It was established during the Governing Document review that these types of use restrictions do not align with the purpose of the ARC Guidelines, so they were removed with the intent of

clarifying and inserting them in the Covenants as a part of its revision, where they more appropriately belong.

The Residential Use provision has always been part of the Governing Documents and has stipulated all lots must be used for single family residential purposes only. It has always been in the Boards purview to enforce this restriction.

*It is accurate that the current Covenants, through Article VII, says the ARC should assure all property improvements conform and harmonize with any existing structures as to external design and quality, and that improvements and alterations which are completely within an existing building may be undertaken without ARC approval. It is also true that these stipulations **remain in place** in the proposed new revision.*

The proposed changes in question are to the Land Use Standards regarding Dwellings per Lot and deals with the use, not the construction of the secondary living quarters. The revision clarifies that the construction of a secondary living quarters is allowable, which is certainly not a universal interpretation of the current Governing Documents. It does provide for limitations in the number and size of the secondary living quarters to make clear that the construction of condominiums, motel, inns or boardinghouses is prohibited. It also reinforces and further clarifies the Residential Use provision. The inclusion of ARC approval of the secondary living quarters assures these limitations are complied with. It is important to remember that what is deemed a restriction to one owners use of property at times is a protection to another owners use of property and vice versa. The Board believes the proposed combination of these elements provides an owner reasonable use of their property while not adversely affecting the Association or another owner's right of enjoyment of the Property.

- 4) A question was raised on line over perceived impacts of the amended "Residential Use" provision on currently allowed rental practices;

"Many of the properties in LMS are currently rental properties. Often rented to multiple families or groups..." "Who you have as guests on your property, renters are also your guests, is also your business." There is "...no property value protection in the proposed changes."

First, there is clearly a distinction between renters and guest. A guest does not pay to stay and is viewed as an extension of the single family unit residing at the property. Renters are a source of income to the owner and present a riskier liability to the owner and the Association as demonstrated by adjustments to home owners' insurance premium.

In reviewing the Single Family Residential Purposes definition it should be noted that as long as a rental group occupies the property as one legitimate single housekeeping unit, regardless of blood relationships, they are considered to be using the property for single family residential purposes. A rental group functions as a legitimate single housekeeping unit when it shares expenses and responsibilities for activities at the property and has some type of affiliation whether it is friends, relatives, business associates or a similar association. The property is rented to the group, not to each individual or couple independently. The home is rented, not a room. This is consistent with the current permitted methods of rentals as provided for in the Covenants and therefore should have no adverse effects. This accepted type of renting is distinguished from unaffiliated individuals or groups functioning as independent housekeeping units or the renting of a room and sharing a common area as in a bed & breakfast or boardinghouse, or renting a single room as in occupying a motel or hotel. It should be noted that the renting at the same time to multiple independent groups or couples, or to persons who are not utilizing the property for residential purposes, has always been prohibited by the Covenants.

- 5) An owner suggested a different approach to the handling of Section 4.06 of the Covenants, "Emergency Assessments". Included in the suggestion was:
- a. That a newly developed process be created that will reduce the probability of such an action occurring and,
 - b. That a specific appropriate "action limit" be established if the operating fund falls or is expected to fall to less than \$\$\$ or %%% and,
 - c. To form a Financial Emergency Board that shall be established and given necessary procedural guidance and authority to take corrective action.
 - d. Prevent the use of Capital funds for noncapital expenditures.

The Board believes that there are preventative methods in place already and by following its fiduciary duties this situation should be avoided completely, not just reduced in probability. The suggestion ties Board discretion and action to a specific dollar figure or fixed percentage of an arbitrary ("appropriate") amount. The language of the current recommended revision was chosen to allow necessary flexibility for action on a sliding scale... the determining factor is the relationship of "funds in hand or on deposit" to an amount necessary to pay outstanding obligations. Neither figure can be predetermined.

*Changing "Supplemental" to the term "emergency" was intended to and does imply exigent and dire circumstances. There are a number of failings that would have occurred if this were to happen. The need for rapid response to the "emergency" is inconsistent with the establishment of a secondary advisory board operating at the Board's direction. An additional oversight step would be added and there would be insufficient time for the process to be worked through. It is our belief that the Board **is***

the special committee suggested. This proposal seems to suggest an abdication of the Board's duties incorporated in the Governing Documents.

It should be noted that currently if this type emergency were to occur, there is not as much owner say/protection, so the current recommended change improves greatly and makes consistent the Boards response.

The existence of an "emergency assessment" is a renaming of an existing process and therefore a clarification. The addition of balanced budget and spending controls are a Material Changes.

- 6) There was a question received concerning the increase in boat/trailer storage on a lot in Section 6.15 of the Covenants, "Storage of Water Craft and Water Craft Trailers." Specifically, the concern was that the increased number of water craft from 1 to 2 does not seem to be justified based on the individual's observation of membership's water craft ownership. Additionally, there was a request to clarify why and by who was there a "willingness" to allow an increase in the permitted number of water craft.

The Board has had different observations as to the use of multiple water craft by owners and received feedback from the membership at focus group, annual meeting and questions directed to Board members at other venues indicating a desire for the increase. LMS is a lake side development and use of water craft is a dominate desire by many residents and visitors. Many of those living on the water appear to have multiple water craft. The current requirement to build a structure to house the 2nd boat/trailer seems more intrusive on the harmony of the development than the addition of a 2nd boat/trailer allowance. It should also be noted that if such storage resulted in a nuisance to or block the aesthetic views of another owner the Nuisance clause limitation could allow that owner relief.

- 7) A question was received asking why Covenant Section 6.15 "Storage of Water Craft and Water Craft Trailers" and 6.16 "Travel Trailers, Recreational Vehicles, and Utility Trailers" were not combined into one restriction and limitation.

While the Board agrees there may not be any aesthetic difference in the equipment in 6.15 and 6.16 there is a need to separate them because it allows the best voting choices. By separating them owners can agree or disagree with the modification of 6.15 without being forced to also agree or disagree with the new section 6.16.

It should be noted that the current documents only refer to boats/boat trailers (6.15) and therefore, by omission, the other items have no current restrictions or limitations other than if they are deemed a nuisance. By requiring these items be stored such that they do not present a nuisance to, or block the aesthetic views of another owner, this new restriction defines a specific nuisance and provides a solution that achieves a

mutually beneficial restriction and protection for owners (a principal foundation of the Covenants).

- 8) An owner suggested the elimination of all construction related signs, including contractor identification signs during construction.

The Board believes there could be owner benefits to these signs and is reluctant to make this change without due diligence and study. The contractor sign time limitation assures they do not create a long term issue and is not a change to the current documents.

- 9) An owner requested that any action noted within a restriction or limitation to remediate a violation of the Covenants meet the same standard as Article X, Section 10.04 "Remedies". Specifically, that "the action be taken on behalf of the Association and at the direction of the Board".

The Board believes that the Governing Documents gives any member of the Board or the ARC, acting on behalf of the Board, the right to remediate any violation of these Covenants and, in so doing, may not be held liable for trespass or any other tort arising from such action.

Among other things Article X says "... In addition to the remedies set forth above, any violation of the LMS Governing Documents gives the Board or an Officer, on behalf of the Association, the right to enter upon the offending Owner's Lot and take appropriate peaceful action to abate, remove, modify, or replace at the expense of the offending Owner, any structure, thing, or condition that may exist on the Owner's Lot in violation of the LMS Governing Documents... " The inclusion of the phrase "in addition to the remedies set forth above" would appear to tie these items all together, but to provide absolute clarity, the Board will add a reference of Article X to any specifically stated remedy in other restriction or limitations.

- 10) An owner noted that there is no time limitation for signs other than contractor signs and asked that other signs also be given a time limitation.

The Board notes that realtor "Sold" signs and ARC signs also have a time constraint on them in the recommended changes. The Board agrees that there are other signs such as realtor "For Sale" signs that are out dated that should be removed and may not be. Unfortunately, the Board knows of no practical way of assigning a time limit to these signs as there is no way that anyone but the owner and realtor knows when the contract period has ended.

It should also be noted that the current Governing Documents allows for NO realtor signs at all on the Property, other than those placed by the Declarant, who no longer exists.

- 11) An owner asked for clarification of the Board quorum requirements and the filling of Board vacancies in the Bylaws.

The Board reviewed the owners concerns and found they arose in part because the language regarding Board quorum was needlessly verbose and confusing. The Board agreed to simplify the wording to state a quorum of the Board is three.

- 12) An owner asked that the Board define the terms “Material” and “Nuisance” in the Bylaws.

The Board notes that both these terms are defined in Tennessee law and any definition within the Governing Documents would be supplemented by the legal definition and there fore plans no additional definitions of terms at this time.

- 13) An owner requested that the “10% of owners rule” used in a number of items such as calling for special meeting be changed to 10% of those voting in the most recent owner vote.

The Board notes that the current requirement would mean 58 of 584 owners would be necessary to ask for a special meeting. This seems a low threshold. If there aren't 58 concerned owners found, the issue likely would fail any vote of owners. Also, just because a vote on one issue draws low turnout it does not mean a vote on another issue would produce the same turn out. The Board believes all members have a right to vote in any call for vote and there for to assume less will respond is a mistake.

- 14) An owner asked that the commercial use limitation within the “Residential Use Only” restriction be expanded. Specifically the owner asserts that the intent of this commercial use limitation is to prevent excessive nonresidential traffic within the Association and therefore limitations on the type of home business that would cause additional traffic should be further controlled.

The Board does not agree that traffic control is a primary reason for this limitation. The Board would refer the owner to the review of items #3 and #4 above for our position and information on the Residential Use restriction.

- 15) An owner asked that additional monetary controls be included in the Bylaws. Specifically:
- a. That Held Funds and Deposits be limited to FDIC or similarly insured institutions;

- b. That an annual certified audit of the Annual Financial Statement be required;
- c. That any investments of Held Funds be limited to U.S. Treasury Securities or similar low risk instruments.
- d. That a balanced budget be required.
- e. That a level of operating reserves be established.

The Board believes these items fall within the Fiduciary Duties of the Board. The Board's Duty is to preserve the funds on hand, not to grow them through investments. That duty is what guides the Board in the selection of where and how funds are held and deposited.

This proposal seems to suggest an abdication of the Board's duties incorporated in the Governing Documents and is micro-management of the Board. It doesn't mean there is not merit to some of the suggestions. It merely reflects the opinion that if we start down the road of limiting Board discretion in these matters, there is no logical place to stop and ultimately we close off avenues to the exercise of some good and creative judgment of future Boards.

That being said, the Board agrees that requiring a certified annual audit of the Annual Financial Statement is reasonable and is currently an ongoing practice. Therefore this suggested change to the Bylaws will be added.

- 16) An owner asked that language be added to the Bylaws creating open Board meetings and encouraging member attendance at the meetings.

The Board notes that there is nothing in the Governing Documents that prevents a member from attending a Board meeting and there fore any change to the document would be unnecessary. The Board would also note that any Board reserves the right to meet in executive session when Association business dictates they do so and that if a member has an issue they wish discussed at a meeting they should notify the Board ahead of the meeting so an agenda item can be added and the Board prepared to respond.

**LONE MOUNTAIN SHORES
ANNUAL MEETING MINUTES
OCTOBER 12, 2013**

The meeting was called to order at 10 a.m. by President, Dan McNeal. There were 49 in attendance.

Administrative Duties:

1. Dan reviewed the schedule for the morning business meeting and lunch procedure.
2. Dan welcomed members and announced results of election. President Howard Gromlich, Treasurer Gene Chalfin and ARC Liaison Ned Koning

Board Consists of:

President	Howard Gromlich
Vice President	Dave Kennedy
Treasurer	Gene Chalfin
Secretary	Ann Sharland
ARC Liaison	Ned Koning

Officer Reports:

1) President

Revised covenants have been approved and recorded at Claiborne County Court House. There was an 85%-98% approval for the revisions to the covenants. Most of the 125 respondents were in favor of the revisions. ARC Guidelines were updated in 2010. They will need to be reviewed by Ned Koning and the ARC members to be sure they are in alignment with the revisions to the covenants.

Dan thanked Rick Hayward for his work on the website and his working with the Social Committee in revamping the website. Dan also thanked Board Members Gene, Dave, Rick, Diane and Ann for their support and assistance.

Dan brought up two issues for review – Chimney Rock Landslide and status of Bed & Breakfast (Lot 823)

a) Chimney Rock Landslide

LMSOA does not and will not accept any liability for that road. Dave has weekly conversations with the road commissioner on the status of the landslide repair. The County will not do anything until the slide quits moving.



A number of owners have been in contact with the Brown's and Claiborne County in trying to get an update on a timeline for the road repairs. Dan recognized Dave and Sue Sidaway for an update on their efforts in getting some action for the repair to the Chimney Rock landslide.

Dave Sidaway reviewed a handout that stated the following:

On or about May 23, 2013 excavation work took place on Lot 409. A landslide occurred and Chimney Rock Road became impassable.

THIS IS AFFECTING THE PROPERTY VALUES OF MANY CHIMNEY ROCK RESIDENTS AND THREATENS TO NEGATIVELY AFFECT THE PERCEPTION OF OUTSIDERS CONSIDERING INVESTING IN LONE MOUNTAIN SHORES PROPERTIES.

Susan and I verbally spoke with the Claiborne Highway Department at least five times during the months of July-September to learn about the status of repairing the road. We were told in those conversations that the County, lot owners, contractors, insurance companies and attorney(s) were consulting to reach a settlement.

On September 21 Susan and I, ten other Chimney Rock Road residents sent a written letter to the lot owners and the County Highway Commissioner requesting when road repairs would begin and when they would be completed. The lot owners attorney replies on September 26 without any specific dates but that he was "trying diligently" to resolve the matter. We received no reply from the county.

We sent a second letter to the lot owners on September 30 noting the lack of repair dates and again requested this specific information. They replied that the matter had not been resolved among the various parties.

On October 8 Susan and I spoke with the County Highway Department. We stated that we had received no reply to our September 21 inquiry. Later that afternoon, Bill Fultz, County Highway Commissioner telephoned and restated that the parties were still working out details. We explained the obvious lack of substantive action has required us to constantly follow-up because it appears nobody is managing the situation. He stated that perhaps a letter from the County Attorney may move events forward more quickly.

On October 9 Ronnie, County Highway Foreman, called and stated he would be sending cost estimate detail to an insurance adjuster involved in the proposed settlement. He expected to have updated information to share with us October 14-16,

We have been patient polite and professionally proactive in this matter. **However**, based on the previous lack of progress to achieve road repair and considering the recent statements of County Highway officials, we move that –

“If repairs to the landslide effected area of Chimney Rock Road have not been started before November 16, 2013, that the LMSOA Board of Directors immediately retain an attorney and seek an appropriate court order and/or take other legal action that will compel initiation of Chimney Rock Road repairs on or before December 1, 2013 and completion of these repairs no later than December 31, 2013.”

Dave Sidaway then made the above motion. Motion was seconded by Linda Cobb. Motion tabled until the new board can take under advisement.

Additional comments summary: The County is waiting on insurance companies and attorney(s) to pay for the road repair. Chimney Rock is a county road. Let the county repair the road and then fight it out with the insurance companies and attorney(s) for payment. We just want the road repaired.

b) Status of Bed & Breakfast (Lot 823)

Dan reviewed the timeline in actions taken for lot 823 (attachment A) from the fall of 2010 to current. There has been no response to repeated Association inquiries from the owner since 2012. The future board needs your input for a plan of action to take.

Covenants need to be enforced. Not enforcing one could lead to the inability to enforce any of the covenants.

2) VicePresident :

- Boat ramp at dock 2 – concrete poured on 11/26/12
- January utilized the snow blower successfully for the first time
- April rented chipper for downed trees

- May 13 Dan and Dave took Bill Fultz and his assistant around the roads in Lone Mountain Shores pointing out much needed repairs. 10 days later the landslide on chimney Rock occurred.
- July 29 Claiborne County used a boom mower to clean up trees and bushes overhanging road
- Mid August Claiborne County repaired several potholes – Mountain Shores Road, the east end of Whistle Valley and east end of Chimney Rock.
- September 16, Dan, Gene, Dave met with John Hentnick and a structural engineer to review needed repairs to docks one and two. The Board of Directors had John Hentnick consult with a structural engineer and put a plan together for needed repairs to dock 1 and 2.
- September 13-14, paving company paved roads at dock one and two and the turnaround in front of the community center.
- October 2, Jesse Smith finished the fifth and final mowing for the year.
- October 8, installed courtesy dock at dock 2. It is not totally installed. The courtesy dock is not for fishing, swimming or lounging. Signage will be installed.
- Several street signs needed replacement or repair.

3) Treasurer:

Gene presented the budget the Board developed and approved in June 2013, the Income & Expense Report for the period July 2012 through June 2013 and the Capital Projects Budget. The Capital Projects Budget is reviewed annually to determine each year's amount to set aside. The 2013 financial audit was also made available. Copies of these documents were made available to for each person in attendance. If you were unable to attend the annual meeting, all the documents are posted on the LMSOA web site.

Two capital projects were recently completed. A courtesy dock was installed at dock 2. This was the highest rated improvement identified in a survey of members several years ago. In addition, black top repairs were made to association property. Each of these projects was planned for and came in under budget.

4) Secretary:

Ann thanked everyone for their support and assistance during the past couple of months.

5) ARC Liaison:

No report.

Lunch:

Question and Answer (after lunch)

No additional questions were asked. Howard advised the Board Members would be available for any question the attendees may have.

Free Dues

Jerry Artz, Lot #186, won the drawing for free dues for 2014.

Good Neighbor Awards/Giveaways

A Good Neighbor Awards were given to the Woodsons, Susan and Woody, and to Charlie Sartini.

Thank You to Retiring Officers

Thank you to Dan McLean, Diane Anderson, and Rick Matheny.

Meeting adjourned at 1:45 p.m.

Respectfully submitted,

Ann Sharland
LMSOA Secretary

Attachment A

Time Line for Lot #823 Commercial Use of Property & Violation of Single Family Purposes

Fall of 2010 - LMSOA members become aware of BFGLT rental and extra services from web site advertisement. November 2010 Board discussed at meeting with Document Review Committee. Actual formation Date of BFGLT, LLC in TN was 07/17/2010; ID: TN-000635569; Registration # 000635569; Principle Address: 626 Wildcat Hollow Rd., New Tazewell, TN 37825; Registered Agent: David Arthur Havlovic (same address).

In late 2010 and early 2011 the Board received additional complaints about a possible misuse of property, specifically commercial use of lot #823. Complaints originated from web site review and flyer of advertisement at Cincinnati Sports show.

May 2011 – First notification to resident/owner informing them of conduct in violation of restrictions. Board agreed to not take any action at that time, but to monitor the situation to see if corrections to the commercial services were made after the notification. Additional complaints would be followed up by the Board.

August 2011 – Letter sent to owner lot #823 from Board as a result of several noise complaints from LMSOA members.

October 2011 – Board notes no changes made to advertisement after 6 months. Board reviewed Governing Documents and the 2003 Legal opinion regarding LMSOA member's renting to determine violations at 823. Board will continue to monitor situation and if more member complaints received or the owner fails to remediate concerns of Association it will be revisited.

December 2011 – The Board discussed the commercial use of lot #823. The Board agreed that there is a large amount of information that points towards continuing violations (no changes to web site, purchase of additional property added to web site) and member complaints continue. The Board agreed to send a formation notification to the owner to cease operating a commercial business at the property. Letter sent December 29, 2011.

January 2012 – A meeting was held with Board president, vice president and the resident of lot #823, who is the Registered Agent for BFGLT, LLC. Board members affirmed the Association position that operating a business by a non-resident was a violation of Covenants and the renting practices being followed were outside the single family residence provisions of Governing Documents. Board followed up this meeting with a letter to owner of 823 requesting face to face meeting to assure owner aware of violations.

April 2012 – After over 7 weeks the owner of 823 responded willing to attend meeting with Board. Meeting was set to accommodate owner travel issues 4 weeks later. Board outlined complaints from members and activities on the property that were in violation of the single family residential use and commercial use of lot #823 (her property). Owner agreed to review situation with property manager and get back to Board with a response.

April – July 2012 – Board receives numerous complaints from multiple members. Garage construction was major concern.

June 2012 – After 3 months, and a number of reminders, the owner of 823 finally sends response to Board's request to change practices at 823. Board reviewed her response and determined it was non-responsive and dismissive. A stronger letter telling her to cease and desist in the current atypical renting activities were sent. ARC begins a reviewed of garage on lot #823 which appeared to be built with exterior changes not approved by ARC.

July 2012 – After 5 weeks and no response to second letter Board decide to meet with attorney to explore options. After discussion of the ongoing violations and the nonresponsive or incomplete responses of the owner, attorney affirmed activities were a violation and suggested that he send a letter alerting owner that the matter was being referred to an attorney and instructing further correspondence be through attorney. The next day an e-mail was received from owner offering adjustments to the commercial service offerings by her agent. While the offered changes seemed to move further to correct the violations, it still ignored the primary activities of a non-owner operating a business on site or staff members providing services in violation of the single family limitation. The Board in its duty to the members does not believe it can negotiate away one of the primary tenets of our Covenants.

While the Board still wanted to resolve issues cordially, there was agreement that the actions and comments of the property manager in the past indicated his willingness to deceive and work around the proposed changes, so the Board members felt letting attorney handle things best path.

August 2012 – Board review of web site indicated a removal of some of the improper services in late July, but these services were returned along with a couple additional improper offerings in August. Board continues to receive member complaints. Board President and Association attorney both received letter from attorney representing lot #823 threatening actions if Association continues to pursue remedies to violations ongoing on the property.

October 2012 – A letter from ARC was sent to owner 823 about violations in garage construction. The building constructed differs from the plans that were submitted and approved. No reply has been received to date.

December 2012 – New attorney retained, Mark Troutman from Lafollette. He affirmed activities on 823 were a violation. Because of vacant bench court action is not possible. Board worked with new attorney on course of action plan to try to resolve issues outside of courts. Goal is to exhaust all options prior to taking legal action.

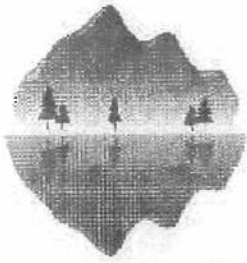
February through June 2013 – letters sent to owner by new attorney. No response. Member complains continue.

July August 2013 – Working with attorney Board developed a draft plan/timeline for how we may wish to proceed with the 823 issues. As a result Board sent a Default Assessment letter to the owner for both the garage misrepresentation/unapproved extras and the continued violation of the Single Family/Commercial uses restrictions. Remedies available to the Board in the Covenants will be applied if assessment not paid. Additional solutions outside court action being reviewed by attorney.

August 2013 – Owner's tenant/agent/property manager came to President's house in LMS and threatened him and other Board members with retaliation for Boards attempted enforcement of the covenants in regard Webb properties. He made firm threats of physical harm or other retaliation if we didn't drop actions. Reported to police, they responded but not much they could do at this time. Recommended Harassment letter and that we contacted our LMS attorney to pull together and send. Meeting was held with Sheriff and Board President to review situation. Owner of property was contacted multiple times by phone and e-mail about this activity and did not respond.

September 2013 – There has been no response from the owner of lot 823 to Default letter. Additionally, this owner has not responded to Board or attorney correspondence/request for corrective actions since July 2012. As a result Board declared property owner "not in good standing" and removed rights to use of facilities. Further remedies regarding non-payment of assessments will be made in accordance with normal practices of the Association.

As a result of threats made to Board members, and after input from the Sheriff's office, the Board requested attorney sending of a no contact/harassment letter to the offender.



Lone Mountain Shores

Owners Association

"A Covenant Protected Community"

Board Meeting Held July 6, 2020

Meeting was called to order by Paul Schmutzler, President, at 10:30 a.m.

Present: Paul Schmutzler, President, Greg Fielden, Vice President, David Schell, Treasurer, Phil Hamilton, ARC Liaison and Linda Ellis, Secretary.

Decisions Between Meetings:

Minutes of 6/01/20 Board Meeting approved and posted to website.

Old Business:

1. Helipad Update – Bill Haydu met with pilot from medivac to review areas for landing in case of emergency. Whistle Valley and Wildcat Hollow was a possibility, but lights would have to be mounted on the electric poles nearby and land area would have to be leveled and grass planted. He suggested the possibility of a spot at the entrance to Lone Mountain Shores where there is more open space. Paul inquired at homes next to open lot on Ivy Court, person owning extra lot stated that medivac has landed there twice in the past, but on the street, not on his lot. After discussion, entrance landing area would be better as if weather doesn't allow for landing, patient would be closer to hospital as opposed to area on Wildcat Hollow and Whistle Valley.
2. Fieldstone Lane – After meeting with Estep & Estep, review of covenants state that association will maintain common areas only, therefore, repairs made will be paid for portion of Fieldstone that grants access to green space only. Signage will be placed to show area covered.

New Business:

President:

1. Notary Public – based on hardship to find a local notary unless you bank locally, Paul applied for and was granted notary status, going forward will need to obtain a notary bond; David will inquire with current carrier, Auto Owners Insurance to get rates. Paul would then act as local notary for all members of LMSOA. Motion made by Paul to approve \$50 fee for \$10,000 Notary Bond, 2nd by Phil, motion approved unanimously.
2. Complaint on Rock Fish Point; Paul and Mark Ellis, ARC Chairman, met with homeowner, issue should be resolved by August.
3. Paul will research sign for above the door thanking Bud Brown for his efforts to bring high fiber internet to the mountain.



Vice President:

1. Parking at Docks/Signs – Purchased 10 signs, posts were shipping today. Will start at Dock 1, all renters will be required to have LMSOA boat and trailer stickers to participate. Rental period to be from October 1 – April 30; after discussion, rental fee to be \$100 for 7-month period, to be paid in advance.
2. Service Road maintenance, in process of getting quotes, roads need major overhaul; have not been serviced in two years.
3. Wildcat Hollow – road repairs, Greg has been in contact with Stacey, waiting for response.
4. Realtors – in response to requests from survey feedback – Misty Brown will get in touch with local realtors to get feedback. She mentioned she just listed Lot 282 which is close to the Community Center in case the Board was interested.
5. Road Study, unsuccessful in obtaining an interested vendor, all state it would be too expensive. Suggestion made to contact UT to inquire about grad students, Paul will check with local National Guard to see if civil engineers would be interested in using as annual training.
6. Dock Replacement – RFP to be issued so repairs can be made over the winter season, Motion made by Paul, 2nd by Phil to issue RFP for first phase of replacement, motion approved unanimously. David will work with Greg to write the RFP.
7. New street signposts: Firewise has obtained 19 new posts as requested by the fire department; and will begin replacing current wooden ones; at most critical locations for now, and will phase more in as Firewise grant dollars become available.
8. Grader for lanes and driveways. Because lanes and driveways are not maintained by LMSOA; Greg requested the purchase of a grader that can be attached to a mower or side by side and be rented to homeowners. Grader would be kept at Community Center and rented to homeowners; would reserve/check out in same manner as firewise equipment. Motion made by Greg to approve purchase of grader for rental purposes in an amount not to exceed \$2,000; 2nd by David; motion approved unanimously.

Treasurer:

1. 36 Liens have been filed, 20 are updates to old liens, 16 are new, these liens represent \$92,400 of current A/R balance.
2. Home Federal CD matured on June 19, because of low interest rate, funds were transferred to Money Market account at a rate of 1% to be held until rates rise.
3. Creation of Land Conservancy – David requested approval to research the creation of a Land Conservancy for nonprofits if TN laws allow. Would create a committee that would advise the Board members on process. Motion made by Linda, 2nd by Paul to grant approval to David to research this process on the behalf of the homeowners association. Motion passed.
4. QuickBooks Year End and May Bank Reconciliation – was distributed and reviewed. David requested all invoices, etc. be submitted in order to close out 2020 year. David will create a 2021 Budget for review and approval.

ARC Liaison:

1. No Wake Signs – Phil ordered 12 signs, 6 have been delivered. He believes boaters are slowing down in the coves where signs have been posted.
2. Boat decals – still pushing for all homeowners to obtain decals for all boats, trailers, and jet skis.
3. Rentals – at open forum, several homeowners complained that LMSOA should discontinue the practice of allowing home rentals. But after discussion, single family rentals are allowed in the Covenants, so Board will take no action at this time.
4. Phil suggested the Board review those homeowners who have volunteered to help from the survey results; possibly creating a maintenance committee to work with Greg; a finance committee to help with David or Linda, etc. He will better organize the survey results and send to Board members.

Secretary:

1. Key entry to docks – current card readers not functioning with present key cards. SafeT Systems is reviewing; message just received that they are ordering new keypad readers. Upon review of new software system, it is possible to access the program remotely by laptop as long as Wi-Fi is accessible, which would eliminate need to enter all information while standing beside card reader at each dock gate. After discussion, Linda will pursue obtaining Wi-Fi wiring to both gates and appropriate equipment to allow, as well as set up account with Scott County in order to make connection; cost is offset due to free Wi-Fi now present at the Community Center.
2. Newsletter – going out tomorrow.
3. Covenant/Bylaws to be sent out for vote with information for nominations at beginning of August. Changes are based on results of survey. Updates to include Binding Arbitration and Limited Power of Attorney in case of emergencies. Paul made the motion that we employ Noah, from Stanifer & Stanifer to write the paragraphs for these two items by August 1; 2nd by David, motion passed unanimously.
Some changes already added, Linda will create approval forms to be included with the nomination forms, responses to be collected and updates hopefully filed in September.
4. Annual meeting date change – Linda requested the annual meeting/picnic date be delayed by one week due to personal reason. After discussion, date works for all Board members so new date will be Saturday, October 17, 2020, at 10:00 a.m., to be followed by annual picnic.
5. Annual Meeting Meal complaint – at the close of the Open Forum, a homeowner requested the meal after the annual meeting not be as stated as a picnic with burgers and hotdogs, but a catered meal as was always done in the past. After discussion, it was decided that due to the changes that had to be made due to the Covid virus, that we will proceed with picnic as planned, and next year will have the separate picnic and catered meal for annual meeting as was done in the past.

Next Meeting: Monday, August 3, 10:30 a.m.

Motion to Adjourn: Motion made by Paul, 2nd by Phil, motion approved unanimously, meeting adjourned 12:50 p.m.

Submitted by:

Linda Ellis, Secretary



Lone Mountain Shores Owners Association

"A Covenant Protected Community"

Board Meeting Minutes

March 21, 2022

1. Welcome and Introductions

- a. Call to order -- meeting called to order at 3:00 p.m.
- b. Pledge of allegiance
- c. Roll Call - President, Vice President, Treasurer, ARC Liaison, and Secretary

2. Approval of the agenda for today

President called for a motion to approve the meeting agenda, a motion for approval was made by the Secretary and seconded by the ARC Liaison. There was no discussion, a vote was taken and the agenda was approved unanimously.

3. Brief member comments -- a request was made to read aloud the agenda, because the agenda was not posted to the website two weeks prior to the meeting. The President read aloud the agenda.

4. Approval of the minutes -- the President asked for a motion to approve the February board meeting minutes. The ARC Liaison made a motion to approve the February board meeting minutes which was seconded by the Vice President. There was no discussion and the vote for approval was unanimous.

5. Reports

a. Treasurer

- i) All bills due in March have been paid.
- ii) The 2021 Tennessee Corporate Annual Report was filed March 8, prior to the April 1 due date.
- iii) 2021 association income taxes are in process and will be completed before the April 18 deadline.
- iv) January and February bank account reconciliations are complete, and have been provided to all board members for their review. Checking account balance - \$12,500.00, Holding account balance - \$21,600.00, and Money Market account - \$295,600.00 are more than normal due to receipt of annual dues, and being unable to purchase a CD at Knoxville TVA Employees Credit Union as planned.
- v) CDs - At the last board meeting it was decided to move the \$230,000.00 CD to the Knoxville Federal Credit Union however this institution was unable to meet the association's requirement for two signatures. Upon further investigation, another institution was located that would meet the association's two signature requirement. Citizen's Bank & Trust of Grainger Co. meets the two signature requirement. The Treasurer made a motion to deposit the \$230,000.00 CD for 12 months at 0.30% interest at Citizen's Bank & Trust of Grainger Co. The motion was seconded by the Vice President. There was no discussion and the motion was approved unanimously.



- vi) CD Consolidation - Currently there are multiple CDs maturing at multiple times. The Treasurer plans to consolidate into four CD's, one maturing each quarter, while ensuring all association funds are insured by FDIC or NCUA. The Treasurer made a motion to transfer the \$41,000.00 CD at Commercial Bank, (maturing April 21st), to the Money Market account for holding until September. At that time, the \$41,000.00 will be combined with another CD due to mature in September. The motion was seconded by the Vice President, there was no discussion and the motion was approved unanimously.
- b. Secretary – no report
- c. Vice President
- i) Culvert on Whistle Valley – Claiborne County has placed the request for paving over the culvert they replaced on their list of required road repair. The paving of the replaced culvert will be addressed when general road paving and repair is being done in this area.
- ii) Lawn Care – upon receipt and examination of bids from John Hecknick, Chad Mincey, and K & K Lawn Care, the bid from K & K Landscaping was at least \$100.00 lower than the other two bids. The Vice President made a motion to employ K & K Landscaping for the association's landscaping maintenance needs. The motion was seconded by the ARC Liaison, there was no discussion and the motion was approved unanimously.
- iii) Trash Removal – the vendor maintaining the dumpsters at Dock #1 will no longer service this area as of April 1st. Of the other vendors contacted, Waste Connections was the most cost effective. They have agreed to provide and service 6 eight yard dumpsters. The Vice President made a motion to use Waste Connections for the association's dumpster service at Dock #1 beginning April 1st. The motion was seconded by the Treasurer, there was no discussion and the motion was approved unanimously.
- iv) Dock Signage – in order to more clearly communicate the use requirements for the common areas in Lone Mountain Shores the signs at Dock 1, Dock 2 and the Community Center need to be changed. The new signs would be changed to,
- (a) *"These facilities are for the use of Lone Mountain Shores owners and accompanied guests only, no trespassing, violators will be prosecuted. Area under surveillance"*
- The Vice President made a motion to purchase new signs for Dock 1, Dock 2 and the Community Center at a cost not to exceed \$200.00. The motion was seconded by the ARC Liaison, there was no discussion and the motion was approved unanimously.
- v) Community Center Maintenance – the community center needs to be stained and the carpenter bee holes repaired. After receiving bids on the work. The Vice President made a motion to allocate no more than \$5,000.00 to repair and stain the Community Center. The motion was seconded by the Secretary, there was no discussion and the motion was approved unanimously.
- d. ARC Liaison
- i) Projects – since February there have been 2 approved construction extensions, 2 approved new construction projects and 1 approved clearing project. Currently, there are 2 clearing projects in progress
- ii) Illegal cutting – the owner of lot 197 discovered that sometime last summer the trees on his lot had been cut down without his knowledge.

- iii) Home Fire – The fire on lot 816 is suspected by the owner to be arson. The lot owner has made arrangements to return the site to its original state with the exception of the gravel driveway which will remain.

e. Special Committees

- i) Welcome Committee – the committee is requesting \$500.00 from the board, over a three year period, to cover expenses such as 30 welcome tote bags, paper, printing supplies and sundry supplies to fill the totes. The Secretary made a motion to approve the Welcome Committee's request for \$500.00 for expenses over a three year period. The motion was seconded by the ARC Liaison. The Vice President asked about the tote bags supplied by Claiborne County Chamber of Commerce and the response was that those totes were not very well made. The President called for a vote, the vote was unanimous.
- ii) Firewise – the previous board set aside \$15,000.00 for street sign replacement not covered by Firewise funds. Firewise funds are now depleted and the street sign replacement is not complete. Firewise needs to purchase an additional 24 street sign posts, (21 to complete the project and 3 to be kept as replacements). The committee is requesting \$5,000.00 from the board to order the remaining sign posts to complete this project. The Vice President made a motion to spend \$5,000.00 of the allocated \$15,000.00 to complete the street sign post replacement project. The Treasurer requested that the motion be amended to reflect that allocation of these funds be by invoice payment, the amendment was accepted and seconded by the ARC Liaison. After discussion, the President called for a vote, the vote was unanimous.
- iii) Firewise/Annual Picnic Committee – this year's annual picnic will be in conjunction with Firewise. The picnic will be held on April 23rd. Firewise has agreed to fund half of the cost of the picnic and asked that the association fund the remaining half. The cost will include catering, paper goods, and drinks. The Vice President made a motion to spend \$350.00 for expenses related to the Firewise/HOA Annual Picnic on April 23rd. The motion was seconded by the ARC Liaison, there was no discussion and the vote in favor of the expenditure was unanimous.

6. Unfinished Business

- a. Dock #2 cameras – the purchase of cameras has been tabled and will be addressed at another time.
- b. Signage for common areas – see the Vice President's report
- c. Old dock #1 removal – the old #1 dock which was in the bay at Dock #2 has been removed
- d. Update on guideline review – A special meeting was held on January 22, 2022 in accordance with Article II, Section 4 of the Bylaws of Lone Mountain Shores Owner's Association. The board was asked to consider the installation of a Bylaw amendment regarding Rentals and a policy regarding Requests for Information proposed October, 2021. The board has discussed these issues and has decided not to install the Bylaw amendment or the policy proposed October, 2021. This decision was 4 to 1, against implementation with the Vice President dissenting. The board's reasons are stated below.
 - i) Bylaw Amendment – At this time the board does not believe that it is appropriate to amend the Bylaws to create new restrictions upon the use of property by individual owners. Furthermore, the proper method of amending Bylaws is not by written ballot. Adding further restrictions to the individual owners' use of property through the Bylaws is inconsistent with the Covenants. The previous board's proposed amendment to the Bylaws did not follow the documented process for amending Bylaws and is therefore not viable.

- ii) Request for Information policy – the proposed policy regarding information requests does not concur with Tennessee Nonprofit Corporate Act and this board will be following Tennessee Nonprofit Corporate Act regarding information requests.

7. New Business

- a. Clearing permit refunds – current ARC guidelines require a security deposit for clearing permits and a security deposit for construction permits and upon completion of construction both security deposits are refunded. A motion was made by the ARC Liaison that upon ARC approval for construction to begin the clearing security deposit be refunded to the owner. The Treasurer seconded the motion and the President called for a vote. The Vice President, Secretary, Treasurer and ARC Liaison voted yes and the President abstained. The motion was passed.
- b. Annual picnic – the Annual picnic will be held in conjunction with Firewise on April 23rd.
- c. Bylaw Amendment and Request for Information policy – Michelle Lund spoke for a group consisting of herself, Deb Hays, Margie Kaniecki, Gail Robinson, Kathy Nixon and Annette Schell. Her main points are summarized below.
 - (1) A certified letter had been sent to the Board requiring that the Bylaw amendment and information request policy be adopted.
 - (2) The Tennessee Non-Profit Corporation Act (TNPCA) states that Bylaw changes which garner more than 66% of the votes cast can be adopted even if this procedure is not in the existing Bylaws.
 - (3) The Bylaw amendment received more than 66% of the votes cast, and it must be adopted.

In response, the Board President requested a letter from their attorney explaining the legal argument. This letter will then be forwarded to the HOA attorney for his legal opinion.

Mrs. Lund asked the Board:

- (1) How they planned to resolve the division within the community regarding short term rentals.
- (2) How the Board plans to resolve the issue that the community does not want short term rentals. She acknowledged that no one has asked her to stop renting, but feels that the Board ignoring a majority vote indicates that it might, in the future, take unilateral actions that would harm short term rental businesses.

The Board President's responses:

- (1) They do not see a major division as only one member has contacted them on this issue.
- (2) The Board has not taken any actions regarding short term rentals.
- (3) The majority of the Board disagrees with Mrs. Lund's interpretation of the TNPCA. The decision was 4 to 1 with the Vice President agreeing with Mrs. Lund's interpretation.

Mrs. Lund reported that she received a letter from a realtor alleging that the Board President came to his office and made negative remarks about short term rentals being allowed in the future, and that he has made similar statements to others in the community. The President disputed this allegation.

Mrs. Lund concluded with her concern about the lack of transparency by the Board, their lack of dedication to the community, and a commitment to pursue this further, including by legal means.

d. Rentals – Kathy Nixon

Mrs. Nixon stated that Lone Mountain Shores has been legally rental friendly for twenty years, but she has recently heard rumors that members of the current Board have expressed anti-rental opinions to the public. She stated that if these rumors persist she will take legal action against the board, including "cease and desist" letters and possibly followed by a petition to remove the Board. On being questioned by the Board President, she acknowledged that she had not been asked by anyone to stop renting.

The Board President was asked by a member if it was his goal to eliminate short term rentals, and he responded that it was not his goal to eliminate short term rentals.

8. Motion to adjourn -

- The President called for a motion to adjourn the meeting, the motion was made by the Vice President. The President called the meeting closed at 4:15pm.

After the meeting the President opened up the room for discussion and at this time there was much discussion by the audience regarding rentals.


Minutes Submitted by,



Sabrina Izbrand, Secretary, LMSOA

Office:
259 N. Peters Rd., Ste. 101
Knoxville, TN 37923

Dir. 423.231.8895
Tel. 865.385.8623



G. Keith Alley, P.C.

Mailing:
P.O. Box 22190
Knoxville, TN 37933

nikk@tulsigator.com

February 7, 2022

Randall and Kathy Nixon
3005 Lone Mountain Road
New Tazewell, TN 37825

Via Email: norislakecabins@gmail.com

RE: Lone Mountain Shores Covenants and Bylaws

Dear Randall and Kathy,

Please allow this letter to serve as my opinion regarding the specific questions you posed related to the Amended and Restated Declaration of Covenants, Restrictions, and Easements for Lone Mountain Shores dated September 25, 2020 and recorded in Book 1555 at Page 291 in the office of the Claiborne County Register of Deeds ("2020 Covenants") and the Bylaws of Lone Mountain Shores Owners Association, Inc., Revision 2020, recorded in Book 1555 at Page 275 in the office of the Claiborne County Register of Deeds ("2020 Bylaws"). In arriving at my opinion, I have also reviewed the Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores dated September 3, 1998 (unrecorded, incomplete copy) ("1998 Covenants"), opinion letter of Samuel W. Brown, Esq. dated June 3, 2003 ("Opinion Letter"), March 2021 Lone Mountain Shores Rental Survey ("Survey"), and May 27, 2016 Records Request from Daniel F. Wilkins ("Records Request"), Lone Mountain Shores Owners Association Voting Ballot for Proposed Covenant and Bylaws Amendments September 2021 ("Proposed Amendments"), and Lone Mountain Shores Owners Association Rental Committee Info ("Committee Info"). As previously discussed, the opinions stated herein are based solely upon my review of the above-referenced documents and are subject to change if the 2020 Covenants and/or 2020 Bylaws were not legally amended, as more thoroughly discussed below, or if there exist other covenants and restrictions which are in force and effect that were not provided to me for consideration.

For ease of reading, I have listed your specific question and/or concern immediately followed by my opinion

1) Section 2.14 Single Family Residential Purposes. Please interpret this in correlation with the Final sentence and Section 6.05

Section 2.14 is very poorly written and nonsensical. With that said, the provision, as stated, limits use of the property for the sole purpose of housing only the owner's family or a tenant's family. Section 6.05 limits the rental of the accessory living quarters insofar as the accessory living quarters itself may not be rented. It must be rented in conjunction with the rental of the primary living quarters. This tracks with the limitation on the use of the property to house only the owner's family or the tenant's family. Additionally, Section 6.05 prohibits an owner from

renting out the primary living quarters to another tenant and the owner living in the accessory living quarters. The following examples illustrate what these provisions allow and do not allow:

Permissive use: Randy and Kathy (as owners) live in the primary living quarters and their son and his wife live in the accessory living quarters rent-free.

Nonpermissive use: Randy and Kathy (as owners) live in the primary living quarters and rent the accessory living quarters to their son and his wife.

Permissive use: Tenant rents the property. Tenant lives in primary living quarters and Tenant's son and his wife live in the accessory living quarters rent-free.

Nonpermissive use: Randy and Kathy (as owners) live in the primary living quarters and rent the accessory living quarters to tenants (short or long term) for a fee.

Nonpermissive use: Tenant rents the property. Tenant lives in primary living quarters and Randy and Kathy (as owners) live in the accessory living quarter.

Nonpermissive use: Tenant rents the property. Tenant lives in primary living quarters and rents the accessory living quarters to other tenants for a fee.

Nonpermissive use: Tenant rents the property. Tenant lives in accessory living quarters and rents the primary living quarters to other tenants for a fee.

As such, under the 2020 Covenants, you are prohibited from renting the accessory living quarters. However, you may rent the entire property to a single family. Of importance, the 1998 Covenants were not as restrictive on rentals, and under the 1998 Covenants you could arguably rent the accessory living quarters separately from the primary living quarters. Should you desire to continue renting the accessory living quarters separate from the primary living quarters, I would recommend that you retain our firm to conduct a thorough review of the history of the covenants to ensure that the 2020 Covenants were, in fact, legally amended.

2) Please interpret Section 6.07 Rental. Lots and Dwellings may be rented only for private single-family residential purposes subject to the following provisions: a. The renting to unaffiliated individuals or groups at the same time is prohibited; b. Tenants are required to abide by all LMS Governing Documents; c. Owners are responsible for the actions of their tenants. Each Owner shall take appropriate steps and should put in place additional rules, limitations and restrictions as necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other Owners; d. All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

This section also limits property rentals to the entire property and to only one family at a time. Again, I would recommend that you retain our firm to conduct a thorough review of the history of the covenants to ensure that the 2020 Covenants were, in fact, legally amended.

3) Below is the section they are using to state the guests do not have access. See the blue line below.

Section 4.02 Owner's Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area or 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 Owner's 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/her Lot remains unpaid; and b. The right of the Owner's Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by unanimous vote of the Board and an affirmative vote of at least fifty five percent (55%) of responding Owners voting by written ballot. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by an authorized officer of the Owner's Association has been recorded in the Registrar's Office of Claiborne County, Tennessee.

Section 4.03 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his/her right of enjoyment to the Common Area and facilities to the members of his/her family or the Owner's accompanied guests.

Section 4.02 only limits an Owner's use of the common areas where the assessments are unpaid, so the Association's reliance on 4.02 to prohibit tenants or guests from using the common areas is misplaced where the assessment are current. Section 4.03 allows an Owner to delegate, *in accordance with the Bylaws*, his right to use the common area and facilities. Notably, the 2020 Bylaws do not include any provisions regarding delegation of an Owner's right to use the common area. The inclusion of the language "in accordance with the Bylaws" in the 2020 Covenants implies that at least at some point in time there were provisions included in the Bylaws that address this issue. Again, I would recommend that you retain our firm to perform a thorough review of the history of the Bylaws to ensure that the 2020 Bylaws were, in fact, legally amended.

Section 6.07(d) of the 2020 Covenants provides that "All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot." A true guest would likely not be considered an occupant of a Lot. A tenant would most certainly be considered an occupant of a Lot; therefore, this section arguably transfers the rights of the Owner to use the common areas to the tenants. When reading Section 4.03 and Section 6.07 together, the rights to use the common area and facilities appear to transfer to a tenant and a tenant is required, just like the Owner, to abide by the Lone Mountain Shores governing documents.

4) Is there any way around the accompanied by an owner that is listed in the covenants. It has never been enforced in 24 years. Shouldn't there be some kind of grandfather around something like this?

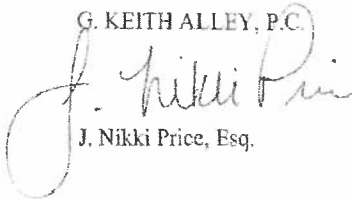
The fact that any covenant has not been enforced in 24 years does not mean that the Association cannot enforce it going forward. Section 12.06 in the 1998 Covenants and Section 10.07 of the 2020 Covenants address the fact that the Association's failure to enforce a covenant does not act as a waiver. Under the 2020 Covenants, only Owners, Tenants, and "accompanied guests" have rights to use the common areas. It appears, however, that the "unaccompanied" aspect of the covenant is being addressed by the Association in the Proposed Amendments. The Proposed Amendments state that the Association must have the affirmative vote of 55% of the owners voting by absentee ballot to pass the proposed amendments. This amendment process is derived from the 2020 Covenants, which may or may not have been legally amended. Notably, the amendment process as set forth in the 1998 Covenants requires the execution and acknowledgement ON THE AMENDMENT of the necessary number of owners and, as required, the Declarant, for any amendment to the 1998 Covenants to be legal. Because I was not provided with an entire copy of the 1998 Covenants, it is unclear how many Owners are required. However, the 1998 process for amending the covenants appears vastly different from the 2020 process and, for this reason and the reasons stated above, I would strongly recommend that you consider retaining our firm to perform a thorough review of the history of the covenants and bylaws to ensure that they have been legally amended. It appears from the 2003 legal opinion of Mr. Brown that there have been numerous amendments recorded since the original covenants were recorded in 1998, so the cost associated with a detailed review could be considerable.

Generally speaking, it is completely legal for an Association to prohibit Owners from using their property for short-term rentals, to place minimum requirements for the length of a long-term rental, to require Owners to provide the Association with copies of rental/lease agreements, and to require Owners to institute and enforce rules for tenants. However, these restrictions are only legal if they are properly amended in accordance with the governing documents. Considering that the Proposed Amendments include many of these restrictions, it is imperative to know whether the 2020 Covenants were legally amended in order to determine if the Association is utilizing the proper procedure to amend the covenants going forward.

Once you've had the opportunity to review this opinion, please let me know if you have any additional questions or concerns.

Sincerely,

G. KEITH ALLEY, P.C.



J. Nikki Price, Esq.

From: **Michelle Norcross** <mmnorcross@yahoo.com>
Date: Mon, Feb 28, 2022, 4:18 PM
Subject: Short-Term Rentals
To: president@lmsoa.org <president@lmsoa.org>

Hi Mark! My name is Michelle Norcross, and my husband and I are looking to purchase a home in Lone Mountain Shores. We've been looking for quite some time and have worked with several different realtors along this journey. Dave and I live in Cincinnati and have been coming to Norris for almost 20 years. That being said, we are not planning to move there and want to leverage this home as a secondary home and an investment property. While most of the homes for sale in your community list as 'potential investment property', 'established rental income', etc., I keep getting told by realtors that the new board of the HOA in Lone Mountain is going to update the covenants to eliminate short term rentals. In many cases we've been heavily steered away from looking at homes in this community due to our desire to leverage as an income property.

With that said, I would like to ask you directly about the intentions around short term rentals within Lone Mountain Shores. As I read the current HOA guidelines, short term rentals are allowed. Is there an upcoming vote on further restrictions? Is there a group that is heavily lobbying for more restrictions? If so, what are the reasons and suggested changes?

We have found a home and are in the process of negotiating an offer, but cannot be put in a position where we make a major investment decision like this and then have the rug pulled out from under us. Also, if the intention is to continue to support the covenants as they are today, and there is no plan to restrict short term rentals, it would surely be in the community's best interest to make that known because I'm confident your owners are losing potential buyers due to the word on the street.

I would very much appreciate a clear response ASAP so we can make a firm decision regarding the offer we are negotiating now. We expect to finalize a deal mid-week.

Thank you,

STATE OF TENNESSEE § DECLARATION OF COVENANTS,
 § CONDITIONS, RESTRICTIONS AND
COUNTY OF CLAIBORNE § EASEMENTS FOR LONE MOUNTAIN SHORES

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR LONE MOUNTAIN SHORES is made this ^{17th}~~3rd~~ day of September, 1998, by TENNESSEE LONE MT. SHORES CORP., a Tennessee Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in County of Claiborne, State of Tennessee containing approximately 206.443 acres, more or less; and

WHEREAS, Declarant intends to develop the property as a subdivision known as "LONE MOUNTAIN SHORES" (hereinafter referred to as the "Property"), which is more fully described in Exhibit "A" attached hereto and incorporated herein by this reference; and

WHEREAS, additional property may be included in Lone Mountain Shores in the future and declarant wishes to reserve the right to subject other properties into Lone Mountain Shores by way of future amendments of this Declaration in accordance with the provisions contained herein; and

WHEREAS, Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of property in Lone Mountain Shores, and to provide a flexible and reasonable procedure for the development of the Property.

NOW THEREFORE, Declarant hereby declares that the Property which is described in EXHIBIT "A" and any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are for the purpose of protecting the value and desirability of the Property, and which shall touch and concern and run with title to the Property. The Covenants and all provisions hereof shall be binding on all parties having any right, title or interest in the Property or any portion thereof, and their respective heirs, successors, successors in title and assigns, and shall inure

*Amended Covenants Book 1150 p 19
4-27-2004*

ESTEP & ESTEP
ATTORNEYS AT LAW
P.O. Box 177
Tazewell, TN 37679-0177
(423) 626-3525

M55406 Book MISC54 Page 274

EXHIBIT

7

to the benefit of each owner thereof.

ARTICLE I
IMPOSITION OF COVENANTS AND
STATEMENT OF PURPOSE

Section 1.01 Imposition of Covenants. Declarant hereby makes declares and establishes the following covenants, conditions, restrictions and easements (collectively referred to as the "Covenants") upon the "Property" which shall be held, sold and conveyed subject to the Covenants. The Covenants shall run with the land and shall be binding upon all persons or entities having any right title or interest in all or any part of the Property, and the covenants shall inure to the benefit of each owner of the Property.

Section 1.02 Statement of Purpose. The Covenants are imposed for the benefit of all owners of the parcels of land located within the Property. These Covenants create specific rights and privileges which may be shared and enjoyed by all owners and occupants of any part of the Property.

Section 1.03 Declarant's Intent. The provisions of these Covenants, as amended from time to time, are intended to act as the land use controls applicable to the Property, and in the events of a conflict or difference between the provisions hereof and of the Claiborne County Zoning Ordinance, the terms of this Declaration, as amended, shall control and supersede such Zoning Ordinance. Each Owner, automatically upon the purchase of any portion of the Property, is deemed to waive all protections afforded to him, now or in the future, under the Claiborne County Zoning Ordinance to the extent such Zoning Ordinance is at variation with the provisions of this Declaration, as amended, or with the provisions of any of the other Lone Mountain Shores Documents, including but not limited to the Architectural Guidelines established by the Architectural Review Committee.

Section 1.04 Areas subject to these Covenants: Be it understood that these covenants shall apply only to the development of Lone Mountain Shores by Tennessee Lone Mt. Shores Corp. Phase One (1) of Lone Mountain Shores and prior conveyances of three (3) lots from Phase II, being Lot Nos. 30, 32 and 42 of Lone Mountain Shores Phase II were developed by prior owners and are therefore not subject to these covenants and restrictions.

ARTICLE II
DEFINITIONS

The following terms as used in these Covenants, are defined as follows:

Section 2.01 "Architectural Review Committee" or "ARC" shall mean and refer to the committee formed pursuant to Article VII below to maintain the quality and architectural harmony of improvements in Lone Mountain Shores.

Section 2.02 "Assessments" shall mean and refer to annual special, and default assessments levied pursuant to Article IV below to meet the estimated cash requirements of the Associations.

Section 2.03 "Association" shall mean and refer to the Lone Mountain Shores Owners Association, Inc., a non-profit corporation, or any successor of the Association by whatever name, charged with the duties and obligations set forth in these Covenants.

Section 2.04 "Building" shall mean and refer to any one or more Buildings constructed on a Lot or Tract.

Section 2.05 "Covenants" shall mean and refer to this Declaration of Covenants, conditions, restrictions, and easements for Lone

Mountain Shores, as and if amended.

Section 2.06 "Declarant" shall mean and refer to Tennessee Lone Mt. Shores Corp., a Tennessee Corporation and its successors and assigns.

Section 2.07 "Lot" shall mean and refer to a parcel of land designated as a lot on any Plat of Lone Mountain Shores.

Section 2.08 "Maintenance Fund" shall mean and refer to the fund created by Assessments and fees levied pursuant to Article IV below to provide the Association with the funds required to carry out its duties under these Covenants.

Section 2.09 "Membership" shall mean and refer to the rights and responsibilities of every Owner of any Lot in Lone Mountain Shores. Every Owner by virtue of being an owner and only as long as he or she is an Owner, shall retain their Membership in the Association. The Membership may not be separated from Ownership of any Lot. Regardless of the number of individuals holding legal title to a Lot no more than one Membership shall be allowed per Lot owned. However, all individuals owning such Lot shall be entitled to the right of Membership and the use and enjoyment appurtenant to such ownership.

Section 2.10 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot, but shall not mean or refer to any person or entity who holds such interest merely as security for the performance of a debt or other obligation, including a Mortgage, unless and until such persons or entity has acquired fee simple title pursuant to foreclosure or other proceedings.

Section 2.11 "Plat" shall mean and refer to any plat (or asbuilt survey) depicting the Property filed in the Registrar's Office for Claiborne County, Tennessee, as such plat may be amended from portions of the Property from time to time.

Section 2.12 "Supplemental Covenants" shall mean and refer to additional or further restrictive covenants imposed on a portion or portions of the Property from time to time.

Section 2.13 "Lone Mountain Shores" shall mean and refer to the planned community created by these Covenants, consisting of the Property and all of the Improvements located on the Property

Section 2.14 "Common Area" shall mean all real property (including the improvements thereto) owned by the Home Owners Association by deed of Declarant for the common use and enjoyment of the Owners. The Common Area or Areas, as exists by plat, shall be conveyed to the Association no later than when seventy-five (75%) percent of the lots in the Subdivision are sold.

ARTICLE III THE ASSOCIATION

Section 3.01 Developer as The Association. Until such time as seventy-five (75%) percent of the lots in Lone Mountain Shores are deeded to individual lot purchasers, and the Association is operative, the Declarant shall act and have the authority to act as the Homeowners Association and have such rights and such obligations as are created herein.

Section 3.02 Every owner of a lot 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 3.03 Board of Directors. The Association shall elect at its first annual meeting a Board of Directors which shall govern the association. The Board of Directors shall consist of five (5) members, all of whom must be property owners in the Lone Mountain Shores Development and a member in good standing with the associa-

tion. The Board of Directors shall consist of a President, Vice-President, Secretary and Treasurer and a member who shall also serve on the Architectural Review Committee and serve as a Liaison between the Board of Directors of the Association and the Architectural Review Committee. The Board of Directors shall have the responsibility of over seeing all functions of the association as stated in these covenants and restrictions and shall be responsible for collecting all association assessments and shall develop and amend association by-laws consistent with these covenants and restrictions. Furthermore, the Board shall be responsible for appointing and over seeing the members of the Architectural Review Committee.

Section 3.04 Association Records. Upon written request to the Association by any Owner of a lot or any, Mortgagee, or guarantor of a first mortgage on any Lot, or the insurer of improvements on any Lot the Association shall make available for inspection current copies of the Association's documents, books, records, and financial statements. The Association shall also make available to the prospective purchasers current copies of the Association's documents, including rules governing the use of lots and the most recent annual financial statement, if such is prepared.

"Available" as used herein shall mean available for inspection upon written request, during normal business hours.

ARTICLE IV COVENANT FOR COMMON AREAS AND MAINTENANCE ASSESSMENTS

Section 4.01 Declaration of Declarant's Intent for Common Areas. It is the Declarant's intent to create an owner's common area or areas for the use and enjoyment of all existing lots and future lots which may include but are not limited to parking areas, marina slips, parks, and land areas.

Section 4.02 Road. It is the intent of the Declarant to convey all public roads to the Claiborne County Highway Department and said entity will take over the ownership and maintenance of all public roads throughout the development. Public roads shall be defined as all roads which are not noted on any of the recorded plats as a private road.

Section 4.03 Owner's Easement of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area or Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

The right of the Home Owner's 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/her lot remains unpaid;

The right of the Home Owner's Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board of Directors of the Home Owner's Association.

No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by an authorized officer of the Home Owner's Association has been recorded in the Registrar's Office of Claiborne County, Tennessee.

Section 4.04 Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his/her right of enjoyment to the Common Area and facilities to the members of his/her family or the owner's accompanied guests.

Section 4.05 Default Assessments. All monetary fines assessed against an Owner pursuant to the Lone Mountain Shores Documents, or any expense of the Association which is the obligation of an

Owner or which is incurred by the Association or the Declarant on behalf of the Owner Pursuant to the Lone Mountain Shores Documents, shall be a default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in these Covenants. Notice of the amount and due date of such default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to the due date, provided that failure to give such thirty (30) days prior notice shall not constitute a waiver thereof, but shall only postpone the due date for payment thereof until the expiration of said thirty (30) day period.

Section 4.06 Effect of Nonpayment of Assessment; Lien Remedies of Association. Any Assessment, whether pertaining to annual, special or default Assessments, which is not paid within thirty (30) days of its due date shall be delinquent. In the event that an Assessment becomes delinquent, the Association, in its sole discretion, may take any or all of the following action:

Assess a late charge of at least fifteen (15%) percent per delinquency;

Assess an interest charge from the date of delinquency at the rate per annum of two points above the prime rate charged by the Association's bank, or such other rate as shall have been established by the Board;

Suspend the voting rights of the Owner during any period of delinquency;

Suspend all privileges to recreational facilities situated upon common areas;

Accelerate any unpaid annual Assessments for the fiscal year such that they shall be due and payable at once;

Bring an action at law against any Owner personally obligated to pay the delinquent installments; or

File a statement of lien with respect of the Lot, and foreclose as set forth in more detail below.

Section 4.07 Annual Assessments. The Declarant shall not be required to pay any association dues or annual assessments on any of the unsold lots. The purpose of the assessments by the Declarant is to provide funding for the Declarant or the Association to maintain common areas, entrances and any other obligations as provided in Lone Mountain Shores Documents.

(a) The initial maximum annual assessment for each residential lot shall be Three Hundred (\$300.00) Dollars per year. Each owner of each individual lot shall not be required to pay the annual assessment until January 1, of the year immediately following the execution of the deed of conveyance by the Declarant to the owner of each lot, until the Association is formed.

(b) From and after January 1, of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year by the Board of Directors of the Association, or the Declarant if the Association is not operable by not more than ten (10%) percent (but no more than twenty-five (25%) percent over a five (5) year period) above the maximum assessment for the previous year without a majority vote of the Home Owner's Association.

(c) The Board of Directors of the Home Owner's Association may fix the annual assessment at an amount not to exceed the maximum.

ARTICLE V
INSURANCE

Section 5.01 Casualty Insurance on Insurable Common Areas. The Association shall keep all insurable improvements and fixtures of the Common Area or Areas insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazard and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area 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 and 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.

Section 5.02 Liability Insurance. The Association shall maintain liability insurance as to all common areas and property, acts or omissions of its officers or governing body, or otherwise as it deems necessary designated as a common expense in the By-Laws by the Owners Association.

Section 5.03 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 owners 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.

Section 5.04 Annual Review of Policies. 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 the property which may have been damaged or destroyed.

ARTICLE VI
LAND USE AND BUILDING TYPE

WHEREAS, it is the desire of the Declarant to maintain fair and adequate property values in said development and to prevent nuisances and to maintain an attractive area for residential purposes thus the following covenants are adopted.

Section 6.01 Minimum residential size restrictions for Lots 24-63 of Lone Mountain Shores, Phase Two (2). Each dwelling shall contain a minimum of 1,800 square feet of heated living space, excluding garages, porches, overhangs, etc. Dwellings of two (2) stories above ground level shall contain in the heated living area thereof (excluding garages, porches, overhangs, etc.) not less than 1,800 total square feet, inclusive of both stories, with the main first floor to contain not less than 1,200 square feet.

Section 6.02 Minimum residential size restrictions for all interior lots which are not lots 24-63 of Lone Mountain Shores, Phase Two (2). Each dwelling shall contain a minimum of 1,200 square feet of heated living space, excluding garages, porches, overhangs, etc. Dwellings of two (2) stories above ground level shall contain in the heated living area thereof (excluding garages, porches, overhangs, etc.) not less than 1,200 total square feet, inclusive of both stories, with the main first floor to contain not less than 800 square feet.

Section 6.03 Residential Use Only. The lots shall be used for

residential purposes only, and no commercial use shall be permitted. This restriction shall not be construed to prevent rental of any dwelling for private residential purposes or to prevent an individual lot owner from conducting home occupations in the dwelling, which occupation is subordinate to the primary residential use and occupies not greater than twenty (20%) percent of the dwelling's floor area or employees not more than two (2) persons.

Section 6.04 Types of Dwellings Prohibited. Modular homes, mobile homes, manufactured homes, housing motor coaches, recreational vehicles, house trailers, trailers and basements are prohibited for permanent residential or occupancy purposes. However, during the construction phase of the residence upon the real estate, the owner may place a temporary self contained recreational vehicle upon the premises and reside in said recreational vehicle for a maximum period of one (1) year during the construction phase. Furthermore, this covenant is not meant to exclude prefabricated home sections which are constructed at other sites and transported to the owner's lot for attachment to the dwelling.

Section 6.05 Review By Architectural Committee. All proposed plans of dwellings to be erected in said subdivision shall be submitted to Architectural Committee to be reviewed and approved by said Committee in accordance with Article VII. Red Creek Ranch, Inc. shall constitute the Architectural Committee until such time as there is a transfer pursuant to Article VII.

Section 6.06 Exposed Block. No exposed concrete foundation or block shall be permitted above ground level in construction of a dwelling, building, wall or fence.

Section 6.07 Drainage. No construction on any lot shall be done in such a way as to materially increase the drainage of water upon any adjoining lot.

Section 6.08 Television, Radio and Satellite Antenna. All television or radio antennas must be placed in the attic of a residence, unless an alternative location is approved by the Architectural Committee. Television or radio towers are prohibited. Satellite dishes of 24 inches or less are allowed and must be hidden from view of the roads and the lake front. All satellite dishes above 24 inches are prohibited.

Section 6.09 Rental. As stated in Section 6.04 residences may be rented and all tenants are awarded owner's privileges and are required to abide by all covenants and restrictions.

Section 6.10 Construction Completion. All exterior work on improvements shall be completed and an occupancy permit obtained no later than twelve (12) months from the commencement of the construction of the improvement unless specifically waived by the Architectural Review Committee.

Section 6.11 Setbacks and Building Location. No building or any part thereof, shall be erected on any lot nearer than thirty (30) feet to the road side lot line or nearer than thirty (30) feet to any side street line. No building or any part thereof shall be located nearer than fifteen (15) feet to any interior lot line or nearer than fifteen (15) feet to any rear lot line, except if the rear lot line is the 1044 TVA Contour Line, then the rear set back line shall be five (5) feet from the 1044 TVA Contour Line. It is noted that the plat of Phase Two (2) of Lone Mountain Shores specifically states that all rear lot lines shall be fifteen (15) feet, unless otherwise noted. Therefore, it is the Declarant's intent to note that the rear lot lines are changed as stated herein. Furthermore, on all lots which are contiguous to the lake, no building or other improvement may be constructed below elevation 1044 unless otherwise permitted by the Tennessee Valley Authority (TVA).

Section 6.12 Easements. Declarant reserves unto itself, its successors, and assigns, the right to erect and maintain all utility

and electric lines, and grant easements for utility purposes, with the right of access and ingress for the purpose of installing and maintaining such easements and structures and utility lines, including but not limited to water, sewer, gas and cable situate thereon; on, over, and under a strip of land ten (10) feet wide along the side and rear lot lines of each lot and twenty (20) feet wide along the front lot lines of each lot. Unless the rear lot line in the 1044 TVA contour line and in that event said easement shall be five (5) feet from the 1044 TVA contour line. No structures, plantings or other materials shall be placed or permitted to remain, or activities undertaken thereon, which may damage or interfere with the usage of said easements for utility purposes. The areas on any lot affected by such easements shall, except for improvements situated thereon, by public authority or utility company, be maintained by the owner of the lot.

Section 6.13 Storage of Boats and/or Boat Trailers. Each lot owner and/or their assigns or agents may store or park one (1) boat and/or boat trailer upon the lot for not more than fourteen (14) consecutive days in open view to the public, and shall not be for more than twenty-eight (28) days during the entire calendar year. Storage over and above said time frame must be in a facility that is completely enclosed. Furthermore, each lot owner may store more than one (1) boat and/or boat trailer upon their property, but all such boats and/or boat trailers must be stored inside a complete enclosure.

Section 6.14 Garages. A private garage may be built separately or attached to and made a part of the dwelling, but must be made of the same materials or conform to construction with the dwelling, and must be built at the same time or after construction of the dwelling and must be approved by the ARC.

Section 6.15 Outbuildings. Any separate storage building, workshop or other incidental outbuilding may be allowed provided that the architectural style, quality of construction and building material are consistent with the caliber and appearance of the main residence structure. All out buildings must be approved by the Architectural Review Committee prior to construction, and must be built at the same time or after construction of the dwelling.

Section 6.16 Construction Materials. The exterior walls of any structure or dwelling on any such lot shall be of materials consisting of wood, log, stone, stucco, brick or vinyl and must be of natural colors. White vinyl is prohibited as well as any type or color of aluminum siding, except as used for trim, gutters, shutters, soffits and roofs.

Section 6.17 Foundations. All foundations shall be fully enclosed at the exterior walls; no pier-type foundations or unenclosed foundations shall be permitted.

Section 6.18 Above Ground Swimming Pools. No above ground swimming pools shall be permitted on any lot.

Section 6.19 Nuisances. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

Section 6.20 Maintenance. Each residence shall be maintained in a neat and sanitary condition. Each owner shall promptly remove or otherwise dispose of any accumulation of trash, garbage or rubbish. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. Junked, inoperative or unlicensed vehicles shall not be stored or kept on any lot.

Section 6.21 Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be kept, used or bred on any lot either for commercial or private purposes, except the usual domestic pet, provided that the same is not allowed to run at large and does not

otherwise constitute a nuisance to the neighborhood or a health or safety hazard. Dogs will be allowed, but no more than two (2) shall be kept at a residence and these shall be kept for the pleasure and use of the occupants only and not for any commercial breeding uses or purposes. No structure for the care, housing or confinement of any pet shall be constructed or maintained on any part of a lot unless approved by the Architectural Committee. Pets shall be under leash or under control when walked or exercised. The Board of Directors of the Home Owner's Association shall conclusively determine, in its sole and absolute discretion, whether for the purposes of this Section, a particular pet is a nuisance, and shall have the right to require the owner of a particular pet to remove such pet from the lot if such pet is found to be a nuisance or be in violation of these restrictions. Declarant intends to preserve the natural environment wherever possible and animal control must be strictly observed.

Section 6.22 Signs. No signs of any kind shall be displayed to the public view on any lot, except one (1) sign of not more than five hundred (500) square inches identifying the owners of the property. Also, signs of not more than five (5) square feet may be used by a builder to advertise and identify the builder during the construction phase of the dwelling upon the lot for a period of not more than one (1) year from the commencement of construction. All said signs must be properly set on a post and not placed on trees, or structures. Notwithstanding the foregoing, Declarant specifically reserves the right to itself, its successors, nominees and assigns to place and maintain signs in connection with identification or information anywhere on the property, including, but not limited to, "For Sale" signs, display signs, directional signs, and identification signs of common areas. Also, the size of said signs to be placed by the Declarant or its successors, nominees or assigns may be larger than stated herein.

Section 6.23 Sewage Disposal. No individual sewage disposal system shall be permitted on any lot unless approved by the Tennessee Department of Health.

Section 6.24 Fences. All fencing and walls must be attractive and consistent with color and materials used on the main dwelling and must be approved by the Architectural Review Committee. Chain link fences are not permitted.

Section 6.25 Further Subdivision of Lots. No originally platted lots may be subdivided or divided in any manner.

Section 6.26 Combining Platted Lots. Combining two (2) or more adjacent lots owned by a common owner or owners to create one (1) lot will be permitted. In the event of such occurrence, all set back lines as described in Sections 6.01 and 6.02 will apply to the newly formed lot and all assessments will apply to the combined lots as one (1) lot.

Section 6.27 Development Tools. Nothing contained in these covenants and restrictions shall prevent the Declarant or any person designated by the Declarant from erecting or maintaining such commercial and display signs, such temporary dwellings, model houses or other tools as are deemed necessary for completion and sale of the development.

Section 6.28 Mail Boxes. In order to promote uniformity and to make a more desirable neighborhood, all mail boxes must be approved by the Architectural Committee and located in areas designated by the developer.

ARTICLE VII ARCHITECTURAL REVIEW COMMITTEE

Section 7.01 Membership. There is hereby established an ARC which shall be responsible for the establishment and administration of the Architectural Review Guidelines to carry out the purpose

and intent of these Covenants. The ARC shall be composed of five (5) persons of which a minimum of three (3) must be Members who are in good standing with the Association. All of the Members of the ARC shall be appointed, removed and replaced by the Board. The ARC is the only standing committee of the Board that has perpetual existence. One Director shall serve as a member of the ARC and as a liaison to the Board. Until such time as the ARC is functional, the Declarant and/or its assigns shall act as the ARC, having such duties, rights and obligations created herein.

Section 7.02 Duties of ARC.

7.02.1 The ARC shall exercise its best judgment to see that all improvements conform and harmonize with any existing structures as to external design, quality, Covenants as outlined in the Architectural Guidelines.

7.02.2 No improvements on the Property shall be erected, placed or altered on any Lot, Building Site nor shall any construction be commenced until plans for such improvements shall have been approved by the ARC; provided, however, that improvements and alterations which are completely within a building may be undertaken without such approval.

7.02.3 The actions of the ARC in the exercise of its decision including approval of plans, approval of plans with conditions, or disapproval of plans, or with respect to any other matter before it, shall be conclusive and binding on all interested parties subject to appeal as approved in the By-Laws.

Section 7.03 Organization and Operations of the ARC.

7.03.1 Term. The term of office of each Member of the ARC, shall be two (2) years except the initial terms of two (2) Members which will be for one (1) year each to create an alternating board, commencing on January 1 of each year and continuing until his or her successor shall have been appointed. Should an ARC Member die, retire, or become unable to serve or in the event of a temporary absence of an ARC Member, a successor may be appointed by the Board.

7.03.2 Chairman. The chairman of the ARC shall be appointed for a two (2) year term by a majority vote of said Board.

7.03.3 Operations. The chairman shall preside over and conduct all meetings and shall provide for reasonable notice to each Member of the ARC prior to any meeting. The notice shall set forth the time and place of the meeting and notice may be waived by any member. In the absence of a Chairman, the Vice Chairman shall serve as temporary successor.

7.03.4 Voting. The affirmative vote of a majority of the Members of the ARC shall govern its actions and be that act of the ARC. A quorum shall consist of a majority of the Members.

7.03.5 Expert Consultation. The ARC may avail itself of technical and professional advice and consultants as it deems appropriate.

Section 7.04 Expenses. Except as provided below, all expenses of the ARC shall be paid by the Association. The ARC shall have the right to charge a fee for each application submitted to it for review in an amount which may be established by the ARC from time to time, and such fees shall be collected by the ARC and remitted to the Association to help defray the expenses of the ARC's or declarant's operations. Until December 31, 2000, the filing fee shall not exceed three hundred (\$300.00) DOLLARS per dwelling unit but may be subject to reasonable increase after that date, as determined by the Board on recommendation from the ARC.

Section 7.05 Architectural Guidelines and Rules. The ARC shall adopt, establish and publish from time to time Architectural Guidelines which shall be a Lone Mountain Shores Document. The

Architectural Guidelines are subject to the approval of the Board and shall not be inconsistent with these Covenants, but shall more specifically define and describe the design standards for Lone Mountain Shores and the various uses within the Lone Mountain Shores. The Architectural Guidelines may be modified or amended from time to time by the ARC. Further, the ARC, in its sole discretion, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may not permit compliance with different or alternative requirements. Compliance with the Lone Mountain Shores design review process is not a substitute for compliance with the Claiborne County building, zoning and subdivisions regulations, and each Owner is responsible for obtaining all approvals, licenses and permits as may be required prior to commencing construction.

Section 7.06 Procedures. As part of the Architectural Guidelines the ARC shall make and publish such rules and regulations as it may deem appropriate to govern its proceedings. Appeals shall be conducted as provided in the By-Laws.

ARTICLE VIII MAINTENANCE

Section 8.01 Association's Responsibility. The Association shall maintain and keep in good repair those areas designated as privately maintained roads, road signs, parks, marinas, boat ramps and entrance area into Lone Mountain Shores, such maintenance to be funded as provided below. This maintenance shall include repair and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and improvements situated in roadway and entrance area.

Section 8.02 Owner's Responsibility. Except as provided otherwise in the Lone Mountain Shores Documents, applicable Project Documents or by written agreement with the Association, all maintenance of the Lots and all structures, landscaping, parking areas and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain said Lot in accordance with community wide standards of Lone Mountain Shores. The Association shall in the discretion of the Board, assume the maintenance responsibilities of such Owner if, in the opinion of the Board, the level and quality of the maintenance being provided by such Owner does not satisfy such standards. Before assuming the maintenance responsibilities, the Board shall notify the Owner in writing of its intention to do so and if such Owner has not commenced and diligently pursued remedial action within thirty (30) days after mailing of such written notice, then the Association shall proceed. The expenses of such maintenance by the Association shall be reimbursed to the Association by the Owner, together with interest at five (5%) percent per annum above the prime rate charged by the Association's bank, or such other rate set by the Board, from the date of expenditure. Such charges shall be a default Assessment and a lien on the Lot or the Owner as provided in Section 4.02 above.

ARTICLE IX DAMAGE OR DESTRUCTION

Section 9.01 Damage or Destruction Affecting Lots. In the event of damage or destruction to the improvements located on any Lot, the Owner thereof shall promptly repair and restore the damaged improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred twenty days (120) from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned for a period of more than ninety (90) days, then the Association may after notice and hearing as provided in the By-Laws, impose a fine of not less than ONE HUNDRED (\$100.00) DOLLARS per day on the owner of the Lot until repair and reconstruction is commenced, unless the Owner can prove to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's con-

trol. Such a fine shall be a default Assessment and a lien against the Lot as provided in Section 4.02 above.

ARTICLE X
ENFORCEMENT OF COVENANTS

Section 10.01 Violations Deemed a Nuisance. Every violation of these Covenants or any other of the Lone Mountain Shores Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private remedies allowed by law or in equity against anyone in violation of these Covenants shall be available.

Section 10.02 Compliance. Each Owner or other occupant of any part of the Property shall comply with the provisions of the Lone Mountain Shores Documents as the same may be amended from time to time.

Section 10.03 Failure to Comply. Failure to comply with the Lone Mountain Shores Documents shall be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing shall be given to the delinquent party prior to commencing any legal proceedings.

Section 10.04 Remedies. In addition to the remedied set forth above, any violation of the Lone Mountain Shores Documents shall give the Board, the Manager or a designated representative of the Declarant, on behalf of the owners, the right to enter upon the offending premises or take appropriate peaceful action to abate, remove, modify, or replace at the expense of the offending Owner, any structure, thing or condition that may exist therein contrary to the interest and meaning of the Lone Mountain Shores Documents. If the offense occurs on any easement, walkways, Common Area or the like, the cure shall be at the expense of the Owner or other person responsible for the offending condition.

Section 10.05 No Waiver. The failure of the Board, Board of Directors, Declarant, the Manager, the ARC or any aggrieved Owner to enforce the Lone Mountain Shores Documents shall not be deemed a waiver of the rights to do so for any subsequent violations or of the right to enforce any other part of the Lone Mountain Shores Documents at any future time.

ARTICLE XI
DURATION OF THESE COVENANTS AND AMENDMENT

Section 11.01 Term. The covenants and restoration of these Covenants shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Covenant, their respective legal representatives, heirs, successors and assigns for a term of twenty (20) years from the date these Covenants are recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change covenants and restrictions in whole or in part or to terminate the same.

Section 11.02 Amendment.

(a) Subject to the requirements of (b) below, these Covenants, the Articles, or By-Laws may be materially amended only by a unanimous vote of the Board and the affirmative vote of fifty-five (55%) percent of the Owners voting by absentee ballot. Any amendment must be recorded in the Registrar's Office of Claiborne County, Tennessee.

(b) Pursuant to Sections 3.01 and 3.03 the declarant, acting as

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the Homeowners Association, shall be the sole entity or person that may amend these Covenants, Articles or By-Laws until 75% of the Lots in Lone Mountain Shores are deeded.

Section 11.03 Effective on Recording. Any modification or amendment shall be immediately effective upon recording in the Registrar's Office for Claiborne County, Tennessee a copy of such amendment or modification, executed and acknowledged by the necessary number of Owners (and by Declarant, as required), together with a duly authenticated Certificate of the Secretary of the Association stating that the required number of consents of Owners were obtained and are on file in the office of the Association.

ARTICLE XII PRINCIPLES OF INTERPRETATION

Section 12.01 Severability. These Covenants, to the extent possible shall be construed or reformed to give validity to all of its provisions. Any provisions of these Covenants found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceable without invalidating any other part hereof.

Section 12.02 Construction. In interpreting words in these Covenants, unless the context shall otherwise provide or require the singular shall include the plural, the plural shall include the singular and the use of gender shall include all genders.

Section 12.03 Headings. The headings are included for purposes of convenient references, and they shall not affect the meaning or interpretation of these Covenants.

Section 12.04 Registration of Mailing Address. Each Member shall register his mailing address with the Secretary of the Association from time to time, and notices or demands intended to be served upon or given to a Member shall be personally delivered or sent by mail, postage prepaid, addressed in the name of the member at such registered mailing address.

Section 12.05 Notice. All notices and requests required shall be in writing. Notice to any Member shall be considered delivered and effective upon personal delivery or three days after posting, when sent by certified mail, return receipt requested, to the address of such a Member on file in the record of the Association at the time of the such mailing. Notice to the Board, the Association the ARC or the Manager shall be considered delivered and effective upon personal delivery or three (3) days after postage, when sent by certified mail, returned receipt requested, to the Association, the Board, the ARC or the Manager at such address shall be established by the Association from time to time by notice to Members. General notices to all Members or any classification thereof need not be certified, but may be sent by regular first class mail.

Section 12.06 Waiver. No failure on the part of the Association, the Board, or the ARC to give notice of default or to exercise or to delay in exercising any right or remedy shall operate as a waiver, except as specifically provided above in the event the Board fails to respond to certain requests. No waiver shall be effective unless it is in writing, signed by the Chairman or Vice Chairman of the Board on behalf of the Association, or by the Chairman of the ARC on behalf of the ARC.

Section 12.07 Limitation of Liability and Indemnification. The Association shall indemnify every Board Member or Committee Member or Architectural Review Committee Member against any and all expenses, including trial and appellate attorney's fees and costs reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceedings (including the settlement of any suit or proceedings if approved by the Board to which he or she may be party by reason of being or having been a board member or committee member. The board members and commit-

tee members shall not be liable for any mistake of judgment, negligent, or otherwise, except for their own individual willful malfeasance, misconduct or bad faith. The board members and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent of that such board member and committee member may also be members of the Association), and the Association shall indemnify and forever hold each such board member or committee member free of harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any board member or committee member may be entitled.

Section 12.08 Conflict Between Documents. In case of conflict between these Covenants and the Articles of the By-Laws, to be created by the Association, these covenants shall control. In case of conflict between these Covenants and the Architectural Guidelines, the Architectural Guidelines shall control.

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores Corp., hereinbefore known as Declarant, has hereunto caused these presents to be executed on this the 24th day of September, 1998.

TENNESSEE LONE MT. SHORES CORP.

BY: [Signature] T. Emmams
Vice President

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, as aforesaid, Vice President, with whom I am personally acquainted, who proved to me by satisfactory evidence of identity, and who, upon oath, acknowledged himself/herself to be the Vice President for Tennessee Lone Mt. Shores Corp., the within named bargainor, and that as such, he/she has been authorized to execute the foregoing instrument on behalf of said corporation for the purposes therein contained, by signing the name of the corporation by himself/herself as such Vice President.

WITNESS my hand and official seal at office this the 24th day of September, 1998.

[Signature]
Notary Public

My commission expires: Sept. 19, 2001

EXHIBIT "A"

DESCRIPTION OF PROPERTY

SITUATED in District No. Three (3) of Claiborne County, Tennessee and further described as follows:

BEING a portion of Tract No. 7031, as shown in Quitclaim Deed dated July 24, 1995, from Norris Lake Development, Inc. to Grantor (Lone Mountain Development, LLC), recorded in W/D Book 231, Pages 213-217, Register of Deed's Office, Claiborne County, Tennessee and further described as follows:

BEING a parcel of land, containing 206.443 acres by Survey of William L. Parsons, RLS #1172, dated 9-13-96 and recorded in Plat Book 3, Page 70, Register's Office, Tazewell, Tennessee.

THERE IS ALSO GRANTED herewith the right of ingress and egress from the waters of Norris Lake over and upon the adjoining land lying between the 1044 contour elevation and the waters of the Lake.

Being Parcel 1.01 on Tax Map 133. (Portions herein Excepted)

THERE IS EXCEPTED from the foregoing parcel the following three tracts:

1. A Lot known as Lot 6 on an unrecorded survey of Norris Landings Unit I as prepared by William L. Parsons, Tennessee RLS No. 1172, dated March 31, 1997; and also known as Lot 30 on an unrecorded survey labeled Lone Mountain Shores Phase II, dated 5/14/98 and revised 5/27/98; and described as follows: BEGINNING at a point on the south side of Rockfish Point, then S. 84° 06' 52" E. 210.54 feet; S. 11° 03' 04" W. 46.73 feet; S. 8° 35' 30" W. 72.29 feet; S. 8° 41' 55" W. 98.61 feet; S. 27° 29' 04" W. 40.17 feet; N. 62° 17' 58" W. 24.26 feet; N. 59° 16' 34" W. 31.52 feet; N. 35° 40' 41" W. 269.86 feet; and N. 62° 54' 13" E. 55.88 feet to the point of beginning, and being the property which Lone Mountain Shores, LLC, conveyed to George L. Evans, III, by warranty deed, dated May 21, 1998, recorded in W/D Book 248, Pages 692-698, Register's Office of Claiborne County, Tennessee.

2. A Lot known as Lot No. 32 on an unrecorded survey labeled Lone Mountain Shores Phase II, dated 5/14/98, revised 5/27/98; and described as follows: BEGINNING at a point on the south side of Rockfish Point, then S. 46° 27' 30" E. 76.75 feet; S. 29° 50' 15" W. 25.61 feet; S. 20° 27' 52" W. 85.50 feet; S. 11° 18' 12" W. 54.74 feet; S. 31° 35' 54" E. 54.61 feet; N. 75° 06' 21" W. 168.60 feet; N. 27° 41' 48" E. 27.67 feet; N. 27° 41' 48" E. 12.82 feet; N. 28° 59' 35" E. 74.82 feet; N. 24° 52' 46" E. 67.76 feet; N. 30° 06' 19" E. 39.65 feet; N. 62° 19' 19" E. 32.26 feet to the point of beginning, containing 0.555 acres.

3. A Lot known as Lot 42 on an unrecorded survey labeled Lone Mountain Shores Phase II; and described as follows: BEGINNING at a point on the south side of Mallard Road, then S. 14° 21' 46" E. 98.87 feet; S. 2° 19' 19" E. 294.75 feet; S. 64° 52' 21" W. 37.03 feet; S. 46° 31' 14" W. 35.80 feet; S. 48° 46' 43" W. 43.36 feet; S. 79° 02' 07" W. 45.45 feet; N. 43° 49' 39" W. 38.64 feet; N. 84° 25' 14" W. 46.63 feet; N. 6° 04' 41" W. 31.94 feet; N. 8° 01' 54" E. 21.61 feet; N. 27° 40' 05" E. 44.52 feet; N. 19° 40' 05" E. 22.53 feet; N. 23° 31' 14" W. 237.07 feet; N. 65° 34' 33" E. 44.34 feet; N. 55° 54' 54" E. 50.25 feet; N. 51° 49' 19" E. 29.10 feet; N. 56° 06' 47" E. 20.53 feet; N. 73° 15' 50" E. 20.88 feet; N. 83° 09' 38" E. 57.19 feet; N. 69° 30' 04" E. 44.26 feet to the point of beginning, containing 2.014 acres.

The property herein conveyed is a portion of the property which Lone Mountain Shores, LLC acquired by warranty deed, dated October 7, 1996, from Lone Mountain Development, LLC, recorded in Warranty Deed Book 238, Pages 547-550, in the Register's Office of Claiborne County, Tennessee.

Subject to all covenants, rights of way, easements, reservations, restrictions, conditions, exceptions, and limitations of record, including rights of ingress and egress for the maintenance of cemeteries, and especially as set out in Deed Book 89, Page 400, in the Register's Office of Claiborne County, Tennessee.

Subject to the Grant of the Transmission Line Easement to the United States of America by deed dated September 30, 1970, recorded in Misc. Book 22, Page 168, in the Claiborne County Register's Office.

STATE OF TENNESSEE, CLAIBORNE COUNTY
THE FOREGOING INSTRUMENT AND CERTIFICATE WERE
NOTED, NOTE BOOK 17 PAGE 239 AT 2:50
O'CLOCK P. M. DAY 17 MONTH Sept
1998 AND RECORDED IN Misc BOOK 54
SERIES 74-289 PAGE 54 AND
REGISTERED Kim R. R. R.

STATE OF TENNESSEE § AMENDED AND RESTATED
 § DECLARATION OF COVENANTS,
 § CONDITIONS, RESTRICTIONS, AND
COUNTY OF CLAIBORNE § EASEMENTS FOR LONE MOUNTAIN
 SHORES

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, RESTRICTIONS, AND EASEMENTS FOR LONE MOUNTAIN SHORES is made this 12th day of August, 2013 by LONE MOUNTAIN SHORES OWNERS ASSOCIATION, INC., a Tennessee nonprofit corporation (hereinafter referred to as the "Association").

WHEREAS, "Lone Mountain Shores" (hereinafter referred to as the "Property" or "Lone Mountain Shores"), which is more fully described in Exhibits attached hereto and incorporated herein by this reference, has been developed through phased additions as a residential subdivision in County of Claiborne, State of Tennessee containing approximately 2303.078 acres, more or less, and

WHEREAS, prior Declarations of record have imposed upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of property in Lone Mountain Shores to provide a flexible and reasonable procedure for the development and the maintenance of use and architectural guidelines for the Property;

NOW THEREFORE, Lone Mountain Shores Owners Association, as "Declarant", having been assigned all rights of Tennessee Lone Mountain Shores Corp., the developer of "Lone Mountain Shores", hereby declares and restates that the Property which is described in EXHIBIT "A" and any property previously made subject to these Covenants as evidenced by duly filed and recorded Amendments to original Declarations of Covenants, Restrictions and Easements for Lone Mountain Shores, shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are for the purpose of protecting the value and desirability of the Property, and which shall touch and concern and run with title to the Property. The Covenants and all provisions hereof shall be binding on all parties having any right, title or interest in the Property or any portion thereof, and their respective heirs, successors, successors; in title and assigns, and shall inure to the benefit of each owner thereof.

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36 PGS : AL - RESTRICTIVE COVENANTS	
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VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	180.00
ARCHIVE FEE	0.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	182.00

STATE OF TENNESSEE, CLAIBORNE COUNTY
KIMBERLY H. REECE



**ARTICLE I
IMPOSITION OF COVENANTS AND
STATEMENT OF PURPOSE**

Section 1.01 **Imposition of Covenants.** Declarant hereby amends and restates the following covenants, conditions, restrictions and easements (collectively referred to as the "Covenants") upon the Property which shall be held, sold and conveyed subject to the Covenants. The Covenants shall run with the land and shall be binding upon all persons or entities having any right title or interest in all or any part of the Property, and the covenants shall inure to the benefit of each owner of the Property.

Section 1.02 **Statement of Purpose.** The Covenants are imposed for the benefit of all owners of the parcels of land located within the Property. These Covenants create specific rights and privileges which may be shared and enjoyed by all owners and occupants of any part of the Property in accordance with the provisions of Section 4.03 Delegation of Use.

Section 1.03 **Declarant's Intent.** The provisions of these Covenants, as amended from time to time, are intended to act as the land use controls applicable to the Property, and in the events of a conflict or difference between the provisions hereof and of the Claiborne County Zoning Ordinance, the terms of this Declaration, as amended, shall control and supersede such Zoning Ordinance. Each Owner, automatically upon the purchase of any portion of the Property, is deemed to waive all protections afforded to him, now or in the future, under the Claiborne County Zoning Ordinance to the extent such Zoning Ordinance is at variation with the provisions of this Declaration, as amended, or with the provisions of any of the other Lone Mountain Shores Documents, including but not limited to the Architectural Guidelines established by the Architectural Review Committee.

Section 1.04 **Areas Subject to these Covenants.** Be it understood that these Covenants apply only to the development of Lone Mountain Shores by Tennessee Lone Mt. Shores Corp. Phase One (1) of Lone Mountain Shores and prior conveyances of three (3) lots from Phase II, being Lot Nos. 30, 32 and 42 of Lone Mountain Shores Phase II were developed by prior owners and are therefore not subject to these covenants and restrictions.

**ARTICLE II
DEFINITIONS**

The following terms, as used in these Covenants, are defined as follows:

Section 2.01 **"Architectural Review Committee"** or **"ARC"** shall mean and refer to the committee formed pursuant to Article VII below to maintain the quality and architectural harmony of improvements in Lone Mountain Shores.

Section 2.02 **"Assessments"** shall mean and refer to annual, emergency, and default assessments levied pursuant to Article IV below to meet the estimated cash requirements of the Associations.

Section 2.03 "Association" shall mean and refer to the Lone Mountain Shores Owners Association, Inc., a nonprofit corporation, or any successor to the Association by whatever name, charged with the rights and obligations set forth in these Covenants.

Section 2.04 "Covenants" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores, as and if amended.

Section 2.05 "Declarant" shall mean and refer to Lone Mountain Shores Owners Association, Inc., a Tennessee Not for Profit Corporation, and its successors and assigns.

Section 2.06 "Dwelling" shall mean any enclosed space wholly or partly used for living and sleeping by human occupants, provided such use is for single family residential purposes only.

Section 2.07 "Lot" shall mean and refer to a parcel of land designated as a lot on any Plat of Lone Mountain Shores.

Section 2.08 "Maintenance Fund" shall mean and refer to the fund created by Assessments and fees levied pursuant to Article IV below to provide the Association with the funds necessary for the Board to carry out its duties under these Covenants.

Section 2.09 "Membership" shall mean and refer to the rights and responsibilities of every Owner of any Lot in Lone Mountain Shores. Every Owner by virtue of being an owner and only as long as he or she is an Owner, shall retain their Membership in the Association. The Membership may not be separated from Ownership of any Lot. Regardless of the number of individuals holding legal title to a Lot no more than one Membership shall be allowed per Lot owned. However, all individuals owning such Lot shall be entitled to the right of Membership and the use and enjoyment appurtenant to such ownership.

Section 2.10 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to a Lot, but shall not mean or refer to any person or entity who hold; such interest merely as security for the performance of a debt or other obligation, including a Mortgage, unless and until such persons or entity has acquired fee simple title pursuant to foreclosure or other proceedings.

Section 2.11 "Plat" shall mean and refer to any plat (or as built survey) depicting the Property filed in the Registrar's Office for Claiborne County, Tennessee, as such plat may be amended from portions of the Property from time to time.

Section 2.12 "Lone Mountain Shores" shall mean and refer to the planned community created by these Covenants, consisting of the Property and all of the Improvements located on the Property

Section 2.13 "Common Area" shall mean all real property (including the improvements thereto) owned by the Owners Association by deed of Declarant for the common use and enjoyment of the owners.

Section 2.14 **"Single Family Residential Purposes"** shall mean the property, consisting of just one primary Dwelling and all ancillary buildings on it shall be occupied by just one legitimate single housekeeping unit as distinguished from unaffiliated individuals or groups occupying a motel, hotel, bed & breakfast, or boardinghouse.. Additionally, allowances are made for one accessory living quarters, such as a mother-in-law suite, without violating the "single family residential use" provided this secondary living quarters meets the requirements of Section 6.05 of these Covenants. Any rental accommodations and services such as those provided by hotels, motels, bed & breakfasts, rooming or boarding houses, apartment buildings or condominiums are excluded by this definition.

ARTICLE III THE ASSOCIATION

Section 3.01 Every Owner 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 3.02 **Board of Directors.** Members of the Association shall elect a Board of Directors (the "**Board**"), which shall govern the Association. The Board shall consist of five (5) members (each an "**Officer**"), all of whom must be Owners in good standing with the Association. The Board of Directors shall consist of a President, Vice-President, Secretary, Treasurer, and an additional member who shall also serve on the Architectural Review Committee (the "**ARC**") as the liaison between the Board and the ARC. The Board shall: (a) have the responsibility of overseeing all functions of the Association as stated in these Covenants; (b) be responsible for collecting all Association Assessments; and (c) develop and amend the Association Bylaws consistent with these Covenants. Furthermore, the Board shall be responsible for overseeing the members of the Architectural Review Committee and any other committees it may appoint. The Board shall also appoint all committee members other than the ARC liaison who is elected by the Owners. Board members shall hold office for a term of two years. Board members shall hold office until their successor has been elected or appointed, unless removed from office pursuant to Article III, Section 8 of the Bylaws.

Section 3.03 **Association Records.** Upon written request to the Association by any Owner of a lot or any, mortgagee, or guarantor of a first mortgage on any Lot, or the insurer of improvements on any Lot the Association shall make available for inspection current copies of the Association's documents, books, records, and financial statements. The Association may also make available to the prospective purchasers current copies of the Association's documents, including rules governing the use of lots and the most recent annual financial statement, if such is prepared. The Board, including any committees, is not required to make available correspondence between the Board, a committee and individual Association members

"Available" as used herein means available for inspection upon written request, with reasonable notice, during normal business hours, at the Association's Community Center or such other location as the Association may reasonably decide.

**ARTICLE IV
COVENANT FOR COMMON AREAS AND ASSESSMENTS**

Section 4.01 **Common Areas.** The Developer has created an owner's Common Area or Areas for the use and enjoyment of all existing Lots and future Lots, which may include, but are not limited to, parking areas, marine slips, parks, and land areas. The Association has expanded the Common Area to include a Community Center and a picnic pavilion.

Section 4.02 **Owner's Easement of Enjoyment.** Every Owner shall have a right and easement of enjoyment in and to the Common Area or 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 Owner's 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/her Lot remains unpaid; and
- b. The right of the Owner's Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by unanimous vote of the Board and an affirmative vote of at least fifty five percent (55%) of responding Owners voting by written ballot.

No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by an authorized officer of the Owner's Association has been recorded in the Registrar's Office of Claiborne County, Tennessee.

Section 4.03 **Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws, his/her right of enjoyment to the Common Area and facilities to the members of his/her family or the Owner's accompanied guests.

Section 4.04 **Creation of Lien and Personal Obligation for Assessments.** Each Owner of any Lot, by acceptance of a deed therefore, whether or not it is explicitly stated in any such deed, is deemed to covenant and agree to pay the Association: (a) annual Assessments or charges as provided in these Covenants; (b) emergency Assessments for capital improvements and other purposes as stated in these Covenants, such annual and emergency Assessments to be established and collected from time to time as provided below; and (c) default Assessments, including fines, which may be assessed against an Owner's Lot pursuant to the LMS Governing Documents or because the Association has incurred an expense on behalf or because of the Owner in accordance with the LMS Governing Documents. The annual, emergency, and default Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and may become a continuing lien upon the Lot against which each such Assessment is made until paid in full. Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time the Assessment fell due.

Section 4.05 **Annual Assessments.** The purpose of annual Assessments is to provide funding for the Association: (a) to maintain the Common Area; (b) to pay for future capital improvement projects; and (c) to pay for any other Association obligations provided for in the LMS Governing Documents. Annual Assessments are due and payable as follows:

- a. The annual Assessment for each Lot is \$300.00, subject to increase as provided in Subsection (b). The Annual Assessment is due and payable to the Association by each Owner thirty (30) days after the Association mails to each Owner an annual assessment at the Owners last provided address.
- b. The annual Assessment may be increased by the Board by not more than ten percent (10%) per year above the Annual Assessment amount of the previous year and by not more than twenty-five percent 25% over any five-year period, unless such greater increase has been approved by an affirmative vote of 55% of the Owners exercising their right to vote in a written ballot conducted in accordance with Article II, Section 10 of the Bylaws.

Section 4.06 **Emergency Assessments.** At any time that it shall appear to the Board that funds on hand or in deposit by the Association are insufficient to pay the outstanding obligations of the Association, the Board shall implement the following actions:

- a. Notify Association members of the situation
- b. Initially determine which of the outstanding obligations relate to the preservation of the Association assets such as maintenance, insurance or any other such obligations as necessary to discharge the fiduciary duties of the Board.
- c. Exercise all available contractual rights of cancellation in any contract not deemed essential for the preservation of the assets of the Association and utilize all other available means of lessening the financial burdens of the Association while ensuring no defaults.
- d. After taking these measures, the Board shall determine if a projected shortfall remains for the fiscal year and shall remediate this shortfall by issuing an emergency Assessment of up to One Hundred Twenty Five Dollars (\$125.00) per Lot which shall be sent to all Owners in the manner utilized for distribution of annual Assessments and make available for review by all Owners the balance sheet utilized in the calculation of any shortfall.
- e. If the shortfall requires an emergency Assessment of greater than One Hundred Twenty Five Dollars (\$125.00) per lot, the Board, with at least three (3) Directors in support, may submit a higher emergency Assessment amount to the Owners through written ballot. An affirmative vote of at least Fifty Five Percent (55%) of responding Owners shall be required for the Board to issue any emergency Assessment greater than \$125.00 in any fiscal year of the Association.

Section 4.07 **Default Assessments.** All monetary fines assessed against an Owner pursuant to the LMS Governing Documents, as well as any expense that is incurred by the Association on behalf or because of the Owner, including cost associated with the Associations enforcement of the LMS Governing Documents (including all attorney fees and cost), shall be a default Assessment and may become a lien against such Owner's Lot, which may be foreclosed upon or otherwise collected as provided in these Covenants. Notice of the amount and due date of a default Assessment shall be sent to the Owner at least 30 days before the due date, provided that failure to give 30 days prior notice does not constitute a waiver thereof, but may only postpone the due date for payment until the expiration of the 30 day period.

Section 4.08 **Effect of Non-Payment of Assessment; Remedies of Association.** Any Assessment, whether pertaining to annual, emergency, or default Assessments, not paid within 30 days of its due date will be delinquent. If an Assessment becomes delinquent, the Board may, in its sole discretion, take any or all of the following actions:

- a. Assess a late charge on the outstanding balance;
- b. Assess an interest charge from the date of the delinquency at a rate per annum that is two percentage points above the prime rate charged by the Association's principal bank;
- c. Suspend the voting rights of the delinquent Owner during any period of delinquency;
- d. Suspend all privileges to recreational facilities situated upon any Common Area;
- e. Accelerate any unpaid annual Assessments for the fiscal year such that they shall be due and payable at once;
- f. Bring a legal action against any Owner personally obligated to pay the delinquent Assessments; and
- g. File a statement of lien with respect of the Lot and foreclose as set forth in more detail below.

Failure of the Board to enforce any of the above-listed remedies does not constitute a waiver of the Board's right to enforce such remedies in the future.

Section 4.09 **Filing a Statement of Lien.** The Board may file a statement of lien by recording with the Register of Deeds for Claiborne County, Tennessee, a written statement with respect to the Lot setting forth the name(s) of the Owner, the legal description of the Lot, the name of the Association, and the amount of delinquent Assessments then owing and which shall be served upon the Owner of the Lot by registered mail to the address of the Lot or at such other address as the Association may have in its records for the Owner. Thirty (30) days after the mailing of such notice, the Board may proceed to foreclose the lien in the same manner provided for the foreclosure of mortgages under the statutes of the State of Tennessee. Such lien shall be in favor of the Association for the benefit of all other Owners. In either a personal or foreclosure action, the Association shall be entitled to recover as part of the action interest, costs, and reasonable attorneys' fees. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot. The remedies provided herein are not exclusive, and the Association may enforce any other remedies to collect delinquent Assessments that are provided by law.

ARTICLE V INSURANCE

Section 5.01 **Casualty Insurance on Insurable Common Areas.** The Association shall keep all insurable improvements and fixtures of the Common Area or Areas insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazard and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area 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 and 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.

Section 5.02 **Liability Insurance.** The Association shall maintain liability insurance as to all common areas and property, acts or omissions of its officers or governing body, or otherwise as it deems necessary designated as a common expense in the By-Laws by the Owners Association.

Section 5.03 **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 owners 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.

Section 5.04 **Annual Review of Policies.** 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 the property which may have been damaged or destroyed.

ARTICLE VI STANDARDS FOR LAND USE AND CONDUCT OF ACTIVITIES ON THE PROPERTY

Section 6.01 **Rationale for Land Use Restrictions.** It is the desire of the Association to preserve and enhance the property values of the Property, to prevent nuisances, and to maintain an attractive area for residential purposes.

Section 6.02 **Minimum Residential Size for Lakefront Lots.** Each Dwelling erected on a Lakefront Lot must contain a minimum of 1,800 square feet of heated living space (excluding garages, porches, overhangs, etc.), inclusive of all stories, with the first floor to contain not less than 1,200 square feet. For purposes of these Covenants, a "Lakefront Lot" is a Lot, a portion of which is contiguous to property owned by the Tennessee Valley Authority and which abuts the 1044 foot contour line of Norris Lake.

Section 6.03 **Minimum Residential Size for Interior Lots.** Each Dwelling erected on a Lot that is not a Lakefront Lot must contain a minimum of 1,200 square feet of heated living space (excluding garages, porches, overhangs, etc.) inclusive of all stories, with the first floor to contain not less than 800 square feet.

Section 6.04 **Residential Use Only.** All Lots shall be used for single family residential purposes only, and no commercial use is permitted. This restriction is not to be construed to prevent rental of any Lot or any dwelling for private single family residential purposes or to prevent an Owner from conducting home occupations in a Dwelling, provided such occupations: (a) are subordinate to the primary residential use; (b) occupy no more than twenty percent (20%) of the Dwelling's floor area; and (c) employ not more than two (2) persons.

Examples of prohibited commercial uses of a Lot or any dwelling include providing the services of or operating as a restaurant, an inn, a boarding house, or a bed-and-breakfast or providing other atypical rental services of a commercial nature.

Examples of non single family residential purposes uses of a Lot or any dwelling include, but are not limited to: occupancy by two or more unaffiliated individuals or groups that function as independent housekeeping units; owners or their agents occupying any part of the property at the same time as renters; utilizing the Lot or any dwelling as a fraternity, sorority or dorm complex; or using the Lot or any dwelling as a Group Home or institution of any kind.

All provisions of these Covenants and of any rules, regulations, or use restrictions promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

Section 6.05 Dwellings per Lot. All Lots are restricted to one single-family Dwelling per Lot. This restriction does not prevent the inclusion of one accessory living quarters within a Dwelling or other ARC-approved structures on the same Lot for use as an independent living facility with provision for food preparation, sanitation, and sleeping, provided that: (a) the accessory living quarters must be used in conjunction with the primary residence for single family purposes only; and (b) the accessory living quarters are subordinate in size and function to the primary residence. Accessory living quarters shall be subject to the following standards:

- a. Only one accessory living quarters shall be allowed upon a lot;
- b. Accessory living quarters can not be rented independently of the primary living quarters or used to house anyone unaffiliated with the rental group (including owners of the property, members of their family or their invited guests) during the rental of the primary living quarters; and
- c. The addition of accessory living quarters on a Lot must be approved by the ARC

Section 6.06 **Types of Dwellings Prohibited.** The construction of any type of multi-family residence, such as a condominium, duplex, triplex, apartment building, townhouse, lodging house, clubhouse, or any similar structure, is prohibited. Modular homes, mobile homes, manufactured homes, motor coaches, recreational vehicles, house trailers, travel trailers, and stand-alone basements are also prohibited for permanent Dwellings. This prohibition does not preclude use of panelized construction, characterized by wall sections or floor and roof trusses that are constructed at other sites and transported to an Owner's Lot and assembled at the building site, provided that the ARC has first approved such construction. [Manufactured and modular constructed sheds, garages, and outbuildings may be permitted on a case-by-case basis, provided they meet the other requirements for these structures and are approved by the ARC.] Also, during the construction phase of a Dwelling an Owner may temporarily place a recreational vehicle, motor coach, or travel trailer upon his or her Lot and reside in it for a maximum of one (1) year, provided that construction of the Dwelling is progressing during such occupancy.

Section 6.07 Rental. Lots and Dwellings may be rented only for private single-family residential purposes subject to the following provisions:

- a. The renting to unaffiliated individuals or groups at the same time is prohibited;
- b. Tenants are required to abide by all LMS Governing Documents;
- c. Owners are responsible for the actions of their tenants. Each Owner shall take appropriate steps and should put in place additional rules, limitations and restrictions as necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other Owners;
- d. All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

Section 6.08 **Review By Architectural Committee.** The Architectural Review Committee shall exist as provided in Article VII of these Covenants. Before construction may begin, all proposed plans of Dwellings, garages, outbuildings, sheds, and other property improvements to be erected in Lone Mountain Shores must be submitted to the ARC for its approval in accordance with the LMS Governing Documents.

Section 6.09 **Drainage and Erosion Control.** No construction on any Lot may be done in such a way as to materially increase the drainage of water upon any adjoining Lot.

Section 6.10 **Fire Prevention and Control.** Houses in wooded areas are vulnerable to wildfire and careless debris burning or fireworks displays are a major cause of woodland fires. All occupants of the Property shall exercise extreme caution with all potential sources of wildfire ignition and;

- a. Any open-air fires on the Property should not be left unattended at any time.
- b. The Tennessee Department of Agriculture, Division of Forestry protects the state's forest and woodlands. Since woodland fires do occur year round, if at any time the Division of Forestry Fire Danger Rating, as delineated on the Departments official web site, is above Moderate for Eastern TN, open-air debris fires or fireworks displays are prohibited on the Property.
- c. At certain times of the year, anyone starting an open-air fire on the Property must by TN law secure a burning permit from the Division of Forestry. Members also should follow any local burning ordinances as these regulations may supersede the Division of Forestry's burning permit program.

Section 6.11 **Television, Radio and Satellite Antenna.** All antennas and satellite dishes must conform to State of Tennessee and Federal Communications Commission Over-the-Air-Reception Devices requirements. Satellite dishes and antennas should be installed so as not to present a nuisance to or block the aesthetic views of neighboring Lots.

Section 6.12 **Completion of Construction.** Exterior improvements commenced on a Lot must be executed diligently to completion and must be completed within twelve (12) months of commencement, unless the ARC grants the Owner an extension in writing. Unless the ARC has granted the Owner such an extension, if an improvement is commenced and construction is then abandoned for more than 90 days, or if construction is not completed within the required 12-month period, the Board may impose a fine on the Owner. Such charges will be a Default Assessment and subject to imposition of a lien as provided in Article IV., Section 4.08 of these Covenants.

Section 6.13 **Setbacks and Building Location.** No building or any part thereof may be erected on any Lot: (a) nearer than thirty (30) feet to any road right-of-way; (b) nearer than fifteen (15) feet to any interior Lot line; or (c) nearer than fifteen (15) feet to any rear lot line, unless the rear Lot line is the 1044 TVA Contour Line, in which case the rear set back line shall be as required by the Tennessee Valley Authority (the "TVA"). Furthermore, on all Lakefront Lots no building or other improvement may be constructed below elevation 1044 unless otherwise permitted by the TVA. A zero Lot line setback may be allowed on driveways by written approval of the ARC.

Section 6.14 **Utility Easements.** The Association has been assigned and has reserved all rights to erect and maintain all utility and electric lines, and to grant easements for utility purposes, with the right of access and ingress for the purpose of installing and maintaining such easements, structures and utility lines, including but not limited to, water, sewer, gas and cable situate thereon; on, over, and under a strip of land ten (10) feet wide along the side and rear Lot lines of each Lot and twenty (20) feet wide along the front Lot lines of each Lot, unless the rear Lot line is the 1044 TVA contour line, in which event the easement will be five (5) feet from the 1044 TVA contour line. No structures, plantings, or other materials may be placed or permitted to remain, or activities undertaken thereon, which may damage or interfere with the usage of these easements for utility purposes. No vehicles, including but not limited to recreational vehicles, cars, trucks, boats, boat trailers, utility trailers, or any other object which may impede or obstruct maintenance activities undertaken on the utility easement right-of-way may be parked or stored on the utility easement right-of-way. The areas on any Lot affected by such easements shall, except for improvements situated thereon by a public authority or utility company, be maintained by the Lot Owner.

Section 6.15 **Storage of Water Craft and Water Craft Trailers.** Each Owner may store or park no more than two water crafts, water craft trailers, or water craft and trailer combinations upon each Lot outside of a building structure, provided these water crafts are for their personal use and are stored such that they do not interfere with the maintenance of county roadways and utility easements. All other water crafts and water craft trailers must be stored inside an ARC-approved structure. Owners may not park or store any water craft or water craft trailer in any Common Area for more than 14 consecutive days. The Board, in its discretion, may either: (a) fine an Owner for violations of this restriction until the violation has been corrected; (b) remove the unpermitted water craft, water craft trailer, or water craft and trailer combination at the Owner's expense; or (c) both.

Section 6.16 **Travel Trailers, Recreational Vehicles, and Utility Trailers.** Travel trailers, recreational vehicles, or utility trailers may be utilized for security purposes or as a temporary residence during the period of construction with the approval of the ARC. Such vehicles and tents may also be utilized as a temporary residence when an Owner visits his or her Lot or performs Lot maintenance or clearing prior to start of construction. Vehicles and tents used for such a purpose must be removed from the Lot at the conclusion of each visit.

After construction has been completed, travel trailers, recreational vehicles, utility trailers, or other trailers may be stored on a Lot provided they are not utilized as Dwellings. These vehicles must be stored inside an ARC-approved structure or such that they do not present a nuisance to, or block the aesthetic views of, another Owner and do not interfere with the maintenance of county roadways and utility easements.

Section 6.17 **Garages.** A garage may be built separately from or attached to and made a part of a Dwelling. If a garage is attached to a Dwelling it must be made of the same or similar materials and conform to the construction type of the Dwelling. If a garage is not attached to a Dwelling it must conform either to the Dwelling type or the surrounding natural area. The garage must be built at the same time or after construction of the Dwelling and must be approved by the ARC.

Section 6.18 **Outbuildings.** A separate storage building, shed, workshop, or other outbuilding may be allowed, provided that the architectural style, quality of construction, and building material of such a structure are consistent with the appearance of the Dwelling or blend with the surroundings. All outbuildings must be approved by the ARC prior to construction, and must be built at the same time or after construction of the Dwelling.

Section 6.19 **Construction Materials.** Exterior finish materials must be of natural colors and consist of wood, log, stone, fiber cement based material, stucco, brick, or vinyl to blend with the surroundings. Finish material such as white vinyl siding, aluminum, or aluminum siding are prohibited, except as used for trim, gutters, shutters, or soffits.

Section 6.20 **Foundations.** All foundations must be fully enclosed at the exterior walls with ARC approved materials. No unfinished, exposed concrete foundation or block is permitted above ground level. Exposed concrete foundation, concrete block, or other composite material used in foundations must be coated with a natural-colored material other than paint, such as stucco or stone.

Section 6.21 **No Above Ground Swimming Pools.** No above-ground swimming pools are permitted on any Lot.

Section 6.22 **No Wake Zones.** The Community docks and all coves within the boundaries of LMSOA are "No Wake" zones. Owners are required to assure guest, visitors and tenants adhere to this restriction.

Section 6.23 **Nuisances.** No noxious or offensive trade or activity may be carried on upon any Lot, nor may anything be done thereon which may be or become an annoyance or nuisance to the Property or other Owners. No substance, material, or thing may be kept upon any Lot that will emit foul or obnoxious odors or that might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No junked or inoperative watercraft or other vehicles may be maintained outside an enclosed structure.

Section 6.24 **Pets, Livestock and Poultry.** No animals, livestock, or poultry of any kind may be kept, used, or bred on any Lot either for commercial or private purposes, with the exception of dogs, cats, or other common household pets, provided that such pets are not allowed to run at large and do not otherwise constitute a nuisance or a health or safety hazard. No more than two such pets may be kept on any Lot, and these may be kept only for the pleasure of the occupants and not for any commercial breeding uses or purposes. No structure for the care, housing, or confinement of any pet may be constructed or maintained on any part of a Lot unless first approved by the ARC. Pets must be kept under leash or under control when walked or exercised at all times when they are outside their Owner's Lot. The Board has the right to determine, in its sole discretion, whether a particular pet is a nuisance, and has the further right, in accordance with Section 10.04 *Remedies*, to require the owner of a particular pet to remove such pet from a Lot if such pet is found to be a nuisance or found to be kept in violation of these Covenants.

Section 6.25 **Signs.** Signs may only be placed on a Lot in a form, size, and location designated by the Board. All signs must be placed at least six feet from a County roadway. No sign may be affixed to any tree or utility post. No more than three signs of all types may be placed on a Lot at any one time. Any member of the Board or the ARC has the right, in accordance with Section 10.04 *Remedies*, to remove any sign, advertisement, or other such promotional material that is being displayed in violation of these Covenants and, in so doing, may not be held liable for trespass or any other tort arising from such removal.

- a. No "for sale" sign may be larger than 800 square inches in size. No directional signs may be placed within LMS boundaries to aid in locating any Lot. Upon the sale of a Lot or home, a "Sold" sign may be displayed for a period of 14 days following the sale closing, at which time the "Sold" sign must be removed. "For sale" signs are prohibited anywhere on LMS docks.
- b. Construction-related signs may only be placed on a Lot after the related project has been approved by ARC. Such signs must be removed within 14 days after the project has been completed. Each Owner, upon having received ARC approval of an improvement project, is required to display an ARC approval sign until the project has been completed.
- c. Home protection or security alarm signs that are less than one-foot square may be placed on a Lot. A maximum of two such signs may be placed on a Lot.

Section 6.26 **Sewage Disposal.** No individual sewage disposal system will be permitted on any Lot unless it has been approved by the Claiborne County Health Department. All such systems must be maintained such that they operate in compliance with Claiborne County Health Department regulations.

Section 6.27 **Fences, Walls, and Gates.** All fences, walls, and gates must be approved by the ARC prior to construction or installation. No wall or fence will be allowed that effectively blocks another Owner's view. Fences, walls, and dog runs or other pet containment areas must be of an architectural style and quality of construction and must utilize building materials that are consistent with the appearance of the Dwelling or the surrounding natural area. Chain link, PVC pipe, and wire, alone, are not permitted for fences or pet containment areas. However, chain link or wire is acceptable for a pet containment area if integrated into another acceptable fence material (e.g., split-rail fencing) that has been approved by the ARC. Any exposed concrete foundation, plain or un-faced concrete block, or other composite material used in walls and fences must be coated with a natural-colored material other than paint, such as stucco or stone.

Section 6.28 **No Further Subdivision of Lots Owned by Owners.** No originally platted Lots may be subdivided or divided in any manner.

Section 6.29 **Combining Platted Lots.** Combining two or more adjacent Lots owned by a common Owner to create one Lot will be permitted. In that case, all setback lines and easements, as described in Sections 6.11 and 6.12, will apply to the newly formed Lot, and future Assessments and Owner's rights will apply to the combined Lots as one Lot. An Owner may divide two or more Lots that have been combined into a single Lot, provided that: (a) such division is done so that the Lots have the same boundaries they did before they were combined; and (b) each Lot, including any improvements thereon, continues to meet ARC requirements after the division.

Section 6.30 **Shoreline Protection and Use; No Public Boat Ramps.** An Owner desiring to install riprap or to make an improvement below the 1044 foot elevation adjacent to their Lot (e.g., by installing a dock, steps, fence, outbuilding or other improvement near the shoreline) is required to follow the TVA rules and to obtain the approval of the TVA and the U.S. Army Corps of Engineers. The installation of boat ramps for public use is prohibited on an individual Owner's Lot.

Section 6.31 **Alternative Energy Devices.** An Owner may install alternative energy devices, such as solar panels or backup generators, provided they do not present a nuisance to, or interfere with, the views of another Owner.

ARTICLE VII ARCHITECTURAL REVIEW COMMITTEE

Section 7.01 **Creation of ARC and Purpose.** There is hereby established an Architectural Review Committee (the "ARC"), which shall be responsible for the administration of the Architectural Review Guidelines. The ARC shall review, study, and either approve (with or without conditions) or reject proposed improvements on a Lot, all in compliance with these Covenants and as further set forth in the Architectural Guidelines, as adopted from time to time by the ARC and approved by the Board.

Section 7.02 **Duties of ARC.**

7.02.1 The ARC shall exercise its best judgment to (a) see that all improvements conform and harmonize with any existing structures as to external design and quality, and (b) examine and approve or disapprove any and all proposed improvements for a building site within Lone Mountain Shores, including but not limited to: construction of Dwellings, garages, outbuildings, or any other buildings; construction or installation of sheds, sidewalks, steps, driveways, parking lots, decks, greenhouses, playhouses, awnings, walls, fences, alternative energy devices, rip-rap, exterior lights, any exterior addition, change, or alteration to existing structures, or major excavation and the shaping of land. Additionally, ARC approval must be obtained for dredging and fill operations, clearing of vegetation, or any minor excavation that has the potential to affect drainage. This does not include normal mowing, trimming, or brush or tree removal for the maintenance of a property, but refers to lot or area clearing that has the potential to create an erosion or fire hazard risk.

7.02.2 No improvements may be erected, placed, or altered on any Lot, nor may any construction be commenced until the plans for such improvements have been approved by the ARC; provided, however, that improvements and alterations which are completely within a building may be undertaken without such approval.

7.02.3 The decisions of the ARC, including approval of plans, approval of plans with conditions, or disapproval of plans, or with respect to any other matter before it, shall be conclusive and binding on all interested parties, subject to appeal pursuant to the appeal process established by the Board.

Section 7.03 Organization and Operations of the ARC.

7.03.1 **Membership.** The ARC shall be composed of up to five, but not less than three, members (each an "ARC Member"). One ARC Member, who will also serve as the ARC Liaison on the Board, will be elected by vote of the Owners. The remaining ARC Members will be appointed by the Board. All ARC Members must be and remain Owners in good standing with the LMSOA.

7.03.2 **Term.** The regular term of office for each ARC Member will be two (2) years, commencing on January 1. Any ARC Member appointed by the Board may be removed with or without cause by the Board at any time by written notice to such Member. The Board will appoint a successor to fill any such vacancy for the remainder of the removed Member's term.

7.03.3 **Positions on the ARC.** The Board will appoint an ARC Member to serve as Chairperson. The ARC will then select a Vice-Chairperson and Secretary at its first meeting each year.

7.03.4 **Expert Consultation.** The ARC may avail itself of technical and professional advice and consultants as it deems appropriate.

Section 7.04 **Expenses.** Except as provided below, all expenses of the ARC shall be paid by the Association. The ARC shall have the right to charge a fee for each application submitted to it for review in an amount which may be established by the ARC from time to time, and such fees shall be collected by the ARC and remitted to the Association to help defray the expenses of ARC operations, including the use of expert consultants.

Section 7.05 **Architectural Guidelines.** The Architectural Guidelines are subject to the approval of the Board and may not be inconsistent with these Covenants, but shall more specifically define and describe the design standards for Lone Mountain Shores and the various uses permitted within Lone Mountain Shores. The Architectural Guidelines may be modified or amended from time to time by the ARC subject to Board approval.

ARTICLE VIII MAINTENANCE

Section 8.01 **Association's Responsibility.** The Association shall maintain and keep in good repair Association road signs and areas within the Common Area.

Section 8.02 **Owner's Responsibility.** Each Owner shall maintain and keep in good repair their Lot and any improvements thereon. Except as is provided otherwise in the LMS Governing Documents or by written agreement with the Association, maintenance of the Lots and all improvements thereon is the sole responsibility of the Owner thereof, who shall maintain said Lot in accordance with community-wide standards of the Association. The Association may, at the direction of the Board, assume the maintenance responsibility of an Owner or take other action in accordance with Section 10.04 *Remedies* if, in the opinion of the Board, the level and quality of maintenance being provided by the Owner is deemed to be insufficient. Before assuming such maintenance responsibilities, the Board shall notify the Owner in writing of the Board's intention to do so, and if such Owner has not commenced and diligently pursued remedial action within thirty (30) days after the mailing of such notice, then the Board may proceed. The expenses of such maintenance by the Association shall be reimbursed to the Association by the Owner, together with interest at five percent (5%) per annum above the prime rate charged by the Association's principal bank, or such other rate as may be set by the Board, from the date of expenditure. Such charges shall be a Default Assessment and subject to a lien on the Lot as provided in Section 4.07 above.

ARTICLE IX DAMAGE OR DESTRUCTION

Damage or Destruction Affecting Lots. If improvements located on any Lot are destroyed or suffer any material external damage, the Owner thereof shall repair or restore the damaged improvements or return the property to its unimproved state. If such repair or restoration is not commenced within one hundred twenty days (120) from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned, then the Association, after providing written notice to the Owner of his failure to repair the damage, may impose a fine of ONE HUNDRED (\$100.00) DOLLARS per day on the Owner of the Lot, or such lesser amount as the Board may, in its discretion, determine, until repair and reconstruction is commenced, unless the Owner proves to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control. Such a fine shall be a Default Assessment and subject to a lien against the Lot as provided in Section 4.07 above.

ARTICLE X ENFORCEMENT OF LMS GOVERNING DOCUMENTS

Section 10.01 **Violations Deemed a Nuisance.** Every violation of any of the LMS Governing Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private remedies allowed by law or in equity against anyone in violation of the LMS Governing Documents shall be available to the Association.

Section 10.02 **Compliance.** Each Owner or other occupant of any Lot shall comply with the provisions of the LMS Governing Documents as the same may be amended from time to time.

Section 10.03 **Failure to Comply.** Failure to comply with the LMS Governing Documents shall be grounds for an action by the Association to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing before the Board shall be given to the delinquent party prior to commencing any legal proceedings.

Section 10.04 **Remedies.** In addition to the remedies set forth above, any violation of the LMS Governing Documents gives the Board or an Officer, on behalf of the Association, the right to enter upon the offending Owner's Lot and take appropriate peaceful action to abate, remove, modify, or replace at the expense of the offending Owner, any structure, thing, or condition that may exist on the Owner's Lot in violation of the LMS Governing Documents. If the violation affects any part of the Common Area, the corrective action shall be at the expense of the Owner or other person responsible for the offending condition.

Section 10.05 **Non-Exclusive Remedies.** All of the remedies set forth herein are cumulative and non-exclusive.

Section 10.06 **No Liability.** No member of the Board, Officer, or member of the ARC will be liable to an Owner for the failure to enforce any provision of the LMS Governing Documents.

Section 10.07 **No Waiver.** The failure of the Board, the ARC, an Officer, or any aggrieved Owner to enforce any provision of the LMS Governing Documents is not to be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any other part of the LMS Governing Documents in the future. No waiver will be effective unless it is in writing and signed by the President or Vice President on behalf of the Association, or by the Chairman of the ARC on behalf of the ARC.

ARTICLE XI DURATION OF COVENANTS AND AMENDMENT

Section 11.01 **Term.** These Covenants shall run with and bind each Lot and the Property, and shall inure to the benefit of and be enforceable by the Association or an Owner, their respective legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date these Covenants were recorded, after which time the Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of a particular 10-year extension, agreeing to terminate the Covenants.

Section 11.02 **Amendment.** These Covenants may be materially amended only by a unanimous vote of the Board and the affirmative vote of fifty- five percent (55%) of the Owners voting by absentee ballot. Any approved amendment must be recorded in the Office of the Register of Deeds for Claiborne County, Tennessee.

Section 11.03 **Effective on Recording.** Any amendment of these Covenants will be effective immediately upon recording in the Office of the Register of Deeds for Claiborne County, Tennessee, together with a duly authenticated Certificate of the Secretary of the Association stating that the required percentage of Owner consents was obtained and are on file in the office of the Association.

ARTICLE XII PRINCIPLES OF INTERPRETATION

Section 12.01 **Severability**. These Covenants, to the extent possible, shall be construed or reformed to give validity to all of their provisions. Any provision of these Covenants found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceable without invalidating any other part hereof.

Section 12.02 **Construction**. In interpreting these Covenants, unless the context otherwise provides or requires, the singular includes the plural, the plural includes the singular, and the use of either gender includes both genders.

Section 12.03 **Headings**. Headings herein are included for purpose of convenient reference, and they do not affect the meaning or interpretation of these Covenants.

Section 12.04 **Conflict between Documents**. In case of any conflict between these Covenants and the By-Laws these Covenants shall control. In case of any conflict between these Covenants and the Architectural Guidelines, these Covenants shall control.

ARTICLE XIII MISCELLANEOUS PROVISIONS

Section 13.01 **Registration of Mailing Address**. Each Member shall register his current mailing address with the Secretary of the Association, and notices or demands intended to be served upon or given to a Member shall be personally delivered or sent by mail, postage prepaid, addressed in the name of the Member at such registered mailing address.

Section 13.02 **Notice**. All notices and requests referred to in these Covenants shall be in writing. Notice to any Member will be considered delivered and effective upon personal delivery or three days after posting, when sent by certified mail, return receipt requested, to the address of such Member on file in the record of the Association at the time of such mailing. Notice to the Board, the Association, or the ARC will be considered delivered and effective upon personal delivery or three days after posting, when sent by certified mail, return receipt requested, to the Association, the Board, or the ARC at such address as is established by the Association from time to time by notice to Members. General notices to all Members or any subgroup thereof need not be certified, but may be sent by regular first class mail, postage prepaid, and will be considered delivered and effective five days after posting.

Section 13.03 **Waiver of Notice**. Whenever notice is required to be given under the provisions of any statute or these Covenants, a waiver thereof in writing signed by the person entitled to such notice, whether signed before or after the date stated thereon, and delivered to the Secretary of the Association and included in the minutes or corporate records, shall be deemed equivalent thereto. No such waiver will be effective unless it is in writing and signed by the President or Vice President on behalf of the Association, or by the Chairman of the ARC on behalf of the ARC.

Section 13.04 **Limitation of Liability and Indemnification**. The Association shall indemnify every Board member, Committee member, and Officer against any and all judgments and

expenses, including trial and appellate attorney's fees and costs reasonably incurred by or imposed upon any Board member, Committee member, or Officer in connection with any action, suit, or other proceeding (including the settlement of any suit or proceeding if approved by the Board) to which he or she may be party by reason of being or having been a Board member, Committee member, or Officer. Board members, Committee members, and Officers are not liable for any mistake of judgment, negligent or otherwise, except for their own willful malfeasance, misconduct, or bad faith. Board members, Committee members, and Officers have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent of that such Board member, Committee member, or Officer is also an Association Member), and the Association shall indemnify and forever hold each such Board member, Committee member, or Officer free from and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein is not exclusive of any other rights to which a Board member, Committee member, or Officer may be entitled. With respect to claims or liabilities arising out of service as a Board member, Committee member, or Officer, the Association shall indemnify and advance expenses to each such present and future Board member, Committee member, or Officer (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

By signing below the duly elected representative(s) of Lone Mountain Shores Owners Association, Inc. affirm that the Material Changes to this document were approved by unanimous vote of the Board and the affirmative vote of fifty- five percent (55%) of the Owners voting by absentee ballot.

IN WITNESS WHEREOF, the said Lone Mountain Shores Owners Association, Inc., hereinafter known as Declarant, has hereunto caused these presents to be executed on this the 12th day of August, 2013.

LONE MOUNTAIN SHORES OWNERS
ASSOCIATION, INC.
BY: David A. Kennedy

STATE OF TENNESSEE:
COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, as aforesaid Donald N. McNeal and David A. Kennedy with whom I am personally acquainted, who proved to me by satisfactory evidence of identity, and who, upon oath, acknowledged himself/herself to be the President and Vice President for Lone Mountain Shores Owners Association, Inc., the within named bargainer, and that as such, he/she has been authorized to execute the foregoing instrument on behalf of said corporation for the purposes therein contained, by signing the name of the corporation by himself/herself as such President and Vice President.

WITNESS my hand and official seal at office this 12th day of August

Anita K. Brown

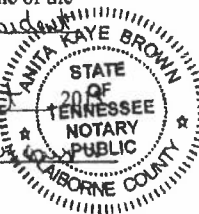


EXHIBIT "A"

Exhibit "A"

DESCRIPTION OF PROPERTY

SITUATED in District No, Three (3) of Claiborne County, Tennessee and further described as follows:

BEING a portion of Tract No. 7031, as shown in Quitclaim Deed dated July 24, 1995, from Morris Lake Development, Inc. to Grantor (Lone Mountain Development, LLC), recorded in W/D Book 231, Pages 213—217, Register of Deed's Office, Claiborne County, Tennessee and further described as follows:

BEING a parcel of land, containing 206.443 acres by Survey of William L. Parsons, RLS #1172, dated 9—13—96 and recorded in Plat Book 3, Page 70, Register's Office, Tazewell, Tennessee. THERE IS ALSO GRANTED herewith the right of ingress and egress from the waters of Norris Lake over and upon the adjoining land lying between the 1044 contour elevation and the waters of the Lake.

Being Parcel 1.01 on Tax Map 133. (Portions herein Excepted
THERE IS EXCEPTED from the foregoing parcel the following three tracts:

1. A Lot known as Lot 6 on an unrecorded survey of Norris Landings Unit I as prepared by William L. Parsons, Tennessee RLS No. 1172, dated March 31, 1997; and also known as Lot 30 on an unrecorded survey labeled Lone Mountain Shores Phase II, dated 5/14/98 and revised 5/27/98 and described as follows; BEGINNING at a point on the south side of Rock-fish Point, then S. 84° 06' 52" E. 210.54 feet; S. 11° 03' 04" W. 46.73 feet; S. 83° 30' W. 72.29 feet; S. 8° 41' 55" W. 98.61 feet; S. 27° 29' 04" W. 40.17 feet; N. 62° 17' 58" W. 24.26 feet; N. 59° 16' 34" W. 31.52 feet; N. 35° 40' 41" W. 269.86 feet; and N. 62° 54' 13" E. 55.88 feet to the point of beginning, and being the property which Lone Mountain Shores, LLC, conveyed to George L. Evans, III, by warranty deed, dated May 21, 1998, recorded in W/D Book 248, Pages 692—698, Register's Office of Claiborne County, Tennessee.

2. A Lot known as Lot No. 32 on an unrecorded survey labeled Lone Mountain Shores Phase II, dated 5/14/98, revised 5/27/98; and described as follows: BEGINNING at a

point on the south side of Rockfish Point, then S. 46° 27' 30" E. 76.75 feet; S. 29° 50' 15" W. 25.61 feet; S. 20° 27' 52" W. 85.50 feet; S. 11° 18' 12" W. 54.74 feet; S. 31° 35' 54" E. 51.61 feet; N. 75° 06' 21" W. 168.60 feet; N. 27° 41' 48" E., 27.67 feet? N. 27° 41' 40" E. 12.82 feet; N. 28° 59' 35" E. 74.82 feet; N. 24° 52' 46" E. 67.76 feet; N. 30° 06' 19" E. 39.65 feet; N. 62° 19' 19" E. 32.26 feet to the point of beginning, containing 0.555 acres.

3. A Lot known as Lot 42 on an unrecorded survey labeled Lone Mountain Shores Phase II; and described as follows: BEGINNING at a point on the south side of Mallard Road, then S. 14° 21' 46" E. 98.87 feet; S. 2° 19' 19" E. 294.75 feet; S. 64° 52' 21" W. 37.03 feet; S. 46° 31' 14" W. 35.80 feet; S. 48° 46' 43" W. 43.36 feet; S. 79° 02' 07" W. 45.45 feet; N. 43° 49' 39" W. 38.64 feet; N. 84° 25' 14" W. 46.63 feet; N. 6° 04' 41" W. 31.94 feet; N. 8° 01' 54" E. 21.61 feet; N. 27° 40' 05" E. 44.52 feet; N. 19° 40' 05" E. 22.53 feet; N. 23° 31' 14" W. 237.07 feet? N. 65° 34' 33" E. 44.34 feet; N. 55° 54' 54" E. 50.25 feet; N. 51° 49' 19" E. 29' 10 feet; N. 56° 06' 47" E. 20.53 feet; N. 73° 15' 50" E. 20.88 feet; N. 83° 09' 38" E. 57.19 feet; N. 69° 30' 04" E. 44.26 feet to the point of beginning, containing 2.014 acre)
BK 1059 PG 15

The property herein conveyed is a portion of the property which Lone Mountain Shores, LLC acquired by warranty deed, dated October 7, 1996, from Lone Mountain Development, LLC, recorded in Warranty Deed Deck 230, Pages 547—550, in the Register's office of Claiborne County, Tennessee.

Subject to all covenants, rights of way, easements, reservations, restrictions, conditions, exceptions, and limitations of record, including rights of ingress and egress for the maintenance of cemeteries, and especially as set out in Deed Book 89, Page 400, in the Register's Office of Claiborne County, Tennessee.

Subject to the Grant of the/Transmission Line Easement to the United States of America by deed dated September 30, 1970, recorded in Misc. Book 22, Page 168, in the Claiborne County Register's Office.

"Exhibit B"

STATE OF TENNESSEE

COUNTY OF CLAIBORNE

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR LONE MOUNTAIN SHORES is made this 8th day of February, 1999, by

Tennessee lone mountain shores, corp., a Tennessee Corporation

(hereinafter referred to as the "Declarant")

WITNES SETH:

WHEREAS, Declarant is the owner of Certain real property located in the County of Claiborne, State of Tennessee, containing 1101.439 acres, more or less; and

WHEREAS, Declarant has previously developed a tract of land of (206.4432) acres, known as:

Lone Mountain Shores, Phase II and IIA as

recorded in Plat Cabinet 3, Slide 70 and Plat Cabinet 3, Slide 142 and Plat Cabinet 3, Slide 154

and which the Declarant received title thereto by that Warranty Deed recorded in Warranty Deed Book 249, Page 354 and

that Deed of Correction in Warranty Deed Book 250, Page 542, all in the Register of Deeds'

Office of Claiborne County, Tennessee, and for which Restrictions on said property were recorded in Miscellaneous Book 54, Page 274; and

WHEREAS, Declarant intends to develop the property described in

Exhibit A which is attached to this Declaration as a subdivision known as "LONE MOUNTAIN SHORES PHASE III" (hereinafter referred to as the

property, which is more fully described in Exhibit "A" attached hereto and incorporated herein by reference)

WHEREAS, the original Restrictions on the (206.4432) acres, as

described in Miscellaneous Book 54, Page 274 contained a clause that provided that the

Declarant may include additional properties in Lone Mountain Shores and Declarant reserved

the right to make such

Declaration; and

WHEREAS, the said original Declaration of Covenants, Restrictions and Easements as described above were amended by that Declaration dated January 14, 1999 and recorded in Record Book 1003, Page 123; and

WHEREAS, it is the desire and the intent of the Declarant to subject that property of 1101.439 acres, more or less as described in Warranty Deed Book 250, Page 117 and Deed of Correction Book 250, Page 554 in the Register of Deeds' Office of Claiborne County, Tennessee, to the same Declaration of Covenants, Restrictions and Easements and the Amended Declaration of Covenants, Restrictions and Easements for Lone Mountain Shores as described above.

NOW, THEREFORE, Declarant hereby declares that the property which is described in Exhibit "A" and any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied and used subject to the Easements, Restrictions, Covenants, Charges, Liens and Conditions which are for the purpose of protecting the value and desirability of the property of the property, and which shall touch and concern and run with title to the property. Said Declaration of Covenants, Conditions, Restrictions and Easements and Amended Declaration of Covenants, Conditions, Restrictions and Easements for Lone Mountain Shores are attached to this Declaration as Exhibit "B" and "C" and are incorporated herein by reference. The Covenants and provisions hereof shall be binding on parties having any right, title or interest in the property or any portion thereof, and their respective heirs, successors, successors in title and assigns, and shall inure to the benefit of each owner thereof.

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores, Corp., hereinbefore known as Declarant, has hereinto caused these presents to be executed on this the 8th day of February, 1999.

TENNESSEE LONE MT. SHORES CORP.

BY

Michael T. Emmons, Vice president

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, as aforesaid, Michael T. Emmons, with whom I am personally acquainted, who proved to me by satisfactory evidence at identity, and who, upon oath acknowledged himself to be the Vice President for Tennessee Lone Mt. Shores, Corp., the within named bargainer, and that as such/ he has been authorized to execute the foregoing instrument on behalf of said corporation for the purposes therein contained, by signing the name of the corporation by himself as such

Vice President.

WITNESS my hand and official seal at office this the 8th day of February, 1999.

My commission expires: Sept. 19, 2001

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Situated in District No. Three (3) of Claiborne County, Tennessee, and more particularly described as follows:

All of that certain tract of land consisting of 1,101.49 Acres as shown on a Survey, dated August 28, 1998, by William L. Parsons, RLS # 1172, signed 12-3-98, entitled Lone Mountain Shores, for Tennessee Lone ML Shores Corp., and recorded in Plat Book 3, Page 156, in the Registers Office of Claiborne County, Tennessee.

This being the same property which Tennessee Lone Mt. Shores Corp. acquired by Deed of Correction, dated August 26, 1998, between Lone Mountain Development, LLC, Red Creek Ranch, Inc. and Tennessee Lone Mt. Shores Corp., recorded in Warranty Deed Book 250, Pages 554-561, Registers Office of Claiborne County, Tennessee.

Also, conveyed and included are those Rights of Way described in Warranty Deed Book 250, Page 562; Warranty Deed Book 249 page 292; and Warranty Deed Book 250 page 550; and Warranty Deed Book 1001, Page 161.

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR LONE MOUNTAIN SHORES is made this the 18th day of October, 1999, by TENNESSEE LONE MOUNTAIN SHORES CORP., a Tennessee Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the County of Claiborne, State of Tennessee, containing 110 1.434 acres, more or less; and

WHEREAS, the Declarant has previously developed a tract of land of (206.4432) acres, known

WHEREAS, it is the desire and the intent of the Declarant to reaffirm and declare that all the Lots which shall be subject to Phase V and any subsequent further subdivisions included as part of Phase V and which is a portion of the 1101.439 acres, more or less as described in Wananty Deed Book 250, Page 117, and Deed of Correction Book 250, Page 554, in the Register of Deeds' Office of Claiborne County, Tennessee, to the same Declaration of Covenants, Conditions, Restrictions, and

Easements and the amended Declaration of Covenants, Conditions, Restrictions, and Easements for

Lone Mountain Shores as described above.

NOW, THEREFORE, Declarant hereby declares that the property which is known as Phase V and any subsequent divisions which may be a part of Phase V or any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the Easements, Restrictions, Covenants, Charges, Liens, and Conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with the title to the property. Said Declaration of Covenants, Conditions, Restrictions, and Easements and Amended Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores are attached to this Declaration as Exhibit "A" and "B" and are incorporated herein by reference. The declaration for the 1101.439 acres as described above is also attached to the document as Exhibit "C". The Covenants and provisions shall be binding on parties having any right, title or interest in the property or any portion thereof, and the respective heirs, successors, successors in title and assigns and shall inure to the benefit of each owner thereof.

*Furthermore, the first portion of Phase V is recorded in Plat Cabinet
Slide _____*

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores, Corp., hereinbefore known as Declarant, has hereinto caused these presents to be executed on this the 18th day of October, 1999.

TENNESSEE LONE MT. SHORES CORP.

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath acknowledged himself to be the Vice President of the Tennessee Lone Mt. Shores Corp., the within named hargainer, a corporation, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for purposes therein contained, by signing the name of the corporation by himself as Vice President.

Witness my hand and official seal, at office Tazewell, TN, this the 18th day of October, 1999.

My commission expires: Sept. 19, 2001

EXHIBIT "D"

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

AMENDED DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR LONE MOUNTAIN SHORES

THIS AMENDED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND EASEMENTS FOR LONE MOUNTAIN SHORES is made this the 18th day of October
1999, by

TENNESSEE LONE MT. SHORES

CORP., a Tennessee Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant executed and recorded a Declaration of Covenants, Conditions,
Restrictions, and Easements for Lone Mountain Shores and which was recorded in Plat Book 3,
Page

142, and Miscellaneous Book 54, Page 274, in the Register of Deed's Office of Claiborne County,
Tennessee. Said Declaration referred to a parcel, of land containing 260.443 acres, by survey of
William

L. Parsons. Subsequently, said tract of land was subdivided into Phase II and Phase hA of Lone
Mountain Shores. Phase II subdivision was shown on Plat 3, Slide 142 and was known as Lots
24-63.

Phase hA was subdivided into Lots 64-92 and was shown on Plat 3, Slide 154.

WHEREAS, Article XI and section 11,02(b) provided that the Declarant may materially amend
the Covenants contained therein.

Furthermore, Declarant reserved the right to include additional properties in Lone Mountain
Shores and to impose the same Covenants, Conditions, Restrictions, and Easements against the
additional property.

Thereafter, Tennessee Lone Mt. Shores Corp., purchased 1,101.49 acres as shown by William L.
Parsons which was contiguous to the previously described property.

Thereafter, Tennessee Lone Mt. Shores Corp., as Declarant executed a Declaration of Covenants,
Conditions, Restrictions, and Easements for the 1,101.49 acres as described above. Said property
has been divided previously into Phase III as recorded in Plat 3, Slide 167 for Lots 93-127;

Phase hIA as shown on Plat 3, Slide 180 into Lots 128-162; Phase IIIB as shown on Plat 3, Slide
187 for Lots 163- 191A; Phase IIIC as shown on Plat 3, Slide 190 for Lots 226-231 and Phase V
as shown on Plat 3, Slide

192 for Lots 299-335. The protective and restrictive covenants described in this paragraph are
recorded in Record Book 1005, Page 63 3-654 and again in Record Book 1024, Page 500-524.

It is the desire and intent of the Declarant as reserved in the original Declaration of Covenants, Conditions, Restrictions, and Easements to amend Article VI section 6.01 and 6.02. Specifically, section

6.01 provides for minimum residential size restrictions for Lots 24-63 of Lone Mountain Shores, Phase

II and section 6.02 provides for minimum residential size restrictions for all interior Lots which are not

Lots 24-63 of Lone Mountain Shores, Phase II.

The Declarant amends the restrictions to make it clear that the restrictions described in section 6.01 shall apply to all lake front parcels which are contained in Phase II, III, and Phase V.

Furthermore, said restrictions shall apply to any future development of Lone Mountain Shores of lakefront parcels. It is intended by these restrictions that all lakefront parcels in any Phase of development of Lone Mountain Shores shall be subject to the restrictions contained in Article VI, Section 6.01.

Furthermore, Article VI, Section 6.02 is amended to include all Lots of Lone Mountain Shores which are not lakefront parcels. As of the execution of this amendment to restrictions said Lots include Lots 64-92 of Phase hA; Lots 93-127 of Phase III; Lots 128-162 of Phase IIIA; Lots 163-191A of Phase IIIB; Lots 226-231 of Phase IIIC. Furthermore, it is the intent of the Declarant that all future phases and developments within Lone Mountain Shores of Lots which are not lakefront Lots shall be subject to the same minimum residential size restrictions as shown in Article VI, Section 6.02.

Furthermore, in the event any other provision of the original Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores is unclear or vague as to the intent to restrict all Phases of Lone Mountain Shores, it is hereby declared by the Declarant that it is the intent that all phases of Lone Mountain Shores are subject to all of the same Conditions and Restrictions as described therein.

Furthermore, any and all amendments to the original Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores shall also apply to all phases of the Lone Mountain Shores development.

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores Corp., herein before known as Declarant, has hereunto caused these presents to be executed on this the 18th day of October, 1999.

TENNESSEE LONE MT. SHORES CORP.

MIC AEL T. MONS, VICE PRESIDENT

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath acknowledged himself to be the Vice President of Tennessee Lone Mt. Shores Corp., the within named bargainer, a corporation, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for purposes therein contained, by signing the name of the corporation by himself as Vice President.

Witness my hand and official seal, at office in Tazewell, Tennessee, this the 18th day of October, 1999.

My commission expires: Sept. 19, 2001

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PHASE IV

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND

EASEMENTS FOR LONE MOUNTAIN SHORES is made this the 27th day of

November, 1999, by TENNESSEE LONE Mountain SHORES CORP., a Tennessee

Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the County of Claiborne, State of Tennessee, containing 1101.439 acres, more or less; and WHEREAS, as the Declarant has previously developed a tract of land of (206.4432) acres, known as Lone Mountain Shores, Phase II and IIA as recorded in Plat Cabinet 3, Slide 70 and Plat

Cabinet 3, Slide 142, and Plat Cabinet 3, Slide 154 and which the Declarant received title thereto by the Warranty Deed recorded in Warranty Deed Book 249, Page 354 and the Deed of Correction in Warranty Deed Book 250, Page 542, all in the Register of Deeds office of Claiborne County, Tennessee, and for which Restrictions on said property were recorded in Miscellaneous Book 54, Page 274; and

WHEREAS, the Declarant has developed a portion of the 110 1.439 acres described herein into various phases known as Lone Mountain Shores, Phase III which is shown on plat 3, Slide 167; Phase IIIA-Plat 3, Slide 150; Phase IIIB-Plat 3, Slide 187; and Phase IIIC-Plat3, Slide 190. The Declaration of Restrictions for the entire 1101.439 acres and the various phases of Phase III were recorded in Record Book 1005, Pages 633-654; and

WHEREAS, the Declarant has also developed a portion of the 110 1.439 acres into a Phase known as Lone Mountain Shores, Phase V which is shown on Plat 3, Slide 192. The Declaration of Restrictions for Phase V was recorded in Record Book 1024, Pages 500-524; and

WHEREAS, the original restrictions as described in Miscellaneous Book 54, Page 274 contained a clause that provided that the Declarant may include additional properties in Lone Mountain Shores as subject to the covenants, conditions, restrictions, and easements as described therein and the Declarant reserved the right to make such declaration; and

WHEREAS, the said original Declaration of Covenants, Restrictions, Conditions, and Easements as described above were amended by that Declaration dated January 14, 1999, and recorded in Record Book 1003, Page 123; and

WHEREAS, the said original Declaration of Covenants, Restrictions, Conditions, and Easements as described above were also amended by an Amended Declaration dated October 18, 1999, and recorded in Record Book 1024, Page 609; and

WHEREAS, it is the desire and the intent of the Declarant to reaffirm and declare that all the Lots which shall be subject to Phase IV and any subsequent further subdivisions included as part of Phase IV and which is a portion of the 1101.439 acres more or less as described in Warranty Deed Book 250, Page 117, and Deed of Correction Book 250, Page 554, in the Register of Deeds' Office of Claiborne County, Tennessee, to the same Declaration of Covenants, Conditions, Restrictions, and Easements and the amended declaration of Covenants, Conditions Restrictions, and Easements for Lone Mountain Shores as described above. NOW, THEREFORE, Declarant hereby declares that the property which is

known as Phase IV and any subsequent divisions which may be a part of Phase IV or any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the Easements, Restrictions, Covenants, Charges,

Liens, and Conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with the title to the property, Said Declaration of Covenants, Conditions, Restrictions, and Easements and Amended Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores are attached to this Declaration as Exhibit "A" and "B" and are incorporated herein by reference. The declaration for the 110 1.439 acres as described above is also attached to the document as Exhibit "C". The amended declarations as described above is attached as Exhibit "D". The Covenants, Conditions, Restrictions, and Easements shall be binding on parties having any right, title or interest in the property or any portion thereof, and the respective heirs, successors, successors and title, and assigns and shall inure to the benefit of each owner thereof. Furthermore, the Plat for Phase IV is recorded in Plat Cabinet 3, Slide 202. in WITNESS WHEREOF, the said Tennessee Lone Mt. Shores Corp., hereinbefore known as Declarant, has hereinto caused these presents to be executed on this the 27th day of November, 1999.

TENNESSEE LONE MT. SHORES CORP.

BY: 7

Vice President

BK 1027 PG 619

BK 1059 PG 31

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath acknowledged himself to be the Vice President of the Tennessee Lone Mt. Shores Corp., the within named bargainer, a corporation, and that he such Vice President, being authorized so to do, executed the foregoing instrument for purposes therein contained, by signing the name of the corporation by himself as Vice President.

Witness my hand and official seal, at office in Tazewell, TN, this the 27th day of

November, 1999

My commission expires: Sept. 19, 2001

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This Instrument Prepared By: ESTEP & ESTEP

Attorneys-At-Law

P.O. Box 770

Tazewell, Tennessee 37879

*DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, and
EASEMENTS FOR TENNESSEE LONE MT. SHORES CORP. TO INCLUDE
PROPERTY OWNED BY TN EMMONS, LLC AS PART OF THE SUBDIVISION
KNOWN AS LONE MOUNTAIN SHORES SUBDIVISION*

*Comes Tennessee Lone Mt. Shores Corp., a Tennessee Corporation, party of the first part and TN
Emmons, LLC, a Delaware Limited Liability Company hereinafter known as party of the second
part.*

WITNES SETH

*WHEREAS, TN Emmons, LLC, a Delaware Limited Liability Company is the owner of a tract of
land being 995.196 acres which is adjacent to and contiguous to property owned by Tennessee
Lone Mt. Shores Corporation;*

*WHEREAS, it is the intention of the two separate entities to develop TN Emmons, LLC property
as part of the Lone Mt. Shores Subdivision pursuant to an overall development plan which has
been initiated by Tennessee Lone Mt. Shores Corporation through the development of property
owned by Tennessee Lone Mt. Shores Corporation and is described in Warranty Deed Book 250,
Page 542, and 'Warranty Deed Book 250, Page 554.*

*WHEREAS, TN Emmons, LLC has purchased adjacent and contiguous property as described in
Record Book 1050, Page 204 and it is the intent of both entities to combine its efforts to develop
the property owned by TN Emmons, LLC which is owned by primarily the same principals,
entities and persons all having the same intention of development with the same covenants,
conditions, restrictions, and easements as set forth in the property owned by Tennessee Lone Mt.
Shores Corporation;*

*WHEREAS, Tennessee Lone Mt. Shores Corporation in the original restrictions as recorded in
Misc. Book 54, Page 274-289 in the Register Deed's Office of Claiborne County, Tennessee
included the following clause:*

"WHEREAS, additional property may be included in Lone Mt. Shores in the future and Declarant wishes to reserve the right to subject other properties into Lone Mt. Shores by way of future amendments of this Declaration and
accordance with provision contained herein. "

WHEREAS, the intention of Tennessee Lone Mt. Shores Corporation, pursuant to an agreement with TN Emmons, LLC, to include within the Lone Mt. Shores Subdivision the above described property as additional phases of Lone Mt. Shores Subdivision and to impose the same covenants, restrictions, conditions, and easements as set forth in the original restrictions which has been described above.

NOW, THEREFORE, the Declarant, Tennessee Lone Mt. Shores Corporation and Declarant TN Emmons, LLC hereby declare that the property which is described in EXHIBIT "A" and any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with title to the property. The covenant and all provisions hereof shall be binding on all property owners having any right title, or interest in the property or any portion thereof, and their respective heirs, successors, successors in title and assigns, and shall inure to the benefit of each owner thereof
A copy of said covenants, conditions, restrictions, and easements are attached to this document and are incorporated herein as if copy verbatim and shall apply to the development of the property by TN Emmons, LLC.

In witness whereof, the said Tennessee Lone Mt. Shores Corporation and TN Emmons, LLC have hereunto caused this agreement to be executed on this 1st day of March, 2001.

TENNESSEE LONE MT. SHORES CORP.

DY: _____

Micha T. Emmons, Vice-President

TN EMMONS, LLC

A Delaware Limited Liability Company

BY: _____

Michael R. Emmons,

Authorized Agent

BK 1059 PG 34

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath, acknowledge himself to be the Vice-President of Tennessee Lone Mt. Shores Corp., the within named bargainer, and that he as such Vice-President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of Tennessee Lone Mt. Shores Corp., by himself as Vice-President.

Witness my hand and official seal on this the 1st day of March, 2001

My Commission Expires: Sept. 19, 2001

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the authorized agent of TN Emmons, LLC, a Delaware Limited Liability Company, the within named bargainer, and that he as such authorized agent, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of TN Emmons, LLC, by himself as authorized agent.

Witness my hand and official seal on this the 1st day of March, 2001.

My Commission Expires: Sept. 19, 2001

Notary PUL

Notary

"EXHIBIT A"

Situated in District No. Three (3) of Claiborne County, Tennessee, and more particularly described as follows:

TRACT NO. 7030:

TVA TRACT NO. XNR-836

All that certain tract or parcel of land situated in the Third (3rd) Civil District of Claiborne County, Tennessee, containing 983 acres, more or less, and being the identical land conveyed unto East Highlands Company by deed from the United States of America, acting by and through its legal agent, the Tennessee Valley Authority, dated March 18, 1959, and recorded in Deed Book 89, Vol. 3, Pages 397-400, in the records of said County, to which reference is made for a complete description of said land. Said property is subject to such rights as may be vested in third parties in a private cemetery; such stock watering rights as may be vested in third parties; such mineral rights as may be outstanding in third parties; and such rights as may be vested in third parties in oil & gas leases on those portions of the tract acquired by Charles B.F. Davis, et ux, under tract designated MR-1628 in the deed recorded in Deed Book 89, Pages 397-400.

Said property is subject to reservations, restrictions, covenants, exceptions, and limitations contained in the Deed from United States of America to East Highlands Company dated March 18, 1959, of record in Deed Book 89, Vol. 3, Page 397-400, all in the Claiborne County Register's Office; and to the Grant of the Transmission Line Easement to the United States of America by deed dated September 30, 1970, in Misc. Book 22, Page 168, Register's Office of Claiborne County, Tennessee.

PORTION OF TRACT NO. 7031 (TVA TRACT NO. XNR-837);

Previously by warranty deed, dated August 12, 1998, and recorded in Warranty Deed Book 250, Pages 117-123, Register's Office of Claiborne County, Tennessee, and by Deed of Correction, dated August 26, 1998, recorded in Warranty Deed Book 250, Pages 554-561., Register's Office of Claiborne County, Tennessee, Lone Mountain Development, LLC, conveyed Tract No. 7031 to Tennessee Lone Mt. Shores Corp. The description in said Deed contained a clause as follows: "The grantor is conveying all property in Tract No. 7031 (TVA Tract No.. XNR-837) located to the east of said line." By this deed, Lone Mountain Development, LLC, convey any portion of Tract 7031 which may have been retained in said previous Deeds.

"EXHIBIT A"

Tract 7031 is subject to burial rights and rights of ingress and egress as may be vested in third parties in cemeteries.

There is also granted herewith the right of ingress and egress from the waters of Norris Lake over and upon the adjoining land lying between the 1044 contour elevation and the waters of the Lake.

Tract 7031 is subject to reservations, restrictions, covenants, conditions, exceptions, and limitations contained in the Deeds from United States of America to East Highlands Company dated March 18, 1959, of record in Deed Book 89, Pages 400-403, Register's Office of Claiborne County, Tennessee; and to the grant of the transmission line easement to the United States of America by deed, dated September 30, 1970, recorded in Misc. Book 22, Page 168, in The Claiborne County Register's Office.

Tract 7031 is also conveyed subject to the following, if applicable: 1. The reservations of mineral rights contained in the deed from Hugh D. Coupland to William Lewis and James Loop dated August 14, 1895, recorded in Deed Book 2, Vol. 3, page 261, in the Claiborne County Register's Office. 2. Such rights as may be vested in third parties in a private cemetery on TVA Tract No. NR2440. 3. Stock watering rights and right-of-way for such purpose reserved in the deed from F. T. Muncey to P.M. Muncey dated February 23, 1923, of record in Deed Book 54, Vol. 3, Page 57, in the Claiborne County Register's Office.

RIGHT OF WAY: Lone Mountain Development, LLC does further convey any and all Rights-of-Ways and/or Easements retained by Lone Mountain Development, LLC, which burdened Tract 7029 and 7031 and which benefited Tract 7030.

SURVEYED DESCRIPTION: The property being conveyed herein is more particularly shown on surveyed plat prepared by Parsons Engineering & Associates, William L. Parsons, R.L.S. No. 1172, dated September 29, 2000, and identified as Drawing # LAKE4, and showing 995.196 Acres, and recorded in Plat Cabinet 3 Page 251 Register's Office of Claiborne County, Tennessee.

Reference is made to Correction Quit Claim Deed, dated July 24, 1995, from Norris Lake Development, Inc., to Lone Mountain Development, LLC, recorded in Warranty Deed Book 231, Page 213, Register's Office of Claiborne County, Tennessee. Also, see deed recorded in Warranty Deed Book 230, Page 13, in said Register's Office.

IN THE CHANCERY COURT FOR CLAIBORNE COUNTY, TENNESSEE

LONE MOUNTAIN SHORES OWNERS
ASSOCIATION, INC., a Tennessee non-profit
corporation,

Plaintiff/Counter-Defendant,

v.

THE ELIZABETH LYNN WEBB
REVOCABLE TRUST, a/k/a
"BestFreakingGolf-LakeTrip.com,"
a/k/a "Best Freaking Golf-Lake Trip";

DAVID ARTHUR HAVLOVIC, individually and
d/b/a BestFreakingGolf-LakeTrip.com,
a/k/a "BestFreakingGolf-Lake Trip"; and

BFGLT, LLC, a Tennessee limited liability company,
a/k/a BestFreakingGolf-LakeTrip.com, a/k/a
"Best Freaking Golf-Lake Trip,"

Defendants/Counter-Plaintiffs.

No.: 18369

**PLAINTIFF'S SUPPLEMENTAL RESPONSE TO DEFENDANTS'
FIRST SET OF INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO PLAINTIFF
LONE MOUNTAIN SHORES OWNERS ASSOCIATION, INC.**

Comes Lone Mountain Shores Owners Association, Inc. ("LMSOA" or "Plaintiff"), by and through counsel, and for its supplemental responses to Defendants' First Set of Interrogatories and Requests for Production of Documents, states as follows:

**GENERAL OBJECTIONS TO INTERROGATORIES
AND DEFINITIONS AND INSTRUCTIONS**

1. Plaintiff objects to these Interrogatories to the extent that they seek or purport to seek (a) information within the work product doctrine, or any other privilege, including trial



preparation materials and materials prepared by counsel, or by Plaintiff at the request of counsel, in anticipation of litigation; or (b) information considered confidential or otherwise protected by law. Thus, Plaintiff will not produce privileged information or documents in response to these Interrogatories.

2. Plaintiff is engaged in a continuing investigation of the matters inquired about in these Interrogatories. Plaintiff's Responses to the Interrogatories are believed to be accurate as of the date made. But because the investigation into the matters inquired about is continuing, Plaintiff cannot exclude the possibility that it may be able to obtain more complete information or even information which indicates that the answers being supplied are inaccurate in some respect. Accordingly, Plaintiff reserves the right (a) to supplement any and all of its responses to these Interrogatories as permitted by the Tennessee Rules of Civil Procedure, and (b) to assert additional objections should Plaintiff discover additional grounds for such objections.

3. Plaintiff's Responses to these Interrogatories are made without in any way waiving or intending to waive, but to the contrary preserving and intending to preserve, (a) all questions as to the competence, relevance, materiality or admissibility into evidence of any of the information, documents or things called for in these Interrogatories for any purpose and in any aspect of this or any other court action, judicial or administrative proceeding or investigation; and (b) the right to object on any ground to the use of any such information, documents or things in any aspect of this or any other court action, judicial or administrative proceeding or investigation.

4. Plaintiff further objects to these Interrogatories as a whole on each of the above grounds. To avoid repetition, Plaintiff hereby incorporates each of these objections into each of the Responses set forth below as if the objections were set forth verbatim in each Response; and

the Responses set forth below shall not be deemed to constitute, and are not intended to operate as, a waiver of these General Objections, but instead shall be deemed made subject to each of these objections.

5. Plaintiff objects to Defendants' "Instructions" and "Definitions" on the grounds that it would be unduly burdensome to attempt to compile all of the information requested under the various instructions and definitions for each interrogatory and request. In *Diversified Prod. Corp. v. Sports Ctr. Co.*, 42 F.R.D. 3 (D. Md. 1967), the defendant submitted to each of the plaintiffs a series of interrogatories preceded by two pages of "definitions," which included the following:

Where a document is requested to be identified, listed or described in response to any one of these interrogatories, the following information shall be given: (a) date; (b) present location; (c) person who prepared document; (d) person or persons to whom it was sent or given or disclosed; (e) name of organization each of the persons named in the answer to (c) and (d) represented or with which each person was connected; (f) substance of the statement or showing contained in a document; and (g) occasion for and/or circumstances under which it was made.

The plaintiffs in *Diversified Prod.* objected to all the interrogatories for various reasons, arguing first that the definitions made all the interrogatories unduly burdensome because they required plaintiffs to refer back to the definitions to determine the scope of every question, and because they expanded unreasonably the amount of information requested. The court held that the interrogatories were unduly burdensome, stating:

The use of definitions is not prohibited by the Federal Rules of Civil Procedure. Prefacing a long series of interrogatories by reasonable definitions may be helpful, avoiding tedious repetition. But the use of unreasonable "definitions" may render the interrogatories so burdensome to the answering party and to the Court, that objections to the entire series should be sustained with sanctions, whether or not an occasional interrogatory might be reasonable. Even if the interrogatories are considered one by one, the answering party is required to incorporate the applicable "definitions" in each question. The definitions in this

case, particularly (f) and (g) in the second paragraph quoted above, have so expanded the information requested that many of the interrogatories are unduly burdensome.

42 F.R.D. at 4; *see also Evans v. Local Union 2127*, 313 F. Supp. 1354, 1360 (N.D. Ga. 1969) (“To require a corporate opponent to both answer the interrogatory and identify the source of its answer and any other source of information relating to the subject of the interrogatory, is, in the context of Title VII actions, unduly burdensome.”).

RESPONSE TO INTERROGATORIES

1. Identify all persons who have supplied the factual basis upon which the answers to these Interrogatories are made, including listing the specific Interrogatory for which the person provided the information.

RESPONSE: Howard Gromlich c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929 provided documents and information for all responses.

2. Identify all persons with knowledge relating to the matters alleged in the Complaint, and state the subject matter of the person's knowledge.

RESPONSE: Current Board Members: President: Howard Gromlich c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee; Secretary: Ann Sharland c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; ARC Liaison: Ned Koning, c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; Vice President: Mark Rinehart c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; Treasurer: Mary Beth Wiegman c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929. Former Board Members: Don Conklin c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; Dan McNeal c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629,

Knoxville, Tennessee, 37929; Dave Kennedy c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; Bob Hathaway c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; Gene Chalfin c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; Dianne Anderson c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929; and Rick Matheny c/o Robert L. Bowman, Kramer Rayson LLP, P. O. Box 629, Knoxville, Tennessee, 37929. Further answering, LMSOA refers Defendants to any individuals identified in the documents produced as LMSOA re Webb PRO 000001-000518.

3. Describe in detail the factual basis for any assertion that Lot 823 operated as a commercial resort, specifically how its operation was different than other lots operating as short-term rentals in Lone Mountain Shores Subdivision.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because “different than other lots operating as short-term rentals” is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to discovery of admissible evidence. Without waiver of or prejudice to the foregoing objection, LMSOA refers Defendants to the website Best Freaking Golf-LakeTrip.com which is in the possession, custody, or control of Defendants.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing objection on response, LMSOA says, to its knowledge, “other lots” did not provide “All-inclusive services,” including on-site staff members, grocery shopping, meal preparations, and other services as described in the documents attached as LMSOA re Webb PRO 000519-000590. Additionally, unlike other short-term rental properties in the subdivision, Lot 823’s

pricing varied based upon the number of guests. LMSOA was unaware of other rentals in the subdivision that offered services and per-person pricing.

4. Identify all persons who have made complaints regarding the alleged commercial enterprise on Lot 823, including the specific complaint made by each identified member.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "complaints" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to discovery of admissible evidence. Without waiver of or prejudice to the foregoing objection, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000219-000220. Further answering, LMSOA states that several other members of the Association voiced objections at various times to Defendants' commercial enterprise on Lot 823.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing response, LMSOA says the following individuals complained about the commercial enterprises on Lot 823.

Lillian Messier and Vernon Messier, 498 Wildcat Hollow, New Tazewell, Tennessee 37825. Others may be identified in LMSOA's production documents or depositions of former Board Members.

5. Describe in detail the factual basis for any assertion that the approved construction plans for a garage appurtenant to the house on Lot 823 were not followed.

RESPONSE: LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000393-000412.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing response, LMSOA says the issues relative to the garage relate not to its original construction but to later additions and the subsequent use of it for an improper purpose.

6. Identify each person whom you expect to call as an expert witness, either in person or by deposition, at any trial in this litigation. For each person, state subject matter on which the expert is expected to testify, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion.

RESPONSE: Objection. This Interrogatory calls for production of information protected by the attorney work-product doctrine. Without waiver or prejudice to the foregoing objection, LMSOA will disclose expert(s) it intends to call or use at trial if and when they are retained and provide an opinion(s) relating to the issues joined in this civil action.

7. If there existed, prior to the garage construction which is at issue in the Plaintiff's Complaint, any procedure for the regular review and approval of new outbuilding construction on lots in Lone Mountain Shores Subdivision, describe the procedure then in place; identify each person charged with the responsibility for implementing and conducting the procedure; and if the procedure and its results were reduced to writing for the garage in question in the Complaint, identify the custodian of such writing.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "procedure for the regular review and approval of new outbuilding construction" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000298-000343 and 000393-000412.

8. Identify each person present at the Association and Board meetings during which any of the Defendants or Lot 823 were discussed since the Trust acquired Lot 823 and produce the minutes reflecting the discussion or business related to the Defendants or Lot 823.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "discussed" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000001-000124 and 000421-000518.

9. There was not a number 9 listed in Defendants' Interrogatories.

10. Describe with particularity the "All-inclusive services" provided by Defendants as alleged within your Complaint and how they were different than any other services provided by other properties within the Association.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "different than other services" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to discovery of admissible evidence. Without waiver of or prejudice to the foregoing objection, LMSOA refers Defendants to the website BestFreakingGolf-LakeTrip.com which is in the possession, custody, or control of Defendants.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing objection on response LMSOA says, to its knowledge, "other lots" did not provide "All-inclusive services," including on-site staff members, grocery shopping, meal preparations, and other services as described in the documents attached as LMSOA re Webb PRO 000519-000590. Additionally, unlike other short-term rental properties in the subdivision, Lot 823's pricing

varied based upon the number of guests. LMSOA was unaware of other rentals in the subdivision that offered services and per-person pricing.

11. State with particularity each and every act which you contend Defendants should have avoided to prevent the current litigation.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "act which you contend Defendants should have avoided" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000145-000180 and all covenants and restrictions of record in the Claiborne County Register of Deeds office. LMSOA states that Lot 823 is subject to said documents.

12. As to each such action identified in your answer to Interrogatory Number 10, please set forth each and every fact known to you which you contend supports each such contention.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because "act which you contend Defendants should have avoided" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000145-000180 and all covenants and restrictions of record in the Claiborne County Register of Deeds office. LMSOA states that Lot 823 is subject to said documents.

13. Identify and produce all written or oral communications between the Association and any of the Defendants relating to the issues in the Complaint.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because “relating to the issues in the Complaint” is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000199-000201, 000205-000218, and 000246.

14. Describe in detail any and all steps the Association took to provide notice or opportunity for a hearing to any of the Defendants regarding the assertions stated in the Complaint.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because “regarding the assertions stated in the Complaint” is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000199-000201 and 000205-000215.

15. Describe in detail any and all steps the Association took to investigate the compliance of the garage constructed on Lot 823.

RESPONSE: Objection. This Interrogatory is vague and ambiguous because “investigate” is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This Interrogatory also calls for production of information or documents protected by the Attorney Work-Product Doctrine, Attorney-Client Privilege, and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and

incorporates herein by reference the documents produced as LMSOA re Webb PRO000199-000201 and 000205-000215, and the website, BestFreakingGolf-LakeTrip.com which is in the possession, custody, or control of Defendants.

16. Described in detail any damages the Association claims to have sustained as a result of Defendants' alleged violation of the Covenants and Restrictions.

RESPONSE: Objection. This Interrogatory is overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery to admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA states it is not claiming "damages" in this civil action. It has prayed for injunctive relief, not monetary damages.

GENERAL OBJECTIONS TO REQUESTS FOR PRODUCTION

1. Plaintiff objects to these Requests to the extent that they seek or purport to seek (a) information within the work product doctrine, or any other privilege, including trial preparation materials and materials prepared by counsel, or by Plaintiff at the request of counsel, in anticipation of litigation; or (b) information considered confidential or otherwise protected by law. Thus, Plaintiff will not produce privileged information or documents in response to these Requests.

2. Plaintiff is engaged in a continuing investigation of the matters inquired about in these Requests. Plaintiff's Responses to the Requests are believed to be accurate as of the date made. But because the investigation into the matters inquired about is continuing, Plaintiff cannot exclude the possibility that it may be able to obtain more complete information or even information which indicates that the answers being supplied are inaccurate in some respect. Accordingly, Plaintiff reserves the right (a) to supplement any and all of his responses to these

Requests as permitted by the Tennessee Rules of Civil Procedure, and (b) to assert additional objections should Plaintiff discover additional grounds for such objections.

3. Plaintiff's Responses to these Requests are made without in any way waiving or intending to waive, but to the contrary preserving and intending to preserve, (a) all questions as to the competence, relevance, materiality or admissibility into evidence of any of the information, documents or things called for in these Requests for any purpose and in any aspect of this or any other court action, judicial or administrative proceeding or investigation; and (b) the right to object on any ground to the use of any such information, documents or things in any aspect of this or any other court action, judicial or administrative proceeding or investigation.

4. Plaintiff's inadvertent production of any document protected by any privilege or immunity, including without limitation the attorney-client privilege or the work product doctrine, shall not be deemed to constitute a waiver of that privilege, doctrine or immunity.

5. Plaintiff further objects to these Requests as a whole on each of the above grounds. To avoid repetition, Plaintiff hereby incorporates each of these objections into each of the Responses set forth below as if the objections were set forth verbatim in each Response; and the Responses set forth below shall not be deemed to constitute, and are not intended to operate as, a waiver of these General Objections, but instead shall be deemed made subject to each of these objections.

RESPONSE TO REQUESTS FOR PRODUCTION

1. Please produce any and all documents which you claim will support the allegations made in the Complaint.

RESPONSE: Objection. This Request is vague and ambiguous because "claim will support the allegations made in the Complaint" is not defined. It is also overly broad, unduly

burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This request also calls for production of documents protected by the Attorney Work-Product Doctrine, Attorney-Client Privilege, and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000001-000518.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000519-000590.

2. Please produce the following records and documents of Lone Mountain Shores Owners Association, Inc.:

- a. The charter or restated charter and all amendments to it currently in effect;
- b. The bylaws or restated bylaws and all amendments currently in effect;
- c. Any resolutions adopted by the Board of Directors;
- d. Any and all minutes, recordings, or other documents from all meetings of members and of directors, of all actions approved by the members, and of all actions taken by the board without a meeting in the past 4 years;
- e. All written communication to members within the past 4 years, including, but not limited to, the notices of meetings that the Association provided to the members for each annual and special meeting, complaints, or notice or any opportunity for a hearing;
- f. A copy of the most recent annual report; and

g. All correspondence between and among the board of directors in the past 4 years.

RESPONSE: Objection. This Request is overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This Request also calls for production of documents protected by the Attorney Work-Product Doctrine, Attorney-Client Privilege, and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000001- 000143, 000221-000245, 000247-000290, and 000421-000518.

3. Please produce any and all documents reviewed and/or maintained by the Architectural Review Committee regarding the garage on Lot 823.

RESPONSE: LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000298-000345.

SUPPLEMENTAL RESPONSE: Without waiver of or prejudice to the foregoing response, LMSOA says it is unable to locate documents specific to the garage at this time.

4. Please attach a copy of any and all documents that concern complaints or notifications regarding any of the Defendants or Lot 823 received by the Association since the Trust acquired Lot 823.

RESPONSE: Objection. This Request is vague and ambiguous because "complaints or notifications" are not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by

reference the documents produced as LMSOA re Webb PRO 000199-000201, 000205-000218, and 000246.

5. Please produce any and all documents that refer to, relate to, or evidence any inspection of Lot 823 performed since the Trust acquired Lot 823 by the Association or any of its agents, whether for use by the Association, the Association's insurance company, or any other purpose.

RESPONSE: Objection. This Request is vague and ambiguous because "inspection" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This Request also calls for production of documents protected by the Attorney Work-Product Doctrine, Attorney-Client Privilege, and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000199-000201, and 000205-000215.

SUPPLEMENTAL REPONSE: Without waiver of or prejudice to the foregoing response, LMSOA says it is unable to locate documents specific to the garage at this time.

6. Please produce the curriculum vitae of each expert witness you expect to testify on your behalf at any trial in this litigation.

RESPONSE: Objection. This Request calls for production of information protected by the Attorney Work-Product Doctrine. Without waiver or prejudice to the foregoing objection, LMSOA will disclose expert(s) it intends to call or use at trial if and when they are retained and provide an opinion(s) relating to the issues joined in this civil action.

7. Please produce any and all documents relied upon by each expert witness you expect to testify on your behalf in any trial in this litigation.

RESPONSE: Objection. This Request calls for production of information protected by the Attorney Work-Product Doctrine. Without waiver or prejudice to the foregoing objection, LMSOA will disclose expert(s) it intends to call or use at trial if and when they are retained and provide an opinion(s) relating to the issues joined in this civil action.

8. Please produce any and all documents not subject to the attorney/client privilege that refer to, relate to, or evidence any communication between you and any of the Defendants or among the Association regarding any of the Defendants or Lot 823, including, but not limited to, minutes, contracts, correspondence, notes, bills, reports, evaluations, or other documents.

RESPONSE: Objection. This Request is vague and ambiguous because "communication" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This request also calls for production of documents protected by the Attorney Work-Product Doctrine and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000001-000518.

9. Please produce any and all documents made by the Association or anyone on the Association's behalf regarding the subject matter of this litigation and not subject to the attorney/client privilege.

RESPONSE: Objection. This Request is vague and ambiguous because "made" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This request also calls for production of documents protected by the Attorney Work-Product Doctrine and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA

refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000001-000518.

10. Please produce all photographs, drawings, videotapes, or any other depictions or representations in your possession or which you are aware related to the subject matter of this litigation.

RESPONSE: Objection. This request is vague and ambiguous because "aware" is not defined. It is also overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. This request also calls for production of documents protected by the Attorney Work-Product Doctrine, the Attorney-Client Privilege, and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the photographs located on the following website: <http://tours.knoxtours.net/public/vtour/display/217632?a=1>.

11. Please produce a list of addresses, telephone numbers, and names of each and every member of the Board and Association in the past 4 years.

RESPONSE: Objection. This Request is vague and ambiguous because "list" is not defined. It is overly broad, unduly burdensome, not relevant, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the individuals identified in the documents produced as LMSOA re Webb PRO 000001-000518.

12. Please produce a copy of any and all documents reviewed, consulted, or relied upon in responding to any of the foregoing Interrogatories.

RESPONSE: Objection. This request is vague and ambiguous because "reviewed, consulted, or replied upon" is not defined. It is also overly broad, unduly burdensome, not

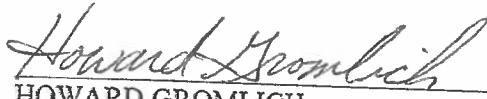
relevant, and not reasonably calculated to lead to discovery of admissible evidence. This request also calls for production of documents protected by the Attorney Work-Product Doctrine, the Attorney-Client Privilege, and documents prepared in anticipation of litigation. Without waiver of or prejudice to the foregoing objections, LMSOA refers Defendants to and incorporates herein by reference the documents produced as LMSOA re Webb PRO 000001-000518.

VERIFICATION OF SUPPLEMENTAL INTERROGATORY RESPONSES

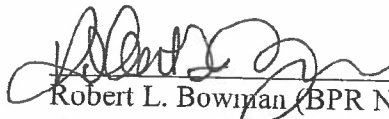
I, Howard Gromlich, after being duly sworn in accordance with law, swears under the penalty of perjury, that I am the President of the Lone Mountain Shores Owners Association, Inc., and I have provided the within Supplemental Answers to Interrogatories upon such information as is available to the said Lone Mountain Shores Owners Association, Inc., and that said answers are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 15th day of July, 2017.


HOWARD GROMLICH

Respectfully submitted and signed as to objections this 7th day of July, 2017.



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CERTIFICATE OF SERVICE

I hereby certify that on this the 7th day of July, 2017, a copy of the foregoing **Plaintiff's Supplemental Responses to Defendants' First Set of Interrogatories and Requests for Production of Documents to Plaintiff, Lone Mountain Shores Owners Association, Inc.** was served on opposing counsel by hand delivery to the following address:

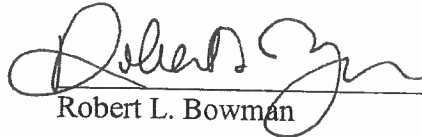
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Robert L. Bowman

STATE OF TENNESSEE

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COUNTY OF CLAIBORNE

AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, AND
EASEMENTS FOR LONE MOUNTAIN
SHORES

BK/PG: 1555/291-317
20004407

27 PGS:AL-RESTRICTIVE COVENANTS	
KIM BATCH: 68658	09/25/2020 - 09:33 AM
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	135.00
ARCHIVE FEE	0.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	137.00
STATE OF TENNESSEE, CLAIBORNE COUNTY	
KIMBERLY H. REECE	
DEPUTY CLERK	

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THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, RESTRICTIONS, AND EASEMENTS FOR LONE MOUNTAIN SHORES is made this 25th day of September, 2020 by LONE MOUNTAIN SHORES OWNERS ASSOCIATION, INC., a Tennessee nonprofit corporation (hereinafter referred to as the "Association").

WHEREAS, "Lone Mountain Shores" (hereinafter referred to as the "Property" or "Lone Mountain Shores"), which is more fully described in Exhibits attached hereto and incorporated herein by this reference, has been developed through phased additions as a residential subdivision in County of Claiborne, State of Tennessee containing approximately 2303.078 acres, more or less, and

WHEREAS, prior Declarations of record have imposed upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of property in Lone Mountain Shores to provide a flexible and reasonable procedure for the development and the maintenance of use and architectural guidelines for the Property;

NOW THEREFORE, Lone Mountain Shores Owners Association, as "Declarant", having been assigned all rights of Tennessee Lone Mountain Shores Corp., the developer of "Lone Mountain Shores", hereby declares and restates that the Property which is described in EXHIBIT "A" and any property previously made subject to these Covenants as evidenced by duly filed and recorded Amendments to original Declarations of Covenants, Restrictions and Easements for Lone Mountain Shores, shall be held, transferred, sold, conveyed, leased, occupied and used subject to the following easements, restrictions, covenants, charges, liens and conditions which are for the purpose of protecting the value and desirability of the Property, and which shall touch and concern and run with title to the Property. The Covenants and all provisions hereof shall be binding on all parties having any right, title or interest in the Property or any portion thereof, and their respective heirs, successors, successors; in title and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I IMPOSITION OF COVENANTS AND STATEMENT OF PURPOSE

Section 1.01 **Imposition of Covenants.** Declarant hereby amends and restates the following covenants, conditions, restrictions and easements (collectively referred to as the "Covenants") upon the Property which shall be held, sold and conveyed subject to the Covenants. The Covenants shall run with the land and shall be binding upon all persons or entities having any right title or interest in all or any part of the Property, and the covenants shall inure to the benefit of each owner of the Property.

Section 1.02 **Statement of Purpose.** The Covenants are imposed for the benefit of all owners of the parcels of land located within the Property. These Covenants create specific rights and privileges which may be shared and enjoyed by all owners and occupants of any part of the Property in accordance with the provisions of Section 4.03 Delegation of Use.

Section 1.03 **Declarant's Intent.** The provisions of these Covenants, as amended from time to time, are intended to act as the land use controls applicable to the Property, and in the events of a conflict or difference between the provisions hereof and of the Claiborne County Zoning Ordinance, the terms of this Declaration, as amended, shall control and supersede such Zoning Ordinance. Each Owner, automatically upon the purchase of any portion of the Property, is deemed to waive all protections afforded to him, now or in the future, under the Claiborne County Zoning Ordinance to the extent such Zoning Ordinance is at variation with the provisions of this Declaration, as amended, or with the provisions of any of the other Lone Mountain Shores Documents, including but not limited to the Architectural Guidelines established by the Architectural Review Committee.

Section 1.04 **Areas Subject to these Covenants.** Be it understood that these Covenants apply only to the development of Lone Mountain Shores by Tennessee Lone Mt. Shores Corp. Phase One (1) of Lone Mountain Shores and prior conveyances of three (3) lots from Phase II, being Lot Nos. 30, 32 and 42 of Lone Mountain Shores Phase II were developed by prior owners and are therefore not subject to these covenants and restrictions.

Section 1.05 **Binding Arbitration.** **Book 1555 Page 292** No civil action concerning any dispute arising under the covenants or bylaws, other than actions for filing and/or foreclosing upon liens for nonpayment of Owner's Association dues as provided in Article IV, Section 4.09 herein, shall be instituted before any court and all such disputes shall be submitted to final and binding arbitration. Such arbitration shall be conducted in accordance with the rules of such association then in effect, or otherwise agreed in writing between the parties to such dispute before a single arbitrator. All costs and expenses of the arbitration, including actual attorney's fees, shall be allocated among the parties according to the arbitrator's discretion. The arbitrator's award resulting from such arbitration may be confirmed and entered as a final judgment in any court of competent jurisdiction and enforced accordingly. Further, proceeding to arbitration and obtaining an award thereunder shall be a condition precedent to the bringing or maintaining of any action in any court with respect to any dispute arising under these covenants or bylaws], except for the institution of a civil action to maintain the status quo during the pendency of any arbitration.

ARTICLE II DEFINITIONS

The following terms, as used in these Covenants, are defined as follows:

Section 2.01 "Architectural Review Committee" or "ARC" shall mean and refer to the committee formed pursuant to Article VII below to maintain the quality and architectural harmony of improvements in Lone Mountain Shores.

Section 2.02 "Assessments" shall mean and refer to annual, emergency, and default assessments levied pursuant to Article IV below to meet the estimated cash requirements of the Associations.

Section 2.03 "Association" shall mean and refer to the Lone Mountain Shores Owners Association, Inc., a nonprofit corporation, or any successor to the Association by whatever name, charged with the rights and obligations set forth in these Covenants.

Section 2.04 "Covenants" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores, as and if amended.

Section 2.05 "Declarant" shall mean and refer to Lone Mountain Shores Owners Association, Inc., a Tennessee Not for Profit Corporation, and its successors and assigns.

Section 2.06 "Dwelling" shall mean any enclosed space wholly or partly used for living and sleeping by human occupants, provided such use is for single family residential purposes only.

Section 2.07 "Lot" shall mean and refer to a parcel of land designated as a lot on any Plat of Lone Mountain Shores.

Section 2.08 "Maintenance Fund" shall mean and refer to the fund created by Assessments and fees levied pursuant to Article IV below to provide the Association with the funds necessary for the Board to carry out its duties under these Covenants.

Section 2.09 "Membership" shall mean and refer to the rights and responsibilities of every Owner of any Lot in Lone Mountain Shores. Every Owner by virtue of being an owner and only as long as he or she is an Owner, shall retain their Membership in the Association. The Membership may not be separated from Ownership of any Lot. Regardless of the number of individuals holding legal title to a Lot no more than one Membership shall be allowed per Lot owned. However, all individuals owning such Lot shall be entitled to the right of Membership and the use and enjoyment appurtenant to such ownership.

Section 2.10 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to a Lot, but shall not mean or refer to any person or entity who hold; such interest merely as security for the performance of a debt or other obligation, including a Mortgage, unless and until such persons or entity has acquired fee simple title pursuant to foreclosure or other proceedings.

Section 2.11 "Plat" shall mean and refer to any plat (or as built survey) depicting the Property filed in the Registrar's Office for Claiborne County, Tennessee, as such plat may be amended from portions of the Property from time to time.

Section 2.12 "Lone Mountain Shores" shall mean and refer to the planned community created by these Covenants, consisting of the Property and all of the Improvements located on the Property

Section 2.13 "Common Area" shall mean all real property (including the improvements thereto) owned by the Owners Association by deed of Declarant for the common use and enjoyment of the owners.

Section 2.14 "Single Family Residential Purposes" shall mean the property, consisting of just one primary Dwelling and all ancillary buildings on it shall be occupied by just one legitimate single housekeeping unit as distinguished from unaffiliated individuals or groups occupying a motel, hotel, bed & breakfast, or boardinghouse. Additionally, allowances are made for one accessory living quarters, such as a mother-in-law suite, without violating the "single family residential use" provided this secondary living quarters meets the requirements of Section 6.05 of these Covenants. Any rental accommodations and services such as those provided by hotels, motels, bed & breakfasts, rooming or boarding houses, apartment buildings or condominiums are excluded by this definition.

ARTICLE III Book 1553 Page 293 THE ASSOCIATION

Section 3.01 Every Owner 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 3.02 Board of Directors. Members of the Association shall elect a Board of Directors (the "Board"), which shall govern the Association. The Board shall consist of five (5) members (each an "Officer"), all of whom must be Owners in good standing with the Association. The Board of Directors shall consist of a President, Vice-President, Secretary, Treasurer, and an additional member who shall also serve on the Architectural Review Committee (the "ARC") as the liaison between the Board and the ARC. The Board shall: (a) have the responsibility of overseeing all functions of the Association as stated in these Covenants; (b) be responsible for collecting all Association Assessments; and (c) develop and amend the Association Bylaws consistent with these Covenants. Furthermore, the Board shall be responsible for

overseeing the members of the Architectural Review Committee and any other committees it may appoint. The Board shall also appoint all committee members other than the ARC liaison who is elected by the Owners. Board members shall hold office for a term of two years. Board members shall hold office until their successor has been elected or appointed, unless removed from office pursuant to Article III, Section 8 of the Bylaws.

Section 3.03 **Association Records.** Upon written request to the Association by any Owner of a lot or any, mortgagee, or guarantor of a first mortgage on any Lot, or the insurer of improvements on any Lot the Association shall make available for inspection current copies of the Association's documents, books, records, and financial statements. The Association may also make available to the prospective purchasers' current copies of the Association's documents, including rules governing the use of lots and the most recent annual financial statement, if such is prepared. The Board, including any committees, is not required to make available correspondence between the Board, a committee and individual Association members "Available" as used herein means available for inspection upon written request, with reasonable notice, during normal business hours, at the Association's Community Center or such other location as the Association may reasonably decide.

ARTICLE IV

COVENANT FOR COMMON AREAS AND ASSESSMENTS

Section 4.01 **Common Areas.** The Developer has created an owner's Common Area or Areas for the use and enjoyment of all existing Lots and future Lots, which may include, but are not limited to, parking areas, marine slips, parks, and land areas. The Association has expanded the Common Area to include a Community Center and a picnic pavilion.

Section 4.02 **Owner's Easement of Enjoyment.** Every Owner shall have a right and easement of enjoyment in and to the Common Area or 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 Owner's 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/her Lot remains unpaid; and
- b. The right of the Owner's Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by unanimous vote of the Board and an affirmative vote of at least fifty five percent (55%) of responding Owners voting by written ballot.

No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by an authorized officer of the Owner's Association has been recorded in the Registrar's Office of Claiborne County, Tennessee.

Section 4.03 **Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws, his/her right of enjoyment to the Common Area and facilities to the members of his/her family or the Owner's accompanied guests.

Section 4.04 **Creation of Lien and Personal Obligation for Assessments.** Each Owner of any Lot, by acceptance of a deed therefore, whether or not it is explicitly stated in any such deed, is deemed to covenant and agree to pay the Association: (a) annual Assessments or charges as provided in these Covenants; (b) emergency Assessments for capital improvements and other purposes as stated in these Covenants, such annual and emergency Assessments to be established and collected from time to time as provided below; and (c) default Assessments, including fines, which may be assessed against an Owner's Lot pursuant to the LMS Governing Documents or because the Association has incurred an expense on behalf or because of the Owner in accordance with the LMS Governing Documents. The annual, emergency, and default Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and may become a continuing lien upon the Lot against which each such Assessment is made until paid in full. Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time the Assessment fell due.

Section 4.05 **Annual Assessments.** The purpose of annual Assessments is to provide funding for the Association: (a) to maintain the Common Area; (b) to pay for future capital improvement projects; and (c) to pay for any other Association obligations provided for in the LMS Governing Documents. Annual Assessments are due and payable as follows:

- a. The annual Assessment for each Lot is \$330.00, subject to increase as provided in Subsection (b). The Annual Assessment is due and payable to the Association by each Owner thirty (30) days after the Association mails to each Owner an annual assessment at the Owners last provided address.
- b. The annual Assessment may be increased by the Board by not more than ten percent (10%) per year above the Annual Assessment amount of the previous year and by not more than twenty-five percent 25% over any five-year period, unless such greater increase has been approved by an affirmative vote of 55% of the Owners exercising their right to vote in a written ballot conducted in accordance with Article II, Section 10 of the Bylaws.

Section 4.06 **Emergency Assessments.** At any time that it shall appear to the Board that funds on hand or in deposit by the Association are insufficient to pay the outstanding obligations of the Association, the Board shall implement the following actions:

- a. Notify Association members of the situation
- b. Initially determine which of the outstanding obligations relate to the preservation of the Association assets such as maintenance, insurance or any other such obligations as necessary to discharge the fiduciary duties of the Board.
- c. Exercise all available contractual rights of cancellation in any contract not deemed essential for the preservation of the assets of the Association and utilize all other available means of lessening the financial burdens of the Association while ensuring no defaults.
- d. After taking these measures, the Board shall determine if a projected shortfall remains for the fiscal year and shall remediate this shortfall by issuing an emergency Assessment of up to One Hundred Twenty Five Dollars (\$125.00) per Lot which shall be sent to all Owners in the manner utilized for distribution of annual Assessments and make available for review by all Owners the balance sheet utilized in the calculation of any shortfall.
- e. If the shortfall requires an emergency Assessment of greater than One Hundred Twenty-Five Dollars (\$125.00) per lot, the Board, with at least three (3) Directors in support, may submit a higher emergency Assessment amount to the Owners through written ballot. An affirmative vote of at least Fifty Five Percent (55%) of responding Owners shall be required for the Board to issue any emergency Assessment greater than \$125.00 in any fiscal year of the Association.

Section 4.07 **Default Assessments.** All monetary fines assessed against an Owner pursuant to the LMS Governing Documents, as well as any expense that is incurred by the Association on behalf or because of the Owner, including cost associated with the Associations enforcement of the LMS Governing Documents (including all attorney fees and cost), shall be a default Assessment and may become a lien against such Owner's Lot, which may be foreclosed upon or otherwise collected as provided in these Covenants. Notice of the amount and due date of a default Assessment shall be sent to the Owner at least 30 days before the due date, provided that failure to give 30 days prior notice does not constitute a waiver thereof, but may only postpone the due date for payment until the expiration of the 30 day period.

Section 4.08 **Effect of Non-Payment of Assessment; Remedies of Association.** Any Assessment, whether pertaining to annual, emergency, or default Assessments, not paid within 30 days of its due date will be delinquent. If an Assessment becomes delinquent, the Board may, in its sole discretion, take any or all of the following actions:

- a. Assess a late charge on the outstanding balance;
- b. Assess an interest charge from the date of the delinquency at a rate per annum that is two percentage points above the prime rate charged by the Association's principal bank;
- c. Suspend the voting rights of the delinquent Owner during any period of delinquency;
- d. Suspend all privileges to recreational facilities, services and amenities owned and managed by the Association;
- e. Accelerate any unpaid annual Assessments for the fiscal year such that they shall be due and payable at once;
- f. Bring a legal action against any Owner personally obligated to pay the delinquent Assessments; and
- g. File a statement of lien with respect of the Lot and foreclose as set forth in more detail below.
- h. Suspend all clearing, construction, or approval of any other improvements on delinquent Owner's lot(s).

Failure of the Board to enforce any of the above-listed remedies does not constitute a waiver of the Board's right to enforce such remedies in the future.

Section 4.09 **Filing a Statement of Lien.** ^{Book 1555, Page 295} The Board may file a statement of lien by recording with the Register of Deeds for Claiborne County, Tennessee, a written statement with respect to the Lot setting forth the name(s) of the Owner, the legal description of the Lot, the name of the Association, and the amount of delinquent Assessments then owing and which shall be served upon the Owner of the Lot by certified mail to the address of the Lot or at such other address as the Association may have in its records for the Owner. Thirty (30) days after the mailing of such notice, the Board may proceed to foreclose the lien in the same manner provided for the foreclosure of mortgages under the statutes of the State of Tennessee. Such lien shall be in favor of the Association for the benefit of all other Owners. In either a personal or foreclosure action, the Association shall be entitled to recover as part of the action interest, costs, and reasonable attorneys' fees. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot. The remedies provided herein are not exclusive, and the Association may enforce any other remedies to collect delinquent Assessments that are provided by law.

ARTICLE V INSURANCE

Section 5.01 **Casualty Insurance on Insurable Common Areas.** The Association shall keep all insurable improvements and fixtures of the Common Area or Areas insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazard and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area 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 and 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.

Section 5.02 **Liability Insurance.** The Association shall maintain liability insurance as to all common areas and property, acts or omissions of its officers or governing body, or otherwise as it deems necessary designated as a common expense in the Bylaws by the Owners Association.

Section 5.03 **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 owners 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.

Section 5.04 **Annual Review of Policies.** 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 the property which may have been damaged or destroyed.

ARTICLE VI STANDARDS FOR LAND USE AND CONDUCT OF ACTIVITIES ON THE PROPERTY

Section 6.01 **Rationale for Land Use Restrictions.** It is the desire of the Association to preserve and enhance the property values of the Property, to prevent nuisances, and to maintain an attractive area for residential purposes.

Section 6.02 **Minimum Residential Size for Lakefront Lots.** Each Dwelling erected on a Lakefront Lot must contain a minimum of 1,800 square feet of heated living space (excluding garages, porches, overhangs, etc.), inclusive of all stories, with the first floor to contain not less than 1,200 square feet. For purposes of these Covenants, a "Lakefront Lot" is a Lot, a portion of which is contiguous to property owned by the Tennessee Valley Authority and which abuts the 1044-foot contour line of Norris Lake.

Section 6.03 **Minimum Residential Size for Interior Lots.** Each Dwelling erected on a Lot that is not a Lakefront Lot must contain a minimum of 1,200 square feet of heated living space (excluding garages, porches, overhangs, etc.) inclusive of all stories, with the first floor to contain not less than 800 square feet.

Section 6.04 **Residential Use Only.** All Lots shall be used for single family residential purposes only, and no commercial use is permitted. This restriction is not to be construed to prevent rental of any Lot or any dwelling for private single family residential purposes or to prevent an Owner from conducting home occupations in a Dwelling, provided such occupations: (a) are subordinate to the primary residential use; (b) occupy no more than twenty percent (20%) of the Dwelling's floor area; and (c) employ not more than two (2) persons.

Examples of prohibited commercial uses of a Lot or any dwelling include providing the services of or operating as a restaurant, an inn, a boarding house, or a bed-and-breakfast or providing other atypical rental services of a commercial nature.

Examples of non-single family residential purposes uses of a Lot or any dwelling include, but are not limited to: occupancy by two or more unaffiliated individuals or groups that function as independent housekeeping units; owners or their agents occupying any part of the property at the same time as renters; utilizing the Lot or any dwelling as a fraternity, sorority or dorm complex; or using the Lot or any dwelling as a Group Home or institution of any kind.

All provisions of these Covenants and of any rules, regulations, or use restrictions promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

Section 6.05 **Dwellings per Lot.** All Lots are restricted to one single-family Dwelling per Lot. This restriction does not prevent the inclusion of one accessory living quarters within a Dwelling or other ARC-approved structures on the same Lot for use as an independent living facility with provision for food preparation, sanitation, and sleeping, provided that: (a) the accessory living quarters must be used in

conjunction with the primary residence for single family purposes only; and (b) the accessory living quarters are subordinate in size and function to the primary residence. Accessory living quarters shall be subject to the following standards:

- a. Only one accessory living quarters shall be allowed upon a lot;
- b. Accessory living quarters cannot be rented independently of the primary living quarters or used to house anyone unaffiliated with the rental group (including owners of the property, members of their family or their invited guests) during the rental of the primary living quarters; and
- c. The addition of accessory living quarters on a Lot must be approved by the ARC

Section 6.06 **Types of Dwellings Prohibited.** The construction of any type of multi-family residence, such as a condominium, duplex, triplex, apartment building, townhouse, lodging house, clubhouse, or any similar structure, is prohibited. Modular homes, mobile homes, manufactured homes, motor coaches, recreational vehicles, house trailers, travel trailers, and stand-alone basements are also prohibited for permanent Dwellings. This prohibition does not preclude use of panelized construction, characterized by wall sections or floor and roof trusses that are constructed at other sites and transported to an Owner's Lot and assembled at the building site, provided that the ARC has first approved such construction. [Manufactured and modular constructed sheds, garages, and outbuildings may be permitted on a case-by-case basis, provided they meet the other requirements for these structures and are approved by the ARC.] Also, during the construction phase of a Dwelling an Owner may temporarily place a recreational vehicle, motor coach, or travel trailer upon his or her Lot and reside in it for a maximum of one (1) year, provided that construction of the Dwelling is progressing during such occupancy.

Section 6.07 **Rental.** Lots and Dwellings may be rented only for private single-family residential purposes subject to the following provisions:

- a. The renting to unaffiliated individuals or groups at the same time is prohibited.
- b. Tenants are required to abide by all LMS Governing Documents.
- c. Owners are responsible for the actions of their tenants. Each Owner shall take appropriate steps and should put in place additional rules, limitations and restrictions as necessary to ensure that tenants do not conduct deleterious activities or otherwise create a nuisance to other Owners.
- d. All rules, regulations, or use restrictions of these Covenants promulgated pursuant hereto that govern the conduct of Owners and that provide for sanctions against Owners also apply to all occupants of any Lot.

Section 6.08 **Review By Architectural Committee.** The Architectural Review Committee shall exist as provided in Article VII of these Covenants. Before construction may begin, all proposed plans of Dwellings, garages, outbuildings, sheds, and other property improvements to be erected in Lone Mountain Shores must be submitted to the ARC for its approval in accordance with the LMS Governing Documents.

Section 6.09 **Drainage and Erosion Control.** No construction on any Lot may be done in such a way as to materially increase the drainage of water upon any adjoining Lot.

Section 6.10 **Fire Prevention and Control.** Houses in wooded areas are vulnerable to wildfire and careless debris burning or fireworks displays are a major cause of woodland fires. All occupants of the Property shall exercise extreme caution with all potential sources of wildfire ignition and;

- a. Any open-air fires on the Property should not be left unattended at any time.
- b. The Tennessee Department of Agriculture, Division of Forestry protects the state's forest and woodlands. Since woodland fires do occur year round, if at any time the Division of Forestry Fire Danger Rating, as delineated on the Departments official web site, is above Moderate for Eastern TN, open-air debris fires or fireworks displays are prohibited on the Property.
- c. At certain times of the year, anyone starting an open-air fire on the Property must by TN law secure a burning permit from the Division of Forestry. Members also should follow any local burning ordinances as these regulations may supersede the Division of Forestry's burning permit program.

Section 6.11 **Television, Radio and Satellite Antenna.** All antennas and satellite dishes must conform to State of Tennessee and Federal Communications Commission Over-the-Air-Reception Devices requirements. Satellite dishes and antennas should be installed so as not to present a nuisance to or block the aesthetic views of neighboring Lots.

Section 6.12 **Completion of Construction.** Exterior improvements commenced on a Lot must be executed diligently to completion and must be completed within twelve (12) months of commencement, unless the ARC grants the Owner an extension in writing. Unless the ARC has granted the Owner such an extension, if an improvement is commenced and construction is then abandoned for more than 90 days, or if construction is not completed within the required 12month period, the Board may impose a fine on the Owner. Such charges will be a Default Assessment and subject to imposition of a lien as provided in Article IV., Section 4.08 of these Covenants.

Section 6.13 **Setbacks and Building Location.** No building or any part thereof may be erected on any Lot: (a) nearer than thirty (30) feet to any road right-of-way; (b) nearer than fifteen (15) feet to any interior

Lot line; or (c) nearer than fifteen (15) feet to any rear lot line, unless the rear Lot line is the 1044 TVA Contour Line, in which case the rear set back line shall be as required by the Tennessee Valley Authority (the "TVA"). Furthermore, on all Lakefront Lots no building or other improvement may be constructed below elevation 1044 unless otherwise permitted by the TVA. A zero Lot line setback may be allowed on driveways by written approval of the ARC.

Section 6.14 Utility Easements. The Association has been assigned and has reserved all rights to erect and maintain all utility and electric lines, and to grant easements for utility purposes, with the right of access and ingress for the purpose of installing and maintaining such easements, structures and utility lines, including but not limited to, water, sewer, gas and cable situate thereon; on, over, and under a strip of land ten (10) feet wide along the side and rear Lot lines of each Lot and twenty (20) feet wide along the front Lot lines of each Lot, unless the rear Lot line is the 1044 TVA contour line, in which event the easement will be five (5) feet from the 1044 TVA contour line. No structures, plantings, or other materials may be placed or permitted to remain, or activities undertaken thereon, which may damage or interfere with the usage of these easements for utility purposes. No vehicles, including but not limited to recreational vehicles, cars, trucks, boats, boat trailers, utility trailers, or any other object which may impede or obstruct maintenance activities undertaken on the utility easement right-of-way may be parked or stored on the utility easement right-of-way. The areas on any Lot affected by such easements shall, except for improvements situated thereon by a public authority or utility company, be maintained by the Lot Owner.

Section 6.15 Storage of Watercraft and Watercraft Trailers. Each Owner may store or park no more than two watercrafts, watercraft trailers, or watercraft and trailer combinations upon each Lot outside of a building structure, provided these water crafts are for their personal use and are stored such that they do not interfere with the maintenance of county roadways and utility easements. All other watercrafts and watercraft trailers must be stored inside an ARC-approved structure. Owners may not park or store any watercraft or watercraft trailer in any Common Area for more than 14 consecutive days, except for those spaces designated as reserved for a specific length of time. The Board, in its discretion, may either: (a) fine an Owner for violations of this restriction until the violation has been corrected; (b) remove the unpermitted water craft, water craft trailer, or water craft and trailer combination at the Owner's expense; or (c) both.

Section 6.16 Travel Trailers, Recreational Vehicles, and Utility Trailers. Travel trailers, recreational vehicles, or utility trailers may be utilized for security purposes or as a temporary residence during the period of construction with the approval of the ARC. Such vehicles and tents may also be utilized as a temporary residence when an Owner visits his or her Lot or performs Lot maintenance or clearing prior to start of construction. Vehicles and tents used for such a purpose must be removed from the Lot at the conclusion of each visit.

After construction has been completed, travel trailers, recreational vehicles, utility trailers, or other trailers may be stored on a Lot provided they are not utilized as Dwellings. These vehicles must be stored inside an ARC-approved structure or such that they do not present a nuisance to, or block the aesthetic views of, another Owner and do not interfere with the maintenance of county roadways and utility easements.

Section 6.17 Garages. A garage may be built separately from or attached to and made a part of a Dwelling. If a garage is attached to a Dwelling it must be made of the same or similar materials and conform to the construction type of the Dwelling. If a garage is not attached to a Dwelling it must conform either to the Dwelling type or the surrounding natural area. The garage must be built at the same time or after construction of the Dwelling and must be approved by the ARC.

Section 6.18 Outbuildings. A separate storage building, shed, workshop, or other outbuilding may be allowed, provided that the architectural style, quality of construction, and building material of such a structure are consistent with the appearance of the Dwelling or blend with the surroundings. All outbuildings must be approved by the ARC prior to construction and must be built at the same time or after construction of the Dwelling.

Section 6.19 Construction Materials. Exterior finish materials must be of natural colors and consist of wood, log, stone, fiber cement-based material, stucco, brick, or vinyl to blend with the surroundings. Finish material such as white vinyl siding, aluminum, or aluminum siding are prohibited, except as used for trim, gutters, shutters, or soffits.

Section 6.20 Foundations. All foundations must be fully enclosed at the exterior walls with ARC approved materials. No unfinished, exposed concrete foundation or block is permitted above ground level. Exposed concrete foundation, concrete block, or other masonry material used in foundations must be coated with a natural-colored material other than paint, such as stucco or stone.

Section 6.21 No Above Ground Swimming Pools. No above-ground swimming pools are permitted on any Lot.

Section 6.22 No Wake Zones. The Community docks and all coves within the boundaries of LMSOA are "No Wake" zones. Owners are required to assure guest, visitors and tenants adhere to this restriction.

Section 6.23 Nuisances. No noxious or offensive trade or activity may be carried on upon any Lot, nor may anything be done thereon which may be or become an annoyance or nuisance to the Property or other Owners. No substance, material, or thing may be kept upon any Lot that will emit foul or obnoxious odors or that might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No junked or inoperative watercraft or other vehicles may be maintained outside an enclosed structure.

Section 6.24 **Pets, Livestock and Poultry.** No animals, livestock, or poultry of any kind may be kept, used, or bred on any Lot either for commercial or private purposes, with the exception of dogs, cats, or other common household pets, provided that such pets are not allowed to run at large and do not otherwise constitute a nuisance or a health or safety hazard. No more than two such pets may be kept on any Lot, and these may be kept only for the pleasure of the occupants and not for any commercial breeding uses or purposes. No structure for the care, housing, or confinement of any pet may be constructed or maintained on any part of a Lot unless first approved by the ARC. Pets must be kept under leash or under control when walked or exercised at all times when they are outside their Owner's Lot. The Board has the right to determine, in its sole discretion, whether a particular pet is a nuisance, and has the further right, in accordance with Section 10.04 *Remedies*, to require the owner of a particular pet to remove such pet from a Lot if such pet is found to be a nuisance or found to be kept in violation of these Covenants.

Section 6.25 **Signs.** Signs may only be placed on a Lot in a form, size, and location designated by the Board. All signs must be placed at least six feet from a County roadway. No sign may be affixed to any tree or utility post. No more than three signs of all types may be placed on a Lot at any one time. Any member of the Board or the ARC has the right, in accordance with Section 10.04 *Remedies*, to remove any sign, advertisement, or other such promotional material that is being displayed in violation of these Covenants and, in so doing, may not be held liable for trespass or any other tort arising from such removal.

- a. No "for sale" sign may be larger than 800 square inches in size. No directional signs may be placed within LMS boundaries to aid in locating any Lot. Upon the sale of a Lot or home, a "Sold" sign may be displayed for a period of 14 days following the sale closing, at which time the "Sold" sign must be removed. "For sale" signs are prohibited anywhere on LMS docks.
- b. Construction-related signs may only be placed on a Lot after the related project has been approved by ARC. Such signs must be removed within 14 days after the project has been completed. Each Owner, upon having received ARC approval of an improvement project, is required to display an ARC approval sign until the project has been completed.
- c. Home protection or security alarm signs that are less than one-foot square may be placed on a Lot. A maximum of two such signs may be placed on a Lot.

Section 6.26 **Sewage Disposal.** No individual sewage disposal system will be permitted on any Lot unless it has been approved by the Claiborne County Health Department. All such systems must be maintained such that they operate in compliance with Claiborne County Health Department regulations.

Section 6.27 **Fences, Walls, and Gates.** All fences, walls, and gates must be approved by the ARC prior to construction or installation. No wall or fence will be allowed that effectively blocks another Owner's view. Fences, walls, and dog runs, or other pet containment areas must be of an architectural style and quality of construction and must utilize building materials that are consistent with the appearance of the Dwelling or the surrounding natural area. Chain link, PVC pipe, and wire, alone, are not permitted for fences or pet containment areas. However, chain link or wire is acceptable for a pet containment area if integrated into another acceptable fence material (e.g., split-rail fencing) that has been approved by the ARC. Any exposed concrete foundation, plain or un-faced concrete block, or other composite material used in walls and fences must be coated with a natural-colored material other than paint, such as stucco or stone.

Section 6.28 **No Further Subdivision of Lots Owned by Owners.** No originally platted Lots may be subdivided or divided in any manner.

Section 6.29 **Combining Platted Lots.** Combining two or more adjacent Lots owned by a common Owner to create one Lot will be permitted. In that case, all setback lines and easements, as described in Sections 6.11 and 6.12, will apply to the newly formed Lot, and future Assessments and Owner's rights will apply to the combined Lots as one Lot. An Owner may divide two or more Lots that have been combined into a single Lot, provided that: (a) such division is done so that the Lots have the same boundaries they did before they were combined; and (b) each Lot, including any improvements thereon, continues to meet ARC requirements after the division.

Section 6.30 **Shoreline Protection and Use; No Public Boat Ramps.** An Owner desiring to install riprap or to make an improvement below the 1044 foot elevation adjacent to their Lot (e.g., by installing a dock, steps, fence, outbuilding or other improvement near the shoreline) is required to follow the TVA rules and to obtain the approval of the TVA and the U.S. Army Corps of Engineers. The installation of boat ramps for public use is prohibited on an individual Owner's Lot.

Section 6.31 **Alternative Energy Devices.** An Owner may install alternative energy devices, such as solar panels or backup generators, provided they do not present a nuisance to, or interfere with, the views of another Owner.

Section 6.32 **Camping.** Camping is not permitted on common areas including, but not limited to, Pebble Creek Marina (boat dock #1), Stillwater Marina (boat dock #2) and the Community Center.

**ARTICLE VII
ARCHITECTURAL REVIEW COMMITTEE**

Section 7.01 **Creation of ARC and Purpose.** There is hereby established an Architectural Review Committee (the "ARC"), which shall be responsible for the administration of the Architectural Review Guidelines. The ARC shall review, study, and either approve (with or without conditions) or reject proposed improvements on a Lot, all in compliance with these Covenants and as further set forth in the Architectural Guidelines, as adopted from time to time by the ARC and approved by the Board.

Section 7.02 **Duties of ARC.**

7.02.1 The ARC shall exercise its best judgment to (a) see that all improvements conform and harmonize with any existing structures as to external design and quality, and (b) examine and approve or disapprove any and all proposed improvements for a building site within Lone Mountain Shores, including but not limited to: construction of Dwellings, garages, outbuildings, or any other buildings; construction or installation of sheds, sidewalks, steps, driveways, parking lots, decks, greenhouses, playhouses, awnings, walls, fences, alternative energy devices, rip-rap, exterior lights, any exterior addition, change, or alteration to existing structures, or major excavation and the shaping of land. Additionally, ARC approval must be obtained for dredging and fill operations, clearing of vegetation, or any minor excavation that has the potential to affect drainage. This does not include normal mowing, trimming, or brush or tree removal for the maintenance of a property but refers to lot or area clearing that has the potential to create an erosion or fire hazard risk.

7.02.2 No improvements may be erected, placed, or altered on any Lot, nor may any construction be commenced until the plans for such improvements have been approved by the ARC; provided, however, that improvements and alterations which are completely within a building may be undertaken without such approval.

7.02.3 The decisions of the ARC, including approval of plans, approval of plans with conditions, or disapproval of plans, or with respect to any other matter before it, shall be conclusive and binding on all interested parties, subject to appeal pursuant to the appeal process established by the Board.

Section 7.03 **Organization and Operations of the ARC.**

7.03.1 **Membership.** The ARC shall be composed of up to five, but not less than three, members (each an "ARC Member"). One ARC Member, who will also serve as the ARC Liaison on the Board, will be elected by vote of the Owners. The remaining ARC Members will be appointed by the Board. All ARC Members must be and remain Owners in good standing with the LMSOA.

7.03.2 **Term.** The regular term of office for each ARC Member will be two (2) years, commencing on January 1. Any ARC Member appointed by the Board may be removed with or without cause by the Board at any time by written notice to such Member. The Board will appoint a successor to fill any such vacancy for the remainder of the removed Member's term.

7.03.3 **Positions on the ARC.** The Board will appoint an ARC Member to serve as Chairperson. The ARC will then select a Vice-Chairperson and Secretary at its first meeting each year.

7.03.4 **Expert Consultation.** The ARC may avail itself of technical and professional advice and consultants as it deems appropriate.

Section 7.04 **Expenses.** Except as provided below, all expenses of the ARC shall be paid by the Association. The ARC shall have the right to charge a fee for each application submitted to it for review in an amount which may be established by the ARC from time to time, and such fees shall be collected by the ARC and remitted to the Association to help defray the expenses of ARC operations, including the use of expert consultants.

Section 7.05 **Architectural Guidelines.** The Architectural Guidelines are subject to the approval of the Board and may not be inconsistent with these Covenants but shall more specifically define and describe the design standards for Lone Mountain Shores and the various uses permitted within Lone Mountain Shores. The Architectural Guidelines may be modified or amended from time to time by the ARC subject to Board approval.

Book 1555 Page 300

**ARTICLE VIII
MAINTENANCE**

Section 8.01 **Association's Responsibility.** The Association shall maintain and keep in good repair Association road signs and areas within the Common Area.

Section 8.02 **Owner's Responsibility.** Each Owner shall maintain and keep in good repair their Lot and any improvements thereon. Except as is provided otherwise in the LMS Governing Documents or by written agreement with the Association, maintenance of the Lots and all improvements thereon is the sole

responsibility of the Owner thereof, who shall maintain said Lot in accordance with community-wide standards of the Association. The Association may, at the direction of the Board, assume the maintenance responsibility of an Owner or take other action in accordance with Section 10.04 *Remedies* if, in the opinion of the Board, the level and quality of maintenance being provided by the Owner is deemed to be insufficient. Before assuming such maintenance responsibilities, the Board shall notify the Owner in writing of the Board's intention to do so, and if such Owner has not commenced and diligently pursued remedial action within thirty (30) days after the mailing of such notice, then the Board may proceed. The expenses of such maintenance by the Association shall be reimbursed to the Association by the Owner, together with interest at five percent (5%) per annum above the prime rate charged by the Association's principal bank, or such other rate as may be set by the Board, from the date of expenditure. Such charges shall be a Default Assessment and subject to a lien on the Lot as provided in Section 4.07 above.

ARTICLE IX DAMAGE OR DESTRUCTION

Section 9.01 **Damage or Destruction Affecting Lots.** If improvements located on any Lot are destroyed or suffer any material external damage, the Owner thereof shall repair or restore the damaged improvements or return the property to its unimproved state. If such repair or restoration is not commenced within one hundred twenty days (120) from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned, then the Association, after providing written notice to the Owner of his failure to repair the damage, may impose a fine of ONE HUNDRED (\$100.00) DOLLARS per day on the Owner of the Lot, or such lesser amount as the Board may, in its discretion, determine, until repair and reconstruction is commenced, unless the Owner proves to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control. Such a fine shall be a Default Assessment and subject to a lien against the Lot as provided in Section 4.07 above.

Section 9.02 **Emergency Road Repair.** In cases of emergency road damage or blockage, including, but not limited to, blockages caused by natural disaster, manmade means, whether intentional or unintentional, or any other condition affecting ingress and egress from the Property, Lone Mountain Shores Owners Association, its agents and assigns, shall have the authority to grant, in its sole discretion, temporary licenses of ingress and egress across the Property to contractors or other workmen for purposes of making said roads passable for ordinary, consumer-grade passenger vehicles. Such Temporary Licenses as granted herein shall expire after fifteen (15) days unless extended for additional fifteen (15) day periods by Lone Mountain Shores Owners Association, its agents, and assigns.

ARTICLE X ENFORCEMENT OF LMS GOVERNING DOCUMENTS

Section 10.01 **Violations Deemed a Nuisance.** Every violation of any of the LMS Governing Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private remedies allowed by law or in equity against anyone in violation of the LMS Governing Documents shall be available to the Association.

Section 10.02 **Compliance.** Each Owner or other occupant of any Lot shall comply with the provisions of the LMS Governing Documents as the same may be amended from time to time.

Section 10.03 **Failure to Comply.** Failure to comply with the LMS Governing Documents shall be grounds for an action by the Association to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing before the Board shall be given to the delinquent party prior to commencing any legal proceedings.

Section 10.04 **Remedies.** In addition to the remedies set forth above, any violation of the LMS Governing Documents gives the Board or an Officer, on behalf of the Association, the right to enter upon the offending Owner's Lot and take appropriate peaceful action to abate, remove, modify, or replace at the expense of the offending Owner, any structure, thing, or condition that may exist on the Owner's Lot in violation of the LMS Governing Documents. If the violation affects any part of the Common Area, the corrective action shall be at the expense of the Owner or other person responsible for the offending condition.

Section 10.05 **Non-Exclusive Remedies.** All of the remedies set forth herein are cumulative and non-exclusive.

Section 10.06 **No Liability.** No member of the Board, Officer, or member of the ARC will be liable to an Owner for the failure to enforce any provision of the LMS Governing Documents.

Section 10.07 **No Waiver.** The failure of the Board, the ARC, an Officer, or any aggrieved Owner to enforce any provision of the LMS Governing Documents is not to be deemed a waiver of the right to do so

for any subsequent violations or of the right to enforce any other part of the LMS Governing Documents in the future. No waiver will be effective unless it is in writing and signed by the President or Vice President on behalf of the Association, or by the Chairman of the ARC on behalf of the ARC.

ARTICLE XI DURATION OF COVENANTS AND AMENDMENT

Section 11.01 **Term**. These Covenants shall run with and bind each Lot and the Property, and shall inure to the benefit of and be enforceable by the Association or an Owner, their respective legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date these Covenants were recorded, after which time the Covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of a particular 10year extension, agreeing to terminate the Covenants.

Section 11.02 **Amendment**. These Covenants may be materially amended only by a unanimous vote of the Board and the affirmative vote of fifty- five percent (55%) of the Owners voting by absentee ballot. Any approved amendment must be recorded in the Office of the Register of Deeds for Claiborne County, Tennessee.

Section 11.03 **Effective on Recording**. Any amendment of these Covenants will be effective immediately upon recording in the Office of the Register of Deeds for Claiborne County, Tennessee, together with a duly authenticated Certificate of the Secretary of the Association stating that the required percentage of Owner consents was obtained and are on file in the office of the Association.

ARTICLE XII PRINCIPLES OF INTERPRETATION

Section 12.01 **Severability**. These Covenants, to the extent possible, shall be construed or reformed to give validity to all of their provisions. Any provision of these Covenants found to be prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceable without invalidating any other part hereof.

Section 12.02 **Construction**. In interpreting these Covenants, unless the context otherwise provides or requires, the singular includes the plural, the plural includes the singular, and the use of either gender includes both genders.

Section 12.03 **Headings**. Headings herein are included for purpose of convenient reference, and they do not affect the meaning or interpretation of these Covenants.

Section 12.04 **Conflict between Documents**. In case of any conflict between these Covenants and the By-Laws these Covenants shall control. In case of any conflict between these Covenants and the Architectural Guidelines, these Covenants shall control.

ARTICLE XIII MISCELLANEOUS PROVISIONS Book 1555 Page 302

Section 13.01 **Registration of Mailing Address**. Each Member shall register his current mailing address with the Secretary of the Association, and notices or demands intended to be served upon or given to a Member shall be personally delivered or sent by mail, postage prepaid, addressed in the name of the Member at such registered mailing address.

Section 13.02 **Notice**. All notices and requests referred to in these Covenants shall be in writing. Notice to any Member will be considered delivered and effective upon personal delivery or three days after posting, when sent by certified mail, return receipt requested, to the address of such Member on file in the record of the Association at the time of such mailing. Notice to the Board, the Association, or the ARC will be considered delivered and effective upon personal delivery or three days after posting, when sent by certified mail, returned receipt requested, to the Association, the Board, or the ARC at such address as is established by the Association from time to time by notice to Members. General notices to all Members or any

subgroup thereof need not be certified, but may be sent by regular first-class mail, postage prepaid, and will be considered delivered and effective five days after posting.

Section 13.03 **Waiver of Notice.** Whenever notice is required to be given under the provisions of any statute or these Covenants, a waiver thereof in writing signed by the person entitled to such notice, whether signed before or after the date stated thereon, and delivered to the Secretary of the Association and included in the minutes or corporate records, shall be deemed equivalent thereto. No such waiver will be effective unless it is in writing and signed by the President or Vice President on behalf of the Association, or by the Chairman of the ARC on behalf of the ARC.

Section 13.04 **Limitation of Liability and Indemnification.** The Association shall indemnify every Board member, Committee member, and Officer against any and all judgments and expenses, including trial and appellate attorney's fees and costs reasonably incurred by or imposed upon any Board member, Committee member, or Officer in connection with any action, suit, or other proceeding (including the settlement of any suit or proceeding if approved by the Board) to which he or she may be party by reason of being or having been a Board member, Committee member, or Officer. Board members, Committee members, and Officers are not liable for any mistake of judgement, negligent or otherwise, except for their own willful malfeasance, misconduct, or bad faith. Board members, Committee members, and Officers have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent of that such Board member, Committee member, or Officer is also an Association member), and the Association shall indemnify and forever hold each such Board member, Committee member, or Officer free from and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein is not exclusive of any other rights to which a Board member, Committee member, or Officer may be entitled. With respect to claims or liabilities arising out of service as a Board member, Committee member, or Officer, the Association shall indemnify and advance expenses to each such present and future Board member, Committee member, or Officer (and his or her estate, heirs, and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

EXHIBIT "A"

Exhibit "A"

DESCRIPTION OF PROPERTY

SITUATED in District No, Three (3) of Claiborne County, Tennessee and further described as follows:

BEING a portion of Tract No. 7031, as shown in Quitclaim Deed dated July 24, 1995, from Morris Lake Development, Inc. to Grantor (Lone Mountain Development, LLC), recorded in W/D Book 231, Pages 213—217, Register of Deed's Office, Claiborne County, Tennessee and further described as follows:

BEING a parcel of land, containing 206.443 acres by Survey of William L. Parsons, RLS #1172, dated 9—13—96 and recorded in Plat Book 3, Page 70, Register's Office, Tazewell, Tennessee. THERE IS ALSO GRANTED herewith the right of ingress and egress from the waters of Norris Lake over and upon the adjoining land lying between the 1044 contour elevation and the waters of the Lake.

Being Parcel 1.01 on Tax Map 133. (Portions herein Excepted THERE IS EXCEPTED from the foregoing parcel the following three tracts:

1. A Lot known as Lot 6 on an unrecorded survey of Norris Landings Unit I as prepared by William L. Parsons, Tennessee RLS No. 1172, dated March 31, 1997; and also known as Lot 30 on an unrecorded survey labeled Lone Mountain Shores Phase II, dated 5/14/98 and revised 5/27/98 and described as follows; BEGINNING at a point on the south side of Rock-fish Point, then S. 84° 06' 52" E. 210.54 feet; S. 11° 03' 04" W. 46.73 feet; S. 83° 30' 30" W. 72.29 feet; S. 8° 41' 55" W. 98.61 feet; S. 27° 29' 04" W. 40.17 feet; N. 62° 17' 58" W. 24.26 feet; N. 59° 16' 34" W. 31.52 feet; N. 35° 40' 41" W. 269.86 feet; and N. 62° 54' 13" E. 55.88 feet to the point of beginning, and being the property which Lone Mountain Shores, LLC, conveyed to George L. Evans, III, by warranty deed, dated May 21, 1998, recorded in W/D Book 248, Pages 692—698, Register's Office of Claiborne County, Tennessee.

2. A Lot known as Lot No. 32 on an unrecorded survey labeled Lone Mountain Shores Phase II, dated 5/14/98, revised 5/27/98; and described as follows: BEGINNING at a point on the south side of Rockfish Point, then S. 46° 27' 30" E. 76.75 feet; S. 29° 50' 15" W. 25.61 feet; S.

20° 27' 52" W. 85.50 feet; S. 11° 18' 12" W. 54.74 feet; S. 31° 35' 54" E. 51.61 feet; N. 75° 06' 21" W. 168.60 feet; N. 27° 41' 48" E., 27.67 feet; N. 27° 41' 40" E. 12.82 feet; N. 28° 59' 35" E. 74.82 feet; N. 24° 52' 46" E. 67.76 feet; N. 30° 06' 19" E. 39.65 feet; N. 62° 19' 19" E. 32.26 feet to the point of beginning, containing 0.555 acres.

3. A Lot known as Lot 42 on an unrecorded survey labeled Lone Mountain Shores Phase II; and described as follows: BEGINNING at a point on the south side of Mallard Road, then S. 14° 21' 46" E. 98.87 feet; S. 2° 19' 19" E. 294.75

feet; S. 64° 52' 21" W. 37.03 feet; S. 46° 31' 14" W. 35.80
feet; S. 48° 46' 43" W. 43.36 feet; S. 79° 02' 07" W. 45.45
feet; N. 43° 49' 39" W. 38.64 feet; N. 84° 25' 14" W. 46.63
feet; N. 6° 04' 41" W. 31.94 feet; N. 8° 01' 54" E. 21.61
feet; N. 27° 40' 05" E. 44.52 feet; N. 19° 40' 05" E. 22.53
feet; N. 23° 31' 14" W. 237.07 feet; N. 65° 34' 33" E.
44.34 feet; N. 55° 54' 54" E. 50.25 feet; N. 51° 49' 19" E.
29'10 feet; N. 56° 06' 47" E. 20.53 feet; N. 73° 15' 50" E.
20.88 feet; N. 83° 09' 38" E. 57.19 feet; N. 69° 30' 04" E.
44.26 feet to the point of beginning, containing 2.014 acre)
BK 1059 PG 15

The property herein conveyed is a portion of the property which Lone Mountain Shores, LLC acquired by warranty deed, dated October 7, 1996, from Lone Mountain Development, LLC, recorded in Warranty Deed Deck 230, Pages 547—550, in the Register's office of Claiborne County, Tennessee.

Subject to all covenants, rights of way, easements, reservations, restrictions, conditions, exceptions, and limitations of record, including rights of ingress and egress for the maintenance of cemeteries, and especially as set out in Deed Book 89, Page 400, in the Register's Office of Claiborne County, Tennessee.

Subject to the Grant of the/Transmission Line Easement to the United States of America by deed dated September 30, 1970, recorded in Misc. Book 22, Page 168, in the Claiborne County Register's Office.

"Exhibit B"

STATE OF TENNESSEE

COUNTY OF CLAIBORNE

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR LONE MOUNTAIN SHORES is made this 8th day of February, 1999, by

Tennessee lone mountain shores, corp., a Tennessee Corporation
(hereinafter referred to as the "Declarant")

WITNES SETH:

WHEREAS, Declarant is the owner of Certain real property located in the County of Claiborne, State of Tennessee, containing 1101.439 acres, more or less; and

WHEREAS, Declarant has previously developed a tract of land of (206.4432) acres, known as; Lone Mountain Shores, Phase II and IIA as recorded in Plat Cabinet 3, Slide 70 and Plat Cabinet 3, Slide 142 and Plat Cabinet 3, Slide 154 and which the Declarant received title thereto by that Warranty Deed recorded in Warranty Deed Book 249, Page 354 and
Book 1555, Page 305
that Deed of Correction in Warranty Deed Book 250, Page 342, all in the Register of Deeds' Office of Claiborne County, Tennessee, and for which Restrictions on said property were recorded in Miscellaneous Book 54, Page 274; and

WHEREAS, Declarant intends to develop the property described in Exhibit A which is attached to this Declaration as a subdivision known as "LONE MOUNTAIN SHORES PHASE III" (hereinafter referred to as the property, which is more fully described in Exhibit "A" attached hereto and incorporated herein by reference)

WHEREAS, the original Restrictions on the (206.4432) acres, as

described in Miscellaneous Book 54, Page 274 contained a clause that provided that the Declarant may include additional properties in Lone Mountain Shores and Declarant reserved the right to make such

Declaration; and

WHEREAS, the said original Declaration of Covenants, Restrictions and Easements as described above were amended by that Declaration dated January 14, 1999 and recorded in Record Book 1003, Page 123; and

WHEREAS, it is the desire and the intent of the Declarant to subject that property of 1101.439 acres, more or less as described in Warranty Deed Book 250, Page 117 and Deed of Correction Book 250, Page 554 in the Register of Deeds' Office of Claiborne County, Tennessee, to the same Declaration of Covenants, Restrictions and Easements and the Amended Declaration of Covenants, Restrictions and Easements for Lone Mountain Shores as described above.

NOW, THEREFORE, Declarant hereby declares that the property which is described in Exhibit "A" and any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied and used subject to the Easements, Restrictions, Covenants, Charges, Liens and Conditions which are for the purpose of protecting the value and desirability of the property of the property, and which shall touch and concern and run with title to the property. Said Declaration of Covenants, Conditions, Restrictions and Easements and Amended Declaration of Covenants, Conditions, Restrictions and Easements for Lone Mountain Shores are attached to this Declaration as Exhibit "B" and "C" and are incorporated herein by reference. The Covenants and provisions hereof shall be binding on parties having any right, title or interest in the property or any portion thereof, and their respective heirs, successors, successors in title and assigns, and shall inure to the benefit of each owner thereof.

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores, Corp., hereinbefore known as Declarant, has hereinto caused these presents to be executed on this the 8th day of February, 1999.

TENNESSEE LONE MT. SHORES CORP.

BY

Michael T. Emmons, Vice president

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, as aforesaid, Michael T. Emmons, with whom I am personally acquainted, who proved to me by satisfactory evidence at identity, and who, upon oath acknowledged himself to be the Vice President for Tennessee Lone Mt. Shores, Corp., the within named bargainer, and that as such/ he has been authorized to execute the foregoing instrument on behalf of said corporation for the purposes therein contained, by signing the name of the corporation by himself as such Vice President.

WITNESS my hand and official seal at office this the 8th day of February, 1999.

My commission expires: Sept. 19, 2001 Book 1555 Page 306

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Situated in District No. Three (3) of Claiborne County, Tennessee, and more particularly described as follows:

All of that certain tract of land consisting of 1,101.49 Acres as shown on a Survey, dated August 28, 1998, by William L. Parsons, RLS # 1172, signed 12-3-98, entitled Lone Mountain Shores, for Tennessee Lone Mt. Shores Corp., and recorded in Plat Book 3, Page 156, in the Registers Office of Claiborne County, Tennessee.

This being the same property which Tennessee Lone Mt. Shores Corp. acquired by Deed of

Correction, dated August 26, 1998, between Lone Mountain Development, LLC, Red Creek Ranch, Inc. and Tennessee Lone Mt. Shores Corp., recorded in Warranty Deed Book 250, Pages 554-561, Registers Office of Claiborne County, Tennessee.

Also, conveyed and included are those Rights of Way described in Warranty Deed Book 250, Page 562; Warranty Deed Book 249 page 292; and Warranty Deed Book 250 page 550; and Warranty Deed Book 1001, Page 161.

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR LONE MOUNTAIN SHORES is made this the 18th day of October, 1999, by TENNESSEE LONE MOUNTAIN SHORES CORP., a Tennessee Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the County of Claiborne, State of Tennessee, containing 110 1.434 acres, more or less; and
WHEREAS, the Declarant has previously developed a tract of land of (206.4432) acres, known as Lone Mountain Shores, Phase II and IIA as recorded in Plat Cabinet 3, Slide 70 and Plat Cabinet 3, Slide 142, and Plat Cabinet 3, Slide 154 and which the Declarant received title thereto by that Warranty

Deed recorded in Warranty Deed Book 249, Page 354 and that Deed of Correction in Warranty Deed

Book 250, Page 542, all in the Register of Deeds' Office of Claiborne County, Tennessee, and for which

Restrictions on said property were recorded in Miscellaneous Book 54, Page 274; and

WHEREAS, the Declarant has developed a portion of the 1101.439 acres described herein into various phases known as Lone Mountain Shores, Phase III which is shown on Plat 3, Slide 167; Phase IIIA- Plat 3, Slide 180; Phase IIIB-Plat 3, Slide 187; and Phase IIIC-Plat 3, Slide 190. The Declaration of Restrictions for the entire 1101.439 acres and the various phases of Phase III were recorded in Record Book 1005, Pages 633-654; and

WHEREAS, the original restrictions as described in Miscellaneous Book 54, Page 274 contained a clause that provided that the Declarant may include additional properties in Lone Mountain Shores as subject to the covenants, conditions, restrictions, and easements as described therein and the Declarant reserved the right to make such declaration; and

WHEREAS, the said original Declaration of Covenants, Restrictions, Conditions, and Easements as described above were amended by that Declaration dated 1999, and recorded in Record Book 1003, Page 123; and

State of Tennessee, Court of UJIBORRt frmdie datecWath' 84a of
Book 1555 Page 307

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WHEREAS, it is the desire and the intent of the Declarant to reaffirm and declare that all the Lots which shall be subject to Phase V and any subsequent further subdivisions included as part of Phase V and which is a portion of the 1101.439 acres, more or less as described in Warranty Deed Book

250, Page 117, and Deed of Correction Book 250, Page 554, in the Register of Deeds' Office of Claiborne County, Tennessee, to the same Declaration of Covenants, Conditions, Restrictions, and

Easements and the amended Declaration of Covenants, Conditions, Restrictions, and Easements for

Lone Mountain Shores as described above.

NOW, THEREFORE, Declarant hereby declares that the property which is known as Phase V and any subsequent divisions which may be a part of Phase V or any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the Easements, Restrictions, Covenants, Charges, Liens, and Conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with the title to the property. Said Declaration of Covenants, Conditions, Restrictions, and Easements and Amended Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores are attached to this Declaration as Exhibit "A" and "B" and are incorporated herein by reference. The declaration for the 1101.439 acres as described above is also attached to the document as Exhibit "C". The Covenants and provisions shall be binding on parties having any right, title or interest in the property or any portion thereof, and the respective heirs, successors, successors in title and assigns and shall inure to the benefit of each owner thereof.

Furthermore, the first portion of Phase V is recorded in Plat Cabinet Slide _____

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores, Corp., hereinbefore known as Declarant, has hereinto caused these presents to be executed on this the 18th day of October, 1999.

TENNESSEE LONE MT. SHORES CORP.

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath acknowledged himself to be the Vice President of the Tennessee Lone Mt. Shores Corp., the within named bargainer, a corporation, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for purposes therein contained, by signing the name of the corporation by himself as Vice President.

Witness my hand and official seal, at office Tazewell, TN, this the 18th day of October, 1999.

My commission expires: Sept. 19, 2001

EXHIBIT "D"

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

AMENDED DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS, AND EASEMENTS FOR LONE MOUNTAIN SHORES

THIS AMENDED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR LONE MOUNTAIN SHORES is made this the 18th day of October 1999, by

TENNESSEE LONE MT. SHORES

CORP., a Tennessee Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant executed and recorded a Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores and which was recorded in Plat Book 3, Page

142, and Miscellaneous Book 54, Page 274, in the Register of Deed's Office of Claiborne County, Tennessee. Said Declaration referred to a parcel, of land containing 260.443 acres, by survey of William

L. Parsons. Subsequently, said tract of land was subdivided into Phase II and Phase hA of Lone Mountain Shores. Phase II subdivision was shown on Plat 3, Slide 142 and was known as Lots 24-63.

Phase hA was subdivided into Lots 64-92 and was shown on Plat 3, Slide 154.

WHEREAS, Article XI and section 11,02(b) provided that the Declarant may materially amend the Covenants contained therein.

Furthermore, Declarant reserved the right to include additional properties in Lone Mountain Shores and to impose the same Covenants, Conditions, Restrictions, and Easements against the additional property.

Thereafter, Tennessee Lone Mt. Shores Corp., purchased 1,101.49 acres as shown by William L. Parsons which was contiguous to the previously described property.

Thereafter, Tennessee Lone Mt. Shores Corp., as Declarant executed a Declaration of Covenants, Conditions, Restrictions, and Easements for the 1,101.49 acres as described above. Said property has been divided previously into Phase III as recorded in Plat 3, Slide 167 for Lots 93-127;

Phase hIA as shown on Plat 3, Slide 180 into Lots 128-162; Phase IIIB as shown on Plat 3, Slide 187 for Lots 163- 191A; Phase IIIC as shown on Plat 3, Slide 190 for Lots 226-23 1 and Phase V as shown on Plat 3, Slide

192 for Lots 299-335. The protective and restrictive covenants described in this paragraph are recorded in Record Book 1005, Page 63 3-654 and again in Record Book 1024, Page 500-524.

It is the desire and intent of the Declarant as reserved in the original Declaration of Covenants, Conditions, Restrictions, and Easements to amend Article VI section 6.01 and 6.02. Specifically, section

6.01 provides for minimum residential size restrictions for Lots 24-63 of Lone Mountain Shores, Phase

II and section 6.02 provides for minimum residential size restrictions for all interior Lots which are not

Lots 24-6 3 of Lone Mountain Shores, Phase II.

The Declarant amends the restrictions to make it clear that the restrictions described in section 6.01 shall apply to all lake front parcels which are contained in Phase II, III, and Phase V.

Furthermore, said restrictions shall apply to any future development of Lone Mountain Shores of lakefront parcels. It is intended by these restrictions that all lakefront parcels in any Phase of development of Lone Mountain Shores shall be subject to the restrictions contained in Article VI, Section 6.01.

Furthermore, Article VI, Section 6.02 is amended to include all Lots of Lone Mountain Shores which are not lakefront parcels. As of the execution of this amendment to restrictions said Lots include Lots 64-92 of Phase hA; Lots 93-127 of Phase III; Lots 128-162 of Phase hIA; Lots 163-191A of Phase IIIB; Lots 226-23 1 of Phase IIIC. Furthermore, it is the intent of the Declarant that all future phases and developments within Lone Mountain Shores of Lots which are not lakefront Lots shall be subject to the same minimum residential size restrictions as shown in Article VI, Section 6.02.

Furthermore, in the event any other provision of the original Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores is unclear or vague as to the intent to restrict all Phases of Lone Mountain Shores, it is hereby declared by the Declarant that

it is the intent that all phases of Lone Mountain Shores are subject to all of the same Conditions and Restrictions as described therein.

Furthermore, any and all amendments to the original Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores shall also apply to all phases of the Lone Mountain Shores development.

IN WITNESS WHEREOF, the said Tennessee Lone Mt. Shores Corp., herein before known as Declarant, has hereunto caused these presents to be executed on this the 18th day of October, 1999.

TENNESSEE LONE MT. SHORES CORP.

MIC AEL T. MONS, VICE PRESIDENT

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath acknowledged himself to be the Vice President of Tennessee Lone Mt. Shores Corp., the within named bargainer, a corporation, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for purposes therein contained, by signing the name of the corporation by himself as Vice President.

Witness my hand and official seal, at office in Tazewell, Tennessee, this the 18th day of October, 1999.

My commission expires: Sept. 19, 2001

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PHASE IV

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND

EASEMENTS FOR LONE MOUNTAIN SHORES is made this the 27th day of

November, 1999, by TENNESSEE LONE Mountain SHORES CORP., a Tennessee Corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in the County of Claiborne, State of Tennessee, containing 1101.439 acres, more or less; and WHEREAS, as the Declarant has previously developed a tract of land of (206.4432) acres, known as Lone Mountain Shores, Phase II and IIA as recorded in Plat Cabinet 3, Slide 70 and Plat

Cabinet 3, Slide 142, and Plat Cabinet 3, Slide 154 and which the Declarant received title thereto by the Warranty Deed recorded in Warranty Deed Book 249, Page 354 and the Deed of Correction in Warranty Deed Book 250, Page 542, all in the Register of Deeds office of Claiborne County, Tennessee, and for which Restrictions on said property were recorded in Miscellaneous Book 54, Page 274; and

WHEREAS, the Declarant has developed a portion of the 110 1.439 acres described herein into various phases known as Lone Mountain Shores, Phase III which is shown on plat 3, Slide 167; Phase IIIA-Plat 3, Slide 150; Phase IIIB-Plat 3, Slide 187; and Phase IIIC-Plat 3, Slide 190. The Declaration of Restrictions for the entire 1101.439 acres and the various phases of Phase III were recorded in Record Book 1005, Pages 633-654; and

WHEREAS, the Declarant has also developed a portion of the 110 1.439 acres into a Phase known as Lone Mountain Shores, Phase V which is shown on Plat 3, Slide 192. The Declaration of Restrictions for Phase V was recorded in Record Book 1024, Pages 500-524; and

WHEREAS, the original restrictions as described in Miscellaneous Book 54, Page 274 contained a clause that provided that the Declarant may include additional properties in Lone Mountain Shores as subject to the covenants, conditions, restrictions, and easements as described therein and the Declarant reserved the right to make such declaration; and

WHEREAS, the said original Declaration of Covenants, Restrictions, Conditions, and Easements as described above were amended by that Declaration dated January 14, 1999, and recorded in Record Book 1003, Page 123; and

WHEREAS, the said original Declaration of Covenants, Restrictions, Conditions, and Easements as described above were also amended by an Amended Declaration dated October 18, 1999, and recorded in Record Book 1024, Page 609; and

WHEREAS, it is the desire and the intent of the Declarant to reaffirm and declare that all the Lots which shall be subject to Phase IV and any subsequent further subdivisions included as part of Phase IV and which is a portion of the 1101.439 acres more or less as described in Warranty Deed Book 250, Page 117, and Deed of Correction Book 250, Page 554, in the Register of Deeds' Office of Claiborne County, Tennessee, to the same Declaration of Covenants, Conditions, Restrictions, and Easements and the amended declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores as described above. NOW, THEREFORE, Declarant hereby declares that the property which is known as Phase IV and any subsequent divisions which may be a part of Phase IV or any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the Easements, Restrictions, Covenants, Charges, Liens, and Conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with the title to the property, Said Declaration of Covenants, Conditions, Restrictions, and Easements and Amended Declaration of Covenants, Conditions, Restrictions, and Easements for Lone Mountain Shores are attached to this Declaration as Exhibit "A" and "B" and are incorporated herein by reference. The declaration for the 110 1.439 acres as described above is also attached to the document as Exhibit "C". The amended declarations as described above is attached as Exhibit "D". The Covenants, Conditions, Restrictions, and Easements shall be binding on parties having any right, title or interest in the property or any portion thereof, and the respective heirs, successors, successors and title, and assigns and shall inure to the benefit of each owner thereof.

Furthermore, the Plat for Phase IV is recorded in Plat Cabinet 3, Slide 202. in WITNESS WHEREOF, the said Tennessee Lone Mt. Shores Corp., hereinbefore known as Declarant, has hereinto caused these presents to be executed on this the 27th day of November, 1999.

TENNESSEE LONE MT. SHORES CORP.

BY: 7

Vice President

BK 1027 PG 619

BK 1059 PG 31

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath acknowledged himself to be the Vice President of the Tennessee Lone Mt. Shores Corp., the within named bargainer, a corporation, and that he such Vice President, being authorized so to do, executed the foregoing instrument for purposes therein contained, by signing the name of the corporation by himself as Vice President. Witness my hand and official seal, at office in Tazewell, TN, this the 27th day of

November, 1999

My commission expires: Sept. 19, 2001

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This Instrument Prepared By: ESTEP & ESTEP

Attorneys-At-Law

P.O. Box 770

Tazewell, Tennessee 37879

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, and EASEMENTS FOR TENNESSEE LONE MT. SHORES CORP. TO INCLUDE PROPERTY OWNED BY TN EMMONS, LLC AS PART OF THE SUBDIVISION KNOWN AS LONE MOUNTAIN SHORES SUBDIVISION

Comes Tennessee Lone Mt. Shores Corp., a Tennessee Corporation, party of the first part and TN Emmons, LLC, a Delaware Limited Liability Company hereinafter known as party of the second part.

Book 1555 Page 312

WITNES SETH

WHEREAS, TN Emmons, LLC, a Delaware Limited Liability Company is the owner of a tract of land being 995.196 acres which is adjacent to and contiguous to property owned by Tennessee Lone Mt. Shores Corporation;

WHEREAS, it is the intention of the two separate entities to develop TN Emmons, LLC property as part of the Lone Mt. Shores Subdivision pursuant to an overall development plan which has been initiated by Tennessee Lone Mt. Shores Corporation through the development of property owned by Tennessee Lone Mt. Shores Corporation and is described in Warranty Deed Book 250, Page 542, and Warranty Deed Book 250, Page 554.

WHEREAS, TN Emmons, LLC has purchased adjacent and contiguous property as described in Record Book 1050, Page 204 and it is the intent of both entities to combine its efforts to develop the property owned by TN Emmons, LLC which is owned by primarily the same principals, entities and persons all having the same intention of development with the same covenants, conditions, restrictions, and easements as set forth in the property owned by Tennessee Lone Mt. Shores Corporation:

WHEREAS, Tennessee Lone Mt. Shores Corporation in the original restrictions as recorded in Misc. Book 54, Page 274-289 in the Register Deed's Office of Claiborne County, Tennessee included the following clause:

"WHEREAS, additional property may be included in Lone Mt. Shores in the future and Declarant wishes to reserve the right to subject other properties into Lone Mt. Shores by way of future amendments of this Declaration and accordance with provision contained herein."

WHEREAS, the intention of Tennessee Lone Mt. Shores Corporation, pursuant to an agreement with TN Emmons, LLC, to include within the Lone Mt. Shores Subdivision the above described property as additional phases of Lone Mt. Shores Subdivision and to impose the same covenants, restrictions, conditions, and easements as set forth in the original restrictions which has been described above.

NOW, THEREFORE, the Declarant, Tennessee Lone Mt. Shores Corporation and Declarant TN Emmons, LLC hereby declare that the property which is described in EXHIBIT "A" and any property hereafter made subject hereto as hereinafter provided shall be held, transferred, sold, conveyed, leased, occupied, and used subject to the following easements, restrictions, covenants, charges, liens, and conditions which are for the purpose of protecting the value and desirability of the property, and which shall touch and concern and run with title to the property. The covenant and all provisions hereof shall be binding on all property owners having any right title, or interest in the property or any portion thereof, and their respective heirs, successors, successors in title and assigns, and shall inure to the benefit of each owner thereof. A copy of said covenants, conditions, restrictions, and easements are attached to this document and are incorporated herein as if copy verbatim and shall apply to the development of the property by TN Emmons, LLC.

In witness whereof, the said Tennessee Lone Mt. Shores Corporation and TN Emmons, LLC have hereunto caused this agreement to be executed on this 1st day of March, 2001.

TENNESSEE LONE MT. SHORES CORP.

DY: _____

Micha T. Emmons, Vice-President

TN EMMONS, LLC

A Delaware Limited Liability Company

BY: ~~Micha T. Emmons~~

Michael T. Emmons,

Authorized Agent BK

1059 PG 34

Book 1555 Page 313

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath, acknowledge himself to be the Vice-President of Tennessee Lone Mt. Shores Corp., the within named bargainer, and that he as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein

contained, by signing the name of Tennessee Lone Mt. Shores Corp., by himself as Vice-President.

Witness my hand and official seal on this the 1st day of March, 2001

My Commission Expires: Sept. 19, 2001

STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Before me, the undersigned authority, personally appeared Michael T. Emmons, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the authorized agent of TN Emmons, LLC, a Delaware Limited Liability Company, the within named bargainer, and that he as such authorized agent, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of TN Emmons, LLC, by himself as authorized agent.

Witness my hand and official seal on this the Vi day of March, 2001.

My Commission Expires: Sept. 19, 2001

Notary PUL

Notary

"EXHIBIT A"

Situated in District No. Three (3) of Claiborne County, Tennessee, and more particularly described as follows:

TRACT NO. 7030:

TVA TRACT NO. XNR-836

All that certain tract or parcel of land situated in the Third (3rd) Civil District of Claiborne County, Tennessee, containing 983 acres, more or less, and being the identical land conveyed unto East Highlands Company by deed from the United States of America, acting by and through its legal agent, the Tennessee Valley Authority, dated March 18, 1959, and recorded in Deed Book 89, Vol. 3, Pages 397-400, in the records of said County, to which reference is made for a complete description of said land. Said property is subject to such rights as may be vested in third parties in a private cemetery; such stock watering rights as may be vested in third parties; such mineral rights as may be outstanding in third parties; and such rights as may be vested in third parties in oil & gas leases on those portions of the tract acquired by Charles B.F. Davis, et ux, under tract designated MR-1628 in the deed recorded in Deed Book 89, Pages 397-400. Said property is subject to reservations, restrictions, covenants, exceptions, and limitations contained in the Deed from United States of America to East Highlands Company dated March 18, 1959, of record in Deed Book 89, Vol. 3, Page 397-400, all in the Claiborne

County Register's Office; and to the Grant of the Transmission Line Easement to the United States of America by deed dated September 30, 1970, in Misc.

Book 22, Page 168, Register's Office of Claiborne County, Tennessee.

PORTION OF TRACT NO. 7031 (TVA TRACT NO. XNR-837);

Previously by warranty deed, dated August 12, 1998, and recorded in Warranty Deed Book 250, Pages 117-123, Register's Office of Claiborne County, Tennessee, and by Deed of Correction, dated August 26, 1998, recorded in Warranty Deed Book 250, Pages 554-561., Register's Office of Claiborne County, Tennessee, Lone Mountain Development, LLC, conveyed Tract No. 7031 to Tennessee Lone Mt. Shores Corp. The description in said Deed contained a clause as follows: "The grantor is conveying all property in Tract No. 7031 (TVA Tract No. XNR-837) located to the east of said line." By this deed, Lone Mountain Development, LLC, convey any portion of Tract 7031 which may have been retained in said previous Deeds.

"EXHIBIT A"

Tract 7031 is subject to burial rights and rights of ingress and egress as may be vested in third parties in cemeteries.

There is also granted herewith the right of ingress and egress from the waters of Norris Lake over and upon the adjoining land lying between the 1044 contour elevation and the waters of the Lake. Tract 7031 is subject to reservations, restrictions, covenants, conditions, exceptions, and limitations contained in the Deeds from United States of America to East Highlands Company dated March 18, 1959, of record in Deed Book 89, Pages 400-403, Register's Office of Claiborne County, Tennessee; and to the grant of the transmission line easement to the United States of America by deed, dated September 30, 1970, recorded in Misc. Book 22, Page 168, in The Claiborne County Register's Office.

Tract 7031 is also conveyed subject to the following, if applicable: 1. The reservations of mineral rights contained in the deed from Hugh D. Coupland to William Lewis and James Loop dated August 14, 1895, recorded in Deed Book 2, Vol. 3, page 261, in the Claiborne County Register's Office. 2. Such rights as may be vested in third parties in a private cemetery on TVA Tract No. NR2440. 3. Stock watering rights and right-of-way for such purpose reserved in the deed from F. T. Mumcey to P.M. Mumcey dated February 23, 1923, of record in Deed Book 54, Vol. 3, Page 57, in the Claiborne County Register's Office.

RIGHT OF WAY: Lone Mountain Development, LLC does further convey any and all Rights-of-Ways and/or Easements retained by Lone Mountain Development, LLC, which burdened Tract 7029 and 7031 and which benefited Tract 7030.

SURVEYED DESCRIPTION: The property being conveyed herein is more particularly shown on surveyed plat prepared by Parsons Engineering & Associates, William L. Parsons, R.L.S. No. 1172, dated September 29, 2000, and identified as Drawing # LAKE4, and showing 995.196 Acres, and recorded in Plat Cabinet 3 Page 251

Register's Office of Claiborne County, Tennessee.

Reference is made to Correction Quit Claim Deed, dated July 24, 1995, from Norris Lake Development, Inc., to Lone Mountain Development, LLC, recorded in Warranty Deed Book 231, Page 213, Register's Office of Claiborne County, Tennessee. Also, see deed recorded in Warranty Deed Book 230, Page 13, in said Register's Office.

IN WITNESS WHEREOF, the said Lone Mountain Shores Owners Association, Inc.
hereinbefore known as Declarant, has hereunto caused these presents to be executed on this 25th day of
September, 2020.

LONE MOUNTAIN SHORES OWNERS
ASSOCIATION, INC.

BY:

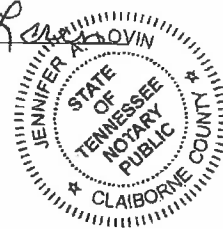
Robert D. Felt
Ronda Ann Ellis

STATE OF TENNESSEE:
COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County
and State, as aforesaid, Ronda Ann Ellis and Paul Richard Schmitz
wish whom I am personally acquainted, who proved to me by satisfactory evidence of identity and who,
upon oath, acknowledge himself/herself to be the Secretary and President for
Lone Mountain Shores Owners Association, Inc., the within named bargainer, and that as such, he/she has
been authorized to execute for foregoing instrument on behalf of said corporation for the purposes therein
contained, by signing the name of the corporation by himself/herself as such Secretary,
and President.

WITNESS my hand and official seal at office this 25th day of September, 2020.

Jennifer A. Lovin



By signing below the duly elected representative(s) of Lone Mountain Shores Owners Association, Inc., affirm that the Material Changes to this document were approved by unanimous vote of the Board and affirmative vote of the Owners per Article XI of the Covenants.

LONE MOUNTAIN SHORES OWNERS ASSOCIATION

BY: *Linda Ann Ellis*
Secretary

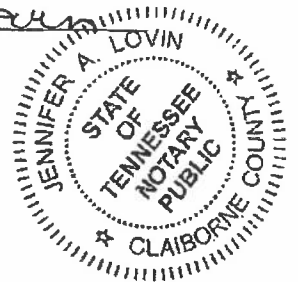
STATE OF TENNESSEE:

COUNTY OF CLAIBORNE:

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, as aforesaid, *Linda Ann Ellis* with whom I am personally acquainted, who proved to me by satisfactory evidence of identity and who, upon oath, acknowledge himself/herself to be the *Secretary* for Lone Mountain Shores Owners Association, Inc., the within named bargainer, and that as such, he/she has been authorized to execute for foregoing instrument on behalf of said corporation for the purposes therein contained, by signing the name of the corporation by himself/herself as such *Secretary* and _____.

WITNESS my hand and official seal at office this *25th* day of *September* 2020.

Jennifer A. Lovin



IN THE CHANCERY COURT FOR CLAIBORNE COUNTY, TENNESSEE

**LONE MOUNTAIN SHORES OWNER'S
ASSOCIATION, INC., a Tennessee non-profit
corporation,**

Plaintiff

v.

**THE ELIZABETH LYNN WEBB REVOCABLE
TRUST, a/k/a BESTFREAKINGGOLF-LAKE TRIP.com,
a/k/a "BEST FREAKING GOLF-LAKE TRIP,"
4262 Walton Creek Road
Cincinnati, OH 45243;**

**DAVID ARTHUR HAVLOVIC, individually, and
d/b/a BESTFREAKINGGOLF-LAKE TRIP.com, a/k/a
"BEST FREAKING GOLF-LAKE TRIP,"
629 Wildcat Hollow Road
New Tazewell, TN 37825; and**

**BFGLT, LLC, a Tennessee limited liability company,
d/b/a BESTFREAKINGGOLF-LAKE TRIP.com, a/k/a
"BEST FREAKING GOLF-LAKE TRIP,"
C/O David Arthur Havlovic, Registered Agent,
629 Wildcat Hollow Road
New Tazewell, TN 37825,**

Defendants.

SWORN COMPLAINT FOR INJUNCTIVE RELIEF

The Plaintiff, Lone Mountain Shores Owner's Association, Inc., brings this cause of action seeking a permanent injunction against the Defendants' use of property in violation of the applicable restrictive covenants, for an injunction to remove or conform a structure constructed in violation of the restrictive covenants, and for other relief. As grounds for the relief sought herein, the Plaintiff alleges as follows:

1. The Plaintiff, Lone Mountain Shores Owner's Association, Inc., P.O. Box 719 New Tazewell, TN 37824, is a Tennessee non-profit corporation, charged with the duties and

No.:

18369

FILED
THIS 10 DAY OF Nov. 20 14
AT 10:20 AM PM
Frances Cardwell, C & M



obligations, including enforcement, of the restrictive covenants governing the residential subdivision located in Claiborne County, Tennessee, known as Lone Mountain Shores.

2. Defendant Elizabeth Lynn Webb Revocable Trust (referred to herein as the "Trust"), according to the public record of the Claiborne County Register of Deeds, is the record owner of Lot 823 in Lone Mountain Shores Subdivision, and, via the Tennessee Secretary of State, may be served with process at 4262 Walton Creed Road, Cincinnati, OH 45243.

3. Defendant David Arthur Havlovic ("Havlovic"), upon information and belief, is the innkeeper or manager of a commercial enterprise known as "BestFreakingGolf-LakeTrip.com" a/k/a "Best Freaking Golf-Lake Trip"; and he may be served with process at 629 Wildcat Hollow Road, New Tazewell, TN 37825.

4. Defendant BFGLT, LLC ("BFGLT"), according to the records of the Tennessee Secretary of State, is an administratively-dissolved Tennessee limited liability company, and may be served through its registered agent David Arthur Havlovic, 629 Wildcat Hollow Road, New Tazewell, TN 37825.

5. Upon information and belief, BFGLT is an alter-ego of Havlovic and/or the Trust, and these Defendants are doing business as "BestFreakingGolf-LakeTrip.com" a/k/a "Best Freaking Golf-Lake Trip."

6. This action is for the enforcement of the restrictive covenants generally applicable to real estate located within the Lone Mountain Shores Subdivision in Claiborne County, Tennessee, and specifically to halt the use of said Lone Mountain Shores Lot 823 in Claiborne County, Tennessee, by Defendants or others in violation of the applicable restrictive covenants,

and to force the removal or remediation of a structure constructed thereon by or for Defendants in violation of the applicable restrictive covenants.

7. Plaintiff is the successor to the Declarant of the DECLARATION OF COVENANTS, CONDITIONS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR LONE MOUNTAIN SHORES, as amended, and as such, brings this action to enforce said restrictive covenants.

8. In connection with the development of the Lone Mountain Shores subdivision in Claiborne County, Tennessee, the developer caused certain restrictive covenants to be recorded in Misc. Book 54, Page 274, in the Register's Office for Claiborne County, Tennessee. Said restrictive covenants were amended from time to time by various amendments for clarity and to include all of the various phases of development, all of which amendments were duly recorded in the Register's Office for Claiborne County, Tennessee. Attached hereto as **Exhibit One** is a copy of the amended Restrictive Covenants that are recorded in Book 1059, pages 728-764, and which are applicable to Lot 823 in Lone Mountain Shores Subdivision. These Restrictive Covenants include a copy of the original covenants recorded in Misc. Book 54, Page 274.

9. Among other things, the said Restrictive Covenants applicable to Lot 823 provide in pertinent part as follows:

Section 6.03. Residential Use Only. The lots shall be used for single family residential purposes only, and no commercial use shall be permitted. This restriction shall not be construed to prevent rental of any dwelling for private residential purposes or to prevent an individual lot owner from conducting home occupations in the dwelling, which occupation is subordinate to the primary residential use and occupies not greater than twenty (20%) percent of the dwelling's floor area or employees not more than two (2) persons.

[Exhibit One: Deed Book 1059, at Page 749].

10. The Restrictive Covenants prohibit nuisances, which are defined in Section 6.19 as to include annoyances in the neighborhood:

Section 6.19 Nuisances. No Noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood

[Book 1059, at Page 740 (originally recorded in Misc. Book 54, p. 281)].

11. Section 10.10 of the Restrictive Covenants further provides:

Section 10.01 Violations Deemed a Nuisance. Every violation of these covenants or any other of the Lone Mountain Shores Documents is deemed to be a nuisance and is subject to all the remedies provided for the abatement of the violation. In addition, all public and private remedies allowed by law or in equity against anyone in violation of these Covenants shall be available.

[Book 1059, at Page 744 (originally recorded in Misc. Book 54, p. 285)].

12. The Restrictive Covenants further require under Article 7 that any plans for construction or remodeling be approved by an Architectural Review Committee, ("ARC").

Specifically, the Restrictive Covenants provide:

Section 7.02.2 No improvements on the Property shall be erected, placed or altered on any Lot, Building Site nor shall any construction be commenced until plans for such improvements shall have been approved by the ARC; provided, however, that improvements and alterations which are completely within a building may be undertaken without such approval."

[Exhibit One: Deed Book 1059, at Page 742 (originally recorded Misc. Book 54, p. 283)].

13. Pursuant to Sections 10.02-10.04 of the Restrictive Covenants, all owners and occupants of the Lots are required to comply with the Restrictive Covenants, and the Plaintiff may pursue injunctive and other relief to enforce the same with the offending Lot owners being responsible for all costs of such actions. Section 10.04 grants to Plaintiff the right to "on behalf of the owners, the right to enter upon the offending premises or take appropriate peaceful action to abate, remove, modify, or replace at the expense of the offending Owner, any structure, thing

or condition that may exist therein contrary to the interest and meaning of the Lone Mountain Shores Documents.

14. As shown by the Public Record in the Claiborne County Register's Office, the developer subdivided larger tracts of land and recorded various plats depicting, describing, and restricting individual lots; Lot 823 is shown, described, and restricted by the plat on file in the Claiborne County Register's Office in Plat Cabinet 3, Slide 299.

15. Section 11.01 of the Restrictive covenants provides that the covenants "shall inure to the benefit of and shall be enforceable by the Association." That "Association" is the Plaintiff.

16. As shown by the Public Record in the Claiborne County Register's Office, the Defendant Trust acquired Lot 823 in Lone Mountain Shores Subdivision by deed dated August 19, 2008 and recorded in Deed Book 1270, Page 629 in the Register's Office for Claiborne County, Tennessee. At the time the Defendant Trust acquired this Lot 823, the applicable Restrictive Covenants were duly recorded, applicable the Lot and owner of the Lot and as a result, the Trust is duly bound by the terms and conditions of said Restrictive Covenants.

17. Defendant Trust's warranty deed recorded in Deed Book 1270, Page 629, expressly provides that:

Said property is sold subject to the Declaration of Covenants, Conditions, Restrictions and Easements duly recorded on said Plat and in Record Book 1059, Page 728, in the Register's Office of Claiborne County, Tennessee.

A copy of said recorded warranty deed is attached as **Exhibit Two** hereto.

18. At some point after Defendant Trust acquired Lot 823, Defendants began operating Lot 823 as a commercial resort.

19. In furtherance of their commercial enterprise, Defendants cause or permit to be maintained a commercial internet website, www.BestFreakingGolf-LakeTrip.com, promoting its commercial resort operation of Lot 823 as:

The unparalleled lake-golf experience / vacation offering we provide is like no other, basically a total lake vacation turn key, including all the all the super cool lake toys! Whether a family reunion trip, special anniversary, birthday or other, our offering has something for everyone including all ages! We are extremely dedicated and very committed to providing the ultimate lake vacation experience to all of our guests!

* * *

OUR GOLDEN RULE: To treat our guests just as we would like to be treated ourselves! We enjoy spoiling our guests by handling nearly all of the non fun tedious work responsibilities & details that are involved when participating in a lake trip vacation. In turn this of course allows you and your friends/family to spend their precious well deserved vacation time doing just that, VACATIONING!

* * *

Since our team handles 100% of all cooking & clean up duties, why not also have our team take care of your group's entire grocery shop before your party arrives here in Tennessee? We do not charge extra for this service nor do we mark any grocery items up, all receipts are provided and given to your group's designated leader shortly after arriving.

* * *

In the case of an injury or any situation requiring medical attention a staff member will need to be notified immediately! Due to the remote location of the lakefront home (depending on the extent or type of medical situation) it may be more efficient for a staff member to initially treat and or get the person in need to the hospital / Emergency Room than it would be to wait on an ambulance. We keep a fully charged defibrillator on hand which our guests are taught how to operate and use this life saving device properly during their orientation. An emergency vehicle (complete with lights, siren, first aid kits, and supplies) is also kept on site, fueled and ready! Our staff has extensive training regarding emergency situations!

* * *

Our friendly and unique meal plan eliminates all food responsibilities from our guests, so much so that they won't even have to haul a single cooler! Our meal plan also assures your party will not be over buying, under buying or forgetting something regarding the food/grocery items.

[Source: www.BestFreakingGolf-LakeTrip.com (October 8, 2014)]

20. Defendants' same website posts a testimonial describing the resort services offered on Lot 823 by Defendants:

When our 5 families set out on our lake trip with BFGLT, the idea/plan being that our group didn't need to pre shop for our meals in our home state or Tennessee, then not having to haul them to our destination combined with not having to cook or clean a single dish for our entire stay, really just seemed just too good to be true! This was one of those things we had to see/experience for ourselves to actually believe!

Now that our trip with BFGLT is complete, I can say first hand that their lake packages are everything advertised, truly incredible, they delivered big time! Not only did the staff make us feel welcome but they also provided top notch service when it came to all of our needs which obviously included the meals! From the pre-shopping to the preparation to the clean up... and here's the kicker, the food was plentiful, delicious & AMAZING, nothing wasted either!

[Source: www.BestFreakingGolf-LakeTrip.com (October 8, 2014)]

21. Another testimonial posted by or for Defendants on their website touts Defendant's resort use of Lot 823:

Speaking of the website, it mentions that a 4 day stay at your lake home is like 7 day stay on a typical vacation, you guys do all of the work and your guests have all of the fun... Boy isn't that the truth... we were able to truly relax and did not have to worry about the food from shopping, packing it, preparing it and cleaning up afterwards. Between breakfast, lunch and dinner, this adds up to a huge chunk of valuable relaxation time. Also, not having to worry about the whole boat rental ordeal from getting the boats and then returning them also was a blessing. You and your staff did not want any guest to "work" and this was evident when we arrived and your staff even lugged in all the suitcases and liquor (lots and lots of it) and loaded all the beer in the coolers even. This was totally unexpected, but very welcomed.

Your company is doing it so right, seriously, you guys and your offering is so over the top awesome in every way! Our experience in the past regarding lake trips & lake rentals; we (meaning our family & group) were nearly spending what your company charges but we had to do all the work, all the pre food shopping, the cooler hauling, the cooking, cleaning, laundry, not to mention the ridiculous lake toy rental fees, requirements & arrangements, etc... I can't mention this enough, your company / offering removes all the chores / work involved in a lake vacation.

[Source: www.BestFreakingGolf-LakeTrip.com (October 8, 2014)]

22. Yet another testimonial posted by or for Defendants on their website described Defendant's resort use of Lot 823:

The firework show was impressive to say the least! IT is WELL worth the money and quite a treat for young and old. There aren't many times you can say you had your own private fireworks display while floating on a boat after sunset. As I mentioned before, the meals were fantastic. Both you and Jimmy made arrangements to accommodate our schedule (lunch could be made for on the boat or when we returned-dinner could be ready when we got home or after a nap with the kids). What really added to the already fantastic meals were the added touches...the perfect desserts and special treats shipped from Cincy. My kids still remind me that the lake house had the BEST ice cream ever! All of the activities at the lake house are geared toward a family just relaxing and enjoying the time they are there. The tubes are inflated and ready for tubing behind the gassed up and ready to go boat. The fishing "stuff" (that's a technical word for those of us that have no idea how to fish) is ready for the kids and adults to catch a few fish. The bonfires were made for us each night...basically anything and everything that you can think that is a "chore" on a lake vacation is taken away. We honestly showed up and stared to have fun right away!

[Source: www.BestFreakingGolf-LakeTrip.com (October 8, 2014)]

23. Defendants' commercial resort is neither a mere "rental of any dwelling for private residential purposes," nor is it simply an "an individual lot owner . . . conducting home occupations in the dwelling, which occupation is subordinate to the primary residential use." Thus, Defendants' resort operation is not permissible under Section 6.03 or any other provision of the Restrictive Covenants.

24. The Defendants' provision of hotel-like "All-inclusive services" offered by Defendants, especially in conjunction with the provision of overnight lodging on a per-person rate basis, is a prohibited "commercial" use—not a "single family residential" use; and Defendants' use.

25. The Defendants' operation of Lot 823 as a full-service resort does not fall within the permissible "home occupation" use, which must be "subordinate to the primary residential use," as provided by Section 6.03 of the applicable Restrictions.

26. Plaintiff has received numerous complaints from neighbors and other members of the Plaintiff association regarding the Defendants' commercial enterprise on Lot 823, including reports of annoying, obnoxious, and dangerous activities by Defendants' employees, agents, staff, and/or customers, including the playing of loud outdoor music late at night, unnecessary vehicle horn-honking, harassment by boaters from Lot 823, persons going armed with automatic weapons and threatening and intimidating neighbors, open bonfires during dry periods, and reckless use of fireworks.

27. In addition, the Defendant Trust applied for and received approval from the Plaintiff's Architectural Review Committee (ARC) of certain construction plans for a garage appurtenant to the house on Lot 823; but, the Defendant Trust instead of constructing as approved, Defendant Trust caused to be constructed, in addition to a garage, an unapproved employee housing apartment.

28. Notwithstanding repeated efforts to secure the Defendant Trust's compliance with the garage plans that were approved by the ARC, and Plaintiff's notice to the Defendant Trust of the unapproved garage apartment structure in violation of the Restrictive Covenants, the Defendant Trust has failed and refused to conform the structure to the approved plans.

29. In addition, despite notice by Plaintiff to the Defendant Trust, the Defendants have continued to use the garage apartment structure as employee housing in furtherance of Defendants' commercial resort use of Lot 823.

30. Defendants' prohibited activities have continued notwithstanding frequent and repeated attempts by the Plaintiff to secure Defendants' compliance with the Restrictive Covenants. But, after repeated notice by the Plaintiff to the Defendant Trust, the Defendant Trust has failed or refused to cease the commercial resort use of Lot 823.

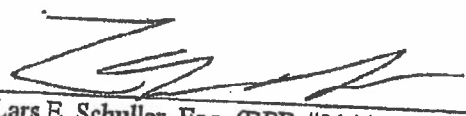
31. Inasmuch as this action relates to the rights of the parties and the encumbrance of the Restrictive Covenants regarding Lot 823, this Court should impose a lien lis pendens on said Lot 823 to prevent a conveyance of the property without notice of this pending action.

WHEREFORE, the Plaintiff prays as follows:

- a. That process be issued and served upon the Defendants requiring them to file an answer to this Complaint;
- b. That the Court find that the Defendants' actions on and uses of Lot 823 constitute violations of the Restrictive Covenants;
- b. That the Court find that the actions of the Defendants in connection with the operation of the business in direct violation of the Restrictive Covenants are continuing in nature and injuring the neighborhood by changing the character of the neighborhood;
- c. That the Court find that the Plaintiff and other lot owners in the Lone Mountain Shores subdivision will suffer immediate and irreparable injury from the Defendants' continuous violations of the Restrictive Covenants unless the Defendants are enjoined from operating the commercial resort business in the residential subdivision, and that without such injunctive relief, the Plaintiff will not have adequate remedies at law;
- d. That the Court find that the Plaintiff is entitled to a permanent injunction against the Defendants prohibiting the operation of a commercial resort business from or on the residential lot no. 823, and permanently enjoining Defendants and their successors and assigns from further violations of the Restrictive Covenants.
- e. That the Court find that the Defendants' construction of a garage apartment on Lot 823 was outside the scope of the approval of the ARC and was contrary to the Restrictive Covenants;

- f. That the Court enjoin Defendants from keeping the employee-housing garage apartment on Lot 823, and issue an injunction requiring Defendant Trust to remove said structure or conform it to the approved plans for same;
- g. That the Court, in accordance with Section 10.04 of the Restrictive Covenants, enter an order granting Plaintiff authority to enter Lot 823 and forcibly remove the offending garage apartment structure therefrom, and grant to Plaintiff a lien against Lot 823 for the cost of such removal;
- h. That the Court grant Plaintiff a permanent injunction against Defendants, closing the commercial business operated on Lot 823 in Lone Mountain Shores Subdivision, and permanently enjoining Defendants and their successors and assigns from using said Lot 823 or any other lots in Lone Mountain Shores Subdivision in violation of the applicable Restrictive Covenants.
- i. That the Court permanently enjoin the Defendants and their successors and assigns from operating the present or any commercial resort business from Lot 823 or other lots in Lone Mountain Shores Subdivision;
- j. That the Court impose a lien *lis pendens* on said Lot 823 of Lone Mountain Shores Subdivision to provide record notice of this pending action to any potential grantees while the Court determines whether or not the Defendants' use of said Lot 823 and the Defendants' maintenance of the existing staff housing apartment violates the applicable Restrictive Covenants. A proposed lien *lis pendens* for the Court's entry is attached as **Exhibit Three**; and
- k. That the Court award the Plaintiff its court costs, discretionary costs, and such other, further, relief to which is or may be entitled.

Respectfully Submitted,

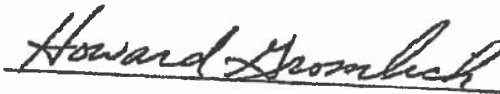

Lars E. Schuller, Esq. (BPR #014475)
LEWIS, THOMASON, KING, KRIEG & WALDROP, P.C.
One Centre Square, Fifth Floor
620 Market Street
P.O. Box 2425
Knoxville, TN 37901-2425
(865) 546-4646
Attorneys for the Plaintiff, Lone Mountain Shores Owner's Association, Inc.

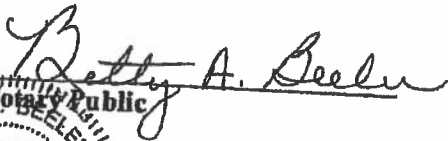
AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF CAMPBELL

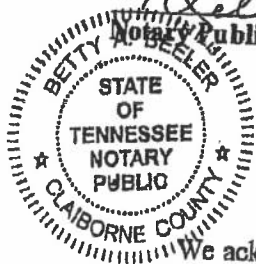
I, Howard Gromlich (name of officer), having been duly sworn according to law, make oath that: I am the President (title) of the Plaintiff, I am a custodian of Plaintiff's records maintained in the ordinary course of its business, I have read the foregoing SWORN COMPLAINT FOR INJUNCTIVE RELIEF, and, except as specifically stated therein, the facts set forth therein, upon my personal knowledge, or upon the books and said records of the Plaintiff, are true.

Sworn and subscribed before me,
this the 5th day of November, 2014.




Notary Public

My Commission Expires: 5-23-2015



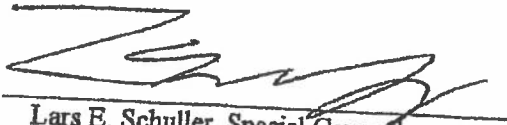
COST BOND

We acknowledge ourselves as surety for all costs, taxes and damages in this cause and in accordance with TCA § 20-12-120.

This 7th day of November, 2014.

LEWIS, THOMASON, KING, KRIEG & WALDROP P.C.

By:



Lars E. Schuller, Special Counsel

5687567

COPY

IN THE CHANCERY COURT FOR CLAIBORNE COUNTY, TENNESSEE

LONE MOUNTAIN SHORES OWNER'S
ASSOCIATION, INC., a Tennessee non-profit
corporation

Plaintiff,

v.

THE ELIZABETH LYNN WEBB REVOCABLE
TRUST, a/k/a "BestFreakingGolf-LakeTrip.com,"
a/k/a "Best Freaking Golf-Lake Trip;"

DAVID ARTHUR HAVLOVIC, individually and
d/b/a BestFreakingGolf-LakeTrip.com,
a/k/a "Best Freaking Golf-Lake Trip;" and

BFGLT, LLC, a Tennessee limited liability company,
d/b/a BestFreakingGolf-LakeTrip.com, a/k/a
"Best Freaking Golf-Lake Trip,"

Defendants.

No. 18369

JURY DEMANDED

FILED

THIS 13 DAY OF March, 2015
AT 8:30 AM PM
Frances Cardwell, C & M

FIRST AMENDED SWORN ANSWER AND COUNTERCLAIMS

Come the Defendants, The Elizabeth Lynn Webb Revocable Trust ("Trust"), David Arthur Havlovic, individually ("Mr. Havlovic") and d/b/a BestFreakingGolf-LakeTrip.com ("Business"), and BFGLT, LLC ("BFGLT") (collectively "Defendants"), by and through counsel, for their affirmative defenses and other responses to the Sworn Complaint for Injunctive Relief filed by Lone Mountain Shores Owners Association, Inc. ("Association") in this civil action and will respectfully show this Honorable Court as follows:

1. Defendants are without sufficient knowledge to admit or deny the averments of Paragraph 1 of the Complaint, but strict proof thereof is demanded.
2. Answering the averments of Paragraph 2 of the Complaint, it is admitted that the Trust is the record owner of Lot 823 in Lone Mountain Shores Subdivision. The remaining



averments in Paragraph 2 of the Complaint are denied as stated.

3. Answering Paragraph 3 of the Complaint, it is admitted that Mr. Havlovic was the president of the Business. All other averments in Paragraph 3 of the Complaint are denied as stated. It is affirmatively averred that neither Mr. Havlovic nor the Business should be a defendant in this lawsuit. The Association lacks standing to bring a cause of action against either Mr. Havlovic or the Business.

4. Answering Paragraph 4 of the Complaint, it is admitted that BFGLT is an administratively-dissolved Tennessee limited liability company and that the registered agent for service of process listed in Paragraph 4 of the Complaint correctly reflects that which is shown by the Tennessee Secretary of State. It is affirmatively averred that BFGLT should not be a defendant in this lawsuit. The Association lacks standing to bring a cause of action against BFGLT.

5. The averments of Paragraph 5 of the Complaint are denied as stated.

6. Defendants are without sufficient knowledge to admit or deny the averments of Paragraph 6 of the Complaint, but strict proof thereof is demanded.

7. Defendants are without sufficient knowledge to admit or deny the averments of Paragraph 7 of the Complaint, but strict proof thereof is demanded.

8. The averments of Paragraph 8 of the Complaint are generally admitted.

9. Answering Paragraph 9 of the Complaint, the Restrictive Covenants recorded in the Claiborne County Register of Deeds Office speak for themselves.

10. Answering Paragraph 10 of the Complaint, the Restrictive Covenants recorded in the Claiborne County Register of Deeds Office speak for themselves.

11. Answering Paragraph 11 of the Complaint, the Restrictive Covenants recorded in the Claiborne County Register of Deeds Office speak for themselves. It is denied that there is a

Section 10.10 of the Restrictive Covenants at Book 1059, Page 744.

12. Answering Paragraph 12 of the Complaint, it is denied that Article 7 of the Restrictive Covenants requires *any* plans for construction or remodeling be approved by an Architectural Review Committee ("ARC") as improvements or alterations which are completely within a building may be undertaken without approval. Answering the remaining averments of Paragraph 12 of the Complaint, the Restrictive Covenants recorded in the Claiborne County Register of Deeds Office speak for themselves.

13. Answering Paragraph 13 of the Complaint, the Restrictive Covenants recorded in the Claiborne County Register of Deeds Office speak for themselves.

14. The averments of Paragraph 14 of the Complaint are generally admitted.

15. Answering the averments in Paragraph 15 of the Complaint, Section 11.01 of the Restrictive Covenants speaks for itself. The Defendants are without sufficient knowledge to address the veracity of whether the Plaintiff is the "Association." Accordingly, the same is neither admitted nor denied, but strict proof thereof is demanded.

16. Answering the averments in Paragraph 16 of the Complaint, it is admitted that the Trust acquired Lot 823 in Lone Mountain Shores Subdivision by Warranty Deed recorded on August 29, 2008, at Deed Book 1270, Page 629 in the Register of Deeds Office for Claiborne County, Tennessee. Answering the remaining averments of Paragraph 16 of the Complaint, the Restrictive Covenants recorded in the Claiborne County Register of Deeds Office speak for themselves.

17. Answering the averments of Paragraph 17 of the Complaint, the Warranty Deed recorded in Deed Book 1270, Page 629 speaks for itself.

18. The averments of Paragraph 18 of the Complaint are denied as stated.

19. Answering the averments of Paragraph 19 of the Complaint, it is admitted that the Business maintained a website at www.BestFreakingGolf-LakeTrip.com. It is specifically denied that the Trust caused the website to be maintained. Regarding the quoted statements in Paragraph 19 of the Complaint, the website speaks for itself. Defendants deny the remaining allegations of Paragraph 19 of the Complaint.

20. Answering the averments in Paragraph 20 of the Complaint, the website speaks for itself. Defendants deny the remaining allegations of Paragraph 20 of the Complaint.

21. As to the averments in Paragraph 21 of the Complaint, the website speaks for itself. Defendants deny the remaining allegations of Paragraph 21 of the Complaint.

22. As to the averments in Paragraph 22 of the Complaint, the website speaks for itself. Defendants deny the remaining allegations of Paragraph 22 of the Complaint.

23. As to the averments of Paragraph 23 of the Complaint, it is specifically denied that the Defendants operate a resort. The remaining averments contained in Paragraph 23 regarding the classification of the use of the property pursuant to the Covenants and Restrictions states a legal conclusion, which does not require a response from the Defendants. To the extent the Plaintiff is attempting to weave said legal conclusions into its Complaint and aver that the Defendants are operating a commercial resort, said averments are denied and strict proof thereof is demanded.

24. The averments contained in Paragraph 24 of the Complaint state a legal conclusion, which does not require a response from the Defendants.

25. As to the averments of Paragraph 25 of the Complaint, it is specifically denied that the Defendants operate a resort. The remaining averments contained in Paragraph 25 of the Complaint state a legal conclusion, which does not require a response from the Defendants.

26. Defendants are without sufficient knowledge to admit or deny whether Plaintiff received complaints as stated in Paragraph 26 of the Complaint, but strict proof thereof is demanded. Defendants specifically deny the allegations listed as complaints the Association received.

27. As to the averments of Paragraph 27 of the Complaint, it is admitted that the Trust applied for and received approval from the ARC regarding construction plans for a garage appurtenant to the house on Lot 823. Defendants deny the remaining allegations in Paragraph 27 of the Complaint as stated.

28. The averments of Paragraph 28 of the Complaint are denied as stated.

29. The averments of Paragraph 29 of the Complaint are denied as stated.

30. The averments of Paragraph 30 of the Complaint are denied as stated.

31. The averments contained in Paragraph 31 of the Complaint state a legal conclusion, which does not require a response by the Defendants.

32. Any and all allegations of the Complaint not herein above admitted, denied, or explained are here and now denied and strict proof thereof is demanded.

34. Answering the remainder of the Complaint, the Defendants deny that the Plaintiff is entitled to any of the relief sought in its prayer for relief.

AFFIRMATIVE DEFENSES

1. It is affirmatively averred that no resort or other business is currently being operated on Lot 823 of Lone Mountain Shores Subdivision, and the Association is suffering no irreparable harm for which an injunction may issue.

2. It is affirmatively averred that the garage on the property does not violate the Covenants and Restrictions, and the Association is suffering no irreparable harm for which an injunction may issue.

3. It is affirmatively averred that at all times material, Mr. Havlovic, the Business, and BFGLT were not the owners of record of Lot 823 or any other property in Lone Mountain Shores Subdivision. The Association does not have standing to bring a cause of action seeking an injunction against the aforementioned Defendants.

4. It is affirmatively averred that the Association and/or its agents are acting on a personal vendetta against the Defendants and that no other grounds for this action exist.

5. Defendants aver that the Complaint, both as to its separate parts and as a whole, fails to state a claim upon which relief may be granted and should be dismissed with prejudice pursuant to Tennessee Civil Procedure Rule 12.

6. Defendants affirmatively aver that their due process rights under the Covenants and Restrictions were violated in that the Association did not provide notice or an opportunity for a hearing prior to commencing any legal proceeding.

7. Defendants affirmatively aver that the Association is estopped from enforcing the Residential-Use Covenant and Restriction based on the selective and inequitable enforcement of the covenant and the failure to enforce the covenant against other subdivision landowners and homeowners.

8. Defendants affirmatively aver that the Association cannot enforce the Residential-Use Covenant and Restriction based on the doctrine of unclean hands because they have selectively chosen to enforce the covenant against the Trust and allowed other violations of the covenant to continue on the property of other subdivision landowners and homeowners.

9. Defendants affirmatively aver that the Association has waived any alleged noncompliance with the Residential-Use Covenant and Restriction by not enforcing said covenant against the other homeowners who are violating the covenant and acquiescing in other violations of said Restriction.

10. Defendants affirmatively aver that the Association has abandoned the Residential-Use Covenant and Restriction by allowing violations of said Restriction to continue over an extended period of time.

11. By this Answer, Defendants do not waive their affirmative rights to assert the defenses of insufficiency of process, lack of jurisdiction, failure to state a claim upon which relief can be granted, or capacity to be sued.

12. At the time of the preparation of this responsive pleading, facts, investigation, and discovery are proceeding. As a result, the Defendants reserve the right to amend this pleading later, subject to the Court's discretion, to set forth additional defenses and/or factual averments.

WHEREFORE, Defendants respectfully request that this action be dismissed and request an Order of Dismissal be granted, with prejudice, including taxation of costs and attorneys' fees to the Plaintiff and for all other and further relief for which the Defendants are entitled.

COUNTER-COMPLAINT

Now, having fully answered the Complaint filed against them, the Defendants assume the role of counter-plaintiffs ("Counter-Plaintiffs") and hereby sue the Counter-Defendant, Lone Mountain Shores Owners Association, Inc. ("Association"), as follows:

1. All of the foregoing answers are restated and incorporated herein by reference, as if set forth herein verbatim.

2. The Trust purchased 629 Wildcat Hollow, New Tazewell, Tennessee 37825 ("Property") in August 2008, subject to the Declaration of Covenants, Conditions, Restrictions, and Easements for Tennessee Lone Mt. Shores Corp. to Include Property Owned by TN Emmons, LLC as part of the Subdivision Known as Long Mountain Shores Subdivision

("Covenants and Restrictions") recorded in Record Book 1059, Page 728 in the Register's Office of Claiborne County, Tennessee.

3. Pursuant to Section 6.03 of the Covenants and Restrictions recorded in Record Book 1059, Page 738-39, the "lots shall be used for residential purposes only, and no commercial use shall be permitted. This restriction shall not be construed to prevent rental of any dwelling for private residential purposes. . . ."

4. Pursuant to Section 6.09 of the Covenants and Restrictions recorded in Record Book 1059, Page 739, "residences may be rented and all tenants are awarded owner's privileges and are required to abide by all covenants and restrictions."

5. Nothing in the Covenants and Restrictions prohibits short term, vacation rental of the properties. In fact, the Lone Mountain Shores Subdivision ("Subdivision") website lists six homes for lease. A copy of the Subdivision's "Homes for Lease" page is attached hereto as Exhibit A.

6. The Counter-Plaintiffs leased the Property as a short-term rental to visitors. The Business of renting the Property was run outside the Subdivision, and the Property itself was solely used as the short-term rental.

7. The Property was last leased on July 14, 2014.

8. The Complaint was filed on November 10, 2014, nearly four months after the last rental of the Property.

9. Pursuant to the Covenants and Restrictions, Section 10.03 recorded in Record Book 1059, Page 744, "Reasonable notice and an opportunity for a hearing shall be given to the delinquent party prior to commencing any legal proceedings."

10. An attorney for the Association wrote a letter to Elizabeth Lynn Webb, the trustee of the Trust, on July 17, 2012, stating that the Property was violating Section 6.03 of the

Covenants and Restrictions requiring residential use only. Ms. Webb responded by letter from an attorney on August 6, 2012, stating that nothing in the Covenants and Restrictions restricted the alienation of the Property and that nothing prohibited the short term, vacation rental of the Property. No other action was taken by either party until August 2013, a full year after Ms. Webb's response.

11. On August 16, 2013, the Association sent a letter to Ms. Webb regarding violations of the Covenants and Restrictions occurring on the Property. Mr. Havlovic received the August 2013 letter, and after he read it, a confrontation occurred between the then-president of the Association and Mr. Havlovic. Subsequently, on September 19, 2013, another letter was sent by an attorney on behalf of the Association and addressed to Mr. Havlovic. The September 2013 letter stated that Mr. Havlovic was to have no contact with any past, present, or future board members of the Association.

12. On November 25, 2013, Ms. Webb attempted to address the issues by communicating with the Association through its website. However, she was unable to log in and sent a request for her log in information through the website, stating that prompt attention would be appreciated as she was trying to resolve an issue. The only communication she received from the Association was an email from the president, stating that she was not a member in good standing and that her access to any and all Lone Mountain amenities was, therefore, denied.

13. No communication from the Association or its various representatives provided the Counter-Plaintiffs with an opportunity for a hearing. In fact, when Ms. Webb attempted to resolve an issue by e-mail correspondence through the Association's website, the president of the Association responded that she was not a member in good standing and failed to address any issue.

14. The Association did not investigate the current use of the Property and did not provide an opportunity for a hearing on the allegations, despite the fact that such is required under Section 10.03 of the Covenants and Restrictions.

COUNT I:
SLANDER/LIBEL OF TITLE

15. The Trust is the owner of record of the Property in question, and the Business leased and managed the Property.

16. The Association recorded a lien lis pendens on the Property at Book 1418, Page 505 in the Claiborne County Register of Deeds Office when the Complaint was filed.

17. The Property was on the market and listed for sale with a real estate agent at the time the Complaint was filed and the lien lis pendens was recorded

18. The Association acted in bad faith in recording the lien lis pendens by failing to investigate the status of any alleged commercial activity on the Property at the time the Complaint was filed and by failing to provide the Counter-Plaintiffs an opportunity for a hearing before legal action was commenced, as required by the Covenants and Restrictions.

19. An investigation in good faith or a hearing would have revealed that the Property had not been rented since July 2014, approximately four months before the Complaint was filed, and that the Property was listed for sale, precluding a need for legal action seeking an injunction and encumbering the Property's title.

20. The lien lis pendens and pending lawsuit proximately caused the Counter-Plaintiffs to remove the Property from the market and hire an attorney to clear the title.

21. By recording the lien lis pendens in bad faith and in violation of the Covenants and Restrictions, the Association has committed tortious slander and/or libel of title.

22. Accordingly, the Counter-Plaintiffs are entitled to recover damages from the Association in an amount to be proven at the trial of this matter.

COUNT II:
BREACH OF CONTRACT

23. The Covenants and Restrictions are a contract between the Association and its Members.

24. By failing to provide an opportunity for a hearing prior to commencing the current litigation as required by Section 10.03 of the Covenants and Restrictions, the Association has breached its contract with the Counter-Plaintiffs.

25. Accordingly, the Counter-Plaintiffs are entitled to recover damages from the Association in an amount to be proven at the trial of this matter.

WHEREFORE, premises considered, the Counter-Plaintiffs pray as follows:

1. That process issue and caused to be served upon the Association and that the Association be required to answer this Counter-Complaint within the time prescribed by law; and
2. That the Association's Complaint be dismissed with prejudice; and
3. That the Court award the Counter-Plaintiffs money damages in an amount to be determined at the trial of this matter; and
4. That the Court award the Counter-Plaintiffs their reasonable attorneys' fees incurred in connection with this action; and
5. That the Court award the Counter-Plaintiffs such other legal and/or equitable relief to which they may be entitled, including, without limitation, entry of an order dissolving and terminating the lien lis pendens that was record by the Association.

And now, having fully answered, Defendants demand a 12-member jury to try this cause.

VERIFICATION

STATE OF TENNESSEE)
COUNTY OF KNOX)

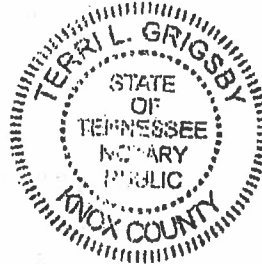
Under penalty of perjury, the undersigned Elizabeth Lynn Webb certifies that the statements set forth in this Verified Answer are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

Elizabeth Lynn Webb
Elizabeth Lynn Webb
Trustee of The Elizabeth Lynn Webb Revocable Trust

Subscribed and sworn to before me this
10th day of February, 2015.

Terril L. Grigsby
Notary Public for the State of Tennessee

My commission expires 8/2/2017



Respectfully submitted this 11 day of ^{March}~~February~~, 2015.

Mabern E. Wall
MABERN E. WALL (BPR # 031328)
Attorney for Defendants/ Counter-Plaintiffs
HODGES, DOUGHTY & CARSON, PLLC
P.O. Box 869
Knoxville, TN 37901-0869
(865) 292-2307
mwall@hdcclaw.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and exact copy of the foregoing **SWORN ANSWER** has been served upon the following counsel for parties in interest herein by delivering same to the offices of said counsel, or by mailing same to the offices of said counsel by United States Mail with sufficient postage thereon to carry the same to its destination or via email.

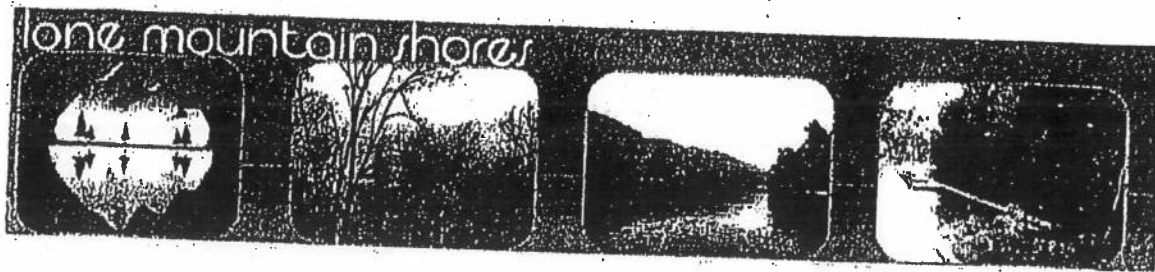
Lars E. Schuller
Lewis Thomason
620 Market St. 5th Floor
P.O. Box 2425
Knoxville, TN 37901-2425

This 11 day of ^{March}~~February~~, 2015.

HODGES, DOUGHTY & CARSON

By:

Mabern E. Wall
Mabern E. Wall



Listed below are homes for lease in Lone Mountain Shores.

If you would like a different address shown in this section please contact the web administrator to enter the property address.

Homes for Lease

Wildcat Hollow Road



[View Details](#)

THE VIEW

Mountain top chalet with hot tub overlooking Norris Lake and the beautiful Cumberland mountains. Sleeps 12. Other homes within a mile of this home are Heaven Scent, Quiet Waters, & Dream Haven


The View, on Wild Cat Hollow, is perched atop a mountain peak allowing spectacular sights of the surrounding landscape. Beautifully clean, tranquil Norris Lake, the still powerful mountains and the dense forest nature surround this newly completed custom Log Home. Newly constructed in May 2003...this cabin is ready to host your family get-a-ways. 2 Bedrooms with Queen size pillow top beds and all with adjoining full baths Additional Loft bedroom featuring a Daybed with Trundle and a loveseat futon. Fully equipped deluxe kitchen opening to a dining area with floor to ceiling windows overlooking Norris Lake Large Great room with Satellite TV, VCR, and DVD surround sound system, gas fireplace, floor to ceiling windows overlooking Norris Lake and vaulted ceilings to Loft Wrap around deck on three sides w/six person hot tub facing Norris Lake view, gas grill and lawn furniture for relaxed lounging Recreation room on the lower level with walk out patio, floor to ceiling windows, pool table, TV, wet bar and washer and dryer. Two king size sleeper sofas provide additional sleeping capacity.


Lone Mountain Shores
Wildcat Hollow Road
New Tazewell,
TN 37825
call Kathy Nixon,
800.883.7406
2+1ft Bedrooms
3 Bath


[VIEW](#)
[MAP](#)

Shoreside Road

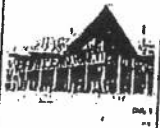



	<p>OTHER SIDE OF THE MOUNTAIN Luxurious log home located in a private cove with a private dock 3 bedroom 3.5 bath with loft, stone fireplace and wrap around deck. Sleeps 10</p>	<p>Lone Mountain Shores Shoreside Road New Tazewell, TN 37825 call Kathy Nixon, 800.883.7406</p>
<p>View Details</p>	<p>Nestled in a shady cove- this cabin awaits your presence. The lake, the trees, the mountains too Come share in all their essence The Other Side is a pure delight as sunny days turn into night. Sit on the deck and simply gaze into the glowing sunset haze. Play in the lake - catch some fish. Prepare the family's favorite dish. Grill out, sleep in, bask in the sun. The children will have lots of fun.</p>	<p>VIEW MAP 3 Bedrooms 3.5 Bath</p>

<p>Broadmoor Lane off Whistle Valley</p>		
	<p>WILLEVICH HIGHLANDS As close to the lake you can get without being lakefront. This Spacious Lakeview home has panoramic views of the lake and mountains. Air hockey and ping pong table in unfinished basement. Other homes within a mile are Mtn. Spring Retreat & The Hiltopper</p>	<p>Lone Mountain Shores Broadmoor Lane off Whistle Valley New Tazewell, TN 37825 call Kathy Nixon, 800.883.7406</p>
<p>View Details</p>	<p>Spacious Lakeview 3 bedroom 2 bath home with king bedroom master suite with large jacuzzi tub, queen bed in second bedroom and 2 full beds in the third bedroom with adjoining bathroom to both loft bedrooms. The great room has gas fireplace, TV/Satellite/Dvd. Sit on the sofa and gaze out the glass front of this beautiful home overlooking the lake.</p>	<p>VIEW MAP 3 Bedrooms 2.5 Bath</p>

<p>Clinch View Road</p>		
	<p>CHILLIN JILLS This lakeview home has 3 bedrooms, 2 bath with 2 queen pillowtop beds a full bed and 2 futons for additional sleeping. The panoramic views from the hot tub will relax you after all of the activities that Norris has to offer.</p>	<p>Lone Mountain Shores Clinch View Road New Tazewell, TN 37825 call Kathy Nixon, 800.883.7406</p>
<p>View Details</p>	<p>This lakeview home has 3 bedrooms, 2 bath with 2 queen pillowtop beds a full bed and 2 futons for additional sleeping. The panoramic views from the hot tub will relax you after all of the activities that Norris has to offer. This lovely home sits high on the mountain to give the best of views. Look out over the mountains that go on forever. Almost heaven is the best words to describe how it feels to be up this high as you gaze across the mountains during the day and are stunned by the night sky.</p>	<p>VIEW MAP 3 Bedrooms 2 Bath</p>

Whistle Valley Road

	<p>MOUNTAIN SPRING RETREAT Lakeview genuine log home, sits high on the mountain with panoramic views of the lake and Cumberland mountains. Other homes within a mile of this home are Willevich Highlands, & The Hilltopper</p> <p>If you are looking for a home that has a beautiful view, very spacious, perfectly accommodating and still close to the lake, you have just found it. This home has a gorgeous view of the lake and mountains and is located just 3 minutes from the free community boat slips. Sit back and relax in the hot tub overlooking Norris Lake or sit out on the open deck and look at the stars after the sun goes down. Whatever you desire this home will fulfill your needs.</p>	<p>Lone Mountain Shores Whistle Valley Road New Tazewell, TN 37825 call Kathy Nixon, 800.883.7406</p> <p>3 Bedrooms 3 Bath</p> <p>VIEW MAP</p>
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	<p>Lakefront Log Home on Norris Lake. 4 Bedrooms, Bunk room, Loft and 3.5 baths with 1 acre lot and private boat dock. Go to property website link below for more information.</p>	<p>Lone Mountain Shores Springboro, OH 45066 Email Address Web Site 937-885-5114</p> <p>5 Bedrooms 3.5 Bath</p> <p>VIEW MAP</p>
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