

This Instrument prepared
by and Return to:
Holmes, Rich, Sigler & Riddick, P.C.
218 West Main Street
Jackson, Tennessee 38301

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

EMERALD RIDGE

THIS DECLARATION is made, published and declared this the ____ , day of November, 2005, by Emerald Ridge Partners, a Tennessee General Partnership and any and all persons, firms or corporations hereinafter acquiring any of the within described property:

WHEREAS, the Declarant is the fee simple owner of a certain tract of real property in Madison County, Tennessee, which property is more particularly described in Exhibit "A" attached hereto (the "Property"); and

WHEREAS, the Developer has caused to be prepared a plan for the development for the Property, to be known as "Emerald Ridge", a residential development, together with certain common areas for the use, benefit and enjoyment of the owners of the units in common with each other; and

WHEREAS, the Developer has caused a plat of the Property to be filed in simultaneously with these covenants, conditions and restrictions in the Register's Office of Madison County, Tennessee ("Plat"); and; *P-10 301-302*

WHEREAS, it is to the benefit, interest and advantage of the Declarant, the Lot Owners, and of each and every person or other entity hereafter acquiring any interest in the Property that certain covenants, restrictions, easements, assessments and liens governing and regulating the use and occupancy of the same be established, fixed, set forth and declared as covenants running with the land;

NOW, THEREFOR, in consideration of the premises, the Declarant does hereby publish and declare that all or any portion of the Property described in Exhibit "A" is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, use, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations (and subject to all easements, conditions, restrictions, etc., as set out in the Plat), all of which are declared and agreed to be in furtherance of a plan for the development and improvement of the said Property, and the said covenants, conditions, restrictions, uses, limitations and obligations shall run with the land and shall be a burden and a benefit to the Declarant, its successors and assigns, and any person or legal entity acquiring or owning any interest in any portion of the said Property or any improvements thereon, their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I.
DEFINITIONS

The following words when used in this Declaration shall have the following meaning:

Section 1. "Association" shall mean and refer to Emerald Ridge Property Owner's Association, Inc., a nonprofit, nonstock corporation incorporated under the laws of the State of Tennessee, its successors and assigns.

Section 2. "Declarant" shall mean Emerald Ridge Partners its successors and assigns. "Declarant" shall be synonymous with "Developer" for purposes of this Declaration.

Section 3. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions, and any supplementary declaration filed hereto, as this Declaration may, from time to time, be amended in accordance with its terms.

Section 4. "Lot" shall mean and refer to the plots of land designated as lots or units on the Plat of record and all subsequent Plats for additional Phases of Emerald Ridge Development. For all purposes hereunder, it shall be understood and agreed that Declarant shall be the Owner of all of said Lots, save and except only those particular Lots which Declarant conveys in fee simple title by recordable deed from and after the date hereof. Ownership of a Lot hereunder shall include an undivided pro rata interest in the Common Area owned by the Association. Lot and Unit may be used interchangeably.

Section 5. "Member" shall mean and refer to every Person who holds membership in the Association.

Section 6. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation, provided, however, that the purchaser at a foreclosure sale or trustee's sale shall be deemed an Owner.

Section 7. "Person" means an individual, firm, corporation, partnership, association, trust or other legal entity or any combination thereof.

Section 8. "Property" or "Properties" shall mean that real property described in Exhibit "A" attached hereto and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 9. "Common Area" shall mean all real property and improvements thereon owned by the Association for the common use and enjoyment of the Members of the Association. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is to include the private streets within Emerald Ridge, the private utilities (both sanitary and surface water, if any); storm water detention, pond; perimeter fences, subdivision monuments and gates.

Section 10. "Improvements" shall mean the structures, walls, pavement, planting and other additions built or placed on the Lots. It is intended that the Improvements reasonably meant for the Owner of a particular Lot will lie entirely within said Lot. In the event that, by reason of construction, settlement, reconstruction or shifting of the Improvements, any minor part of the Improvements reasonably intended for a particular Lot lie outside that Lot, an easement of use shall apply thereto in favor of the Lot to be benefitted.

ARTICLE II. PROPERTY

Section 1. Property Subject to Declaration. That certain real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration located in Madison County, Tennessee, and which is more particularly described in Exhibit "A" attached hereto and made a part hereof.

Section 2. Road, Sewers, and Drainage. The road, sewers and drainage within Emerald Ridge are, and shall remain, private roads, sewers and drainage, and have not been dedicated to the City of Jackson, or any governmental body with the exception of those sewers and drainage easements already existing or required to be dedicated to the City of Jackson, or Madison County. By remaining private, the responsibility for payment of maintenance and repair expenses for said road, sewers and water drainage shall remain the responsibility of the individual Lot Owners, and be paid for by assessments levied by the Association as provided herein. Notwithstanding anything herein to the contrary, this paragraph shall not apply to those utility and drainage easements designated as "public" easements and shown on the recorded plat.

ARTICLE III.
THE ASSOCIATION

Section 1. Members. Every Person, as defined, who is a record Owner of a fee or undivided fee interest of any Lot within the Property shall be a Member of the Association, as defined, provided, however, that anyone who holds such interest solely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Lot within Emerald Ridge. Ownership of such Lot shall be the sole qualification for membership.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of a Lot, each Owner of a Lot being entitled to one (1) vote for each Lot owned, except the Developer, which shall be entitled to three (3) votes for each Lot owned by it. After the expiration of five (5) years from the date of the conveyance of the first Lot from Developer to the purchaser, Developer shall only be entitled to one (1) vote for each Lot still owned by it.

Section 3. Secured Parties. No individual or legal entity holding title to a Lot as security for any debt or obligation shall be considered as Owner of such Lot, and such individual or entity shall not be entitled to membership in the Association or to cast a vote on any question or matter affecting the administration of the Association.

Section 4. Voting. At every meeting of the Members, each of the Members shall have the right to cast his vote on each question. The vote of the Members representing a fifty-one percent (51%) majority of the total votes cast, in person or by proxy (provided a quorum exists), shall decide any question brought before such meeting, unless the question is one upon which, by express provisions of statute or of the corporate Charter, or this Declaration, or of the Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any such meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the Members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purpose of deciding that question. No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more that sixty (60) days delinquent in any payment due the Association.

Section 5. Proxies. A Member may appoint any other Member or the Developer or any other person permitted by law or by the Bylaws as his proxy. In no case may any Member (except the Developer) cast more than one vote by proxy in addition to his own vote. Any proxy must be in writing and must comply with all requirements imposed by law or by the Association's Bylaws.

Section 6. Quorum. The presence, either in person or by proxy, of Members representing at least fifty-one percent (51%) of the total votes entitled to be cast shall constitute a quorum for, the transaction of business at all meetings of members. If the number of Members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

ARTICLE IV.
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right to the Common Area, and such easement shall be appurtenant to and shall pass with the title to every assessed Lot; However, the area designated on the plat behind each lot for the width of the lot and running to the back property line not to exceed 25 feet of the property shall be used solely for that Lot Owner and to the exclusion of the Lot Owner. Further, the Developer will dedicate the driveways and patios for the sole and exclusive use of the Lot Owner intended to be benefitted by such driveway and patio. The driveway and patio shall be maintained by the Lot Owner for whose use these are dedicated.

The common areas and the Association shall be subject to the following provisions:

(a) The right of the Association to suspend any enjoyment rights of any Member for any periods during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of its published rules and regulations;

(b) The right of the Association to provide for and establish easements and rights-of-ways on all street, and to regulate parking, motorized and non-motorized vehicular traffic, and to maintain the private streets and utilities within Emerald Ridge;

(c) The right of the Association, in accordance with its Charter and Bylaws, to borrow money for the purpose of improving the streets and Common Area which the Association is to maintain;

(d) The right of the 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 Members. No such dedication, transfer of mortgage shall be effective unless an instrument signed by members entitled to cast two-thirds (2/3) of the votes hereof has been recorded, agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member not less than thirty (30) days nor more than sixty (60) days in advance of such dedication or transfer.

(e) No conveyance or encumbrance of the Common Area shall prevent any Lot Owner from using the Common Area for ingress and egress to his Lot.

Section 2. Additional Building. No additional buildings for permanent occupancy or any other use shall be constructed on the property with out the consent of the Developer. This shall not prohibit the easements described above.

ARTICLE V.
MAINTENANCE AND REPAIR

Section 1. Association Responsibilities. The Association with the approval of the Developer shall provide and pay for all maintenance and expenses for the Common Area including but not limited to the private streets and storm water detention pond; the perimeter fence; the subdivision monuments, gates, and the private utilities (both sanitary and surface water, if any); and the landscaping of the Common Area. The Association shall also contract for the maintenance of the individual yards, including front, back and side yards, on each Lot in Emerald Ridge. The real property taxes on the Common Area, if any, shall also be paid for by the Association.

Section 2. Individual Lot Owners.

(a) Interior Maintenance. Each Owner of a Lot shall be responsible for all interior maintenance, painting, repairs and upkeep on his Lot and the improvements thereon.

(b) Exterior maintenance. In order to retain the appearance of the development, no exterior maintenance, repairs or replacements which substantially alter the exterior appearance of a Lot shall be commenced for the improvement of an individual Lot unless permission is obtained from the Architectural Control Committee, as hereinafter defined. However, no Owner shall change the color outside of the house such as the trim, roof, type of roof, or alter the outside structure without permission of the Developer. Each Owner shall be responsible for the exterior maintenance of his Lot included by not limited to, the driveway, the mailbox, roof, exterior walls, windows, trim, ect.

(c) Unit Owner shall be responsible for repairing any damage to the common area including, but not limited to, structures, fences, gates, roads, pool, which are caused by lot owner of lot owner's guest or invitee's negligence or willful misconduct.

In the event an Owner of any Lot in the Property shall fail to maintain the premises and improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, or restore the Lot and the exterior of the

building and any improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VI.
ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; (2) special assessments for capital improvements, including road and sewer maintenance; and (3) emergency assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual, special and emergency assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such collection thereof as are hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

Section 2. Annual Assessments and Carrying Charges of the Association. Each Owner agrees to pay two hundred and fifty dollars (\$250.00) at time of closing to be placed in a Reserve account for reserves for maintenance for the Common Area in addition to any annual fees. Each Member of the Association shall pay to the Association an annual sum (hereinafter sometimes referred to as "assessments" or "carrying charges") equal to the Member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

- (a) The cost of all operation expenses of the Association and services furnished, including charges by the Association for its facilities and payment to Developer or Assigns for a maintenance fee, if any; and
- (b) The amount of all taxes and assessment levied against the Association or upon any property which it may own or which it is otherwise required to pay, if any; and
- (c) The cost of extended liability insurance and the cost of such other insurance as the Association may effect; and
- (d) The cost of funding all reserves established by the Association including, when appropriate, a general operation reserve and/or reserve for replacements; and
- (e) The estimated cost of repairs, maintenance and replacements of the private streets, utilities, gates, entrance, and accessory structures, subdivision monuments, fences, and landscaping in the Common Areas and any other item the Association may be responsible for; and

(f) The cost of yard maintenance for each Lot and the common areas.

(g) Cost of common area fence maintenance.

Except as provided in Section 2 of this Article VI, the Board of Directors of the Association shall determine the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, but may do so at more frequent intervals should circumstances so require as provided in the Bylaws. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a letter signed by an officer of the Association setting forth whether the assessment on a specific Lot has been paid. Annual assessments may be paid monthly if approved by a majority of the Board Members and the date of any such monthly payment would be established by the Board.

Section 3. Special Assessments. In addition to the regular assessments authorized by this Article, the Association may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement for which the Association is specifically responsible or for such other purposes as the Board of Directors may consider necessary, provided that such assessment shall have the assent of the Members representing two-thirds (2/3) of the total number of votes eligible to be cast. A meeting of the appropriate Members shall be sent to all Members at least ten (10) days but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 4. Emergency Assessments. In the event of any emergency situation, condition, or occurrence affecting the life, health, safety or welfare of Members or Property of Members, the Board of Directors, acting pursuant to this section, may declare an emergency assessment in such amount payable at such time as the Board of Directors, in its sole discretion, shall deem necessary. Such emergency assessment, except for the amount and time of payment, shall be governed by all other provisions of this Declaration. Such assessment shall be borne pro rata by all Members of the Association. The Board of Directors shall be fully protected and not liable for any mistake in judgement hereunder if the emergency assessment is made in good faith.

Section 5. Non-Payment of Assessment. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied and shall bind such Lot or Lots in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. To evidence the lien of any unpaid and delinquent assessments, the Board of Directors shall prepare a written notice setting out the amount of the unpaid indebtedness, the name of the Owner of the Lot, and description of the Lot. Said notice shall be signed by a member of the Board and recorded in the Madison County Register's Office. The personal obligation of the Member to pay such assessment shall, however, remain his personal

obligation for the statutory period, and a sued to recover a money judgement for non-payment of any assessment levied pursuant to this Declaration or the Bylaws, or of any installment thereof, may be maintained without foreclosing or waiving the lien created herein.

Any assessment levied pursuant to this Declaration or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate to exceed the highest rate allowed under the laws of the State of Tennessee, and may, by resolution of the Board of Directors, subject the Member obligated to pay the same to the payment of such penalty or "late charge" as the said Board may fix. The Association may bring an action at law against the Member personally obligated to pay the same or foreclose the lien against the Lot or Lots subject to prior mortgages or deeds of trust upon the Lot or Lots, then belonging to said Member; in either of which events, the Association may collect from the said Member interest, costs and reasonable attorney's 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.

For the purpose of enforcing the lien of any unpaid and delinquent assessment, each Lot Owner grants the Board of Directors of the Association irrevocably the power to sell his Lot at public outcry to the highest and best bidder for cash. The Board of Directors is authorized to make such a public sale if and only if such sale is made subordinate to any prior recorded mortgage or deed of trust upon the Lot. The Association is hereby authorized to take any and all courses of action available to them for collection of the assessment which the laws of the State of Tennessee allow. Any such sale shall be made after first advertising the sale of said property for twenty-one (21) days by three (3) weekly publications in some newspaper in the County of Madison, State of Tennessee, giving notice of the time and place of such sale and by written notice of the time and place of such sale to the Owner of the Lot at his last known address. Any sale of a Lot to enforce a lien for delinquent and unpaid assessments shall be free from equity of redemption, including the statutory right of redemption, homestead, and dower and all other exemptions, all of which are expressly waived by the Lot Owners; and any such sale and the lien enforced thereby shall take precedence over and have priority over any and all other liens of every nature against the Lot, except real estate and ad valorem taxes assessed against the Lot and prior recorded mortgages or deeds of trust. The proceeds of any such sale, whether under the power of sale or by foreclosure suit, shall be applied first to the payment of expenses of protecting the Property and the expenses of litigation, attorney's fees, and sales commission; and second, to the payment of real estate and ad valorem taxes assessed against the Lot and any prior recorded mortgages or deeds of trust (unless sold subject to said mortgage or deed of trust); and third, to the payment of all amounts due the Association under the terms of the Declaration and Bylaws; and the balance, if any, to the Lot Owner whose Lot is sold, and his assigns. Upon any default in the payment of any assessment, the Board of Directors shall have the right to all rents, issues, and profits from the Lot in default and shall have the right to secure the payment through notice to those in possession of the Lot or by entry into possession in the same manner as a mortgagee

entering into possession following default. The Association may enforce its lien by whatever means available, including the power of sale granted herein or filing suit for foreclosure in the appropriate court.

All rights, remedies, and privileges granted to the Board of Directors or a Lot Owner, pursuant to any terms, provisions and covenants or conditions of the Declaration and Bylaws shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be granted to such party by the Declaration and Bylaws or at law or in equity.

The Association may notify the holder of the first mortgage on any Lot for which any assessment levied pursuant to this Declaration becomes delinquent for a period in excess of sixty (60) days and in any other case where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of ninety (90) days.

Section 6. Acceleration of Installments. Upon default in the payment of any one or more installments of any assessment levied pursuant to this Declaration, or any other installment thereof, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 7. Priority of Lien. The lien established by this Article shall have preference over any other assessments, liens, judgements or charges of whatever nature, except as follows:

- (a) General and special assessments for real estate taxes on a Lot; and
- (b) The liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Lot prior to the assessment of the lien thereon or duly recorded on said Lot after receipt of a written statement from the Board of Directors reflecting that payments on said liens were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance.

Section 8. Subordination and Mortgage Protection. NOTWITHSTANDING any other provisions hereof to the contrary, the lien of any assessment levied pursuant to this Declaration upon any Lot shall be subordinate to and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over other mortgages) upon such interest made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or proceeding in lieu of foreclosure. Any such delinquent assessments which are extinguished pursuant to the foregoing provisions may be reallocated and assessed to all Owners as a common expense, including the purchaser at foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Lot from liability for any assessment thereafter

becoming due, nor from the lien of any such subsequent assessment which said lien, if any, claimed shall have the same effect and be enforced in the same manner as provided herein.

No amendment to this Section shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof shall join in the execution of such amendment.

Section 9. Additional Default. Any recorded first mortgage secured by a Lot in Emerald Ridge Development may provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Declaration, or any installment thereof, shall likewise be a default in such mortgage (or the indebtedness secured thereby), but the failure to include such a priority thereof, and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of Section 8 of this Article shall not be altered, modified, or diminished by reason of such failure.

Section 10. Uniform Value of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis except as to the Developer for lots and units which are not sold or occupied.

Developer shall pay (1/4) one-fourth of any annual or special assessment for maintenance of common areas until the Lot or Unit is either sold or occupied after which time Developer or Lot Owner will pay one hundred (100%) of any annual or special assessment.

Section 11. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots upon written notification by Declarant or its agent. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year.

Section 12. Fee for Garbage Pick-up. The annual assessment does not include the fee for garbage pick-up. The Association may elect to contract with a private company or to the City of Jackson for garbage pick-up, the fee for which will be separately assessed.

ARTICLE VII. ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. An "Architectural Control Committee" is hereby established. The initial committee shall consist of Developer until such time as one hundred percent (100%) of the Lots in the Development are sold, after one hundred percent (100%) of the Lots are sold the Board of Directors shall elect three (3) individual members of the Association to the Committee.

These three individuals shall serve for a period of one (1) year, or until they resign from the Committee by written notice to the Board of Directors of the Association. Upon the expiration of their terms, or the earlier resignation of the appointees, the Board of Directors of the Association shall then appoint their successor. The affirmative vote of a majority of the membership of the Architectural Control Committee shall be required to adopt or promulgate any rule or regulation, or to make any findings, determinations, ruling or order, or to issue any permanent authorization or approval pursuant to directives or authorizations contained herein.

Section 2. Approvals Necessary, Rules of Committee and Remedies for Violation.

With the exception of Developer, no structure of any kind or nature or any fence or barrier shall be commenced, erected, placed, moved onto, or permitted to remain on any of the Lots within Quail Ridge, nor shall any existing structure, fence or barrier upon any Lots be altered in any way which substantially changes the exterior appearance (which includes but is not limited to changes in paint color and re-roofing) thereof, nor shall there be any additions, attachments, or deletions to improvements, nor shall there be any changes in landscaping, without the written consent of the Architectural Control Committee; nor shall any new use be commenced on any Lot unless plans and specifications (including a description of any proposed new use) shall have been submitted to and approved in writing by the Architectural Control Committee. Such plans and specifications shall be in such form and shall contain such information as may be required by the Architectural Control Committee.

The Architectural Control Committee may promulgate rules governing the form and content of plans to be submitted for approval or requiring specific improvements on the Lots including, without limitation the exterior lighting and planting and may issue statements of policy with respect to approval or disapproval of the architectural styles or details or other matters which may be presented for approval. Such rules and such statements of policy may be amended or revoked by the Architectural Control Committee at any time and no inclusion in or omission from or amendment of any such rule or statement shall be deemed to bind the Architectural Control Committee to approve or disapprove any feature or matter subject to approval or to waive the exercise of the Architectural Control Committee's discretion as to any such matter, but no change of policy shall affect the finality of any lot of any plans or specifications previously submitted to and approved by the Architectural Control Committee but such approval shall not be deemed a waiver by the Architectural Control Committee in its discretion to disapprove such plans or specifications or any feature or elements included therein if such plans, specifications, features or elements are subsequently submitted for use on any other Lot. Approval of any such plans and specifications relating to any Lot, however, shall be final as to that Lot and such approval may not be revoked or rescinded thereafter provided that the plans and specifications as approved and any condition attached to any such approval have been adhered to and complied with in regard to all structures, fences, or barriers on the uses of the Lot in question.

In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications as herein provided within thirty (30) days after submission thereof, the same shall be deemed to have been approved as submitted and no further action shall be required.

If any structure, fence, or barrier shall be altered, erected, placed or maintained (including exterior maintenance) upon any Lot or any new use commenced on any Lot, otherwise than in accordance with plans and specifications approved by the Architectural Control Committee as required herein, such alteration, erection, maintenance, or use shall be deemed to have been undertaken in violation of the restrictions herein and without the approval required herein, and upon written notice from the Architectural Control Committee any such structure, fence or barrier so altered, erected, placed or maintain upon any Lot in violation hereof shall be removed or raftered, and such use shall be terminated so as to extinguish such violation.

If fifteen (15) days after the notice of such violation, the Owner or Owners of the Lot upon which such violation exists shall not have taken reasonable steps towards the removal or termination of the same, the Association by its officers or directors shall have the right through its agents and employees to enter upon such Lot and to take such steps as may be necessary to extinguish such violation, and the costs thereof shall be a binding personal obligation of such Owner as well as a lien upon the Lot in question upon the recording of such with the Office of the Register of Madison County, Tennessee.

Upon completion of the construction or alteration of any structures in accordance with the plans and specifications approved by the Architectural Control Committee, the Architectural Control Committees shall, upon written request of the Owner thereof, issue a letter of compliance in form suitable for recordation, identifying such structure and the Lot on which such structure is placed and stating that the plans and specifications, location of such structure and the use or uses to be conducted thereon have been approved and that such structures complies therewith. Preparation and recording of such letter shall be at the expense of the Owner or Owners of such Lot. Any letter of compliance issued in accordance with the provisions of this paragraph shall be prima facie evidence of the facts therein stated, and as to any purchaser or encumbrancer in good faith and for value or as to any title insurer, such letter shall be conclusive evidence that all structures and the use or uses described therein comply with all the requirements of these restrictions and all other requirements as to which the Architectural Control Committee exercises any discretionary or interpretive powers.

The Architectural Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to these restrictions payable at the time such plans and specifications are so submitted.

Any agent of Developer or of the Architectural Control Committee may, at reasonable times, enter upon and inspect any Lot and any improvements thereon for the purposes of ascertaining whether the maintenance of such Lot and the maintenance, construction, or alteration of structure thereon are in compliance with the provisions of these restrictions, and no such persons shall be deemed to have committed a trespass or other wrongful acts by reason of such entry or inspection.

The Association or any Owner of any Lot contained within Emerald Ridge shall have the right to enforce by any proceeding at law or in equity all conditions, restrictions, covenants, reservations and easements herein or hereinafter contained or otherwise contained in any deed to any Lot. Failure by any Owner to enforce any of such proceedings shall in no event be deemed a waiver of the right to do so thereafter.

Should a request to the Committee come from a Committee member, the other members of the Committee shall select a disinterested Lot Owner to take the place of the Committee member making the request.

ARTICLE VIII. RESTRICTIVE COVENANTS

Section 1. Residential Use. No Lots shall be used except for private residential purposes.

Section 2. Prohibited Uses and Nuisances. In order to provide for a peaceful occupation of the homes within Emerald Ridge and to provide for the protection of the values of the entire development, the use of the residences shall be in accordance with the following provisions:

(a) Said property is hereby restricted to residential dwelling for residential use. All buildings or structures erected upon said Property shall be of new construction, and no buildings or structures shall be moved from other locations onto said Property, and no subsequent buildings or structures, other than single family houses shall be constructed. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other building shall be used on any portion of said Property at any time as a residence, either temporarily or permanently.

(b) Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof and all easements restrictions and covenants set out in the Plat filed in the Register's Office of Madison County, Tennessee.

(c) Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the Declarant to maintain, during the period of the sale of said Lots, upon such portion of the premises as Declarant deems necessary, such facilities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the sale of said Lots, including, but without limitation, a business office, storage area, construction yard, signs, model units, and sales office.

(d) No animals, livestock or poultry of any kind shall be raised, bred, or maintained for any commercial purpose.

(e) No advertising signs (except one (1) of not more than six (6) square feet "for rent" or "for sale" sign per Lot), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on said Property, nor shall said Property be used in any way or for any purposes which may endanger the health or unreasonably disturb the Owner of any Lot or any resident thereof. No business activity of any kind whatever shall be conducted in any building or in any portion of said Property; provided, however, the foregoing covenants shall not apply to the business activities, signs, and billboard or the construction and maintenance of buildings, if any, of Declarant, its agents, and assigns during the development and sales period of Lots in Emerald Ridge.

(f) All equipment, garbage cans, service yard, woodpiles or storage piles shall be kept screened by adequate planting or fencing so as to conceal them from view of the private drives and street. All rubbish, trash, or garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.

(g) Without prior written approval and the authorization of the Architectural Control Committee, no exterior television or radio antennas of any sort shall be placed, allowed, or maintained upon any portion of the improvements, located upon the Property nor upon any structure situated upon the Property other than an aerial for a master antenna system, should any such master system or systems be utilized and require any such exterior antenna. Small dish which are not visible from the front street are permissible.

(h) No action shall at any time be taken by the Association or its Board of Directors which in any manner would discriminate against any Owner in favor of the other Owners.

(i) No recreation vehicles or commercial vehicles, including but not limited to boats, boat trailers, house trailers, camping trailers, motorcycles, pick-up trucks, or similar type items shall be kept other than in the garage or otherwise screened from the view of neighbors or the streets.

(j) Grass, weeds and vegetation on each Lot shall be kept mowed and maintained at regular intervals by the Home Owners Association thereof so as to maintain the same in a neat and attractive manner. Trees, shrubs, vines, debris and plants which die shall be promptly removed from such Lots. Developer, at its option and its discretion, may mow and have dead trees and debris removed from such Lots. Owners shall not place or allow debris or garbage on lots except in appropriate containers.

(k) No owner or owners shall allow garage doors to remain open for more than a reasonable time for vehicles entering or exiting to the garage and or reasonable periods for yard and residence maintenance.

(l) No obnoxious or offensive trade or activity shall be carried on upon any Lot in this planned development nor shall anything be done thereon which may be or become an annoyance or nuisance to other Owners within Emerald Ridge.

(m) No building material of any kind or character shall be placed or stored upon any of said Lots until the Owner is ready to commence improvements. Building materials shall not be placed or stored in the street or between the curb and property lines.

(n) There shall be no violation of any rules which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in the Bylaws authorized to adopt such rules.

(o) Under no circumstances may a Lot Owner build a fence around the perimeter of his Lot or otherwise attempt to enclose his Lot. Each home built on a Lot will have a patio fence screening the patio area in the backyard but no other fencing in or around a Lot is permitted.

(p) No Lot Owner shall allow offensive noises or sounds such as loud music or a dog that barks from the patio or its lot.

(q) No additional or accessory structure shall be placed or built on any lot without the permission and approval of the Architectural Control Committee.

ARTICLE IX.
COMMON EASEMENTS

Section 1. Easement of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to unintentional placement or settling or shifting or Improvements constructed, reconstructed or altered thereon.

Section 2. Easement for Utilities, Etc. Declarant hereby reserves for itself and its designees (including without limitation, the City of Jackson, County of Madison, or any utility) blanket easements upon, across, over and under all of the Common Area and to the extent shown on any plat over the Lots for ingress, egress, installation, replacing, repairing and maintaining cable television systems, master television antenna systems, security, walkways, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity. This reserved easement may be assigned by Declarant by written instrument to the Association, and the Association shall accept the assignment upon such terms and conditions as are acceptable to Declarant. If this reserved easement is assigned to the Association, the Board shall, upon written request, grant such easements as may be reasonably necessary for the development of the Property described on Exhibit "A".

Section 3. Easement for Landscaping, etc. Declarant hereby reserves for itself and its designees (including without limitation, the Association) blanket easements upon, across, over and under all of the Lots and common areas for the purpose of building, maintaining, repairing or replacing the perimeter fence to be built around the development and for the landscaping mowing and maintenance of all both front, back and side yard of each lot.

ARTICLE X.
INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area. The Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million Dollar (\$1,000,000.00) single person limit as respects bodily injury and property damage, a One Million Dollar (\$1,000,000.00) limit per occurrence, and a Thirty Thousand Dollar (\$30,000.00) minimum property damage limit.

Premiums for all insurance on the Common Area shall be common expenses of the Association. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost of the improvements. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance.

Cost of insurance coverage obtained by the Association for the Common Area and other improvements for which the Association is responsible shall be included as an Assessment as defined in Article VI.

The Association's Board of Directors shall make every reasonable effort to secure insurance policies that will provide for the following:

- (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents and guests;
- (ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;
- (iii) That no policy may be canceled, invalidated, or suspended on account of the conduct of any Director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or mortgagee;
- (iv) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
- (v) that no policy may be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

Section 2. Individual Insurance-Repair and Reconstruction. By virtue of taking title to a Lot or Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all-risk casualty

insurance on the Lot and structures constructed thereon for full replacement cost. In the event of damage or destruction by fire or other casualty, the Owner shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to repair or rebuild such damage or destroyed portions or the improvements in a workmanlike manner in conformance with the original plans and specifications of the building (including landscaping). In the event the Owner refuses or fails to so repair or rebuild any and all such damage to his improvements within thirty (30) days, the Association, by and through its Board of Directors, is hereby authorized by such Owner to repair and rebuild the improvements in a good and workmanlike manner in conformity with the original plans and specifications. The Owner shall then repay the Association in the amount actually expended for such repairs, and the Association will have a lien securing the payment of same identical to that provided for in Article VI, securing the payment of said sums expended and subject to the power of sale and foreclosure as set forth in said Article.

The individual Owners shall furnish a certificate of insurance to the Association or its manager on a yearly basis.

ARTICLE XI MORTGAGEE'S RIGHTS

Upon request, the Association shall make available to any Lot Owner and lender, and to any holder, insurer, or guarantor of any first mortgage current copies of this Declaration, the Bylaws, and other rules concerning the affairs and management of Emerald Ridge, and the books, record, and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours.

Upon request, the Association shall furnish to any holder of a first mortgage a financial statement of the Association's immediately preceding fiscal year.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the unit number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- (a) any condemnation or casualty loss that affects either a material portion of the project of the Lot securing its mortgage;
- (b) any sixty (60) days delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage;
- (c) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Owners' Association;
- (d) any proposed act that required the consent of a specified percentage of mortgage holders.

The consent of at least sixty-seven percent (67%) of the votes and the consent of the Declarant, as long as it owns any land subject to this Declaration, and the approval of the eligible holders of first mortgages on Lots to which at least sixty-seven percent (67%) of the votes subject to a mortgage appertain, shall be required to terminate the Association.

The consent of at least sixty-seven percent (67%) of the votes and of the Declarant, as long as it owns any land subject to this Declaration, and the approval of eligible holder of first mortgage on individual Lots to which at least fifty-one percent (51%) of the votes subject to a mortgage appertain, shall be required to materially amend any provisions of the Declaration, Bylaws, or Charter of Incorporation of the Association, or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following: (i) voting; (ii) assessments, assessment liens, not including a subordination of said lien; (iii) reserves for maintenance, repairs, and replacement of the Common Area; (iv) insurance or fidelity bond; (v) rights to use of the Common Area; (vi) responsibility for maintenance and repair of the Property; (vii) boundaries of any residential Lot; (viii) imposition of any right of first refusal or similar restrictions of the right of any Owner to see, transfer or otherwise convey his Lot; (ix) any provisions included in the Declaration, Bylaws, and Charter of Incorporation which are for the express benefit of the holders, guarantors or insurers of first mortgages on residential units. Which provisions do not set out a required number of votes to amend the particular provision.

ARTICLE XII GENERAL PROVISIONS

Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term or thirty (30) years form the date this Declaration is recorded, unless otherwise expressly limited herein, after which time said covenants shall be automatically extended for successive periods of ten (ten) years each. Unless specifically prohibited herein, this Declaration may be amended by an instrument signed by Owners holding not less than sixty-seven percent (67%) of the votes of the membership at any time. Any amendment must be properly recorded to be effective. During the first three (3) years from the date of the recording of this Declaration, any amendment must also be approved by the Declarant.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, THE DECLARANT RESERVES THE RIGHT FOR A PERIOD OF THREE (3) YEARS FORM THE DATE HEREOF TO UNILATERALLY AMEND THIS DECLARATION TO THE REQUIREMENTS OF ANY GOVERNMENTAL AGENCY, FEDERAL, STATE OR LOCAL, AND FOR THE REQUIREMENTS OF ANY MORTGAGE LENDER OR FOR ANY REASON THAT THE DECLARANT DEEMS ADVISABLE FOR THE ORDERLY DEVELOPMENT OF EMERALD RIDGE.

Section 2. Notices. Any notice required to be sent to any Member under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as a Member on the records of the Association at the time of such mailing.

Section 3. Enforcement. The Declarant, the Association, or any Member, shall have the right to enforce these covenants and restrictions by any proceeding at law or in equity, against any person or persons violating or attempting to violate any covenant or restriction, to restrain violations, to require specific performance and/or to recover damages; and against the land to enforce any lien created by these covenants; and failure by the Association or any Member to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The expense of enforcement by the Association shall be chargeable to the Owner of the Lot violating these covenants and restrictions and shall constitute a lien on the Lot, collective in the same manner as assessment hereunder.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect the validity of any other provisions, which shall remain in full force and effect.

Section 5. Waiver. No restriction, condition, obligation or provision of this Declaration shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Gender, Etc. Whenever in this Declaration the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

ARTICLE XIII MEMBERSHIP IN EMERALD RIDGE

The Declarant hereby assigns its membership in Emerald Ridge to the Association. The Association shall elect one person to represent it at meeting of Emerald Ridge. All Lot Owners are also members of Emerald Ridge and are subject to any and all rules and regulations promulgated by and assessments levied by Emerald Ridge.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused these presents to be signed by the officer duly authorized so to do as of the day and year first above written

EMERALD RIDGE PARTNERS

BY: *R. J. McAlexander*

TITLE: GENERAL PARTNER

STATE OF TENNESSEE

COUNTY OF MADISON

Before me, a Notary Public, within and for the State and County, aforesaid, personally appeared *R. Joel McAlexander*, with whom I am personally acquainted (or prove to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be General Partner of EMERALD RIDGE PARTNERS, the within named bargainor, a General Partnership, and that such General Partner executed the foregoing instrument for the purpose therein contained, by personally signing the name of the General Partnership as General Partner.

WITNESS MY HAND AND SEAL, at office, this the *23rd* day of November, 2005

Hope H. Deming
NOTARY PUBLIC



JOINDER OF MORTGAGEE

Community Bank, Jackson, Tennessee herein called the mortgagee, the holder of a Deed of Trust on the property described on Exhibit "A" of the Declaration of Covenants, Conditions and Restrictions, which Deed of Trust is recorded in Trust Deed Book 1689, Page 178, in the Register's Office of Madison County, Tennessee, joins in submitting said property to the said Declaration of Covenants, Conditions and Restrictions. Said Deed of Trust remains prior to any liens created by said Declaration of Covenants, Conditions and Restrictions.

COMMUNITY BANK

BY: Daniel Coyt

TITLE: SVP

"EXHIBIT A"

BEGINNING at an iron pin set, being the northwest corner of Lot One Thousand Two (1002), Section X, McIntosh Place Subdivision as recorded in Plat Book 9 Page 141 in the Register's Office of Madison County, Tennessee; said point having (state plane coordinates of North 507662.50, East 1132229.14); runs thence with the west line of Section X, South 9 degrees 28 minutes 22 seconds West 583.65 feet to an iron pin set, said point being the northeast corner of Lot Six Hundred Eleven (611), Section VI & VII, McIntosh Place Subdivision as recorded in Plat Book 8, Page 145, said point having (state plane coordinates of North 507086.8133, East 1132133.02); runs thence with the north line of Section VI & VII North 80 degrees 31 minutes 40 seconds West 658.26 feet to an iron pin set; runs thence South 73 degrees 07 minutes 05 seconds West 32.75 feet to an iron pin set, being the northeast corner of Lot Four Hundred Eleven (411), Section IV & V, McIntosh Place Subdivision as recorded in Plat Book 7, Page 211; runs thence with the north line of Lot Four Hundred Eleven (411), North 33 degrees 49 minutes 08 seconds West 129.58 feet to an iron pin set; runs thence North 31 degrees 41 minutes 50 seconds West 310.00 feet to an iron pin set, being the southeast corner of Lot Five Hundred Nine (509), Section IV & V; runs thence with the east line of Lot Five Hundred Nine (509) North 1 degrees 31 minutes 14 seconds East 97.13 feet to an iron pin set, being the southeast corner of Lot Five Hundred Eight (508); runs thence North 9 degrees 22 minutes 02 seconds East 95.00 feet to an iron pin set in the south margin of East University Parkway (80' right-of-way); runs thence with the south margin of East University Parkway South 73 degrees 44 minutes 09 seconds East 86.63 feet to a point; runs thence South 71 degrees 20 minutes 20 seconds East 174.51 feet to a curve; runs thence with a curve to the left having a radius of 1040 feet and a length of 408.35 feet (chord — South 84 degrees 39 minutes 00 seconds East 405.73 feet) to a point; runs thence North 84 degrees 06 minutes 06 seconds East 282.49 feet to a curve; runs thence with a curve to the right having a radius of 665.00 feet and a length of 60.31 feet (chord — North 86 degrees 38 minutes 59 seconds East 60.29 feet) to the point of beginning containing 446185.37 square feet or 10.24 acres as surveyed by Surveying Services, Inc., 41 Heritage Square, Jackson, Tennessee 38305 (664-0807).

BK/PG:T1720/815-838

05022315

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|----------------------------|---------------|
| 24 PGS : AL - RESTRICTIONS | |
| CLARA BATCH: 26693 | |
| 11/28/2005 - 03:20 PM | |
| VALUE | 0.00 |
| MORTGAGE TAX | 0.00 |
| TRANSFER TAX | 0.00 |
| RECORDING FEE | 120.00 |
| DP FEE | 2.00 |
| REGISTER'S FEE | 0.00 |
| TOTAL AMOUNT | 122.00 |

STATE OF TENNESSEE, MADISON COUNTY

LINDA WALDON
REGISTER OF DEEDS