

THIS INSTRUMENT IS PREPARED BY:
Long, Ragsdale & Waters, P.C.
1111 Northshore Drive
Suite S-700
Knoxville, Tennessee 37919-4074

The Maximum Indebtedness
for Tennessee Recording Tax
is \$0.00.

SHERRY WITT
REGISTER OF DEEDS
KNOX COUNTY

FIRST AMENDMENT TO DECLARATION OF AMENDED
AND UNIFIED RESTRICTIONS FOR
SUGARWOOD SUBDIVISION UNITS 1, 2, 3 AND 4

THIS FIRST AMENDMENT (the "Amendment") is entered into to be effective as of the 9th day of October, 2006, by SUGARWOOD HOMEOWNERS ASSOCIATION, INC., a Tennessee not for profit corporation (the "Declarant"), and those owners of lots in Sugarwood Subdivision located in Knox County, Tennessee, and more particularly described below (collectively, the "Lot Owners") for the purpose of amending and clarifying (a) certain restrictions which affect Sugarwood Subdivision and (b) corresponding provisions of the bylaws of the Declarant.

W I T N E S S E T H:

WHEREAS, the Lot Owners own lots located in Sugarwood Subdivision Units 1, 2, 3, and 4 ("Sugarwood Subdivision"), as shown by the maps of said subdivision of record in the Knox County Register of Deeds Office described below; and

WHEREAS, Units One and Two of Sugarwood Subdivision are shown on plats recorded in Map Book 78-S, Pages 44 and 45, and are subject to the Declaration of Restrictions recorded at Deed Book 1791, Page 1077, in the Knox County Register of Deeds Office; and

WHEREAS, Unit Three of Sugarwood Subdivision is shown on the plat of record in Map Book 86-S, Page 45, and is subject to the Declaration of Restrictions recorded in Deed Book 1880, page 136, in the Knox County Register of Deeds Office; and

WHEREAS, Unit Four of Sugarwood Subdivision is shown on the plat of record in Map Book 90-S, Pages 20 and 21, and is subject to the Declaration of Restrictions of record in Deed Book 1904, page 203, in the Knox County Register of Deeds Office; and

WHEREAS, the use of all Lots located in Sugarwood Subdivision has been encumbered and restricted pursuant to that Declaration of Amended and Unified Restrictions Sugarwood Subdivision Units 1, 2, 3, and 4 (the "Declaration"), of record as

Instrument No. 200212300056736, in the Knox County Register's Office for the benefit and protection of homeowners of dwellings thereon, or to be erected thereon, to establish and maintain a sound value for such dwellings, and to maintain the aesthetic quality of Sugarwood Subdivision; and

WHEREAS, requisite approval has been obtained for amendment of the Declaration as herein set out.

NOW, THEREFORE, the undersigned agree as follows:

1. Definitions. As used herein, the following terms shall have the following definitions:

"Association" shall mean and refer to Sugarwood Homeowners Association, Inc., a Tennessee not for profit corporation.

"Board" shall mean and refer to the board of directors of the Association.

"Bylaws" shall mean and refer to the bylaws of the Association, as amended from time to time.

"Common Properties" shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners and all other property designated by the Association for the common use and enjoyment of the Owners, including but not limited to recreation parks, playgrounds, swimming pools, commons, streets, and footways, including buildings, structures, and personal properties incident thereto, other recreational amenities, lawns, green space, and other open areas, and easement areas.

"Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board, including but not limited to payment of all expenses of maintenance, repair, alteration, and replacement of Common Properties and expenses incurred by the Association in the enforcement of the Declaration or in performance of the Association's obligations under the Declaration, including but not limited to the fees of attorneys, accountants, and experts.

"Homeowner Fees" shall mean and refer to those fees, charges and assessments levied and established by the Board, acting on behalf of the Association, described in Article 25 below.



Instr: 200710240034003
PAGE: 2 OF 162

"Lot" shall mean and refer to any lot of land within Sugarwood Subdivision.

"Owner" shall mean and refer to the recorded owner, whether one or more Persons, of the fee simple title to any Lot, but excluding those having such interest merely as security for the performance of any obligation.

"Person" shall mean and refer to a natural person, corporation, partnership, association, limited liability company, trust, or other legal entity, or any combination of any of the foregoing.

2. Article 1 of the Declaration is amended by deletion in its entirety and replacement with the following:

ARTICLE 1

TERM

These covenants are to take effect as of January 1, 2003, and shall continue until January 1, 2068. Unless by January 1, 2068, Owners of a majority of the Lots shall have executed and recorded a notice of termination of this Declaration, this Declaration shall renew for a period of ten (10) years and thereafter shall continue to renew for successive ten (10) year periods unless, before the expiration of any such ten (10) year period, Owners of a majority of the Lots shall have recorded a notice of termination of this Declaration in the Knox County Register's Office. This Declaration may be amended by approval of Owners of a majority of the Lots.

3. Article 12 of the Declaration is amended by adding the following provisions thereto:

As used in this Article 12, the word "nuisance" shall specifically include, but not be limited to:

(a) the storing of any type of materials on a Lot (outside of a permitted structure located on a Lot) which is not intended by the Owner of said Lot to be incorporated into the structure located on the Lot within ninety (90) days from its initial placement on the Lot; or

(b) the location of a "disabled" vehicle (i.e., a vehicle which does not bear a current license plate, will not



start and cannot move by the operation of its engine) on a Lot for more than thirty (30) days; or

(c) situations or occurrences reasonably deemed by the Board to be "nuisances" as to Sugarwood Subdivision.

4. Article 15 of the Declaration is amended by indicating that no sign shall be located on a Lot which does not fully comply with all applicable governmental sign ordinances and laws.

5. The Declaration is amended by the insertion of the following articles:

ARTICLE 23

EACH OWNER A MEMBER

Every Owner shall be a mandatory member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to this Declaration and shall pass automatically to an Owner's successor in title to the Lot. The voting rights of members shall be as set out in the Bylaws. When more than one Person holds an interest in any Lot, all such Persons shall be members of the Association, but the Lot shall have only one (1) vote, to be exercised as such Persons among themselves determine. The Board may suspend the voting rights of a member for failure to pay any Homeowner Fees, assessment or charge lawfully imposed upon the member or the member's Lot or for violation of this Declaration or any rule or regulation of the Board. The Board also may suspend the rights of the Owner and all persons within the Owner's household to use the Common Properties in the event of any such delinquency or violation of this Declaration or any rule or regulation of the Board.

ARTICLE 24

COMMON PROPERTIES MAINTENANCE

The Association shall maintain, repair, alter, and replace the Common Properties.



Instr: 200710240034003
PAGE: 4 OF 162

ARTICLE 25

COVENANT FOR MAINTENANCE AND CAPITAL IMPROVEMENT HOMEOWNER FEES;
LIENS

Section 1. Commencement of Annual Homeowner Fees. As each Person becomes an Owner, such new Owner's Homeowner Fees for the current year shall be a pro rata part of the annual Homeowner Fees as of the first day of the month following the date such Person becomes a member of the Association. Upon a Person ceasing to be a member of the Association, such member shall not be entitled to any refund of his or her annual Homeowner Fees. To the extent a Person has ceased to be a member of the Association (i.e. said Person has sold his or her Lot) and, as of the date of such sale, has prepaid the annual Homeowner Fees for the year of the sale, said seller's only recourse to recover such portion of the annual Homeowner Fees for the portion of the year following the sale of the Lot shall be recovery from the buyer of the Lot.

Section 2. Purpose of Homeowner Fees. The Homeowner Fees levied by the Association shall be used exclusively for promoting the health, safety, pleasure and welfare of the Owners and the costs and expenses incident to the operation of the Association, including, without limitation, the maintenance, alteration, replacement, and repair of the Common Properties and improvements thereon, the maintenance of services furnished by the Association, the purchase of insurance by the Association, payment of all taxes, insurance premiums and all costs and expenses incidental to the operation and administration of the Association, establishment and maintenance of a reasonable reserve fund or funds, and the payment of all other Common Expenses.

Section 3. Computation of Annual Homeowner Fees. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses of operating the Association for the coming year and to send said budget to each Owner; such budget shall include a capital contribution or reserve account in accordance with the capital needs of the Association as and if established by the Board. The budget and the proposed annual Homeowner Fees to be levied against each Lot shall be delivered to each Owner no later than ten (10) days prior to such annual meeting. The annual Homeowner Fees shall be the same to each Lot; provided, however, that, in addition to said annual Homeowner Fees, a "special use" fee may be established by a vote of at least fifty-one percent (51%) of the members of the Association voting in person or by proxy at a duly called meeting to consider a



"special use" fee so long as the Board has recommended the "special use" fee and said fee is based upon the use of the Common Properties, and said "special use" fee need not be the same to each Owner (for example, an Owner who is not using certain Common Properties may not be assessed for a "special use" fee for Common Properties not being used by that Owner). The budget and the annual Homeowner Fees shall become effective unless disapproved at the annual meeting by a vote of a majority of the members voting in person or by proxy at such meeting. In the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then until a budget has been determined as provided herein, the budget and annual Homeowner Fees in effect for the then current year shall continue for the succeeding year. If any budget at any time proves inadequate for any reason, the Board may call a special meeting of the Association for the approval of special Homeowner Fees to cover the deficit.

Section 4. Special Homeowner Fees. In addition to the annual Homeowner Fees and "special use" fees authorized above, the Association may levy, in any year, special Homeowner Fees applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Properties, including roads and sidewalks, provided that any such special Homeowner Fees shall have the assent of at least two-thirds (2/3) of the members voting in person or by proxy at a meeting duly called for such purpose; provided, further, that maintenance and repair of improvements now or hereafter existing upon the Common Properties shall be funded from annual Homeowner Fees and subject to the majority vote of Section 3 of this Article. Special Homeowner Fees may also be levied by the Association if for any reason the annual Homeowner Fees prove inadequate to defray the expenses of the Association in fulfilling its duties and obligations hereunder, subject to the consent of the members as set forth above in this paragraph.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast ten percent (10%) of all the votes of the members shall constitute a quorum (unless applicable law would require a greater percentage of all the votes of the members, in which case such greater percentage would constitute a quorum). If the required quorum is not present, another meeting may be called



subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than fifteen (15) days following the preceding meeting.

Section 6. Rate of Homeowner Fees. Annual and special Homeowner Fees must be fixed at a uniform rate for all Lots and may be collected on an annual, semi-annual or quarterly basis by the Treasurer of the Association, and whether such Homeowner Fees are to be collected and paid on an annual, semi-annual or quarterly basis shall be determined by the Board.

Section 7. Creation of the Lien and Personal Obligation of Homeowner Fees. Each Owner, by acceptance of a deed for a Lot, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual Homeowner Fees that may or shall be levied by the Association, (2) "special use" fees that may or shall be levied by the Association, and (3) special Homeowner Fees that may or shall be levied by the Association, such fees to be established and collected as herein provided. The annual and special Homeowner Fees and "special use" fees, together with costs of collection thereof, including reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot against which such fees are made, ONLY AS TO LOTS TRANSFERRED BY DEEDS RECORDED IN THE KNOX COUNTY REGISTER OF DEEDS OFFICE AFTER THE DATE THIS INSTRUMENT IS RECORDED. All such Homeowner Fees and "special use" fees, together with costs of collection thereof, including reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the Homeowner Fees fell due, and such personal obligation shall continue after the transfer of such Lot. The personal obligation for delinquent Homeowner Fees shall not pass from the Person who was the Owner of such Lot at the time when the Homeowner Fees fell due to that Person's successor-in-title, unless expressly assumed by them.

Section 8. Remedies of the Association and Neighborhood Associations due to Nonpayment of Homeowner Fees. Any Homeowner Fees which are not paid when due shall be delinquent. If the Homeowner Fees are not paid within thirty (30) days after the due date, the Association may accelerate, at its option, the entire unpaid balance of the Homeowner Fees and may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, and collection costs and reasonable attorneys' fees of any such action shall be added to the amount of such Homeowner Fees. Each such Owner by his or her acceptance of a deed to a Lot, hereby expressly vests in the



Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of liens against real property. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. No Owner may waive or otherwise escape liability for the Homeowner Fees provided for herein by non-use of the Common Properties, abandonment of his or her Lot, or renunciation of membership in the Association. In the event of nonpayment, the Board also shall have such other remedies as may be provided elsewhere in this Declaration or at law or in equity, all of which shall be cumulative and none of which shall be exclusive.

Section 9. Subordination of the Lien to First Mortgages. The lien of the Homeowner Fees provided for herein shall be subordinate to the lien of any first mortgage or deed of trust, first purchase money security deed, or security deed representing a first lien on the Property, any Lots, or any portions thereof. However, the sale or transfer of any Lot pursuant to foreclosure of a first mortgage or deed of trust or proceeding in lieu thereof shall extinguish the lien of such Homeowner Fees as to payments that became due prior to such sale or transfer. No sale or transfer shall relieve the Owners of such Lot from liability for any Homeowner Fees thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempted from the Homeowner Fees, charges and liens created herein:

(a) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;

(b) all Common Properties;

(c) all project/subdivision amenities (e.g., the neighborhood swimming pool) located in the Common Properties; and

(d) all properties exempted from taxation by state or local governments upon the terms and to the extent of such legal exemption.

Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempted from said Homeowner Fees, charges or liens.



Instr: 200710240034003
PAGE: 8 OF 162

ARTICLE 26

CONSISTENCY WITH BYLAWS; RIGHT OF BOARD TO AMEND BYLAWS

To the extent that any current or future provision of the Bylaws is inconsistent with this Declaration, the provisions of this Declaration shall control, and the Bylaws shall be deemed amended to conform to this Declaration. The Board shall have the right to amend the Bylaws, (a) to the extent any such current or future provision of the Bylaws is inconsistent with this Declaration, to cause the Bylaws at all times to be consistent with this Declaration, and (b) to set the number of directors on the Board at a minimum of five (5) to a maximum seven (7) as is deemed necessary by the then existing Board to insure adequate management of the Association. Said directors shall be elected by the Board to fill the positions of President, Vice-president, Treasurer, and Secretary.

6. Except as specifically amended and clarified herein, all terms and conditions of the Declaration shall remain in full force and effect. All other provisions of the Declaration, as amended and clarified by this instrument, shall remain in full force and effect.

This First Amendment to Declaration of Amended and Unified Restrictions for Sugarwood Subdivision Units 1, 2, 3 and 4 may be executed in multiple counterparts (with the signature pages being below on this page 9 and on the following signature pages), each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the days on which their signatures are notarized, to be effective as of the day and year first above written.

DECLARANT:

SUGARWOOD HOMEOWNERS
ASSOCIATION, INC.

By: 

Name: David C. Freeman

Title: President



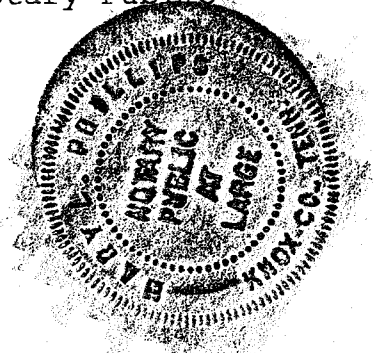
STATE OF TENNESSEE
COUNTY OF KNOX

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared David Freeman, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be the President of SUGARWOOD HOMEOWNERS ASSOCIATION, INC., the within named bargainer, a Tennessee not for profit corporation, and that he as such officer of Sugarwood Homeowners Assoc. executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as David Freeman, President

WITNESS my hand and official seal, at office this 9th day of October, 2006.

Mary L. Phillips
Notary Public

My Commission Expires: 06-05-07



Instr: 200710240034003
PAGE: 10 OF 162