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RILEY DARNELL
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CHARTER

OF

RARITY BAY COMMUNITY ASSOCIATION, INC. (A Tennessee Nonprofit Corporation)

FILED

Article 1. Name. The name of the corporation is Rarity Bay Community Association, Inc. ("Association").

Article 2. Nonprofit Corporation. The Association is formed as a nonstock, nonprofit corporation under the laws of the State of Tennessee.

Article 3. Principal Office. The initial principal office of the Association is located in Monroe County, Tennessee at the following address:

403 Rarity Bay Parkway
Vonore, Tennessee 37885

Article 4. Duration. The Association shall have perpetual duration.

Article 5. Declarations. References herein to the "Master Declaration" shall refer to the Master Declaration of Covenants, Conditions, and Restrictions for Rarity Bay recorded, or to be recorded, in the public records of Loudon and Monroe Counties, Tennessee (the "Public Records"), as it may be amended. References herein to the "Phase Declarations" shall refer to Declaration of Covenants, Conditions and Restrictions For Properties of Rarity Bay Subdivision, Phase I, Section 1, 2 and 3, recorded in Trust Book 340, page 156, and noted in Book S, Page 197 in the Registers Office of Loudon County, Tennessee and recorded in Misc. book 91, Page 58 and noted in Note Book 36, Page 130, Monroe County, Tennessee; Declaration of Covenants, Conditions and Restrictions For Properties of Rarity Bay Subdivision, Phase II, Section 1, 2 and 3, recorded in Trust Book 366, page 592, and noted in Book I, Page 205 in the Registers Office of Loudon County, Tennessee and recorded in Misc. book 96, Page 249 and noted in Note Book 38, Page 146, Monroe County, Tennessee; Declaration of Covenants, Conditions and Restrictions For Properties of Rarity Bay Subdivision, Phase III, Section 1 and 2, recorded in Trust Book 394, page 924, and noted in Book U, Page 205 in the Registers Office of Loudon County, Tennessee and recorded in Misc. book 98, Page 151 and noted in Note Book 39, Page 103, Monroe County, Tennessee; Declaration of Covenants, Conditions and Restrictions For Properties of Rarity Bay Subdivision, Phase IV, recorded in Trust Book 394, page 924, and noted in Book U, Page 205 in the Registers Office of Loudon County, Tennessee; and Declaration of Covenants, Conditions and Restrictions For Properties of Rarity Bay Subdivision, Phase V, recorded in Trust Book 410, page 889, and noted in Book U, Page 393 in the Registers Office of Loudon County, Tennessee. The Master Declaration and Phase Declarations are hereinafter collectively referred to as the "Declarations". References herein to the "Declarant" shall have the meaning ascribed to such term by the Declarations.

Article 6. Purposes. The Association is formed to be and constitute the Association to which reference is made in the Declarations, to perform all obligations and duties of the Association as set forth in the Declarations and the by-laws of the Association ("By-Laws"), and to exercise all rights and powers of the Association, as specified in the Declarations and the By-Laws, and as provided by law.

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Article 7. Powers. The Association shall have the following powers, which, unless otherwise indicated by the Declarations, may be exercised by the board of directors of the Association (the "Board"):

(a) all of the common law and statutory powers conferred upon nonprofit corporations under Tennessee law; and

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in this Charter, the By-Laws, and the Declarations, including, without limitation, the power:

(i) to establish, collect, and enforce payment, by any lawful means, of assessments and other charges;

(ii) to manage, control, operate, maintain, repair, and improve any other property for which the Association by rule, regulation, covenant, merger, or contract has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declarations or By-Laws;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all members of the Association ("Members");

(v) to buy or otherwise acquire, sell, dedicate for public use, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, own, hold, use, operate, grant easements, and otherwise deal in and with real and personal property of all kinds and any right or interest therein for any purpose of the Association, subject to such limitations as may be set forth in the Declarations or By-Laws;

(vi) to borrow money for any purpose, subject to such limitations as may be set forth in the Declarations or By-Laws;

(vii) to enter into, make, perform, and enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private; and

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law. The powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

(c) The Association does not contemplate pecuniary gain or profit, direct or indirect, to its Members and shall make no distributions of income to its Members, directors, or officers.

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Article 8. **Members.**

(a) The Association shall be a membership corporation without certificates or shares of stock. Membership in the Association shall be in accordance with the terms of the Declarations and the By-Laws. The Association shall have three (3) classes of membership, Class "A", Class "B" and Class "C", as fully set forth in the By-Laws.

(b) Changes of membership in the Association shall be established by recording in the Public Records a deed or other instrument establishing record title to real property subject to the Declarations. Upon such recordation, the owner designated by such instrument shall become a Member of the Association and the membership of the prior owner shall be terminated.

(c) The share of a Member in the privileges, rights and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to real property subject to the Declarations.

Article 9. Dissolution. The Association may be dissolved only upon a resolution duly adopted by the Board and the approval of Members holding at least two-thirds (2/3) of the votes in the Association and the written consent of the Declarant. In the event of dissolution, liquidation or winding up of the Association, subject to the Declarations, the Association's assets remaining after payment, or provisions of payment, of all known debts and liabilities of the Association shall be conveyed to a non-profit organization with similar purposes.

Article 10. Merger and Consolidation. The Association may merge or consolidate in accordance with Title 48, Chapter 61 Section 10, et seq. of the Tennessee Code Annotated, as amended.

Article 11. Directors and Officers.

(a) The business and affairs of the Association shall be conducted, managed, and controlled by a board of directors. The initial board of directors shall consist of five (5) directors. The number of directors may be increased in accordance with the By-Laws.

(b) The method of election, removal, and filling of vacancies on the board of directors and the term of office of directors and officers shall be as set forth in the By-Laws.

(c) The Board may do or cause to be done all acts and things which the Declarations, the By-Laws, this Charter or Tennessee law do not direct to be done and exercised exclusively by the membership generally.

(d) The Board may delegate its operating authority to such corporations, officers, individuals, and committees as it, in its discretion, may determine.

Article 12. By-Laws. The By-Laws of the Association shall be adopted by the Board and may be altered, amended, or rescinded in the manner provided in the By-Laws. The quorum requirements for meetings of Members, and directors shall be set forth in the By-Laws.

Article 13. Liability of Directors, Officers and Committee Members. To the fullest extent that Tennessee law, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers, Design Review Board ("DRB") members and committee

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members, no director or officer of the Association or DRB member or committee member shall be personally liable to the Association or its Members for monetary damages for breach of duty of care or other duty as a director, officer or DRB or committee member. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director or officer of the Association or DRB member or committee member for or with respect to any acts or omissions of such director, officer, or DRB member or committee member occurring prior to such amendment or repeal. The Association shall indemnify any director, former director, officer, former officer, DRB member or former DRB member, committee member or former committee member against liability to the fullest extent permitted under Tennessee law.

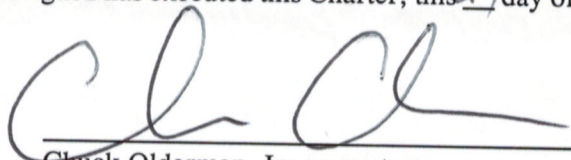
Article 14. Amendments. This Charter may be amended by a resolution duly adopted by the Board and the approval of Members holding at least two-thirds (2/3) of the votes in the Association. No Members shall be entitled to vote on any amendment which is for the sole purpose of complying with the requirements of any governmental or quasi governmental entity or institutional lender authorized to fund, insure or guarantee Mortgages, as such requirements may exist from time to time.

Article 15. Incorporator. The name and address of the incorporator of the Association are as follows:

Chuck Olderman
Cofer, Beauchamp, Stradley & Hicks, LLP
99 West Paces Ferry Road NW, Suite 200
Atlanta, Georgia 30303

Article 16. Registered Agent and Address. The Association hereby appoints Carolyn D. Blair, whose address in Monroe County, Tennessee is 403 Rarity Bay Parkway, Vonore, Tennessee 37885, as its lawful statutory agent upon whom all notices and processes, including service of summons, may be served, and which when served, shall be lawful, personal service upon this corporation. The Board may, at any time, appoint another agent for such purpose and the filling of such appointment shall revoke this or any other previous appointment of such agent.

IN WITNESS WHEREOF, the undersigned has executed this Charter, this 24 day of September, 1998.



Chuck Olderman, Incorporator