

Grandview - Phase I

Lots 1 - 45

This Declaration of Covenants and Restrictions dated April 28, 1995 was noted in Notebook 7, Page 18 at 10:48 A.M. on May 10, 1995 and recorded in Misc. Book 44, Page 684 at the office of Register of Deeds, Sequatchie County, Tennessee.

Following the Declaration of Covenants and Restrictions as Exhibit B is a copy of the Bylaws for the Grandview Homeowners Association.

GRANDVIEW

Declaration of Covenants and Restrictions

Table of Contents

Background 1

Paragraph I 1

 Definitions

 1.01 Architectural Review Committee 1

 1.02 Association 1

 1.03 Board of Directors or Board 2

 1.04 Bylaws 2

 1.05 Common Expenses 2

 1.06 Common Properties 2

 1.07 Declaration 2

 1.08 Developer 2

 1.09 First Mortgage 2

 1.10 First Mortgage 2

 1.11 Lot 2

 1.12 Mortgage..... 3

 1.13 Owner 3

Paragraph II..... 3

 Properties, Common Properties and Improvements Thereon

 2.01 Application 3

 2.02 Separate Associations 3

 2.03 Subdivision Plat 4

Paragraph III..... 4

 Covenants, Uses and Restrictions

 3.01 Residential Use 4

 3.02 No Multi-Family Residences 4

 3.03 No Business Use 4

 3.04 Minimum Square Footage 4

 3.05 Set Backs 5

 3.06 Rearrangement of Lot Lines 5

 3.07 Temporary Structures 6

 3.08 Completion of Construction..... 6

 3.09 Utility Easement 6

 3.10 Building Requirements 6

 3.11 Fences 7

 3.12 Damage to Common Properties 7

 3.13 Signs 7

 3.14 Service Area..... 7

 3.15 Animals..... 7

 3.16 Unsightly Conditions 7

 3.17 Offensive Activity 7

 3.18 Sewage Disposal..... 8

 3.19 Permitted Entrances 8

 3.20 Tree Removal..... 8

 3.21 Tanks and Garbage Receptacles 8

 3.22 Antennas 8

 3.24 Sound Devices 9

 3.25 Laundry..... 9

3.26 Duty to Rebuild or Clear and Landscape upon Casualty or Destruction	9
3.27 Vehicle Parking	9
3.28 Maintenance.....	9
3.29 Hunting	9
3.30 Violations and Enforcement	9
Paragraph IV	10
Common Property	
4.01 Establishment of Common Property	10
4.02 Restriction on Elizabeth Patten Park.....	10
4.03 Common Properties and Improvements Thereon	10
4.04 Private Utility Lines.....	11
Paragraph V	11
Assessments	
5.01 Purpose of Assessments.....	11
5.02 Creation of the Lien and Personal Obligation of Assessments	12
5.03 Commencement and Amount of Assessments	12
5.04 Lien.....	12
5.05 Lease, Sale, or Mortgage of Lot.....	13
5.06 Subordination of Lien to First Mortgages	13
5.07 Examination of Books	13
Paragraph VI	13
Homeowners Association	
6.01 Establishment of Association.....	13
6.02 Membership	13
6.03 Voting Rights.....	14
6.04 Purposes and Powers	14
6.05 Non-liability of the Directors, Board, Officers and Developer.....	14
6.06 Determination of Disputes	14
6.07 Rights of Association.....	14
Paragraph VII	15
Architectural Control	
7.01 . Architectural and Design Review	15
7.02 . Approval Standards.....	16
Paragraph VIII.....	16
Remedies on Default	
8.01 Scope	16
8.02 Grounds for and Form on Relief	16
8.03 Judgment Interest and Recovery of Expenses.....	16
8.04 Waiver	17
8.05 Election of Remedies	17
Paragraph IX	17
General Provisions	
9.01 Duration	17
9.02 Amendments and Termination.....	17
9.03 Notices	18
9.04 Severability	18
9.05 Captions	18
9.06 Use of Terms.....	18
9.07 Interpretation.....	18
9.08 Law Governing	19
9.09 Effective Date	19

Exhibit A	20
Property description of the boundary of SassafRAS Ridge Phase and Pine Ridge Phase of Grandview	

Bylaws for Grandview Homeowners Association, Inc.

Article I	1
Name	1
Article II	1
Office	1
Article III.....	1
Purposes	1
Article IV	2
Association	
4.01 Membership	2
4.02 Voting Rights	2
Article V	2
The Board of Directors	
5.01 Board of Directors	2
5.02 Developer Performs Functions	2
5.03 Election	3
5.04 Term.....	3
5.05 Resignation and Removal	3
5.06 Compensation	3
5.07 Powers and Authority of the Board	3
5.08 Additional Powers of the Board.....	4
5.09 Meetings of the Board.....	4
5.10 Special Meeting	4
5.11 Notice of Meetings.....	4
5.12 Waiver of Notice.....	4
5.13 Notice of Election	5
5.14 Fiscal Year	5
5.15 Special Committees	5
5.16 Rules and Regulations	5
5.17 Limitation on Capital Additions, Etc.	5
5.18 Failure to Insist on Strict Performance Not Waiver.....	5
Article VI	6
The Association: Meetings, Officers, Etc.	
6.01 Quorum	6
6.02 Annual Meeting	6
6.03 Special Meeting	6
6.04 Parliamentary Rules.....	6
6.05 Officers	6
Article VII	7
Assessments	
7.01 Amount of Annual Assessment	7
7.02 Additional Property.....	7
7.03 Special Assessments	7
7.04 Date of Commencement of Annual Assessments	8
Article VIII.....	8
Liability and Indemnification	
8.01 Liability of Members of the Board and Officers.....	8
8.02 Indemnification by Association	8
8.03 Actions Brought by One or More Owners on Behalf of All Owners	9
8.04 Notice of Suit and Opportunity to Defend	9

Article IX	9
General Provisions	
9.01 Business	9
9.02 Amendment.....	9
9.03 Notices	9
9.04 Conflict	10
9.05 Nonwaiver of Covenants	10
9.06 Agreements Binding	10
9.07 Severability	10
9.08 Books and Records	10
Exhibit C	11
Elizabeth Patten Park	
Exhibit A	12-14
Legal Description of Centerline of Patten Road	
Entrance Area for Patten Road	15
Legal Description of Centerline of Pine Ridge Drive	16
First Amendment to Declaration of Covenants and Restrictions	
First Amendment to Declaration of Covenants and Restriction	1-5
Exhibit C-1	6
Elizabeth Patten Park Property Description	
Exhibit D-1	7
Legal Description of Centerline of Pine Ridge Drive	
Exhibit E.....	8-9
Legal Description of Centerline of Sassafras Way	
Exhibit F.....	10-12
Legal Description of Centerline of Due East Drive	
Second Amendment to Declaration of Covenants and Restrictions	
Exhibit A	1-3
Exhibit E-1	4
Property Description	
Third Amendment to Declaration of Covenants and Restrictions	
Third Amendment to Declaration of Covenants and Restrictions	1-3
Exhibit A.	4
Phase II: Supplement to Declaration of Covenants and Restrictions	
Supplement to Declaration of Covenants and Restrictions	1-4
Deed of Easement	
Deed of Easement	1-2
Affidavit of Value	3
Exhibit A	4
Exhibit B	5
Exhibit C	6-11

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DECLARATION OF COVENANTS AND RESTRICTIONS

THIS DECLARATION is made to be effective the 28th day of April, 1995, by **W. A. BRYAN PATTEN** (herein "Developer").

BACKGROUND

1. Developer, as the owner of certain real property located in Sequatchie County, Tennessee, desires to create thereon a development known as Grandview (sometimes herein the "Development") to be located upon the real property more particularly described in **Exhibit "A"** attached hereto and incorporated herein (the "Property").

2. Developer desires to provide for the preservation of the land and home values when and as the Property is improved and desires to subject the Property to certain covenants, restrictions, easements, affirmative obligations, charges and liens as hereinafter set forth.

NOW, THEREFORE, the Developer subjects the Property to the terms of this Declaration and declares that the Property is and shall be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens hereinafter set forth (the "Declaration"). The terms and provisions hereof shall be covenants running with the Property and each portion thereof.

PARAGRAPH I **DEFINITIONS**

The following words and terms, when used in this Declaration or any Supplemental Declaration as provided herein (unless the context shall clearly indicate otherwise) shall have the following meanings:

1.01 Architectural Review Committee. "Architectural Review Committee" shall mean and refer to that Committee formed and operated in the manner described in Paragraph 7.01 hereof.

1.02 Association. "Association" shall mean the **GRANDVIEW HOMEOWNERS ASSOCIATION, INC.**, a Tennessee nonprofit corporation, or such other name as may be selected by the Developer or the Board if such name is not available at the time the Association is established.

1.03 Board of Directors or Board. "Board of Directors" or "Board" shall mean the governing body of the Association established and elected pursuant to this Declaration.

1.04 Bylaws. "Bylaws" shall mean the Bylaws of the Association, the initial text of which is set forth in **Exhibit "B"** attached hereto.

1.05 Common Expenses. "Common Expenses" shall mean and include (a) expenses of ownership, administration, maintenance, repair or replacement of the Common Properties; (b) expenses agreed upon as Common Expenses by the Association; (c) expenses declared Common Expenses by the provisions of this Declaration and (d) all other sums assessed by the Developer or the Board of Directors pursuant to the provisions of this Declaration or the Bylaws.

1.06 Common Properties. "Common Properties" shall initially mean (i) the property described on **Exhibit "C"** attached hereto and incorporated herein which is designated for use as a park or recreational area as provided in Paragraph 4.02 herein, (ii) all roads within the Subdivision until dedicated and accepted by the appropriate public body, including, without limitation, Patten Road and Pine Ridge Drive as described on **Exhibit "D"** attached hereto and incorporated herein, (iii) any bridge or bridges located within the Subdivision, and (iv) the portions of any private water or other utility line owned by Developer and/or the Association (excluding those portions of the line or lines serving individual lots). The term "Common Properties" shall also include any subsequent property either designated by the Developer as such pursuant to deed restrictions recorded in the Register's Office of Sequatchie County or conveyed to the Association as Common Property. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners and persons occupying dwelling places or accommodations of Owners on a guest basis; provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such lease.

1.07 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions and any Supplemental Declaration filed pursuant to the terms hereof.

1.08 Developer. "Developer" shall mean **W. A. BRYAN PATTEN** and his heirs, successors and assigns.

1.09 First Mortgage. "First Mortgage" shall mean a recorded Mortgage or Deed of Trust with priority over other Mortgages.

1.10 First Mortgagee. "First Mortgagee" shall mean a beneficiary, creditor or holder of a First Mortgage.

1.11 Lot. "Lot" shall mean and refer to any parcel of land located within the Property which is used or intended for use as a site for a single-family detached dwelling.Mortgage. "Mortgage" shall mean a deed of trust or mortgage.

1.13 Owner. "Owner" shall mean and refer to the Owner as shown by the real estate records in the office of the Register of Deeds of Sequatchie County, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot

situated upon the Property, but, notwithstanding any applicable theory of a Mortgage, shall not mean or refer to the mortgagee or holder of a deed of trust, its successors or assigns, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. The Developer may be an Owner. Other than the Developer, any corporation, partnership, limited partnership, firm, or other type of business entity or association which is an Owner hereunder must designate no more than two individuals who will be authorized to exercise the rights of ownership (including use of the Common Properties) described herein. Such designation must be in writing and delivered to the Developer or the Board. Any changes made in the designation must also be in writing and delivered to the Developer or the Board.

PARAGRAPH II
PROPERTIES, COMMON PROPERTIES AND
IMPROVEMENTS THEREON

2.01 Application. This Declaration applies only to the Property and not to other lots, tracts or parcels of land in the area or vicinity owned by Developer. The Developer or his successors and assigns, shall have the right, without further consent of the Association or any Owner, to bring within the plan and operation of this Declaration additional tracts in addition to the Property so long as they are contiguous with then existing portions of the Property. For purposes of this Paragraph, contiguity not be defeated or denied where the only impediment is a separation caused by a road, right-of-way or easement, and such property shall be deemed contiguous. The additions authorized under this Paragraph shall be made by filing a Supplementary Declaration of Covenants and Restrictions executed by the Developer or his heirs or assigns, with respect to the additional property which shall extend the operation and effect of the covenants and restrictions of this Declaration to such additional property. Any Supplementary Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Developer, to reflect the different character, if any, of the added properties, but such modifications shall have no effect on the Property.

2.02 Separate Associations. For any property subjected to this Declaration pursuant to the provisions of Paragraph 2.01, there may be established by the Developer an additional association limited to the Owners and/or residents of such additional property. Alternatively, the Owners of the additional property shall become members of the Association at the option of the Developer, his heirs, successors or assigns.

2.03 Subdivision Plat. The Developer may, at any time hereafter, record a subdivision plat reflecting the Lots previously sold and the remaining Lots in the Subdivision. Such plat may be recorded either prior to or after the establishment of the Association.

PARAGRAPH III
COVENANTS, USES AND RESTRICTIONS

3.01 Residential Use.

(a) All of the Lots in the Development except the Common Properties shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any Lot other than as provided in this Declaration and any supplements hereto. Moreover, the deed transferring a parcel to be used for residential purposes may, in the sole discretion of the Developer, contain covenants and restrictions applicable specifically to the Lot being transferred in addition to the covenants and restrictions contained herein.

(b) "Residential," refers to a mode of occupancy, as used in contradistinction to business, commercial or mercantile activity and, except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant as well as improved Lots.

(c) No Lot may be used as a means of service to business establishments on adjacent property, including but not limited to supplementary facilities or an intentional passageway or entrance into a business or another tract of land, whether or not a part of the Property, unless specifically consented to by Developer or the Board in writing.

3.02 No Multi-Family Residences. No residence shall be designed, patterned, constructed or maintained for the use of more than one single family, and no residence shall be used as a multiple family dwelling at any time.

3.03 No Business Use. No residence or other structure shall be designed, patterned, constructed or maintained upon any Lot for use in whole or in part for any business service or activity, or for any commercial purpose. No tractor trucks, tractor trailer trucks or equipment shall be parked in driveways or overnight on streets in front of any of the Lots. Neither the foregoing nor any other paragraph of this Declaration shall prevent the Developer or any builder from constructing a house for use as a model home that may contain office-type furniture and be used for conducting the business of either selling that house or other houses within the Development.

3.04 Minimum Square Footage.

(a) No single-family detached dwelling house shall be erected or permitted to remain in the Property unless it has the number of square feet of enclosed living area, exclusive of open porches or screened porches, carports, garages or basements, set forth in this Paragraph. For the purposes of this Paragraph, enclosed living area shall mean the finished and heated living area contained within the residence, exclusive of open porches, garages, and steps. In the case of any question as to whether a sufficient number of square feet of enclosed living area have been provided, the decision of the Developer or the Architectural Review Committee shall be final. The minimum number of square feet of enclosed living area required is as follows:

- (i) A one-story residence: two thousand (2,000) square feet;

(ii) A multi-story residence: one thousand eight hundred (1,800) square feet on the first floor of such residence and a minimum total of two thousand four hundred (2,400) square feet for the entire house.

(b) For any Lot on which a residence has been constructed in accordance with the preceding subparagraph, the Developer, or the Association, may, in their discretion, allow construction of one (1) detached building containing no more than two thousand four hundred (2,400) square feet to be used as a garage, storage building, barn or guest house. The Developer, or the Association as applicable, may impose such conditions upon their approval of this type of building as they deem desirable.

3.05 Set-backs.

(a) No residence building or other structure shall be erected on any Lot nearer than seventy-five (75) feet from any property line or within one hundred (100) feet of a stream or creek regulated by any statute or regulation of the State of Tennessee. For the purposes of this covenant, open porches shall be considered as part of the building, however, steps, walkways and driveways shall not be considered as a part of the building. No provision of this Paragraph shall be construed to permit any structure to be constructed and erected upon any Lot that does not conform to the zoning laws and regulations applicable thereto.

(b) For good cause shown, an Owner may petition the Developer or the Architectural Review Committee for a variance from any of the above set-back requirements. If the Developer or the Architectural Review Committee grants such petition, the Developer or the Association will not oppose such Owner's attempt to obtain a variance from applicable zoning laws and regulations, if required.

3.06 Rearrangement of Lot Lines. Except as provided in Paragraph 3.04(b), not more than one (1) dwelling house shall be erected or maintained on any one Lot. Contiguous lots may be combined if the Lots have the same Owner for the purpose of erecting an approved dwelling house thereon; however, the assessments provided for herein will continue to be based upon the number of original Lots purchased. Lots may not be resubdivided so as to create a smaller area than originally deeded to a Lot Owner except that Lots containing ten (10) or more acres may be resubdivided under the following conditions: (1) at the Owner's expense, a plat showing the boundaries of the resultant Lots shall be prepared and filed in the Register's Office; (2) each resultant Lot must contain a minimum of five (5) acres of land, exclusive of any road right-of-way; (3) each resultant Lot must have frontage upon and access to an existing, improved road; (4) no resubdivision may take place by any party other than the Developer without the written approval of the Architectural Review Committee; (5) resultant Lots shall, upon the filing of the plat showing the boundaries thereof, be separately assessed for purposes of annual and special assessments pursuant to Paragraph 5 hereof.

3.07 Temporary Structures. No part of any Lot shall be used for residential purposes until a completed dwelling conforming fully to the provisions of this Declaration shall have been erected thereon. In no event shall a mobile home, shed, shack, metal building, modular building or house-type trailer be placed or permitted to remain on any Lot. Neither the foregoing provisions nor any

other paragraph of this Declaration shall prevent the Developer from designating a Lot or Lots from time to time for the temporary placement of a trailer or other suitable structure for use as an office and/or sales center by the Developer and/or builders at the sole discretion of the Developer.

3.08 Completion of Construction. Any residence being erected on a Lot shall be completed within twelve (12) months from the date of the pouring of the footings for said residence. In the construction of a residence upon a Lot, the builder shall keep all debris cleared from the street or streets bounding the Lot. Before any residence is occupied, all debris must be removed from the entire Lot and any damaged roadway shall be repaired to the condition existing prior to the disturbance. Without the prior written approval of the Developer or the Architectural Review Committee, no construction of any building, out-building, or other improvements on the premises shall be commenced prior to construction of the dwelling house. No debris, old lumber or unsightly objects shall be moved onto any Lot in the Development at any time, including the period of construction of the residence thereon. The exterior of every dwelling shall be completed before occupancy.

3.09 Utility Easement. A perpetual easement for the benefit of the Developer and the Association, and their respective successors or assigns, is reserved over the front ten (10) feet of each Lot for the construction and maintenance of utilities such as electricity, gas, water, sewerage and drainage. The Developer, or the Association as applicable, may cut and clear these or other vegetation within that easement area to construct, install, repair or maintain such utility services. The Developer, and the Association following its formation, shall also have permanent non-exclusive easements to install utilities within the portions of the road rights-of-way not paved or graveled.

3.10 Building Requirements. All residential buildings or structures of a permanent nature constructed on any Lot shall have full masonry foundations, and no exposed block, concrete or plastered foundations shall be exposed to the exterior above grade level. All exposed concrete block or poured concrete foundations and retaining walls must be covered with stone, brick or siding to compliment the house. All sheet metal work (roof caps, flashings, vents, chimney caps) must be painted to match the roof. Gutters and downspouts must be painted in approved colors. All roof stacks and plumbing vents must be placed on rear slopes of roofs; provided, however, that for good cause shown, the Developer or the Architectural Review Committee may make exceptions as to the placement of such roof stacks and plumbing vents.

3.11 Fences. No fences will be allowed on a Lot without the prior written consent of the Developer or the Architectural Review Committee. All proposed fences must be submitted to the Developer or the Architectural Review Committee showing materials, design, height and location.

3.12 Damage to Common Properties. Any damage done to streets, curbs, gates, fences, or other Common Properties by the Owner of any Lot, or by a contractor, subcontractor, laborer or material supplier employed to construct a dwelling or other improvement on a Lot, will be repaired immediately at the expense of the Owner.

3.13 Signs. Except as provided in Paragraph 4.03 herein, no signs (other than those of the builder and/or construction lender for any residence during the period of construction) shall be

erected or maintained on any Lot, without the prior written consent of the Developer or the Architectural Review Committee.

3.14 Service Area. Each home shall provide an area or areas on the rear or side yard of the Lot to accommodate air conditioner compressors, garbage cans, an electrical service entrance, propane or gas tanks, or other ancillary residential functions that by nature may present an unsightly appearance. These types of service areas shall be convenient to the utility services and screened from view from adjacent streets.

3.15 Animals. No poultry, livestock or animals shall be allowed or maintained on any Lot at any time except in accordance with the terms of this Paragraph. The keeping of dogs, cats, ducks, llamas, donkeys, horses and household pets is permitted, providing that nothing herein shall permit the keeping of any animal for commercial purposes. Pet owners shall not allow pets to roam unattended. The pet owners shall also muzzle any pet which consistently barks or makes loud noises. If the barking or loud noises persist, the pet owner shall have the pet removed from the Development. If the pet owner refuses, it shall be deemed an "offensive activity." Other animals may be permitted with the prior written approval of the Developer or the Association and subject to such conditions as are imposed by those parties.

3.16 Unsightly Conditions. All of the Lots in the Development must, from the date of purchase, be maintained by the Owner in a neat and orderly condition (grass being cut when needed, as well as leaves, broken limbs, dead trees, and other debris being removed when needed). Tree limbs, rocks and other debris must be kept out of the streets. In the event that an Owner of a Lot in the Development fails, of his own volition, to maintain his Lot in a neat and orderly condition, Developer, or his duly appointed agent, or the Board, or its duly appointed agent, may enter upon said Lot without liability and proceed to put said Lot into an orderly condition, billing the cost of such work to the Owner.

3.17 Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance, discomfort, embarrassment or nuisance to the Development or the Owners. Trail bikes containing four (4) stroke engines no greater than two hundred (200) cubic centimeters shall be permitted on the Development, although other trail bikes, go-carts, all-terrain three (3) and four (4) wheel vehicles, motorcycles and similar vehicles shall be prohibited from operation on the Common Areas.

3.18 Sewage Disposal. All dwellings shall be connected to a public sewer or shall have a septic tank and field lines of the type and quality approved by all applicable governmental agencies or authorities. There shall not be erected, permitted, maintained or operated on any Lot any privy, cesspool, vault or any form of privy, except such sewage system as meets the requirements of all applicable governmental laws, regulations and codes.

3.19 Permitted Entrances. In order to implement and effect insect, reptile and woods fire control, and to maintain unsightly Lots, the Developer or the Board, or their respective agents, may enter upon any Lot on which a dwelling residence has not been constructed, such entry to be made by personnel with tractors or other suitable devices, for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, which in the opinion of the

Developer or the Board, detracts from the overall beauty, setting and safety of the Property or Lots. Such entrances shall not be deemed a trespass. The Developer and his agents or the Board and its agents may likewise enter upon a Lot to remove any trash which has collected on the Lot without such entrance and removal being deemed a trespass. The provisions of this Paragraph shall not be construed as an obligation on the part of the Developer and his agents or the Board and its agents to mow, clear, cut or prune any Lots or to provide garbage or trash removal services. Expenses incurred by the Developer or the Board under this Paragraph shall be payable by the Owner of the affected Lot within ten (10) days from billing.

3.20 Tree Removal. No living trees larger than five (5) inches in diameter at breast height shall be removed within the set-back areas provided in Paragraph 3.05 herein except in the construction or installation of a driveway or utility service.

3.21 Tanks and Garbage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view. Such tanks or receptacles may be installed only within a dwelling unit, within a screened area or buried underground. All garbage and trash containers must be placed in enclosed areas of the rear or side yard and must not be unsightly, disorderly, in disrepair or offensive.

3.22 Antennas. No television antenna, dish, radio receiver or sender or other similar device shall be installed within the set-back areas provided in Paragraph 3.05 or so as to be visible from adjoining Lots or streets. No radio, television signals, nor any other form of electromagnetic radiation shall be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals upon any other Lot. Notwithstanding the foregoing, the provisions of this Paragraph shall not prohibit the Developer or the Association from installing equipment necessary for a master antenna system, security system, cable television, mobile radio system or other similar systems within the Development.

3.23 Excavation. No Owner shall excavate or extract earth from any of the Lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which will materially affect the surface grade of a Lot unless the prior written consent of the Developer or the Architectural Review Committee is obtained. No ponds or lakes shall be installed on any Lot without the prior written approval of the Developer or the Association. Any construction or other activity affecting streams or wetlands on the Development shall be conducted in accordance with all federal and state statutes, laws, rules and regulations.

3.24 Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used, or placed upon Lots within the Development. The playing of loud music from any balconies or porches shall be offensive, obnoxious activity constituting a nuisance.

3.25 Laundry. No Owner shall hang laundry from any area within or outside a dwelling residence if such laundry is within the public view.

3.26 Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic and economical value of all Lots within the Development, each Owner shall have the affirmative duty to rebuild, replace, repair, or clear and landscape, within a reasonable

period of time, any building, structure, and improvement or significant vegetation which shall be damaged or destroyed by fire or other casualty. Variations and waivers of this provision may be made only upon the Board establishing that the overall purpose of these restrictive covenants would be best effected by allowing such a variation. Variations to this Paragraph are to be strictly construed and the allowance of a variance by the Developer or the Board shall not be deemed to be a waiver of the binding effect of this Paragraph upon all other Owners.

3.27 Vehicle Parking. Cars shall be parked only in the Owner's garage, an approved outbuilding or driveway. No inoperable vehicle, tractor or other machinery shall be stored outside on the premises at any time, even if not visible from the street. No house trailer or similar vehicle shall be stored on any Lot.

3.28 Maintenance. Each Lot Owner shall, at all times, maintain in good repair all structures located on such Lot, including driveways and permitted fences, and shall keep all vegetation and landscaping in good and presentable condition.

3.29 Hunting. There shall be no hunting, trapping, unnatural harm to animals, game or water species, nor shall there be any target or trap shooting or discharge of firearms upon any Lot or the Common Properties.

3.30 Violations and Enforcement. In the event of the violation, or attempted violation, of any one or more of the provisions of this Declaration, the Developer, his successors or assigns, or the Association, its successors or assigns, including all parties hereinafter becoming Owners of any one or more of the Lots to which this Declaration applies, may bring an action or actions against the Owner in violation, or attempting violation, and the defaulting Owner shall be further liable for such damages as may accrue, including any court costs and reasonable attorneys fees incident to any such proceeding, which costs and fees shall constitute liquidated damages. In the event of a violation of set-back lines, side, rear or front, which may be minor in character, a waiver thereof may be made by the Developer (or by the Board following formation of the Association). Further, the Developer or the Board may grant variances of the restrictions set forth in this Declaration if such variances do not, in the sole discretion of the Developer or the Board, adversely affect the purposes sought to be obtained hereby.

By reason of the rights of enforcement of the provisions of this Paragraph being given unto Owners of Lots (subject to rights of variances reserved by the Developer and the Board), it shall not be incumbent upon the Developer or the Board to enforce the provisions of this Declaration or to prosecute any violation thereof. Developer shall not be responsible or liable for any violation of this Declaration by any person other than himself.

PARAGRAPH IV **COMMON PROPERTY**

4.01 Establishment of Common Property. Each Owner shall have a permanent, nonexclusive easement for use of the Common Property in accordance with this Declaration, the Bylaws and any rules or regulations established by the Association. Each Owner shall also have a permanent non-exclusive easement to connect onto any utility lines located within the roads

comprising the Common Property or upon the utility easement areas retained in Paragraph 3.09 herein provided that all damage resulting from this action is promptly repaired and the property restored. Developer agrees to maintain the Common Property at his expense through December 31, 1995. Commencing on January 1, 1996, and until the Association is established, the Developer may levy annual or special assessments for any of the purposes set forth in Paragraph 5.01(a) herein and shall have the rights granted the Association in Paragraph 5. Notwithstanding anything herein to the contrary, assessments for calendar year 1996 under Paragraph 5.01(a) shall not exceed One Hundred and No/100 Dollars (\$100.00) per Lot. At the time the Association is established as provided in Paragraph 6.01 herein, the Developer will convey the Common Properties to the Association for Ten and No/100 Dollars (\$10.00). The Developer shall have no obligation to maintain the Common Property or any portion thereof after December 31, 1996, but shall have the right to perform any maintenance work on such property he deems necessary or desirable.

4.02 Restriction on Elizabeth Patten Park. The property described on Exhibit "C" attached hereto and incorporated herein is designated as "Elizabeth Patten Park" and is to be a portion of the Common Property used solely for park and recreational purposes for Owners and their guests. Such Lot shall not be used for any other purpose, nor may any building or other structure be constructed thereon, without the prior written consent of Developer.

4.03 Common Properties and Improvements Thereon. The Developer may install initially one or more entrance signs to the Development. The signs shall become part of the Common Properties when the Developer conveys the signs to the Association, at which time the Association shall become responsible for the operation, maintenance, repair and replacement of the signs. The Developer may also landscape the entrance areas to the Subdivision. These areas shall become Common Properties when conveyed to the Association and the Association shall then become responsible for their maintenance. The Developer and the Association may add additional Common Properties from time to time as they see fit.

4.04 Private Utility Lines. The Developer (or the Board following formation of the Association) may contract with one or more public utility companies (including, without limitation, the Walden Ridge Utility District) to install private water or other utility services for the Property. Initial installation of the private utility lines serving the Property shall not be a Common Expense but all costs incurred by the Developer or the Association in the ownership, maintenance and repair of such utility lines and services shall be Common Expenses. In lieu of including charges (including amounts to establish a reserve) for maintenance and repair of any such line as part of Common Expenses, the Developer or the Association may contract with the utility company to include charges for repairs and/or reserves on bills to Owners utilizing such service. Notwithstanding anything herein to the contrary, each Owner shall be responsible for the costs of installation and repair of the service line for his or her residence and such costs shall not be Common Expenses.

PARAGRAPH V
ASSESSMENTS

5.01 Purpose of Assessments.

(a) The Association (or the Developer prior to establishment of the Association) may impose assessments upon Lots for any or all of the following purposes:

(i) maintaining or improving the Common Properties, including establishment of reserves deemed necessary by the Board or the Developer for such purposes;

(ii) paving and maintaining any private road and cutting grass along public and private roads;

(iii) installing and maintaining lights along roadways;

(iv) constructing and equipping guard facilities at the entrance or entrances to the Development and hiring or contracting for personnel to staff such facility;

(v) purchasing such insurance, including, without limitation, property, general liability, fidelity and/or directors' insurance, as the Association deems necessary;

(vi) paying any expense defined as a Common Expense under the Bylaws;
and

(vii) protecting and preserving the beauty of the Development or the health and safety of persons living within it.

(b) In addition to the assessments imposed in the preceding subparagraph (a) upon all Lots, the Developer (or the Association following its formation) shall have the right to impose special assessments upon all Lots either located adjacent to Pine Ridge Road or using such road for access. It is anticipated that Pine Ridge Road may not be accepted by Sequatchie County as a public road for an extended period of time, if ever, and the purpose of the special assessments under this subparagraph will be limited to the costs of maintaining and repairing the road. However, costs involved in cutting grass along Pine Ridge Road shall be common expenses for all Lots under this subparagraph (a) above. The Developer may impose assessments under this subparagraph (b) at any time after January 1, 1996 and the assessments shall be imposed equally upon all affected Lots. Following formation of the Association, maintenance expenses under this subparagraph shall be determined by the prior written vote of the Owners of a majority of the Lots affected by this subparagraph and, once adopted, shall be imposed, collected and spent by the Association for maintenance of Pine Ridge Road. In addition, the Lots affected by this subparagraph may, at any time after the Association is established, decide by prior written vote of a majority in number of the Lots, to establish a separate association for the limited purpose of assuming the rights and obligations of the Developer or the Association under this Paragraph 5.01(b). Any additional association formed pursuant to this subparagraph shall have enforcement

and other rights upon nonpayment of assessments as provided herein and may adopt such by-laws as may be determined by the prior written approval of a majority in number of the Lots.

5.02 Creation of the Lien and Personal Obligation of Assessments. Each Owner by deed, whether or not it shall be so expressed in any deed or other conveyance, shall be deemed to covenant and agree to all of the terms and provisions of this Declaration and pay annual assessments and special assessments for the purposes set forth herein. The Owner of each Lot shall be personally liable, such liability to be joint and several if there are two or more Owners, for the payment of all assessments, whether annual or special, which may be levied while such party or parties is an Owner. The annual and special assessments, together with such interest thereon and costs of collection therefore as hereinafter provided, shall be a charge and continuing lien on the Lot and all of the improvements thereon against which each such assessment is made. Unpaid assessments shall bear interest from the due date to date of payment at a rate established by either the Developer or the Association on an annual basis, not to exceed the maximum rate allowed by law.

5.03 Commencement and Amount of Assessments. The annual assessments provided for herein shall commence on January 1, 1996. Assessments, whether annual or special, shall be established by the Association in accordance with the By-Laws. Assessments for each Lot under Paragraph 5.01(a) herein shall be based upon the size of the Lot in multiples of five (5) full acres. Thus, a Lot of ten (10) acres shall be assessed twice as much as a Lot of between five (5) but less than ten (10) acres. The decision of the Association (or the Developer prior to its formation) as to the area of Lots shall control so long as it is not arbitrary or capricious. Assessments under Paragraph 5.01(b) shall be determined as provided therein.

5.04 Lien. Recognizing that the necessity for providing proper operation and management of the Property entails the continuing payment of cost and expenses therefore, the Developer and/or the Association is hereby granted a lien upon each Lot and the improvements thereon as security for the payment of all assessments against said Lot, now or hereafter assessed, which lien shall also secure all costs and expenses, including reasonable attorney's fees, which may be incurred by the Association in enforcing the lien upon said Lot as well as interest as provided in Paragraph 5.02 herein. The lien granted in this Paragraph may be foreclosed as other liens are foreclosed in the State of Tennessee.

5.05 Lease, Sale or Mortgage of Lot. Whenever any Lot may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Owner of such Lot, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by the Owner of such Lot and any matter in dispute between the Owners of such Lot and the Association under this Declaration. Such statement shall be executed by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction and the Association shall be bound by such statement.

5.06 Subordination of Lien to First Mortgages. The liens provided for in this Declaration shall be subordinate to the lien of a First Mortgage on any Lot, but only if all assessments, whether

annual or special, with respect to such Lot having a due date on or prior to the date such First Mortgage is recorded have been paid. In the event any such mortgagee shall acquire title to any Lot by virtue of any foreclosure or deed in lieu thereof, the mortgagee of a First Mortgage shall only be liable and obligated for assessments, whether annual or special, as shall accrue and become due and payable for said Lot subsequent to the date of acquisition of title. In the event of the acquisition of title to a Lot by foreclosure of a First Mortgage or deed in lieu of foreclosure, any assessments, whether annual or special, as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners as part of the common expenses; provided, however, nothing contained herein shall be construed as releasing the party or parties liable for such delinquent assessments from the payment thereof or the enforcement of collection of such payment by means other than foreclosure. Any First Mortgagee may notify the Developer or the Board in writing of its name and address in order to be entitled to notices under Paragraph 9.03 herein.

5.07 Examination of Books. Each Owner and each mortgagee of a Lot shall be permitted to examine the books and records of the Association during regular business hours upon due notice.

PARAGRAPH VI **HOMEOWNERS ASSOCIATION**

6.01 Establishment of Association. The Association may be established by the Developer at any time. The Developer shall have sole discretion as to when to establish the Association.

6.02 Membership. Each Owner shall be a member in the Association upon its formation. A member's ownership shall automatically terminate upon the conveyance or transfer of his interest in a Lot to a new Owner and the new Owner shall simultaneously succeed to the former Owner's membership in the Association. In the event of multiple ownership of a Lot or ownership by a partnership or corporation, the name of the Owner designated to vote on behalf of such Lot shall be submitted in writing to the Association.

6.03 Voting Rights. The Association shall have one (1) regular voting membership classification. Each Owner shall be entitled to one (1) vote per five (5) full acres contained within a Lot. Thus, a Lot of ten (10) acres shall have two (2) votes while a Lot of at least five (5) but less than ten (10) acres shall have only one (1) vote. Neither the Developer nor the Association shall be entitled to any vote by virtue of ownership of the Common Property.

6.04 Purposes and Powers. Upon its formation, the Association shall be the governing body for all of the Owners for the maintenance, repair, replacement, administration and operation of the Common Property as provided in this Declaration and the Bylaws and the administration and interpretation of this Declaration, the Bylaws and any rules and regulations adopted pursuant thereto. The Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which it is organized and to do every other act not inconsistent with law which may be appropriate to promote and obtain the purposes set forth in this Declaration and the Bylaws. The Board of Directors shall be elected and serve in accordance with the provisions of the Bylaws. The Bylaws are attached as **Exhibit "B"** hereto but may be hereafter modified or amended as provided therein. Upon formation of the Association, the Developer shall transfer all of his rights, powers and obligations to the Association except for those rights set forth in Paragraphs

2.01, 2.02, 2.03, 3.07, 3.09, 4.02 and 8.02 herein.

6.05 Non-Liability of the Directors, Board, Officers and Developer. Neither the Directors, the Board or officers of the Association nor Developer, shall be personally liable to the Owners for any mistake in judgment or for any other acts or omissions of any nature whatsoever except for any acts or omissions found by a court of competent jurisdiction to constitute intentional misconduct, gross negligence or fraud. Each Owner releases and fully discharges each of the Directors, Board, officers or Developer and their respective heirs, successors and assigns from liability to the extent provided in this Paragraph. Notwithstanding the foregoing provisions, such parties in their capacities as Owners shall be subject to liability standards which affect all other Owners.

6.06 Determination of Disputes. In the event of any dispute or disagreement between the Owners relating to the Property, any questions of interpretation or application of the provisions of this Declaration or the Bylaws, such dispute or disagreement shall be submitted to the Developer (prior to formation of the Association) and thereafter to the Board and any such determination, provided it is not arbitrary or capricious, shall be final and binding on each and all of the Owners, subject to the right of the Owners to seek other remedies provided by law after such determination.

6.07 Rights of Association. The Association shall be authorized to grant easements, permits and licenses over the Common Property for purposes reasonably necessary or useful for the proper maintenance and/or operation of the Property. The Developer may, at his option, dedicate all or any portion of the roads, any bridge or any or all of the Common Property to the appropriate public authority before establishment of the Association. Following establishment of the Association, any dedication must receive the approval of seventy-five percent (75%) of the eligible votes within the Development.

PARAGRAPH VII **ARCHITECTURAL CONTROL**

7.01 Architectural and Design Review. In order to preserve, to the extent possible, the natural beauty of the Property and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the Development, and to promote and protect the value of the Property, the Developer or the Board may create a body of rules and regulations covering details of dwelling placements, which shall be available for all Owners or prospective Owners of Lots.

(b) The Developer shall have sole architectural and design reviewing authority for the Development until the Board has established an Architectural Review Committee in accordance with the Bylaws. When such Committee has been established, the Developer shall transfer reviewing authority to it, provided, however, that the Developer or his nominee shall always be a member of such committee.

(c) No building, fences, or structures of any type, shall be erected, placed, added to, or altered and no grading shall be commenced until the proposed building plans and specifications (including height, and composition of roof, siding, or other exterior materials and

finish), plot plan (showing the proposed location of such building or structure, drives and parking areas) shall have been submitted to the Developer or the Architectural Review Committee for approval at least thirty (30) days prior to the proposed date of construction. In addition, any repainting of a substantial portion of the exterior of any structure in a manner not previously approved by the Developer or the Architectural Review Committee shall be subject to prior approval of the Developer or the Architectural Review Committee as provided in the preceding sentence. The Developer or the Architectural Review Committee shall give written approval or disapproval of the plans within thirty (30) days of submission. However, if written approval or disapproval is not given within thirty (30) days of submission, the plans shall be deemed to have been approved. Developer or the Architectural Review Committee may, by written notice given from time to time to the Owners of Lots, exempt certain matters of a non-essential nature from the review requirements subject to the terms and conditions and for the time periods established by Developer or the Architectural Review Committee. In the event of the completion of any dwelling house on any Lot, without any proceedings having been instituted to enjoin the construction thereof, the said dwelling shall be conclusively presumed to have had such approval.

(d) The Developer or Architectural Review Board shall charge a reasonable fee for each application submitted for review. The amount of the fee shall be set in the reasonable discretion of the Developer or Architectural Review Board and shall initially be set at Fifty and No/100 Dollars (\$50.00).

(e) Architectural and design review shall be directed toward preventing excessive or unsightly grading, indiscriminate clearing of property, removal of trees and vegetation which could cause disruption of natural water courses, insuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the surrounding property and improvements thereon, and insuring that plans for buildings and landscaping provide visually pleasing settings for structures on the Lot and on adjoining or nearby Lots.

7.02 Approval Standards. Approval of any proposed building plan, location or specifications submitted under this Paragraph will be withheld unless such plans, location and specifications comply with this Declaration in the sole unfettered discretion of the Developer or the Association, as appropriate. Accordingly, it is advisable to obtain approval of plans and specifications prior to purchase of a Lot. Approval of the plans and specifications by the Developer or the Architectural Review Committee is for the mutual benefit of all Owners and is not intended to be, and shall not be construed as, an approval or certification that the plans and specifications are technically sound or correct from an engineering or architectural viewpoint or comply with applicable zoning laws, building codes or other land use laws or regulations. Each Owner shall be individually responsible for the technical aspects of the plans and specifications for his or her residence and other structures or activities on a Lot as well as the determination that such matters are in full compliance with all laws, codes and regulations of applicable governmental authorities.

PARAGRAPH VIII
REMEDIES ON DEFAULT

8.01 Scope. Each Owner shall comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations of the Association adopted from time to time, and each Owner shall be responsible for the actions of his or her family members, servants, guests, occupants, invitees or agents.

8.02 Grounds for and Form of Relief. Failure to comply with any of the provisions of this Declaration, the Bylaws, or any rules and regulations promulgated by the Board shall constitute a default and shall entitle the Developer or the Association to seek relief which may include, without limitation, an action to recover any unpaid assessment, annual or special, together with interest and expenses as provided for herein, any sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, and which relief may be sought by the Developer or the Association or, if appropriate and not in conflict with the provisions of this Declaration or the Bylaws, by an aggrieved Owner.

8.03 Judgment Interest and Recovery of Expenses. In any proceeding arising because of an alleged default by an Owner, the Developer or the Association, if successful, shall, in addition to the relief provided for in Paragraph 8.02, be entitled (1) to charge and collect interest upon any delinquent amount as provided in Paragraph 5.02 herein and (2) to recover the costs of the proceeding and such reasonable attorneys' fees as may be allowed by the court, but in no event shall the defaulting Owner be entitled to such attorneys' fees in defense of his or her actions.

8.04 Waiver. The failure of the Developer, the Association or an Owner to enforce any right, provision, covenant or condition which may be granted herein or the receipt or acceptance by the Association of any part payment of an assessment shall not constitute a waiver of any breach of this Declaration, nor shall same constitute a waiver to enforce the terms and provisions hereof in the future.

8.05 Election of Remedies. All rights, remedies and privileges granted to the Developer, the Association or an Owner or Owners pursuant to any term, provision, covenant or condition of this Declaration or the Bylaws shall be deemed to be cumulative and in addition to any and every other remedy given herein or otherwise existing, 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 rights, remedies or privileges as may be available to any such party at law or in equity.

PARAGRAPH IX
GENERAL PROVISIONS

9.01 Duration. This Declaration and the terms and provisions hereof shall run with and bind the land and shall inure to the benefit of and be enforceable by the Board, the Association, the Developer or any Owner, their respective legal representatives, heirs, successors and assigns, and shall be effective unless and until amended, modified or terminated as provided herein.

9.02 Amendments and Termination. Except as otherwise provided herein, this Declaration may be amended or terminated only in accordance with the following procedure:

(a) An amendment to or termination of this Declaration may be considered at any annual or special meeting of the Owners (before the Association is established) or the Association following its establishment; provided, however, that, if considered at an annual meeting of the Association, notice of consideration of the amendment and a general description of the terms of such amendment shall be included in the notice of the annual meeting provided for in the Bylaws, and, if considered at a special meeting, similar notice shall be included in the notice of the special meeting provided for in the Bylaws.

(b) At any such meeting of the Owners (before the Association is established) or the members of the Association after such date, the amendment or any termination of this Declaration must be approved by an affirmative vote of at least seventy-five percent (75%) of the eligible votes within the Development as provided in Paragraph 6.03 herein.

(c) An amendment or any termination of this Declaration adopted under Subparagraph (b) of this Paragraph shall become effective upon its recording with the Register's Office of Sequatchie County. The Developer (prior to formation of the Association) or the President of the Association and Secretary of the Association shall execute, acknowledge and record the amendment and the Secretary shall certify on its face that it has been adopted in accordance with the provisions of this Paragraph. The certificate shall be conclusive evidence to any person who relies thereon in good faith, including, without limitation, any mortgagee, prospective purchaser, tenant, lien or title insurance company that the amendment was adopted in accordance with the provisions of this Paragraph.

9.03 Notices. Any notice required to be sent to any Owner or mortgagee under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the Owner or mortgagee on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Owner to immediately notify the Secretary in writing of any change of address. Any notice required to be sent to the Board, the Association or any officer thereof, or the Developer under the provisions of this Declaration shall likewise be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to such entity or person at the following address:

W. A. Bryan Patten
520 Lookout Street
Chattanooga, Tennessee 37403

The address for the Board, the Association, or any officer thereof may be changed by the Secretary or President of the Association by executing, acknowledging and recording an amendment to this Declaration stating the new address or addresses. Likewise, the Developer may change his address by executing, acknowledging, and recording an amendment to this Declaration stating his new address.

9.04 Severability. Should any covenant or restriction herein contained, or any Article, Paragraph, Subparagraph, sentence, clause, phrase or term of this Declaration be declared void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

9.05 Captions. The captions herein are inserted only as a matter of convenience and for reference and are in no way intended to define, limit or describe the scope of this Declaration nor any provision hereof.

9.06 Use of Terms. Any use herein of the masculine shall include the feminine, and the singular the plural, when such meaning is appropriate.

9.07 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

9.08 Law Governing. This Declaration is made in the State of Tennessee, and any question pertaining to its validity, enforceability, construction or administration shall be determined in accordance with the laws of that State.

9.09 Effective Date. This Declaration shall become effective upon its recording in the Register's Office of Sequatchie County, Tennessee.

IN WITNESS WHEREOF, the Developer has executed this Declaration on the date first above written.

W. A. BRYAN PATTEN

**STATE OF TENNESSEE)
COUNTY OF HAMILTON)**

Personally appeared before me, _____, a Notary Public, **W. A. BRYAN PATTEN**, with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand, at office, this _____ day of _____, 1995.

Notary Public
My Commission Expires:_____

EXHIBIT "B"

**BYLAWS FOR
GRANDVIEW HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME**

The following provisions shall constitute the Bylaws of **GRANDVIEW HOMEOWNERS ASSOCIATION, INC.** (the "Bylaws"), a Tennessee nonprofit corporation (the "Association") which shall, along with the provisions of the Declaration of Covenants and Restrictions for Grandview, as the same may be amended from time to time (the "Declaration") and the rules and regulations adopted by the Board of Directors of the Association (the "Board"), govern the administration of Grandview, a residential development (the "Development"). Terms in these Bylaws (unless otherwise defined) shall have the same meaning as defined in the Declaration.

**ARTICLE II
OFFICE**

The principal office of the Association shall be located at the following address:

Grandview Homeowners Association, Inc.
c/o Patten & Patten, Inc.
520 Lookout Street
Chattanooga, Tennessee 37403

or at such other place either within or without the State of Tennessee, as shall be lawfully designated by the Association or as the affairs of the Association may require from time to time.

**ARTICLE III
PURPOSES**

The purposes of this Association shall be to provide for the establishment of a residents' association for the government of the Development in the manner provided by the Declaration, these Bylaws and in the Charter for the Association (the "Charter"). The aims of this Association are to be carried out through any and all lawful activities, including others not specifically stated in the Declaration, the Charter or these Bylaws but incidental to the stated aims and purposes; provided that any such activity or contribution shall conform to any applicable restrictions or limitations set forth in the Charter or which are imposed on real estate homeowners' associations by the Internal Revenue Code of 1986 as amended and the regulations thereunder, as presently enacted or as they may hereafter be amended or supplemented. All present or future owners or tenants, or their employees, or any other person who might use the facilities on the Development in any manner, shall be subject to the covenants, provisions or regulations contained

in the Declaration and these Bylaws, as amended, and shall be subject to any restriction, condition or regulation hereafter adopted by the Association.

ARTICLE IV **ASSOCIATION**

4.01 Membership. Every person or entity who is a record Owner of a fee simple interest or an undivided fee simple interest in any Lot which is subject to the Declaration shall be a Member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a member of the Association. Membership shall be automatically transferred to the new Owner upon the conveyance of any Lot and recording of the deed of conveyance in the Register's Office of Sequatchie County, Tennessee. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

4.02 Voting Rights. Each Lot shall be entitled to one (1) vote for purposes of these Bylaws for each five (5) acres of land contained within it. Thus, a Lot of at least ten (10) but less than fifteen (15) acres will be entitled to two (2) votes while any Lot containing less than ten (10) acres will have one (1) vote. When more than one person holds an interest or interests in any Lot as Owner, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a written instrument delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, the vote shall not be counted.

ARTICLE V **THE BOARD OF DIRECTORS**

5.01 Board of Directors. Subject to Section 5.02 of this Article hereinbelow, the administration of the Property on behalf of the Association shall be conducted by a Board of Directors ("Board") which shall consist of at least five (5) natural persons of legal age, each of whom shall be an Owner or a member of the household of an Owner at all times during membership on the Board. The Association may with the approval of at least fifty-one percent (51%) of the eligible votes within the Development held at any annual or special meeting, increase the number of directors from time to time to no more than eleven (11).

5.02 Developer Performs Functions. The rights, duties and functions of the Board shall be solely exercised by Developer until such time as the Developer in its sole discretion determines to call a special meeting of the Association pursuant to Section 6.01 of the Declaration to elect a Board. Such election shall be conducted pursuant to Section 5.03 hereof.

5.03 Election. At each annual meeting the Association shall elect those members of the Board as required under Section 5.01 who shall serve the terms set out in Section 5.04; provided, however, the members of the Board elected to succeed the Developer shall be elected at a special meeting duly and specifically called for that purpose by the Developer. Following election of the initial Board, nomination for a position on the Board may be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by five (5) or more Owners and by the nominee named therein indicating his willingness to serve as a member of the Board, if elected.

5.04 Term. Members of the Board shall serve for a term of one (1) year or until their respective successors are duly elected and qualified, or until their death, resignation or removal.

5.05 Resignation and Removal. Any member of the Board may resign at any time by giving written notice to the President. Any member of the Board may be removed from membership on the Board by the approval of sixty-seven percent (67%) of the eligible votes within the Development, except that a vacancy on the Board shall be deemed to exist in the event of the death of a member, the disability of a member which, in the opinion of a majority of the Board, renders such member incapable of performing Board duties, or in the event a member shall cease to be an Owner. Whenever there shall occur a vacancy on the Board for any reason, the remaining members shall elect a successor member to serve until the next annual meeting of the Association or until a special meeting is called for filling vacancies, at which time said vacancy may be filled by the Association for the unexpired term.

5.06 Compensation. The members of the Board shall receive no compensation for their services but shall be reimbursed for reasonable expenses incurred by them in the performance of their duties.

5.07 Powers and Authority of the Board. The Board, for the benefit of the Development and the Association, shall enforce the provisions of the Declaration, these Bylaws, and the Rules and Regulations governing the Development. Subject to any provision herein, the Board shall have the power and authority to acquire and pay for the following, which shall be deemed Common Expenses of the Association:

- A. Any expense permitted in Section 5.01 of the Declaration.
- B. Water, sewer, garbage collection, electrical, telephone and gas and other necessary utility services for the Common Properties.
- C. Legal and accounting services necessary or advisable in the operation of the Property and the enforcement of this Declaration, these Bylaws, and any Rules and Regulations made pursuant thereto.
- D. Painting, maintenance, repair, replacement and landscaping of the Common Properties. The Board shall also have the exclusive right from time to time to acquire and dispose of by sale or otherwise and without the necessity of approval by any Owner, furnishings and

equipment and other personal property for the Common Properties and to provide maintenance, repair and replacement thereof.

E. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments that the Board is required to secure or pay for pursuant to the terms of the Declaration, these Bylaws or any Rules or Regulations promulgated hereunder or which, in its opinion, shall be necessary or advisable for the operation of the Property or for the enforcement of the Declaration, these Bylaws, or the Rules and Regulations.

The Board shall have the exclusive right to contract for all goods, services, including security personnel, and insurance, payment for which is to be made a Common Expense.

5.08 Additional Powers of the Board. The Board shall have the right to acquire, operate, lease, manage, mortgage and otherwise trade and deal with the Common Properties as may be necessary or convenient in the operation and management of the Common Properties, and in accomplishing the purposes set forth herein. The Board or any managing agent or entity designated by the Board shall be deemed the agents of the Owners and as such shall manage, maintain and improve the Common Properties and also collect, conserve, allocate and expend money received from the Owners in a manner consistent with such agent's relationship and in conformity with this Declaration, these Bylaws and the Rules and Regulations.

5.09 Meetings of the Board. Meetings of the Board shall be held at such places within or without the State of Tennessee as the Board shall determine. A majority of the then elected members of the Board shall constitute a quorum. The decision of at least a majority of the then elected members of the Board shall be the act of the Board. Meetings of the Board shall be chaired by the President of the Association and the minutes shall be recorded by the Secretary of the Association, whether said Secretary is a member of the Board or not. The Association shall annually elect all of the officers set forth in Section 6.05 hereof. Any action required to be or which may be taken by the Board may be taken without a meeting of the Board pursuant to a written consent, setting forth the action so taken, signed by all members of the Board. All officers must be members of the Board.

5.10 Special Meetings. Special meetings of the Board may be called by the President of the Association or by a majority of the Board members.

5.11 Notice of Meetings. Regular meetings of the Board may be held without call or notice. The person or persons calling a special meeting of the Board shall, at least ten (10) days before the meeting, give notice thereof to each of the other Board members by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. If an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

5.12 Waiver of Notice. Any members of the Board may, at any time, waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting thereof shall constitute a waiver

of notice of such meeting unless a Board member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called and does so object by delivering a written document to that effect.

5.13 Notice of Election. After the election of the Board to succeed the Developer, the Secretary of the Association shall execute and, where desirable, acknowledge and record a certificate stating the names of all of the members of the then Board, provided, that, in the event of the disability or other incapacity of the Secretary, the President of the Association shall be empowered to execute the aforesaid certificate. The certificate shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

5.14 Fiscal Year. The fiscal year of the Association shall be the calendar year.

5.15 Special Committees. The Board, by resolution duly adopted, may designate one or more special committees, including without limitation an Architectural Review Committee, each committee to consist of two (2) or more Owners appointed by the Board, which, to the extent provided in said resolution and the Declaration, shall have and may exercise the powers set forth in said resolution. Notwithstanding the foregoing sentence, the Developer or his nominee shall always be a member of the Architectural Review Committee. The Board may also rescind any such resolution by a further resolution duly adopted. The Developer shall perform the functions of all Special Committees until establishment of the Association and election of its officers. Such Special Committee or Committees shall have such name or names as may be determined from time to time by the Board and shall keep regular minutes of their proceedings and report the same to the Board when required. The Board may appoint Owners to fill vacancies on Special Committees.

5.16 Rules and Regulations. The Board shall have the power and right to adopt and amend rules and regulations for the purpose of governing the details of the operation and use of the Common Properties and setting forth restrictions on, and requirements respecting the use and maintenance of the Common Properties. Copies of the Rules and Regulations shall be furnished to each Owner prior to the time the same shall become effective.

5.17 Limitation on Capital Additions, Etc. The Board shall authorize no structural alterations, capital additions to, or capital improvements of the Common Properties, any of which require an expenditure in excess of Five Thousand Dollars (\$5,000.00) without approval of a majority of the eligible votes within the Association. Notwithstanding the foregoing, the Board shall have the power to make any such structural alterations, capital additions to, or capital improvements of, the Common Properties as are necessary, in the Board's reasonable judgment, to preserve or maintain the integrity thereof without obtaining such approval, if in the opinion of the Board an emergency exists which should be corrected before a meeting of the Association could be reasonably called and held.

5.18 Failure to Insist on Strict Performance Not Waiver. The failure of the Board or its agents to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions in the Declaration or these By-Laws, or the Rules and Regulations or to exercise any right or option herein contained, or to serve any notice or to institute

any action shall not be construed as a waiver or a relinquishment, for the future, of such term, covenant, condition or restriction, right, option or notice; but such term, covenant, condition or restriction, right, option or notice shall remain in full force and effect.

ARTICLE VI
THE ASSOCIATION; MEETINGS, OFFICERS, ETC.

6.01 Quorum. The presence in person or by proxy at any meeting of the Association of the Owners entitled to vote a majority of the eligible votes under the Declaration in response to notice to all Owners properly given in accordance with Sections 6.02 or 6.03 of these Bylaws, as the case may be, shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Association upon the affirmative vote of persons entitled to cast a majority of the votes of the Association.

6.02 Annual Meeting. There shall be an annual meeting of the Association on the first Monday of February at any time after 6:00 P.M. Central Time at such reasonable place or other time (but not more than sixty (60) days before or after such date) as may be designated by written notice by the Board delivered to the Owners not less than fifteen (15) days prior to the date fixed for said meeting. At or prior to the annual meeting, the Board shall furnish to the Owners: (1) a budget for the coming fiscal year that shall itemize the estimated Common Expenses of the coming fiscal year with the estimated allocation thereof to each Owner and (2) a statement of the Common Expenses itemizing receipts and disbursements for the previous and, if then available, for the current fiscal year, together with the allocation thereof to each Owner.

6.03 Special Meeting. Special meetings of the Association may be held at any time and at any reasonable place to consider matters which, by the terms hereof, require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings shall be called by a majority of the Board, or by the Owners of at least thirty-three percent (33%) of the eligible votes of the Association by written notice, delivered to all Owners not less than thirty (30) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting and the matters to be considered.

6.04 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with these Bylaws or other such rules adopted by the Board.

6.05 Officers. The officers of the Association shall be a President, Vice-President, Secretary and Treasurer, all of whom shall be members of the Board. Once a Board has been elected by the Association Members to succeed the Developer pursuant to Section 5.03 hereof, the following provisions shall become applicable: Each officer shall be required to be an Owner. No officer shall receive compensation for serving as such. In the event an office becomes vacant due to an officer ceasing to be an Owner, or due to the death or disability of an officer, or for any other reason, the Board shall immediately name a successor to that office to serve out the remainder of the term. The Board may, in its discretion, require that officers be subject to fidelity bond coverage.

A. President. The President shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees.

B. Vice-President. In the absence or inability of the President, the Vice-President shall perform the functions of the President.

C. Secretary. The Secretary shall keep the minutes of all proceedings of the Board and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Association and the Board, including the minute book wherein the resolutions shall be recorded.

D. Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Board and the Association, but may delegate the daily handling of funds to accountants selected by the Board.

ARTICLE VII **ASSESSMENTS**

7.01 Amount of Annual Assessment. At least thirty (30) days prior to the annual meeting of the Association, the Board (or the Developer if the transfer of governing authority from the Developer to the Board has not yet taken place as described in the Declaration) will adopt a proposed budget for the upcoming year. The budget will establish the total amount of annual assessments on all Lots in the Development. The amount of the annual assessment for the individual Lots will be determined on the same basis as voting rights under Section 4.02 herein. The budget shall be approved or rejected at the annual meeting of the Association by vote determined pursuant to Section 6.01 of the By-laws.

7.02 Additional Property. Whenever additional land is added to the Development pursuant to the Declaration, such additional property will, automatically without the necessity of a vote of the owners as required for other types of amendments, reduce the assessment imposed upon the then existing Lots. Each additional Lot added to the Development will be subject to assessments hereunder on the same basis as the original Lots submitted to the terms of the Declaration.

7.03 Special Assessments. In addition to the annual assessments authorized by Section 7.01 hereof, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Properties, the cost of any addition to the Common Properties or any unexpected expense provided that such special assessments shall have the written approval of at least a majority of the eligible votes in the Association. Such approval may be given in writing or at a duly called special meeting, written notice of which shall be sent to all Owners at least thirty (30) days in advance setting forth the purpose of the meeting.

7.04 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence on the date (which shall be the first day of the month) fixed by the Association, but not earlier than January 1, 1996. The amount of the first annual assessment on a Lot shall be based pro-rata on the balance of the calendar year and shall become due and payable on the closing of the Lot. The assessment for any year, after the first year, whether such assessment be a general or special assessment, shall be due and payable within ten (10) days following approval of such assessment by the Association as provided herein. The Board shall be authorized to charge a late fee to any Lot owner who fails to pay any assessment, annual or special, on or before the due date thereof.

ARTICLE VIII **LIABILITY AND INDEMNIFICATION**

8.01 Liability of Members of the Board and Officers. The members of the Board, the officers and any agents and employees of the Association shall: (i) not be liable to the Owners or Association as a result of their activities as such for any mistake of judgment, or otherwise, except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (ii) have no personal liability to an Owner or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Owners in their capacity as such; (iii) have no personal liability in tort to an Owner or any other person or entity direct or imputed by virtue of acts performed by them as Board members and/or officers except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and (iv) have no personal liability arising out of the use, misuse or condition of the Common Properties, or which might in any other way be assessed against or imputed to them as a result or by virtue of their capacity as such Board members and/or officers.

8.02 Indemnification by Association. To the extent now or hereafter permitted by applicable law, the Association shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including without limitation counsel fees and court costs, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more Owners or any other persons or entities, to which he or she shall be or shall be threatened to be made a party by reason of the fact that he or she is or was a member of the Board or an officer or agent or employee of the Association; provided, in the case of any settlement, that the Board shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or by vote of the Association of the Board, or otherwise. The indemnification by the Association set forth in this Article VIII shall be paid by the Board on behalf of the Association and shall constitute a Common Expense.

8.03 Actions Brought by One or More Owners on Behalf of All Owners. No suit shall be brought by one or more but less than all Owners on behalf of the Association without approval by a majority of the votes of the Association.

8.04 Notice of Suit and Opportunity to Defend. Suits brought against the Association, or the Board, or the officers, employees or agents thereof, in their respective capacities as such, or the Property as a whole, shall be directed to the President of the Association, who shall promptly give written notice thereof to the other members of the Board and shall be defended by the Board. The Association and all Owners shall have no right to participate other than through the Board in such defense. Suits against one or more, but less than all, Owners shall be directed to such Owners, who shall promptly give written notice thereof to the Board and shall be defended by such Owners at their expense.

ARTICLE IX **GENERAL PROVISIONS**

9.01 Businesses. Nothing contained in these Bylaws shall be construed to give the Board the authority to conduct any business for profit on behalf of the Association or any Member.

9.02 Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by Developer prior to the election of the first Board and thereafter by the affirmative vote of the Owners of not less than seventy-five percent (75%) of the eligible votes within the Association, provided, however, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the laws of the State of Tennessee. Any amendment shall not be required to be recorded with the Register's Office of Sequatchie County but must be kept on file with Developer and the Secretary and available to all Owners upon written request.

9.03 Notices. Any notice required to be sent to any Owner under the provisions of these Bylaws shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the Owner on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Owner to immediately notify the Secretary in writing of any change of address. Any notice required to be sent to the Board, the Association or any officer thereof, under the provisions of these Bylaws shall likewise be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to such entity or person at the following address:

Grandview Homeowners' Association, Inc.
c/o Patten & Patten, Inc.
520 Lookout Street
Chattanooga, Tennessee 37403

9.04 Conflict. In the event of any conflict between these Bylaws and the provisions of the Charter of the Association, the Charter shall control and govern. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control and govern.

9.05 Nonwaiver of Covenants. No covenants, restrictions, conditions, obligations or provision contained in the Declaration or these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

9.06 Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and Bylaws shall be deemed to be binding on all Owners, their respective heirs, successors and assigns.

9.07 Severability. The invalidity of any covenant, restriction, condition, limitation or any other provisions of these Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

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