PREPARED BY: DAVID S. HUMBERD, ATTORNEY
Cleveland, TN 37364
PO Box 957

DECLARATION OF COVENANTS AND RESTRICTIONS FOR KINGS VALLEY SUBDIVISION

THIS DECLARATION made this 20 day of Sept., 2000 by STRICKLAND & HODNETT DEVELOPERS, LLC (herein developer).

WITNESSETH:

WHEREAS, developer, as owner of certain real property located in Hamilton County, Tennessee, as more particularly described in Plat Book 3, page 63, Register's Office of Hamilton County, Tennessee (herein "property"), desires to create thereon a development known as KINGS VALLEY Subdivision (herein "development"); and

WHEREAS, developer desires to provide for the preservation of the land values and home values when and as the property is improved and desires to subject the development to certain covenants, restrictions, easements, affirmative obligations, charges and liens, as hereinafter set forth, each and all of which are hereby declared to be for the benefit of the development and each and every owner of any and all parts thereof; and

WHEREAS, developer has deemed it desirable for the efficient preservation of the values and amenities in the development to create an entity to which should be delegated and assigned the power and authority of holding title to and maintaining and administering the Common Properties (hereinafter defined) and administering and enforcing the covenants and restrictions governing the same and collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement, as hereinafter created; and

WHEREAS, developer has caused or will cause to be incorporated or formed as a Limited Liability Company under the laws of the State of Tennessee, KINGS VALLEY HOMEOWNERS' ASSOCIATION, for the purpose of exercising the above functions and those which are more fully set out hereafter;

NOW THEREFORE, the developer subjects the real property described in Article II, and such additions thereto as may hereafter be made, to the terms of this declaration and declares that the same 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 (sometimes referred to as the "covenants") hereinafter set forth. These covenants shall touch and concern and run with the property and each Lot thereof.

ARTICLE I
DEFINITIONS

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

Instrument: 2000092000139
Book and Page: GI 5683 1
Data Processing F $2.00
Misc Recording Fe $64.00
Total Fees: $66.00
User: KSPRUIELL
Date: 20-SEP-2000
Time: 02:00:30 P
Contact: Pam Hurst
Hamilton County Tennessee

mail: Mike Strickland
PO Box 241
Cleveland TN 37364

1.01 Architectural Review Committee. "Architectural Review Committee" shall mean and refer to that Committee formed and operated in the manner described in Section 4.01 hereof.

1.02 Association. "Association" shall mean KINGS VALLEY HOMEOWNERS' ASSOCIATION.

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.

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

1.06 Common Properties. "Common Properties" shall mean and refer to those tracts of land and any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as a "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the owners, persons occupying dwelling units or accommodations of owners on a guest or tenant basis.

1.07 Covenants. "Covenants" shall mean the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens set forth in this Declaration.

1.08 Declaration. "Declaration" shall mean this Declaration of Covenants and Restrictions for KINGS VALLEY and any Supplemental Declaration filed pursuant to the terms hereof.

1.09 Developer. "Developer" shall mean STRICKLAND & HODNETT DEVELOPERS, LLC.

1.10 Dwelling Unit. "Dwelling Unit" shall mean any building situated upon the Properties designated and intended for use and occupy by a single family.

1.11 First Mortgage. "First Mortgage" shall mean a recorded mortgage with priority over other mortgages.

1.12 First Mortgagee. "First Mortgagee" shall mean a beneficiary, creditor or holder of a first mortgage.

1.13 Lot or Lots. "Lot" or "Lots" shall mean and refer to any improved or unimproved

parcel of land located within the property which is intended for use as a site for a single-family detached dwelling unit as shown upon any recorded final subdivision map of any part of the property, with the exception of the Common Properties.

1.14 Manager. "Manager" shall mean a person or firm appointed or employed by the Board to manage the daily affairs of the Association in accordance with instructions and directions of the Board.

1.15 Member or Members. "Member" or "Members" shall mean any or all owner or owners.

1.16 Mortgage. "Mortgage" shall mean a deed of trust as well as a mortgage.

1.17 Mortgagee. "Mortgagee" shall mean a beneficiary, creditor, or holder of a deed of trust, as well as a holder of a mortgage.

1.18 Owner. "Owner" shall mean and refer to the owner as shown by the real estate records in the office of the Recorder, 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, not mean or refer to the mortgagee or holder of a security deed, its successors or assigns. In the event that there is recorded in the office of the Recorder, a long-term contract of sale covering any lot within the property, the owner of such lot shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property for a period extending beyond twelve (12) months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property. The developer may be an owner.

1.19 Property. "Property" shall mean and refer to the real property described in Section 2.01 hereof, and additions thereto, which is subject to this Declaration.

1.20 Record or To Record. "Record" or "To Record" shall mean to record pursuant to the laws of the State of Tennessee relating to the recordation of Deeds and other instruments conveying or affecting title to real property.

1.21 Recorder. "Recorder" shall mean and refer to the Register of Deeds of Hamilton County, Tennessee.

ARTICLE II
PROPERTIES, COMMON PROPERTIES AND IMPROVEMENTS THEREON

2.01 Property. The covenants and restrictions set forth in this Declaration, as amended from time to time, are hereby imposed upon the real property located in Hamilton County,

Tennessee, and more particularly described in Plat Book 3, page 63, Register's Office of Hamilton County, Tennessee and additions or amendments thereto, which shall hereafter be held, transferred, sold, conveyed, used, leased, occupied and mortgaged or otherwise encumbered subject to the declaration. Additionally, any easements on any real property retained by or granted to the developer or the association for the purpose of erection and maintenance of entrance signs or street lights, or landscaping and maintenance thereof, shall also be considered property and subject to these covenants. Every person who is or shall be a record owner shall be deemed by the taking of such record title to agree to all the terms and provisions of this declaration.

2.02 Association. The association to be formed under the laws of the State of Tennessee for the purpose of carrying on one or more of the functions of a homeowners' association including, but not limited to, exercising all the powers and privileges and performing all the duties and obligations set forth in this declaration. Every person who is an owner is and shall be a member of the association as more particularly set forth in the Bylaws of the association.

2.03 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 (whether privately or publicly owned) and other areas where it may or may not have reserved an easement. These areas shall become Common Properties when conveyed to the Association and the Association shall then become responsible for maintenance of the landscaped areas. The developer and the Association may add additional Common Properties from time to time as they see fit. The Common Properties shall remain permanently as open space except as improved, and there shall be no subdivision of same, except as otherwise provided herein. No building, structure or facility shall be placed, installed, erected, or constructed in or on the Common Properties unless it is purely incidental to one or more of the uses above specified.

ARTICLE III
COVENANTS, USES, AND RESTRICTIONS

3.01 Application. It is expressly stipulated that the Restrictive Covenants and conditions set forth in this Article III apply solely to the property described in Plat Book 3, page 63, Register's Office of Hamilton County, Tennessee which property is intended for use as single-family residential lots only. These Restrictive Covenants and Conditions are not intended to apply to any other lots, tracts, or parcels of land in the area or vicinity, owned by the developer. Specifically, the developer, his successors or assigns, reserves the right to use or convey such other lots, tracts and parcels with different restrictions.

3.02 Residential use.

A. All of the lots in the development shall be, and be known and described as residential lots, and no structure shall be erected, altered, placed or permitted to remain on any lot

other than as provided in these Covenants and Restrictions and in supplements hereto, or except as provided for in a deed of conveyance from the developer.

B. "Residential" refers to a mode of occupancy, as used in contradistinction to "business" or "commercial" or "mercantile" activity and, except as otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant lots as well as to buildings constructed thereon.

C. No lot may be used as a means of service to business establishments or 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.

3.03 No Multi-Family Residences, Business, Trucks. No residence shall be designed, patterned, constructed or maintained to serve, or for the use of more than one single family, and no residence shall be used as a multiple family Dwelling Unit at any time, nor used in whole or in part for any business service or activity, or for any commercial purpose; nor shall any lot be used for business purposes, or for trucks or other equipment inconsistent with ordinary residential uses. No panel, commercial or tractor trucks shall be habitually parked in driveways or overnight on streets in front of any of the lots.

3.04 Minimum Square Footage. No single-family detached Dwelling Unit shall erected or permitted to remain in the Property unless it has the number of square feet of enclosed living area measured from the exterior walls, exclusive of open porches or screened porches, carports, garages or basements, set forth in this section. For the purposes of this section, stated square footage shall mean the minimum floor area required, and floor 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 is 1900. If the structure is two-stories or split level, then the 1st floor shall have a minimum of 1100 square feet..

3.05 Set-backs. No building shall be erected on any lot nearer than twenty-five (25) feet to the front lot line, and twenty (20) feet from the rear lot line. Side lot lines shall be as set out for cluster developments. For the purposes of this covenant, steps and open porches shall not be considered as a part of the building, providing, however, this shall not be construed to permit any portion of the building on the lot to encroach upon another Lot. 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; provided, however, that for good cause shown, an owner may petition the developer or the Architectural Review Committee for a variance from such set-back requirements.

3.06 Rearrangement of Lot lines. Not more than one Dwelling Unit shall be erected or maintained on any one lot. With the written approval of the developer or the Board, contiguous

lots may be combined if the lots have the same owner, for the purpose of erecting an approved Dwelling Unit thereon; however, the assessments provided for herein will continue to be based upon the number of original lots purchased. Except as provided in Section 3.40, lots may not be re-subdivided so as to create a smaller area than originally deeded to a lot owner and as shown on the subdivision plat.

3.07 Temporary Structures. No part of any lot shall be used for residential purposes until a completed Dwelling Unit, conforming fully to the provisions of these Restrictive Covenants, shall have been erected thereon. The intent of this section is to prevent the use thereon of a garage, incomplete structure, trailer, barn, tent, outbuilding, or other structure as temporary living quarters before or pending the erection of a permanent building. No structure of temporary character, including trailers and similar structures, shall be erected or permitted to remain on any lot except during the period of construction. No house may be moved from another location to any lot in this development.

3.08 Rainwater Drainage. Each lot must be landscaped so that rainwater will drain into the street adjoining the lot or into a drainage easement that drains into a street. Unless otherwise set forth on the recorded plat, lot lines shall be the drainage easements. A lot may not be landscaped so that rainwater runs into another lot across an established drainage easement area.

3.09 Utility Easement. A perpetual easement is reserved on each lot, as shown on the recorded plat, for the construction and maintenance of utilities such as electricity, gas, water, sewage, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.

3.10 Frontal Appearance. All Dwelling Units shall have conventional and acceptable frontal appearance from the main street fronting said lots.

3.11 Building Requirements. All buildings or structures of any kind constructed on any lot shall have full masonry foundations and chimneys, and no exposed block, concrete or plastered foundations shall be exposed to the exterior above grade level. The foundation of each Dwelling Unit must be covered with stone, brick, stone, sto or combination thereof.

All exposed concrete block or poured concrete foundations and retaining walls must be covered with stone, brick, or sto to complement the house. All sheet metal work (roof caps, flashings, vents, chimney caps) must be painted to match the roof. Gutters and down spouts 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.

3.12 Fences. Fences will be allowed on the rear portion of a lot, however it cannot extend beyond the front line of the house. Fences must be wood, vinyl or vinyl coated chain link.

3.13 Driveways. Each Dwelling Unit constructed upon a lot must be served by a driveway

constructed of hard surface materials such as concrete, brick, exposed aggregate, or pre-cast pavers. No driveway shall be constructed on any lot nearer than one (1) foot to any lot line. Where a lot borders on more than one street, the lot shall be entered from the secondary street.

3.14 Curbs. No permanent cuts may be made in the curbs for any purpose other than driveways or handicap access.

3.15 Signs. One sign offering the lot and/or Dwelling Unit for sale and one sign reflecting the name of the builder may be placed upon a lot. Such sign must be in form approved by the developer or Architectural Review Committee. No other signs shall be erected or maintained on any lot, except in accordance with approved standards for signs as set by the developer or the Architectural Review Committee.

3.16 Service Area. Each Dwelling Unit shall provide an area or areas on the rear or side yard of the lot to accommodate air conditioner compressors, garbage cans, the electrical service entrance, or other ancillary residential functions that by nature may present an unsightly appearance.

3.17 Garages. Each Dwelling Unit shall have an attached car garage constructed at the same time as the Dwelling Unit. The garage may be no more than a three (3) car garage. No carports will be permitted.

3.18 Landscaping. Landscaping shall accompany every new home and a minimum of $1,500 is required for landscaping. Shrubbery plantings adjacent to roadways and sidewalks shall not impede the vision of vehicle operators.

3.19 Windows. Metal windows are not permitted, nor are aluminum awnings permitted. However, clad windows will be permitted.

3.20 Animals. No poultry, livestock or animals shall be allowed or maintained on any lot at any time except that the keeping of dogs, cats, or other household pets is permitted, providing that nothing herein shall permit the keeping of dogs, cats, or other animals for commercial purposes. Pet owners shall not allow pets to roam unattended.

3.21 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 to put said lot into an orderly condition, billing the owner 250% of the cost of such work. All owners in the development are requested to keep cars, trucks, and delivery trucks off the curbs of the streets.

3.22 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.

3.23 No Detached Buildings. There shall be no detached garages or outbuildings exceeding 200 sq. feet of same material as dwelling and such must be approved by architect committee.

3.24 Sewage Disposal. Before any Dwelling Unit on a lot shall be occupied, a connection with the municipal sewer system meeting applicable municipal codes shall be made. There shall not be erected, permitted, maintained or operated on any lot any privy, cesspool, vault or septic system without written approval from the developer or the Board.

3.25 Tanks and Garbage Receptacles. No fuel tanks or similar storage receptacles may be exposed to view, and 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 visible from adjoining lots, house, or from any street.

3.26 No Antennas. No television antenna, radio receiver or sender or other similar devise shall be permitted exceeding 30" in diameter.

3.27 Mailboxes. Mailboxes of a type consistent with the character of the property shall be selected and placed by the owner of each lot and shall be maintained by the owner to complement the residences and the neighborhood. Design for mailboxes must be approved by the developer or the Architectural Review Committee.

3.28 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 and developer (with respect to improved property owned by developer) 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.

3.29 Vehicle Parking. Cars owned by lot owners shall be parked only in the owner's garage 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.

3.30 Maintenance. Each lot owner shall, at all times, maintain all structures located on such lot, including driveways and permitted fences, in good repair which shall include exterior painting as needed, and each lot owner shall keep all vegetation and landscaping in good and presentable condition.

3.31 Developer Reserves Right. Notwithstanding any other provisions herein to the

contrary, the developer reserves unto himself, his successors and assigns, the following rights, privileges and powers: to subdivide lots, to combine lots or parts of lots, to rearrange boundaries of lots, to cause any part of any lot to become a part of the Common Properties, and to cause portions of Common Property lots to become a part of any of the lots bordering them.

3.32 Roofs. All roofs must be of architectural quality shingles, or shakes.

3.33 Material quality. Only good quality materials and design will be accepted on any structure built on any lot. No concrete blocks shall be used above the finished ground elevation of any structure unless said blocks are covered with brick veneer, stone or other material acceptable to the developer or the Architectural Review Committee.

3.34 Air Conditioning and Heating Units. Air conditioning and heating units shall be architecturally screened or landscaped so as not to be visible from any street.

3.35 Sidewalks. It is the obligation of each lot owner subsequent to developer to install a sidewalk along lines of the lot which front a road except in those cases in which a burm on his lot fronts the road. All sidewalks shall be of concrete with a width of 40" and at least 24" from street curb except where not permitted by utility connection boxes.

3.36 Renting or Leasing. No Dwelling Unit may be rented or leased for period of time that is less than six (6) months.

3.37 Violations and Enforcement. In the event of the violation, or attempted violation, of any one or more of the provisions of these Restrictive Covenants, the developer, his heirs 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 provisions of these Restrictive Covenants apply, may bring an action or actions against the owner in violation, or attempting violation, and the said 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 setback lines, side, rear or front, which may be minor in character, a waiver thereof may be made by the developer, his heirs or assigns, or the Board. Further, the developer or the Board may grant variances of the restrictions set forth in these Restrictive Covenants 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 section 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 these Restrictive Covenants or to prosecute any violation thereof. Developer shall not be responsible or liable for any violation of these Restrictive Covenants by any person other than itself.

ARTICLE IV
ARCHITECTURAL CONTROL

4.01 Architectural and Design Review.

A. 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 shall create a body of rules and regulations covering details of Dwelling Units, 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 developer has transferred governing authority to the Board in accordance with the Bylaws. When such committee has been established, the developer shall transfer reviewing authority to it.

C. No Dwelling Unit, other building, or structures of any type, shall be erected or placed, 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 Dwelling Unit, building or structure, drives and parking areas),or drainage plan, as the case may be, 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. 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.

ARTICLE V
ASSESSMENTS

5.01 Creation of a Lien and Personal Obligation of Assessments. Each owner by acceptance of a deed conveying a lot, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all of the terms and provisions of these covenants and pay to the Association annual assessments and special assessments for the purposes set forth in this Article, such assessments to be fixed, established and collected from time to time as hereinafter provided. The owner of each lot shall be personally liable, such liability to be joint and several if there are two or more owners, to the Association for the payment of all assessments, whether annual or special, which may be levied while such party or parties are owners of a lot. 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 date to date of payment at the rate set by the Board, and said rate can be changed from time to time so that the rate is reasonably related to the economic situation. In the event that two or more lots are combined into a single lot by an owner, the assessments will continue to be based upon the number of the original lots purchased. In the event three or more lots are combined into two or more lots by an owner, the assessments will

continue to be based upon the number of original lots, and if any original lot is subdivided, the assessment on such original lot shall be prorated between the owner based upon the square footage owned by each owner.

5.02 Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the owners and for the improvements and maintenance of the Common Properties.

5.03 Amount of Annual Assessment. Until the transfer of governing authority from the developer to the Board takes place as described in the Bylaws, the amount of the annual assessments shall be set by the developer at such amount as the developer, in its sole discretion, deems appropriate to promote the recreation, health, safety, and welfare of its members. Thereafter, the amount of the annual assessments shall be set by the Board unless 75% of the members who are in attendance or represented by proxy at the annual or any special meeting of the Association vote to increase or decrease the said annual assessment set by the Board. At any such meeting, the developer shall have the number of votes as provided by the Bylaws.

5.04 Property Subject to Assessments. Only land within the property which has been subdivided into lots, and the plats thereof filed for public record, shall constitute a lot for purposes of these assessments.

5.05 Lien. Recognizing that the necessity for providing proper operation and management of the Properties entails the continuing payment of costs and expenses therefore, the Association is hereby granted a lien upon each Lot and the improvements thereon as security for payment of all assessments against said Lot, now or hereafter assessed, which lien shall also secure all costs and expenses, and reasonable attorney's fees, which may be incurred by the Association in enforcing in lien upon said lot. The lien shall become effective on a lot immediately upon the closing of that Lot. The lien granted to the Association may be foreclosed as other liens are foreclosed in the State of Tennessee. Failure by the owner or owners to pay any assessment, annual or special, on or before the due dates set by the Association for such payment shall constitute a default, and this lien may be foreclosed by the Association.

5.06 Lease, Sale or Mortgage of Lot. Whenever any lot may be leased, sold or mortgaged by the owner thereof, which lease, sale or mortgage shall be concluded only upon compliance with other provisions of this Declaration, the Association, upon written request of the owner of such lot, shall furnish to the proposed lessee, purchase of 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 such statement shall also include, if requested, whether there exists 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, purchase 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.

In the event that a lot is to be leased, sold or mortgaged at the time when payment

of any assessment against said lot shall be in default, then the rent, proceeds of such purchase or mortgage shall be applied by the lessee, purchaser or mortgagee first to payment of any then delinquent assessment or installments thereof due to the Association before payment of any rent, proceeds of purchase or mortgage to the owner of any lot who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a lot, the grantee(s) shall be jointly and severally liable with the grantor(s) for all unpaid assessments against the grantor(s) and the lot made prior to the time of such voluntary conveyance, without prejudice to the rights of the grantee(s) to recover from the grantor(s) the amounts paid by the grantee(s) therefore

ARTICLE IV
REGISTER OF OWNERS AND SUBORDINATION OF LIENS TO MORTGAGES

6.01 Register of Owners and Mortgages. The Association shall at all times maintain a register setting forth the names of the owners, and, in the event of a sale or transfer of any lot to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such lot, together with such recording information that shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any lot. Further, the owner shall at all times notify the Association of any mortgage and the name of the mortgagee on any lot, and the recording information which shall be pertinent to identify the mortgage and the mortgagee. The mortgagee may, if it so desires, notify the Association of the existence of any mortgage held by it, and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same. The Association may rely on such register for the purpose of determining the owners of lots and holders of mortgages.

6.02 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 if, and only if, all assessments, whether annual or special, with respect to such lot having a due date on or prior to the date such mortgage is recorded have been paid. In the event any such first mortgage (i.e., one who records a mortgage on a lot for which all assessments have been paid prior to recording) shall acquire title to any lot by virtue of any foreclosure, deed in lieu of foreclosure, or judicial sale, such mortgagee acquiring title 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 date of acquisition of such title. In the event of the acquisition of title to a lot by foreclosure, deed in lieu of foreclosure, or judicial sale, 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 Expense; 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.

6.03 Examination of Books. Each owner and each mortgagee of a lot shall be permitted to examine the books and records of the Board and Association during regular business hours.

ARTICLE VII
REMEDIES ON DEFAULT

7.01 Scope. Each owner shall comply with the provisions of this declaration, the Bylaws and the Rules and Regulations of the Association as they presently exist or as they may be amended 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.

7.02 Grounds for and Form of Relief. Failure to comply with any of the covenants of this declaration, the Bylaws, or the Rules and Regulations promulgated by the Board which may be adopted pursuant thereto 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 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.

7.03 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 Section 8.02, be entitled 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 owner be entitled to such attorneys' fees.

7.04 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 a covenant, nor shall same constitute a waiver to enforce such covenant(s) in the future.

7.05 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.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Duration. The covenants of this declaration 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 owner,

their respective legal representatives, heirs, successors, and assigns, in perpetuity, unless amended or terminated as provided herein. Book and Page: 61 5603 14

8.02 Amendments. This declaration may be amended, modified or revoked in any respect from time to time by the developer prior to the date that the governing authority for the development is transferred from the developer to the board in accordance with the Bylaws. Thereafter, this declaration may be amended in accordance with the following procedure.

A. An amendment to this declaration may be considered at any annual or special meeting of the association; provided, however, that, if considered at an annual meeting, 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 the special meeting provided for in the Bylaws. Notice of any meeting to consider an amendment that would adversely affect mortgagees' rights shall also be sent to each mortgagee listed upon the register of the association.

B. At any such meeting of the members of the association, the amendment must be approved by an affirmative 75% vote of those owners who are in attendance or represented at the meeting. At any such meeting, the developer shall have the number of votes as provided in the Bylaws. Any amendment which adversely affects the rights of the mortgagees must be approved by an affirmative 75% vote of the mortgagees of which the association has been properly notified (based upon one vote for each lot on which a first mortgage is held) and who vote within the period of time set by the board to vote, which shall be at least ten (10) days and no longer than sixty (60) days.

C. An amendment adopted under Paragraph B of this section shall become effective upon its recording with the recorder, and 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 section; provided, that in the event of the disability or other incapacity of either, the Vice President of the association shall be empowered to execute, acknowledge and record the amendment. 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 Section.

D. The certificate referred to in Paragraph C of this Section shall be in substantially the following form:

CERTIFICATE

I, _____, do hereby certify that I am the Secretary of KINGS VALLEY Homeowners' Association, and that the within amendment to the Declaration of Covenants and Restrictions of KINGS VALLEY Subdivision

was duly adopted by the owners of said Association and the mortgagees, if applicable, in accordance with the provisions of Section 8.02 of said Declaration.

WITNESS my hand this _____ day of _____, 2000.

_____
Secretary, KINGS VALLEY Homeowners' Association

8.03 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: 453 Central Ave., NW, Cleveland, TN 37311.

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

8.04 Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, 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.

8.05 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 described the scope of this Declaration nor any provision hereof.

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

8.07 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.

8.08 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.

8.09 Effective Date. This Declaration shall become effective upon its recording in the office of the Register of Hamilton County, Tennessee.

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

STRICKLAND & HODNETTE DEVELOPERS, LLC

ROGER M. HODNETT, Member

MICHAEL STRICKLAND, Member

STATE OF TENNESSEE)

COUNTY OF BRADLEY)

Before me, the undersigned Notary Public in and for the State and County aforesaid, personally came ROGER M. HODNETT and MICHAEL STRICKLAND, with whom I am personally acquainted, and who, upon oath, acknowledged themselves to be the Members of STRICKLAND & HODNETT DEVELOPERS, LLC, the within named bargainor, and that they as such Members, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of the corporation by themselves as such members.

Witness my hand and Notarial Seal, this 20th day of September 2000.

Margaret G. Decker
NOTARY PUBLIC

My Commission Expires: 2/26/2003