

The Instrument Prepared By
And Return To:
Lewis S. Howard, Esq.
Howard & Howard, P.C.
4820 Old Kingston Pike
Knoxville, Tennessee 37919

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THOMPSON TRAIL SUBDIVISION**

THIS DECLARATION is made, published and declared this _____ day of _____, 2007 by Cardinal Enterprises, Inc., a Tennessee corporation (the "Declarant"), for itself and any and all persons, companies or other entities hereinafter acquiring any of the described real property.

WHEREAS, Declarant is the fee simple owner of a certain tract of real property in Knox County, Tennessee, more particularly described in Exhibit "A" attached hereto and made a part hereof by this reference ("Property");

WHEREAS, Declarant has caused to be prepared a plan for the subdivision of such real property into residential lots, such subdivision to be known as Thompson Trail Subdivision;

WHEREAS, Declarant has caused a subdivision plat ("Plat") of the Property to be filed in Map Book _____ in Register's Office of Knox County, Tennessee, and as further provided in this Declaration, may incorporate additional Property herein;

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

NOW, THEREFORE, in consideration of the premises, the Declarant does hereby publish and declare

(1) that all, and each and every part of, such Property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, improved and otherwise held and used subject to (a) the following covenants, conditions, restrictions, uses, limitations and obligations and (b) all easements, conditions, restrictions, etc., as set out in the Subdivision Plats, all of which are hereby declared and agreed to be in furtherance of a plan for the development and improvement of such Property; and

(2) that such covenants, conditions, restrictions, uses, limitations and obligations shall run with the land and shall be a burden and a benefit to the Declarant, its successors and assigns, the Association and any person or legal entity acquiring or owning any interest in any portion of

such Property or any improvements thereon, and their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I DEFINITIONS

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

Section 1. "Association" shall mean and refer to Thompson Trail Homeowners Association, a non-profit, non-stock corporation incorporated under the laws of the State of Tennessee, its successors and assigns. The Association's Charter and Bylaws are attached hereto marked Exhibits "B" and "C" respectively and are hereby made a part hereof.

Section 2. "Declarant" shall mean Cardinal Enterprises, Inc., a Tennessee corporation with offices in Knox County, Tennessee, its successors and assigns.

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

Section 4. "Improvements" shall mean the structures, wall, pavement, plantings and other additions built or placed on the Lots.

Section 5. "Lot" or "Lots" shall mean and refer to; the plots of land designated on the Plat. For all purposes hereunder, the Declarant shall be the Owner of all said Lots, save and except only those particular lots which the Declarant conveys in fee simple title by recordable deed from and after the date hereof, or those in Thompson Trail Subdivision which may have already been conveyed by recorded deed prior to the date hereof.

Section 6. "Member" shall mean and refer to every Person who holds membership in the Association. Each lot owner must be a Member.

Section 7. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, but excluding those having such interest merely as security for the performance of an obligation. The purchaser at a foreclosure sale or trustee's sale shall be deemed an Owner.

Section 8. "Person" means an individual, firm, company, corporation, partnership, association, trust or other legal entity or any combination thereof.

Section 9. "Property" shall mean generally that certain parcel described in Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association and this Declaration.

Section 10. "Subdivision Plat" or ("Plat") shall mean the original recorded plats of Thompson Trail, and any amendments or revisions thereto, and the recorded plats of any additional property which is later incorporated into and made subject to this Declaration.

Section 11. "Common Area" shall mean all real property and the improvements thereon owned by the Association for the common use and enjoyment of the Members of the Association. Including but not limited to detention basins, the entire storm water collection system, the subdivision identification or entry sign and all common area landscaping.

ARTICLE II. THE PROPERTY

Section 1. Property Subject to Declaration. The Property shall be held and used subject to this Declaration.

Section 2. Roads and Utilities. The roads within the Property are public property. Pipes, lines, cables, other means of utility service, etc., shall also be public.

Section 3. Additional Property Subject to this Declaration. Additional Lots and/or common areas which are not presently a part of the Property may be added to and become subject to this Declaration as determined by the Declarant. The decision to include additional property to be subject to this Declaration shall be at the sole discretion of Declarant. Declarant and/or affiliates of the Declarant currently own and may subsequently acquire additional land adjacent or contiguous to the Property or in the vicinity of the Property and may incorporate some or all of such additional land into this Declaration, but Declarant and/or affiliates of the Declarant are under no obligation to incorporate any such additional land into this Declaration.

ARTICLE III. THE ASSOCIATION

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

Section 2. Control by Declarant. Declarant shall be a Member for each Lot owned by it until the same is sold and title transferred. Notwithstanding any other provision of this Declaration or any related document, the Declarant may retain total control of the Association, the Property, the development thereof, and the improvements thereon, including, without limitation, plan approval of all dwelling units, until the development is complete and all of the Lots have been sold and all land currently owned or hereafter acquired by the Declarant, or by affiliate of the Declarant, in the surrounding vicinity is developed and sold. However, Declarant may, as its sole option, transfer such control to the Members at such time as it deems appropriate.

Section 3. Voting Rights. The voting rights of the Membership shall be determined by ownership of a Lot, each Owner of a Lot being entitled to one (1) vote for each Lot owned. The Declarant's vote on any matter shall outweigh the aggregate vote of all other Members until the control granted to Declarant in this Article is transferred to the Members.

Section 4. Secured Parties. No individual or legal entity holding title to a Lot as security for any debt or obligation shall be considered an owner of such Lot, and such individual or entity shall not be entitled to membership in the Association or to cast a vote on any questions or matter affecting the administration of the Association.

Section 5. Voting. At every meeting of the Members, each of the Members shall have the right to cast his vote on each question. Subject to the Declarant's control and other rights set forth in this Declaration, the vote of the Members representing fifty-one (51%) percent majority of the total votes cast, with respect to any question, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provisions of statute, the Association's Charter or By-Laws, or this Declaration, a different vote is required. In such case, such express provision shall govern and control. The vote of any membership which is owned by more than one person may be exercised by any of them present at any meeting unless an objection or protest by a co-owner of such membership is noted at such meeting. In the event all of the co-owners of any such membership who are present at any meeting of the Members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. No member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

Section 6. Proxies. A Member may appoint any other Member or the Declarant, or any other person permitted by law or by the By-Laws, as his proxy. In no case, may any Member, except the Declarant, cast more than one vote by proxy, in addition to his own vote. Any proxy must be in writing and must comply with all requirements imposed by law or by the By-Laws.

Section 7. Quorum. The presence, either in person or by proxy, of Members representing at least a fifty-one (51%) percent of the total votes entitled to be cast with respect to any question shall be requisite for, and shall constitute a quorum for, the transaction of business at all meetings of the Members. If the number of Members at a meeting drops below the quorum and the question of a lack of quorum is raised, no business may thereafter be transacted.

ARTICLE IV. PROPERTY RIGHTS AND EASEMENTS

Section 1. Owner's Easements of Enjoyment over the Common Areas. Every Owner shall have a right and easement of enjoyment over and across the Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to this Declaration and the following specific provisions:

(a) The right of the Association, as provided in its Charter and/or By-Laws, to limit or suspend any enjoyment rights of any Member;

(b) The right of the Association, in accordance with its Charter and/or By-Laws, to improve and maintain the Common Areas;

(c) The right of the Declarant and the Association, but not the obligation, to protect, maintain and secure the Common Areas.

Section 2. Easements for Utilities and Related Purposes. The Declarant and/or the Association are authorized and empowered to grant such licenses, easements and/or rights-of-way for water lines, electrical cables, telephone cables, television and other communication cables, internal and external wiring and antennae, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities and other common services to the Property as may be considered necessary, appropriate or desirable for the orderly maintenance, presentation of the health, safety, convenience and/or welfare of the Owners and the Declarant.

Section 3. General Easement. The Declarant hereby reserves for itself and the Association the right and easement to the use of any Lots or any portion thereof, as may be needed for repair, maintenance or construction on such Lot, or any other Lot.

Section 4. Entrance Easement. All Lots adjoining the entrance, as hereinafter defined, shall be subject to an easement for the benefit of the Declarant and the Association as necessary to allow for the installation, maintenance and/or replacement of such entrance, including subdivision signage. An easement for such purposes of five (5) feet on each side of the entrance is hereby created. The Association shall maintain said entrance.

ARTICLE V. MAINTENANCE AND REPAIR

Section 1. Association Responsibilities. Except as otherwise stated in this Declaration, the Association shall provide and pay for all maintenance and expenses for the Common Areas, and any improvements on the Common Areas including, without limitation, the Common Entrance and stormwater collection system.

Section 2. Individual Lot Owners. Each Owner shall be responsible for the maintenance, painting, and proper upkeep of his Lot and all improvements thereon, including, without limitation, all areas within easements. Grass, weeds, and vegetation shall be kept mowed and all debris and animal waste shall be cleared at regular intervals from each Lot so as to maintain same in a neat and attractive manner. Additionally, each Owner shall be responsible for the maintenance and repair of that portion of the sidewalk and curb located along or adjoining the Owner's Lot line.

Further, each Owner shall keep his/her residence in a condition comparable to its condition when initially constructed. In the event all or any portion of a residence is damaged or destroyed by

fire or other casualty, then the Owner shall rebuild, repair or reconstruct such residence in a manner which will substantially restore same to its original condition or demolish the residence, and restore the Lot, at his discretion. Such rebuilding, repairing, reconstructing or demolition shall be completed within nine (9) months of the occurrence of the casualty.

In the event the Owner of the Lot shall fail to comply with the terms and conditions of this Article in a manner reasonably satisfactory to the Board of Directors and in keeping with other Lots, the Declarant, in its sole discretion, or the Association, after approval of two-thirds (2/3) vote of the Board of Directors, shall have the right, through agents and/or employees, to enter upon said Lot and to repair, maintain and restore the Lot and to repair, maintain, restore or demolish the improvements thereon. The costs thereof, together with interest thereon and costs of collection thereof, shall be a binding personal obligation of such Owner, as well as, a continuing lien upon the subject lot upon the recording of a notice of lien with the Office of the Register of Knox County, Tennessee. The rights and remedies given to the Association by the Article of this Declaration dealing with assessments and non-payment thereof shall apply fully to the debt obligations, including interest and costs of collection, and lien rights created in this Section. Likewise, the terms and conditions of said Article dealing with subordination and mortgage protection shall be fully applicable.

ARTICLE VI COMMON ENTRANCE

Common Entrance. Declarant shall construct an entrance along Harvey Road (the "Common Entrance"). The Common Entrance shall be maintained by the Association, and may not be changed in any manner by any Owner.

ARTICLE VII. ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association the assessments provided in this Article. Such assessments shall be fixed, established and collected from time to time as herein provided. All such assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest thereon and cost of collection thereof, shall also be the personal obligation of the Owner of such Lot at the time when the assessment becomes due.

Section 2. Annual Assessments.

(a) Each Member shall pay to the Association an annual sum equal to the Member's proportionate share of the sum required by the Association, as estimated and determined by its Board of Directors, to meet its annual expenses, including, but in no way limited to, the following:

(1) The cost of all operating expenses of the Association and services furnished, including charges by the Association for its facilities, if any, any repayment of any indebtedness incurred by the Association and interest thereon; and

(2) The amount of taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay, if any; and

(3) The cost of comprehensive liability insurance and the cost of such other liability and/or property insurance as the Association may require; and

(4) The cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve and/or reserve for replacements; and

(5) The estimated cost of repairs, maintenance and replacements of the Common Entrance, drainage systems, the Common Areas thereon, equipment and other items.

(b) The annual assessment can be billed on a monthly, quarterly or annual basis at the discretion of the Association's Board of Directors. For each Lot, the annual assessment shall first become due on the date of the closing of the sale of said Lot from the Declarant to the Owner. The assessment shall be prorated for the month of its commencement.

(c) Until January 1, 2009, the maximum annual assessment per Lot per month to be paid to the Association shall be \$200.00/year.

(d) After January 1, 2009, the Board of Directors shall determine the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, but may do so at more frequent intervals should circumstances so require as provided in the By-Laws. The general annual assessment for each Lot shall be computed by dividing the total assessment attributable to the Property by the total number of Lots. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessment on a specified Lot has been paid.

(e) Declarant as a Lot owner or Association Member shall be responsible for payment only of the actual cost of the Lot maintenance of all Lots owned by Declarant and not responsible for the payment of the association fee.

Section 3. Special Assessments. In addition to the regular assessments authorized by this Article, the Association may levy a special assessment or assessments in any assessment year, applicable to that year only, for the purpose of defraying, in whole or in part, including legal and other professional fees and expenses, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement for which the Association is responsible and for such other purposes as the Board of Directors may consider necessary, provided that such assessment shall have the assent of the Members representing two-thirds (2/3) of the total number of votes eligible to be cast. A meeting of the Members shall be duly called

for this purpose, written notice of which shall be sent to all Members at least ten (10) days but not more than thirty (30) days, in advance of such meeting, which notice shall set forth the purpose of the meeting. Such assessment shall be prorated among the Members on the same basis as annual assessments.

Section 4. Emergency Assessments. In the event of any emergency situation, condition, or occurrence affecting the life, health, safety or welfare of the Members or the property of the Members, the Board of Directors may declare an emergency assessment in such amount and payable at such time as the Board, in its sole discretion, shall deem necessary. Such emergency assessment, except for the amount and time of payment, shall be governed by all other provisions of this Declaration. Such assessment shall be prorated among the Members on the same basis as annual assessments. The Board of Directors shall be fully protected and not liable for any mistake in judgment hereunder if the emergency assessment was made in good faith.

Section 5. Non-Payment of Assessments. Any assessment levied pursuant to this Declaration, or any installment thereof, which is not paid on the date when due, shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Lot or Lots belonging to the Member against whom such assessment is levied and shall bind such Lot or Lots in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. In order to evidence said lien, a notice of lien setting forth the amount of the indebtedness, the Owner's name, and a description of the Lot shall be recorded with the Office of the Register of Knox County, Tennessee. The personal obligation of the Member is to pay such assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to the By-Laws, or any installment thereof, may be maintained without foreclosing or waiving the lien herein.

Any assessment levied pursuant to this Declaration or any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at a rate not to exceed the highest rate allowed under the laws of the State of Tennessee, and may, by resolution of the Board of Directors, subject the Member obligated to pay the same to the payment of such penalty or "late charge" as the said Board may fix. The Association may bring an action of law against the Member personally obligated to pay the same, or foreclose the lien against the Lot or Lots subject to prior mortgages or deeds of trust upon the Lot or Lots; in either event, the Association may collect from the Member interest, costs and reasonable attorneys' fees. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Property or abandonment of his Lot.

For the purpose of enforcing the lien of any unpaid and delinquent assessment, each owner irrevocably grants the Board of Directors of the Association the power to sell his unit at public outcry to the highest and best bidder for cash. The Board of Directors is authorized to make such a public sale if and only if such sale conforms with Sections 7 and 8 of this Article. The Association is hereby authorized to take any and all courses of action available to it for collection of the assessment, which the laws of the State of Tennessee allow. Any such sale shall be made after first advertising the sale of said property for twenty-one (20) days by three (3) weekly publications in some newspaper in the County of Knox, State of Tennessee, giving notice of the

time and place of such sale. Any sale of a Lot to enforce a lien for delinquent and unpaid assessments shall be free from equity of redemption, statutory right of redemption, marital rights, homestead, and dower and all other exemptions, all of which are expressly waived by the Owners; and any such sale and the lien enforced thereby shall take precedence over and have priority over any and all other liens of every nature against the Lot except real estate and ad valorem taxes assessed against the Lot and prior recorded mortgages or deeds of trust described in Section 7 of this Article. The proceeds of any such sale, whether under the power of sale or by foreclosure suit, shall be applied first to the payment of the expenses of protecting the Property and the expenses of litigation, attorney's fees, and sale commission; and second, to the payment of real estate and ad valorem taxes assessed against the Lot and any prior recorded mortgages or deeds of trust as described above; and third, to the payment of all amounts due the Association under the terms of the Declaration and the By-Laws; and the balance if any, to the Owner whose Lot is sold, and his assigns. Upon any default in the payment of the assessment, the Board of Directors shall have the right to all rents, issues, and profits from the Lot, in default and shall have the right to secure the payment through notice to those in possession of the Lot or by entry into possession in the same manner as the mortgagee entering into possession following default.

All rights, remedies, and privileges granted to the Board of Directors or an Owner, pursuant to any terms, provisions and covenants and conditions of the Declaration and the By-Laws, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute and 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 granted to such party by the Declaration and the By-Laws, at law or in equity.

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

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

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

Section 8. Subordination and Deed of Trust/Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to this Declaration upon any Lot shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first deed of trust or mortgage (meaning a lien with priority over all other liens) if such deed of trust or mortgage is made in good faith and for value received; provided, however, that such subordination shall apply only to assessments

which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure, and shall not in such instance apply to claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all Owners, including the mortgaged units. Such sale or transfer shall not relieve the purchaser at such sale of the Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment. Said lien, if any, shall have the same effect and be enforced in the same manner as provided herein.

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

Section 9. Additional Default. Any deed of trust or mortgage secured by a Lot shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Declaration, or any installment thereof, shall constitute an event default in such deed of trust or mortgage (or the indebtedness secured thereby), but failure to include such a provision in any such instrument shall not affect the validity or priority thereof, and the protection extended to the holder of such instrument (or the indebtedness secured thereby) elsewhere in this Article shall not be altered, modified or diminished by reason of such failure.

ARTICLE VIII ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. An Architectural Control Committee is hereby established and shall consist of three (3) entities or persons (the "Committee"). The initial Committee shall consist of the Declarant and at Declarant's option may include two (2) other entities or persons to be selected by the Declarant. These Committee members shall serve for a period of two (2) years unless they are replaced by the Declarant, resign or otherwise fail to serve. Upon the expiration of two (2) years from the date hereof, or the earlier termination of any Committee member, the Declarant shall then appoint substitute Committee members until control of the Association is transferred to the Members, at which time, the Board of Directors of the Association shall have the authority to make said appointments; provided, however, that the Declarant shall have the absolute right to be one of the three (3) Committee members until the development is complete and all of the Lots have been sold and all land currently owned or hereafter acquired by the Declarant, by any affiliate of the Declarant, or by any entity related to the Declarant, in the surrounding vicinity is developed and sold. The affirmative vote of a majority of the membership of the committee shall be required to adopt or promulgate any rule or regulation, or to make any findings, determination, ruling or order, or to issue any permanent authorization or approval pursuant to directives or authorizations contained herein.

Section 2. Approvals Necessary, Rules of Committee and Remedies for Violation. With the exception of improvements desired by the Declarant, no structure or improvement of any kind or nature, or any fence or barrier shall be commenced, erected, placed, moved onto, or permitted to remain on any of the Lots nor shall any existing structure, improvement, fence or barrier upon any Lot be altered in any way which materially changes the exterior appearance thereof, without

the written consent of the Committee; nor shall any new use be commenced on any Lot without the written consent of the Committee. Plans and specifications of all such improvements and uses shall be submitted to and retained by the Committee. They shall be in such form and shall contain such information as may be required by the Committee, but in any event shall include, without limitation, (1) a building plan and site plan showing the floor plans, exterior elevations, color scheme, kind, shape, height, materials and location with respect to said Lot (including proposed front, rear and side setbacks) of all structures, fences or barriers, and location of all parking spaces and driveways on the Lot and the proposed surface thereof, (2) grading and landscape plans, and (3) a selection of one of several landscape designs which the Committee may make available and which will represent the minimum landscape requirements. Declarant recommends (1) that each owner procure a soil test report prepared by a soils engineering firm approving the intended use of the Lot and (2) that all plans and specifications be prepared by a registered and licensed professional Architect or Engineer. The Committee in its sole and absolute discretion shall approve the builder selected to construct any residence.

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

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

Upon submission of the plans and specifications, the Owner shall pay the Committee a review fee of \$25.00 and shall further pay an additional fee of \$25.00 for each additional review needed to comply herewith.

If any structure, improvement, fence or barrier shall be altered, erected, placed or maintained upon any Lot or any new use commenced on any Lot, otherwise than in accordance with plans and specifications approved by the Committee as required herein, such alteration, erection, maintenance or use shall be deemed to have been undertaken in violation of the restrictions herein

and without the approval required herein; and upon written notice from the committee, and such structure, improvement, fence or barrier so altered, erected, placed or maintained upon any Lot in violation hereof, shall be removed or altered, and such use shall be terminated so as to extinguish such violation.

If fifteen (15) days after the notice of such violation, the Owner of the Lot in question shall not have taken reasonable steps toward the removal, alteration or termination of the same, the Association, by its officers or directors, shall have the right, through its agents and employees, to enter upon such Lot and to take such steps as may be necessary to extinguish such violation, and the cost thereof shall be a binding personal obligation of such Owner, as well as, continuing lien upon the Lot in question upon the recording of the notice of lien with the Office of the Register of Knox County, Tennessee. The provisions of the Article of this Declaration dealing with assessments and non-payment thereof, including, without limitation, the right and remedies given to the Association therein, shall apply fully to the debt obligation, including interest and costs of collection, and the lien rights created in this section. Likewise, the terms and conditions of said Article dealing with subordination and mortgage protection shall be fully applicable.

Upon completion of the construction or alteration of any structures of any structure in accordance with the plans and specifications approved by the Committee, the Committee shall, upon written request of the Owner thereof, issue a letter of compliance identifying such structure and the Lot on which such structure is placed and stating that the plans and specifications, location of such structure and the use or uses to be conducted thereon have been approved and that such structure complies therewith. Preparation of such letter shall be at the expense of the Owner of such Lot. Any compliance letter issued in accordance with the provisions of this paragraph shall be prima facie evidence of the facts therein stated, and as to any purchase or encumbrance in good faith and for value, or as to any title insurer, such compliance letter shall be conclusive evidence that all structures and improvements described therein and the use or uses described therein comply with all the requirements of these restrictions. Any agent of the Declarant or the Committee, may, at reasonable times, enter upon and inspect any Lot and any improvements thereon for the purpose of ascertaining whether the maintenance of such Lot and the maintenance, construction, or alteration of structures and improvements thereon are in compliance with the provisions of this Declaration, and no such persons shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

ARTICLE IX. CONSTRUCTION OF RESIDENCE

Section 1. Completion of Construction. Once construction of a residence is commenced on any lot, the Owner shall proceed diligently therewith and complete construction within Twelve (12) months after such commencement of construction. If such construction is not completed within such twelve (12) months, then the Owner shall owe to the Declarant a penalty equal to twenty percent (20%) of the original price of the Lot. Such amount shall be payable within thirty (30) days after the end of said eighteenth month and shall increase by an additional penalty of one percent (1%) of such price for each additional thirty (30) days it remains unpaid. Said penalties, together with costs of collection thereof, shall be a binding personal obligation of such Owner, as well as, a continuing lien upon the subject Lot upon the recording of a notice with the

Office of the Register of Knox County, Tennessee. The rights and remedies given to the Association by the Articles of this Declaration dealing with assessments and non-payment thereof shall apply fully to the debt obligation, including cost of collection, and the lien rights created in this Section for the benefit of the Declarant. The terms and conditions of this Section, including, without limitation, the time periods set forth for completion of construction, shall apply fully to any subsequent purchasers of any Lot.

Section 2. Subordination and Mortgage Protection. The subordination and mortgage protection provisions of the Article of this Declaration dealing with assessments and non-payment thereof shall be fully applicable to all rights and remedies of the Declarant created by this Article.

ARTICLE X. RESTRICTIVE COVENANTS

Section 1 Section 1 Lot Use: No lot shall be used except for the residential purpose permitted by the PR Zoning Regulations of Knox County, Tennessee, as same exist and are in effect as of the date of this Declaration and except for those uses permitted to the Declarant as shown herein.

Section 2 Uses, Prohibited Use and Nuisances. In order to provide for a congenial occupancy of the residences to be built on the Lots and for the protection of the values of the entire development, the Lots and the residence to be constructed shall be governed by the following provisions:

(a) The Property is hereby restricted to private residential dwellings for residential use, and no trade or business of any kind shall be conducted on the Property, except such activities as may be permitted by the Planned Residential Zoning Regulations of Knox County, Tennessee, in effect as of the date of this Declaration and except for such uses permitted to Declarant shown herein. All buildings and structures erected upon the Property shall be of new construction, and no buildings or structures shall be moved from other locations onto the property. However, nothing in this paragraph is intended to limit or restrict, and same shall not limit or restrict, Declarant from constructing any structure upon, or moving any mobile home or trailer onto, the Property whether any of the same be new or used, for use as an office or any other purpose related to the development, marketing and management of the Property. Nor shall same limit or restrict Declarant from placing such signs or billboards or engaging in any such trades, businesses or activities on the Property which Declarant, in its discretion, shall deem appropriate and properly related to the development, marketing and management of the Property.

(b) Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof and all easements, restrictions and covenants set out in the Subdivision Plat.

(c) No structures of a temporary character, trailer, tents, shacks, garages, barns or other out-buildings shall be used on any portion of said property at any time as residence, either temporarily or permanently.

- (d) Each residence shall be guttered as required by the Committee.
- (e) Each residence must have an attached fully enclosed garage for not less than two (2) not more than four (4) cars.
- (f) Each residence must have a uniform mailbox structure approved by the Committee and may have a uniform outdoor post light, which must be approved by the Committee prior to installation. The required uniform mailbox structure will be installed by the Association at its cost, which will be reimbursed by the Owner. The Committee must approve the treatment and construction of all driveway entrances.
- (g) All private fences must be constructed of (1) brick, stucco, Drivet and/or stone, or (2) wrought iron with brick, stucco or Drivet (3) pressure treated wood treated according to the American Wood-Preservers Association (AWPA) Standards for water-borne preservatives having a preservative retention equal or exceeding that required for ground contact. In accordance with Article VIII hereof, the Committee must approve all fences. No fence, hedge or other separating device shall be constructed beyond the front house line, nor on corner lots beyond the side house line. All fences (except surrounding a tennis court), regardless of location, shall be no less than four (4) feet tall and no more than eight (8) feet tall.
- (h) No obnoxious or offensive trade or activity shall be carried on upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance.
- (i) No reptiles, horses, livestock, swine or poultry of any kind shall be raised, bred or kept on any of the Lots. Dogs, cats and other household pets (exclusive of any reptiles or animals mentioned in the immediately preceding sentence) may be kept on the Lots provided that they are not kept, bred, or maintained for any commercial purpose. All household pets shall be confined within homes or fenced areas (which meet the guideline of paragraph (h) and are pre-approved) or restrained by leash at all times. Household pets must not create an annoyance with their noise or odor. A dog that barks continuously will be considered an annoyance whether it is confined within or with out the residence. Knox County has a leash law any violations to that law will be pursued by the Association.
- (j) Within thirty (30) days after the substantial completion of a new residence, the Declarant or other original Owner shall sod, sprig or seed the entire Lot and shall plant at least one (1) tree. Thereafter, grass shall be maintained on the Lot at all times.
- (k) No vehicles not approved for use on public streets shall be permitted on the streets of the Property or other common areas.
- (l) No signs whatsoever (except normal mailbox signage and one (1) "for sale sign" per Lot not to exceed five (5) square feet, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Property, nor shall the Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Lot or any residence

thereof. No business activity of any kind whatsoever shall be conducted in any building or in any portion of the Property; provided, however, the following covenants shall not apply to the business activities, signs, and billboards or the construction and maintenance of buildings, if any, of the Declarant, its agents, and assigns during the development of the Property and the time period needed to sell the Lots.

(m) No exterior television or radio antennas, nor satellite dishes in excess of eighteen inches (18") in diameter shall be placed, allowed or maintained upon the Property or any improvements to be located upon the Property. Mini-satellite dishes can be located on the house if the location is pre-approved by the Committee.

(n) No clothesline may be maintained on any Lot.

(o) No building material of any kind or character shall be placed or stored upon any Lot until the owner is ready to commence construction of improvement. Building material shall be stored only within the property lines of the particular Lot involved. During construction the owner will erect a litter and silt fence around the Lot and provide for proper containers for construction waste.

(p) Excluding mail boxes, approved post lights, natural or approved vegetation and the needs of the Declarant, no obstruction shall be allowed within ten feet (10') of any right-of-way, except on property owned by the Association or unless approved by the Committee.

(q) All outdoor equipment, air conditioning units, electrical transformers, garbage cans, recreational equipment, swing sets, playhouses, woodpiles or storage piles shall be kept screened by adequate planting or fencing so as to completely conceal them from view of all streets, neighboring Lots and their location must be pre-approved by the Committee. Further, any and all of the foregoing items or other playground or sports equipment shall be located and placed no closer to any street than the front of the house. No basketball goals shall be erected unless pre-approved by the Committee. "Front of the house" as used in this paragraph shall mean that part of the structure of the house farthest away from the street and also facing such street. Corner lots must comply with this restriction as to both streets. Gazebos and cabanas may be situated without the aforesaid screening if approved by the Committee. All playhouses, playground or sports equipment, other than basketball goals, must not be over eight feet (8') tall, can not be brightly colored and must be located in the rear yard directly behind the footprint of the house. No out building or storage buildings will be permitted. All rubbish, trash, or garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon.

(r) The Committee shall approve the construction of all swimming pools. All swimming pools shall be fenced in a manner to comply with applicable law and regulations and to prohibit easy access by small children. All such fences must be in full compliance with the fence restrictions hereinbefore set forth. No aboveground pools shall be allowed.

(s) No tennis court fence shall be erected on any Lot unless the construction, size and materials are approved by the Committee. In the event wire fencing is approved, it must, at a minimum, be coated with green or black vinyl or a similar material of like color.

(t) No recreation vehicles or commercial vehicles, including, without limitation, boats, boat trailers, horse trailers, motorcycles, trucks, camping trailers, or similar type items shall be kept other than in a garage. No automobile or other vehicle shall be continuously or habitually parked in a yard, on any street or right-of-way.

(u) No tree with a diameter of six (6) or more inches, as measured two (2) feet from the ground, shall be removed from a Lot without the approval of the Association.

(v) The minimum heated livable area of any residence, excluding garage, storage, storage rooms, workshops, etc., shall be no less than 1,500 square feet with a minimum of 600 square feet on the ground floor.

(w) Setback lines and height restrictions shall be no less than those required by applicable governmental regulations and no less than those shown on the Subdivision Plat. The committee shall have the absolute right to control the precise site and location of any house or other structure upon all Lots. Such location shall be determined only after reasonable opportunity has been afforded to the owner to recommend a specific site.

(x) No Lot may be further subdivided. No portion of any Lot may be conveyed except with the prior written approval of the Committee.

(y) The Declarant reserves unto itself the right to approve additional and separate restrictions at the time of sale of any of the Lots, which restrictions may differ from Lot to Lot.

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

(aa) There shall be no violation of any rules which may from time to time be adopted by the Board of Directors for the operation and use of the Property and promulgated among the membership by them in writing. The Board of Directors is hereby authorized to adopt such rules including the levy of appropriate fines.

(bb) The Declarant, in its sole discretion, or the Association, after approval by a majority vote of the Board of Directors, shall have the right, through agents and/or employees to enforce the aforesaid restrictive covenants and to enter upon any Lot in violation thereof for such purpose. Upon written notice from either the Declarant or the Association, the Owner of the subject Lot shall correct any such violation. If fifteen (15) days after the notice of such violation, the Owner shall not have taken reasonable steps toward correction thereof, the Declarant or the Association, by their officers and directors, shall have the right, through agents and employees, to enter upon such Lot and take such steps as necessary to extinguish such violation. The costs thereof shall be the binding personal obligation of such Owner, as well as, a continuing lien upon

the subject Lot upon the recording of a notice of lien with the Office of the Register of Knox County, Tennessee. The provisions of the Article of this Declaration dealing with assessments and non-payment thereof, including, without limitation, the right and remedies given to the Association therein, shall apply fully to the debt obligations including interest and cost of collection, and the lien created in this section. Likewise, the terms and conditions of said Article dealing with subordination and mortgage protection shall be fully applicable.

ARTICLE XI AMENITIES

Declarant shall convey to the Association the Common Area and all the improvements thereon. Such improvements shall include, without limitation the entrance and miscellaneous equipment and personal property.

ARTICLE XII MISCELLANEOUS

Section 1. Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, shall insure to the benefit of the Association and the Owners of any real estate subject to this Declaration, their respective legal representatives, heirs, successors and assigns, and shall remain in effect until January 1, 2021, unless otherwise expressly limited herein, after which time said covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by the then Owners of ninety (90) percent of the Lots has been recorded, agreeing to change said covenants and restrictions in whole or in part. Any amendment must be properly recorded to be effective.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, THE DECLARANT RESERVES AND SHALL HAVE THE RIGHT FOR A PERIOD OF FOUR (4) YEARS FROM THE DATE HEREOF TO UNILATERALLY AMEND THIS DECLARATION IN WHOLE OR IN PART IN ORDER (1) TO CONFIRM THIS DECLARATION TO THE REQUIREMENTS OF ANY GOVERNMENTAL AGENCY, FEDERAL, STATE OR LOCAL, (2) TO CONFORM TO THE REQUIREMENTS OF ANY MORTGAGE LENDER OR (3) TO INSURE THE REASONABLE DEVELOPMENT OF THE PROPERTY.

Section 2. Enforcement. The Declarant, the Association, or any Member, shall have the right to enforce the terms and conditions of this Declaration by any proceeding at law or in equity, against any person or persons violating or attempting to violate any covenant or restriction, to restrain violations, to require specific performance and/or to recover damages; and against the land to enforce any lien created by these covenants; and failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The expense of enforcement by the Declarant or the Association shall be chargeable to the Owner of the Lot violating these covenants and restrictions and shall constitute a lien on the Lot, collectible in the same manner as assessments hereunder.

Section 3. Hold Harmless and Owner's Responsibility. Each Owner, recognizing that certain risk are inherent in the building of houses, and in other aspects of building and recreation,

does upon taking title to a Lot, hold harmless (1) the Declarant, (2) the Association, (3) any other entity managing or supervising the aforesaid activities which is owned and/or controlled or employed by the Declarant, by the Association or by some or all of the Members, and (4) their directors, officers and employees, from any and all losses, liabilities, or damages which said Owner, his family, or guest may sustain resulting from the acts, and/or omissions of said entities, except for their gross negligence. Further, said Owner shall be fully responsible for any and all losses or damages which might be caused by himself, his family or their invitees.

Section 4. Disclaimer. The Property may include some land that is filled or partially filled or that contains abandoned wells, underground springs, sinkholes or other characteristics, which may affect its suitability for building. The Declarant makes no warranty or representation, express, implied or otherwise, as to the Property being undisturbed land or suitable for building, and shall not be liable for claims, losses or damages of any kind or character resulting from such conditions. Provided this disclaimer shall apply only to sale(s) by Declarant of unimproved Lots to purchaser(s) who improve such Lot(s) and shall not apply to residential sales by Declarant of Lots upon which Improvements have been made by Declarant or an affiliate of Declarant.

Section 5. Casualty and Liability Insurance. The Owner of each Lot shall carry in full force and effect casualty insurance in limits for the replacement value of Lot improvements located thereon and normal and reasonable general liability insurance. Insurance on the Common Area shall be carried and paid by the Association.

Section 6. Interest and Late Charges. Any amount due to the Association, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors of the Association, bear interest at a rate not to exceed the highest rate allowed under the laws of the State of Tennessee, and may, by resolution of said Board, be subject to such penalty or "late charges" as said Board may fix.

Section 7. Notice. Any notice required to be sent to any Member under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as a Member on the records of the Association at the time of such mailing.

Section 8. Heading. All headings appearing herein are for convenience only and shall be disregarded in construing the substantive provisions hereof.

Section 9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect the validity of any other provisions, which shall remain in full force and effect.

Section 10. Waiver. No restriction, condition, obligation or provision of this Declaration shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 11. Gender, Etc. Whenever in this Declaration the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, the undersigned has caused these presents to be signed by the officers duly authorized so to do the day and year first above written.

CARDINAL ENTERPRISES, INC.

By: _____

Its: _____
Declarant for Thompson Trail Subdivision