

For Amend. Declar. of Covenants & Restr. See MB 253, Pg. 590
10/1/96

DECLARATION OF COVENANTS AND RESTRICTIONS

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FOR

BETHEA COUNTRY ESTATES

This Declaration of Covenants and Restrictions ("Declaration") for Bethea Country Estates is made on May 31, 1996, by Bethea Enterprises, Inc., a Tennessee corporation, the owner and developer ("Developer").

WHEREAS, Developer owns certain real property in Bradley County, Tennessee, more particularly described in the attached Exhibits A and B and known as Bethea Country Estates (the "Property"), which is to be developed as a residential subdivision; and

WHEREAS, Developer wishes to set forth certain covenants and restrictions regulating the use of the real property for the mutual benefit of the Developer and future owners and residents of Bethea Country Estates;

NOW, THEREFORE, Developer hereby states that the property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of the Property. The easements, restrictions, covenants and conditions shall run with the Property and be binding on all parties having any right, title or interest in it, their heirs, successors and assigns, and shall inure to the benefit of each owner.

ARTICLE I -- PROPERTY SUBJECT TO THIS
DECLARATION; ADDITIONS

Section 1: Existing Property. The real property which is and may be held, transferred, sold, conveyed, used, occupied, mortgaged or otherwise encumbered subject to this Declaration is located in Bradley County, Tennessee and is more particularly described as follows:

Phase I

All that real property owned by Bethea Enterprises, Inc. in Bradley County, Tennessee, more particularly described in Exhibit A, attached, and illustrated by the Plat of Bethea Country Estates recorded in Book 8, Page 95, and Amended Plat recorded in Book 8, Page 101, in the Register's Office of Bradley County, Tennessee, attached as Collective Exhibit B.

Any remaining Phase(s) or section(s) of Bethea Country Estates shall be laid out and developed in harmony with (but not necessarily subject to the same covenants and restrictions as Phase I) and contiguous to said Phase I and may consist of the

remaining property described in Exhibit A with supplemental plats of survey being likewise filed in the office of the Register of Bradley County, Tennessee, if and when added. Each phase or section, when and if developed by Developer, may likewise be made subject to the covenants and restrictions contained in this Declaration and made a part hereof in the manner set forth hereinafter at the discretion of the Developer and, when added, so noted on the supplemental plat(s) filed and made a part of this Declaration, shall be shared by all owners of the various phases (or sections) of Bethea Country Estates in accordance with the terms of this Declaration when and if said phase(s) are added to this Declaration. Nothing herein contained shall be deemed to be a present restriction upon the property described in Exhibit A or upon the developer's rights therein; nor shall anything herein set forth be deemed to be a representation by the developer as to the future development of the said property described in Exhibit A or to the scope and nature of the covenants and restrictions that may be applied to any subsequent phase.

Section 2. Additions to Existing Property. Additional real property may become subject to this Declaration in either of the following manners:

(a) Additions in Accordance with a General Plan of Development. Developer shall have the unilateral right, privilege and option, without the approval of the Bethea Country Estates Association (defined in Article III), from time to time and as long as Developer owns any portion of the property described in Exhibit A, to subject to the provisions of this Declaration all or any portion of the property described in Exhibit A by filing in the Bradley County, Tennessee Register's Office an amendment annexing such real property. Any such annexation shall be effective upon the filing for record of such amendment unless otherwise provided in the amendment.

(b) Other Additions. Subject to the consent of the owner thereof, additional real property other than that described in Exhibits A and B may be made subject to this Declaration by filing an amendment to this Declaration in the Bradley County, Tennessee Register's Office. An amendment adding such additional property shall require the written consent or affirmative vote of Developer, as long as it owns any part of the property described in Exhibit A or B, or if Developer no longer owns any part of that property, the written consent or affirmative vote of a majority of the authorized voting members of Bethea Country Estates Association. Any such amendment shall be signed by Developer, if Developer has adopted the amendment, or by the President and the Secretary of the Bethea Country Estates Association, if Developer no longer owns any of the property described in Exhibits A and B and the Bethea Country Estates Association has adopted the amendment, and in either case, by the owner of the real property being added, and any such amendment shall be effective upon filing, unless otherwise provided in the amendment.

Section 3. Amendment. This article shall not be amended without the written consent of Developer, as long as Developer owns property described in either Exhibit A or Exhibit B.

ARTICLE II -- PROPERTY RIGHTS

Section 1. Owner's Easement of Enjoyment; Exceptions. Every lot owner shall have a right and easement of enjoyment including, without limitation, the right of horseback riding and pedestrian ingress and egress, in and to the common areas, if any, and the bridle path or horse trail easement which shall be appurtenant to and shall pass with the title to every lot. Except as is necessary to maintain these areas, no motorized vehicular traffic will be allowed on the bridle paths. This right and easement shall also be deemed granted to the Bethea Country Estates Association and the lot owners' families, guests, invitees, servants, employees, tenants and contract purchasers. The term "common areas" means and refers to all areas not contained in numbered lots and dedicated roadways on the plat of Bethea Country Estates, and includes the tracts marked "Bridle Paths" on the plat referred to in Article I, Section 1, hereof and attached as Exhibit B. Developer releases and quitclaims to the Bethea Country Estates Association its right and title to the common areas. A 20 foot bridle path or horse trail easement as illustrated on the plat referred to in Article I, Section 1 herein and attached as Exhibit B is also established and deemed granted to the Bethea Country Estates Association and the lot owners, families, guests, etc. The right of enjoyment is subject to the following provisions:

(a) The right of the Bethea Country Estates Association to suspend the voting rights and the accompanying rights of use to such common area of an owner for any period during which any assessment against his lot remains unpaid, and for a period of time for any infraction of its published rules and regulations;

(b) The right of Bethea Country Estates Association to dedicate or transfer all or any part of the common areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Bethea Country Estates Association, and as may be otherwise permitted under existing law and/or governmental regulations; provided, however, that the lot owners' easements of ingress and egress and any public utility easements previously established shall not be affected. Developer may dedicate utility, service or drainage (storm water or otherwise) or water retention pond easements upon, through or under the common areas at its sole discretion so long as there is in existence the Class B membership in accordance with Article III, Sections 1 and 2. When Class B membership ceases, this right of Developer shall automatically pass to the board of directors of the Bethea Country Estates Association;

(c) No motorized vehicles, including motorcycles, 3-wheel or 4-wheel-type recreational vehicles are permitted on the

common areas or bridle paths, except authorized maintenance vehicles and except in areas designated for parking or other vehicle use, if any; and

(d) The Bethea Country Estates Association is authorized to adopt rules and regulations for the use of the common areas, including rules concerning hours of operation of any recreational facilities, and such rules and regulations shall be furnished in writing to the lot owners.

Section 2. Bethea Country Estates Association's Right of Entry. The authorized representative of the Bethea Country Estates Association or its board of directors shall be entitled to reasonable access to the individual lots as may be required in connection with the preservation of property on an individual lot in the event of an emergency or in connection with the maintenance of, repairs or replacements within the common areas, or any equipment, facilities or fixtures affecting or serving other lots or the common areas to make any alteration required by any governmental authority; provided, after any such entry the Bethea Country Estates Association shall restore the lot to its former condition.

Section 3. No Partition. Except as is permitted in this Declaration or amendments thereto, there shall be no physical partition of the common areas or any part thereof, nor shall any person acquiring any interest in the Property have the right to judicial partition. This Section does not prohibit the board of directors of the Bethea Country Estates Association from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE III -- BETHEA COUNTRY ESTATES ASSOCIATION

Section 1. Membership. Developer and every owner of a lot which is subject to an assessment shall be a member of a maintenance association called the Bethea Country Estates Association, Inc. (the "Bethea Country Estates Association"). Such owner and member shall abide by the Bethea Country Estates Association's Bylaws and Charter filed in the office of the Tennessee Secretary of State and recorded in the Bradley County, Tennessee Register's Office, shall pay the assessments provided for in this declaration, when due, and shall comply with decisions of the Bethea Country Estates Association's board of directors. Conveyance of a lot (except a conveyance to a trustee under a deed of trust or to a mortgage) automatically transfers membership in the Bethea Country Estates Association without necessity of further documentation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. Classes of Membership. The Bethea Country Estates Association shall have two classes of voting membership:

(a) Class A. Class A members shall be all lot owners, with the exception of Developer, and for so long as there is Class B membership, shall not be entitled to vote. Upon termination of Class B membership, Class A members shall be all lot owners, including Developer for so long as Developer is a lot owner. Each lot owner, at that time, shall be entitled to one vote for each lot owned. Should more than one person own an interest in any lot, all such persons are members; but there may be only one vote cast with respect to such lot. Such vote may be exercised as the lot owners determine among themselves; however, no split vote is permitted.

(b) Class B. The Class B member shall be Developer, and as long as there is a Class B voting membership, Developer shall have the sole voting power. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(1) When all the lots in Bethea Country Estates, whether in the original real property subject to this Declaration and/or any and all additions hereafter added pursuant to this Declaration, have been fully developed, permanent improvements constructed thereon, and sold to permanent residents;

(2) June 1, 2006; or

(3) When, in its sole discretion, Developer so determines.

Section 3. Rights and Obligations of the Bethea Country Estates Association. The Bethea Country Estates Association shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the common areas, including, without limitation, open spaces, entrance ways, streets, park easements, bridle paths and recreational facilities, if any, located therein. All rights reserved by Developer in this Declaration shall automatically pass to the Bethea Country Estates Association when Class B membership ceases pursuant to Article III, Section 2. The Bethea Country Estates Association shall further:

(a) Acquire and be responsible for maintaining liability insurance adequate to insure against all risk to persons and/or property within the common area, together with all risk of loss(es) to improvements therein or thereon, providing such insurance is deemed necessary by the Association and is obtainable;

(b) Be responsible and liable for the prompt payment of any and all taxes by any government agency related to the Bethea Country Estates Association and/or the common areas;

(c) Be responsible for the maintenance and upkeep of the common area and all the recreational and other facilities located thereon or pertaining to the common areas;

(d) Be responsible and liable for such other obligations and/or duties which may be required by appropriate governmental bodies and/or authorities; and

(e) Indemnify, protect and hold harmless the Developer and any of its owners, directors, shareholders, agents, employees, and so forth, as to any and all claims, losses, obligations and risks to persons and property happening or arising or occurring in the common areas.

ARTICLE IV -- ASSESSMENTS

Section 1. Assessments; Creation of the Lien and Personal Obligation. Each lot owner, except Developer, by acceptance of a deed for the lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Bethea Country Estates Association (i) monthly and/or annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as provided in this Article IV.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Bethea Country Estates Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, or for the use and enjoyment of the common areas, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, payment of taxes assessed against the common areas, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Bethea Country Estates Association when necessary, and such other needs as may arise, and for the improvement and maintenance of the common areas and lots.

(b) Until Class B membership ceases and is converted to Class A membership pursuant to Article III, Section 2(b), Developer or its nominee shall administer the assessments and receipts benefiting the Property, as permitted in this Declaration.

Section 3. Maximum Assessment.

(a) Until January 1, 1997, the maximum annual assessment shall be set at a rate not to exceed \$50.00 per month per lot. From and after January 1, 1997, the maximum annual assessment may not be increased each year by more than 10% of the maximum assessment for the previous year without an affirmative vote of two-thirds of each class of members pursuant to the Bylaws.

(b) The board of directors of the Bethea Country Estates Association may fix the annual assessment at an amount not in excess of the maximum. The board of directors shall determine when the assessments shall be paid.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Bethea Country Estates Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common areas, including fixtures and personal property related thereto. Any such assessment shall have the assent of two-thirds of each class of members of the Bethea Country Estates Association that are authorized to vote in accordance with this Declaration or by the Bylaws.

Section 5. Uniform Rate of Assessment. Both annual and special assessments shall be fixed at a uniform rate for all lots except those owned by Developer during the period when Class B membership exists in the Bethea Country Estates Association, as provided in Section 1 of this Article. The board of directors may at its discretion waive the assessment for any year or part of a year for any lot not occupied as a residence.

Section 6. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall begin as to any lot subject to the assessment on the first day of the month next following the date on which title to the lot is conveyed to the owner, subject to the waiver provided in Section 5 of this Article. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year when title to the lot is transferred.

Section 7. Reserves. Upon closing of the conveyance of a lot to a purchaser for occupancy as a residence, such purchaser shall pay to Bethea Country Estates Association an amount equal to two months' assessments, to be placed in the Bethea Country Estates Association's capital replacement reserve account. This reserve assessment shall not be applied against the annual assessment provided for in Section 1 of this Article.

Section 8. Effect of Nonpayment of Assessment. Remedies of the Bethea Country Estates Association. Any assessment not paid within fifteen days of the due date shall be subject to a late charge as determined by the board of directors of the Bethea Country Estates Association. The Bethea Country Estates Association may bring an action at law against the owner personally obligated to pay the assessment, or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessments. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common areas.

or abandonment of his lot. Assessments shall continue to accrue until paid in full, whether or not the member(s) are suspended from use pursuant to this Declaration.

For the purpose of rendering unnecessary court proceedings for the enforcement of said lien in the event of the nonpayment of the assessments, and for the consideration of one dollar paid in cash, receipt of which is acknowledged, the lot owners, their heirs, successors, administrators and assigns, hereinafter in this Section 8 referred to as Trustor, hereby transfer and convey unto Richard W. Bethea, Jr., as Trustee, his successors and assigns, their respective lot with the appurtenances, estate, title and interest thereto belonging upon the use and trusts set forth in this paragraph.

To have and to hold the property to the Trustee, his successors and assigns, and his successors in trust, forever.

If the Trustor pays the assessments when due, then this trust conveyance shall be of no further force or effect with respect to the Trustor's lot. If the assessments with respect to any lot are not paid promptly when due, this trust conveyance shall remain in full force and effect, and the Trustee, or his successor in trust, is hereby authorized and empowered, upon giving twenty days notice by three publications in any newspaper, daily or weekly, published in Bradley County, Tennessee to sell the lot at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from the right of redemption, statutory or otherwise, homestead, dower and all exemptions of every kind, which are hereby expressly waived and the Trustee, or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser. The Bethea Country Estates Association may bid at any sale under this trust conveyance. The Bethea Country Estates Association may, at any time after default in the payment of any assessment, enter and take possession of said property, and shall only account for the net rents actually received by it. It is further agreed that, in the event the Bethea Country Estates Association fails, before instructing the Trustee to sell the lot, as herein provided, to enter and take possession thereof, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the Trustee of a deed for said property. In the case of sale hereunder, the proceeds will be applied by the Trustee as follows:

(1) First, to the payment of all costs, charges and expense of executing this conveyance and enforcing said lien as herein provided, including reasonable attorney's fees and expenses incurred for instituting or defending any litigation which may arise on account of the execution of this conveyance, or the enforcement of the lien;

(2) Second, to the payment of all taxes which may be unpaid with respect to such lot;

constructed thereon to allow more than two (2) family units. However, no duplexes will be permitted. The only permissible way a two (2) family unit shall be permitted on the above property is if a "mother-in-law or guest apartment" is incorporated into the principal dwelling or a separate guest house or cottage is constructed behind the principal dwelling which conforms to the dwelling size and quality restrictions set forth below. Home offices or using a portion of a residence for a home-based business which is not visible from the outside is permitted, providing the home is still primarily a residence. No exterior business signs will be permitted.

Lots 17, 18 and 19 on Exhibit B may be used for commercial retail service or support businesses. No industrial, manufacturing or commercial farming will be allowed on these lots. No commercial business activity inconsistent with ordinary farm and agricultural use shall be carried on or upon any lot at any time except with the prior written approval of the Developer or board.

Section 2. Subdivision of Property. With the exception of lots 17, 18 and 19, which may be subdivided at the Developer's discretion, no acreage less than 25 acres can be subdivided. Acreage over 25 acres can be subdivided not more than one (1) time providing such division does not reduce the lot size less than 60% of original size. No subdivision shall reduce the road frontage less than 400 feet per parcel and the same shall conform to zoning laws and Subdivision regulations.

Section 3. Use of Other Structures and Vehicles.

(a) No structure of a temporary character including, without limitation, an outbuilding, trailer, basement, tent, shack, garage, barn or structure other than the main residence erected on a lot shall be permitted on any lot except temporary tool sheds or field offices used by a building or Developer, which shall be removed when construction or development is completed and no such structure shall at any time be used as a residence, temporarily or permanently.

(b) No automobile shall be continuously or habitually parked on any street or in the common areas in the Property.

Section 4. Annoyances/Nuisances. No noxious or offensive activity shall be carried on upon any lot or tract, nor shall anything be done thereon which may be or may become an annoyance to the neighborhood with the understanding that the neighborhood is designed to have horses, cows and other farm animals as addressed in Section 7 of this Article. The having of storage of junk, such as scrap metal, appliances, or designated solid waste, constitute a nuisance per se. Furthermore, farm equipment or vehicles whether dismantled or not, should be stored in an enclosed area or not visible from neighbors or road. Also, all building materials

should be removed from view within ninety (90) days after occupancy of a dwelling.

Section 5. Subdivision Maintenance. To maintain the beauty and property values, each lot or tract owner shall be responsible for keeping his or her entire land area in a neat and attractive condition by mowing, trimming, etc.

Section 6. Utility Lines. All utility lines from street to buildings upon each lot or tract shall be buried. There shall be no exposed service connecting wires for electricity, telephone, cable or otherwise from streets to any structure unless approved by the developer or board in writing.

Section 7. Animals. It is permissible for owners of property to have pets for family use, such as horses, cows, goats, sheep, Llama (no more than one (1) such animal per acre of designated pasture), Emu, Ostrich, dogs or cats. However, no swine or commercial fowl or kennels for the breeding or boarding of dogs or cats will be permitted on said property. Chicken houses are prohibited. No animals should be allowed to roam freely in the community, and their behavior should not be allowed to constitute a nuisance to other owners.

Section 8. Fencing. The design and materials used in fence construction must conform to the existing fencing. Any other fencing should be approved by the Developer or board prior to construction. It is the responsibility of the owner to maintain all fencing on said property whether installed by the developer or owner.

Section 9. Horse Trail Easements. All easements used as horse trails or bridle paths are to be maintained and well kept by the Bethea Country Estates Association. Horse trails may be used only by owners and their guests. At the closing of any sales of property subject to this Declaration, owners or their guests who wish to use the horse trails or bridle paths must sign and deliver to the Bethea Country Estates Association release forms which can be obtained from the Association. Owners are not to be held liable for injuries to horse or rider sustained while riding on said trails. Such paths shall not be altered or obstructed without prior written consent of the Developer or board of the Bethea Country Estates Association.

Section 10. Easements for Utilities and Roads. Easements must be maintained in well kept condition by the owner.

Section 11. Intoxicating Substances. No beer, wine, liquor or other intoxicating substances shall be sold in or upon said lot.

Section 12. Satellite Dish. Satellite dishes must be kept behind the dwelling residence.

Section 13. Solid Waste. No refuse, trash, bulk materials, scrap metals, scrap lumber or building materials shall be kept or stored or allowed to accumulate on any lot, except building materials during construction. All solid waste must be kept or stored in covered receptacles and disposed of in accordance with the laws of the State of Tennessee. Containers can be placed at such places as to provide access to persons making a trash pickup but at all other times such containers shall be stored in a place not visible from the road.

Section 14. Lake Tracts. Lake tracts may not be used for skiing, jet skiing, or similar water sport. Only rowboats or canoes may be used on lake tracts for recreation or fishing. They may be propelled by electric trolling motors, but not any other type of motor. Lake tracts may not be drained except as a function of maintenance operations. Lake tracts must be maintained in accordance with all laws, ordinances, rules, and regulations of governmental authorities having jurisdiction over such waters. Septic field lines may not be located closer than seventy-five (75) feet to a lake or stream.

Section 15. Duty to Repair and Rebuild.

(a) Each owner of a lot shall, at its sole cost and expense, repair all portions of his residence and lot, keeping the same in condition comparable to the condition of such residence at the time of its initial construction, excepting only normal wear and tear.

(b) If all or any portion of a residence is damaged or destroyed by fire, or other casualty, then the owner shall, with all due diligence, promptly rebuild, repair, or reconstruct such residence in a manner which will substantially restore it to its condition immediately prior to the casualty. Alternatively, the lot owner shall completely raze the residence and sod or seed the entire lot until such time as construction of a new residence is begun.

(c) Any failure by a lot owner to comply with the provisions of this Section 15 may be remedied by the Bethea Country Estates Association and the cost thereof charged to the lot owner. The Bethea Country Estates Association shall have a lien on the owner's lot to secure the repayment of such costs, which lien may be enforced as the lien for assessments is enforced.

Section 16. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon, in or under any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon, under or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 17. Invalidation. The invalidation of any of these covenants or any word, phrase, or clause herein by judgment, court order, or otherwise, shall not affect any other provision, all of which shall remain in full effect.

ARTICLE VI -- ARCHITECTURAL AND LANDSCAPE CONTROL

Section 1. Approval of Construction and Landscape Plans.

(a) No structure may be erected, placed or altered on any lot until the construction plans and building specifications have been approved in writing by the Developer or its designee or by the Bethea Country Estates Association, if the Developer so desires. No house or residence shall be permitted to be moved into Bethea Country Estates and placed or erected on any lot.

(b) References to "Developer" shall include any entity, person or association to whom Developer may assign the right of approval. References to "structure" in this paragraph shall include any building (including a garage), fence, wall, antennae and microwave and other receivers and transmitters (including those currently called "satellite dishes"), swimming pools, decks, headwalls, and, in fact, any and all improvements upon such lot(s).

(c) Any residence, barn or building being erected on a lot shall be completed within twelve (12) months from the date of the pouring of the footings for said construction. Before any dwelling on said lots shall be occupied, a septic tank or a sewage disposal, or connection with sewer lines, constructed in accordance with the requirements of the Tennessee State Board of Health, shall be installed, all sewage from the premises shall be turned into such sewage disposal facility, and the same shall be continuously maintained in proper state of sanitation.

Section 2. Building Materials Phase I. The exterior building material of all structures in Phase I shall extend to ground level and shall be either brick, stowe, stone, brick/vinyl, stone/stowe, or a combination of same. However, the Developer may waive this requirement and allow substitute materials such as hardboard or veneers on a case-by-case basis as long as in the sole discretion and judgment of the Developer these materials do not adversely affect the appearance, aesthetics or property values of the development. Log homes may be built on Lots 12 through 16 of Exhibit B. Driveways may be gravel, asphalt, poured concrete, cobblestone or brick. However, Developer may in its discretion allow substitute materials. Barns, equipment sheds and other structures for animals must be constructed in a manner and with materials that are consistent with and compliment the residential structure on the property.

Section 3. Minimum Floor Areas. The following shall be the minimum floor areas for homes to be constructed in Phase I after this instrument is recorded:

(a) The total floor area of a one-story principal dwelling house shall be a minimum of 2000 square feet of enclosed living area, exclusive of the garage, open or screened porches, eaves, steps and basements, whether finished or not.

(b) The total floor area of a two-storied dwelling house in Phase I shall be a minimum of 2400 square feet, with a minimum of 1400 square feet on the ground floor, exclusive of the garage, open or screened porches, eaves, steps and basements, whether finished or not.

(c) No guest house or cottage shall be erected or permitted to remain on any lot in the subdivision unless it contains a minimum of 500 square feet of enclosed living space area, exclusive of open porches, screened porches, garages, eaves, steps and basements whether finished or not.

Section 4. Setbacks. No residential structure shall be located on any lot nearer than 75 feet to the front, and 30 feet from the rear or side lot line, or the side street lines. Barns, equipment sheds and other structures for animals must be set back a minimum of 200 feet from the front line of the property. Developer may vary the established building lines or permit encroachments into said areas, in its sole discretion, where not in conflict with applicable zoning ordinances and/or regulations.

Section 5. Garages.

(a) Garages, attached or detached to the dwelling, are required. As structures, they are subject to prior plan approval under Section 1 hereof.

(b) No carport shall be constructed on any lot.

Section 6. Mail and Paper Boxes. The only mail box and/or paper holder authorized or permitted shall be that standard unit approved by Developer.

ARTICLE VII -- GENERAL PROVISIONS

Section 1. Enforcement. Enforcement of these restrictions shall be by proceeding of law or in equity, brought by any owner, by the Bethea Country Estates Association, or by Developer against any party violating or attempting to violate any covenant or restriction, either to restrain violation, to direct restoration and/or to recover damages. Failure of any owner, the Bethea Country Estates Association, or Developer to demand or insist upon observance of any of these restrictions, or to proceed for restraint of violations, shall not be deemed a waiver of the violation, or the right to seek enforcement of these restrictions.

Section 2. Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

Section 3. Restrictions Run With Land. Unless cancelled, altered or amended under the provisions of this paragraph, these covenants and restrictions are to run with the land and shall be binding on all parties claiming under them for a period of at least forty (40) years from the date this document is recorded, after which time they shall be extended automatically for successive periods of ten years, unless an instrument signed by a majority of the then owners of all lots subject to this Declaration had been recorded agreeing to change these restrictions and covenants in whole or in part. These restrictions may be cancelled, altered or amended at any time, if permitted by local law, ordinance and/or regulation, by a written instrument signed by the owners of the lots with 75% of the votes in the Bethea Country Estates Association and recorded in the Bradley County, Tennessee Register's Office.

Section 4. Amendments to Articles and Bylaws. Nothing contained in this Declaration shall limit the right of the Bethea Country Estates Association to amend, from time to time, its Charter and Bylaws.

Section 5. Non-Liability of the Directors and Officers. Neither Developer nor the directors nor officers of the Bethea Country Estates Association shall be personally liable to the owners for any mistake or judgment or for any other acts or omissions of any nature whatsoever while acting in their official capacity, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The owners shall indemnify and hold harmless Developer and each of the directors and officers and their respective heirs, executors, administrators, successors and assigns in accordance with the Bylaws. This indemnification shall include, without limitation, indemnification against all costs and expenses (including attorney's fees, amounts of judgments paid and amounts paid in settlement) incurred in connection with any claim, action, suit or proceeding, whether civil, criminal, administrative or other. The Bethea Country Estates Association may provide insurance to cover such risks.

(a) The developer and none of the owners or agents or shareholder or directors of the developer will have any personal liability for anything having to do with lots of the subdivision or anything else, or especially the common areas.

(b) If any claim is brought by an owner, the maximum liability and exposure of the developer will be equal to the amount of the net cash proceeds actually received by the developer at the initial sale of the lot now owned by the party that is making the claim.

(c) The liability of the developer whatsoever for any claims shall be limited and asserted only against any remaining property in the development which the developer owns at that time.

Section 6. Permanent Unrestricted Use. Except as otherwise provided herein and when not in default of any obligation(s) of a member in the Bethea Country Estates Association, all members (lot owners) shall have guaranteed the permanent unrestricted right to utilize the land and facilities owned by the Bethea Country Estates Association as common open space.

Section 7. Subject to Local Laws, Ordinances and/or Regulations. The Bethea Country Estates Association, or any successor organization, shall own and maintain the common open space in accordance with the officially recorded development plat and subject to local laws, ordinances and/or regulations related thereto and be responsible for any and all costs and/or sanctions from deviation from the same and shall indemnify and hold harmless Developer from such deviations and consequences of deviation.

Section 8. Board's Determination Binding. In the event of any dispute or disagreement between any owners relating to the Property, or any questions of interpretation or application of the provisions of this Declaration or the Bylaws, the determination thereof by the board of directors of the Bethea Country Estates Association shall be final and binding on each and all such owners, except Developer, for so long as it owns a lot or lots, may veto such determinations relating to lot(s) owned by it or adversely affecting the lot(s) owned by it, in Developer's sole discretion.

WITNESS the signature of Developer by its duly authorized partner as of June 25th, 1996.

BETHEA ENTERPRISES, INC.

By: Richard W. Bethea, Jr.
Richard W. Bethea, Jr.
(Secretary)

STATE OF TENNESSEE
COUNTY OF HAMILTON

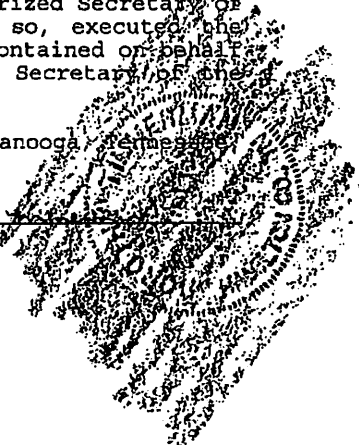
Before me Dorothy Timberlake, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared RICHARD W. BETHEA, JR., with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be Secretary of Bethea Enterprises, Inc., a Tennessee corporation, the within named bargainer; and that he, as the duly authorized Secretary of the said corporation, being authorized to do so, executed the foregoing instrument for the purposes therein contained on behalf of the corporation by signing his name as the Secretary of the corporation.

Witness my hand and seal, at office in Chattanooga, Tennessee, on June 25, 1996.

Dorothy Timberlake
Notary Public

My Commission Expires:

4-26-98



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EXHIBIT "A"

FOR DECLARATION OF COVENANTS AND RESTRICTIONS

FOR BETHEA COUNTRY ESTATES

Being all that property described in Deed to Bethea Enterprises, Inc., A Tennessee Corporation, recorded in Deed Book 283, page 179, in the Register's Office of Bradley County, Tennessee, except all of the properties conveyed by Bethea Enterprises, Inc., A Tennessee Corporation, prior to June 24, 1996. Also excepted all property shown by Plat of Bethea Country Estates in Plat Book 8, page 95, and as revised in Plat Book 8, page 101, in the Register's Office of Bradley County, Tennessee.

EXHIBIT "B"
FOR DECLARATION OF COVENANTS AND RESTRICTIONS
FOR BETHEA COUNTRY ESTATES

All that property shown by Plat of Bethea Country Estates, in Plat Book 8, page 95 and as Revised in Plat Book 8, page 101, in the Register's Office of Bradley County, Tennessee.

STATE OF TENNESSEE, BRADLEY COUNTY
The foregoing instrument and certificate were noted in
Note Book 2, Page 63 At 11:40 O'Clock A.M.
1-3-96 and recorded in Miss Book 249
Page 590 State Tax Paid \$ _____ Fee _____
Recording Fee 76.00 Total \$ 76.00 Witness my hand
Recd/pt No. 16214
Odell Swafford, Register

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*Return to
Pioneer Title*