

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
LAUREL MOUNTAIN LAKES ASSOCIATION, INC.

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, hereinafter sometimes referred to as the "Declaration", set forth and entered into this 31st day of August, 1996, by the undersigned, hereinafter referred to as "Declarant" (Laurel Mountain Lakes Association, Inc.) and by Southeastern Land, Inc. These are restated restrictive covenants as amended in 2010.

WITNESSETH

WHEREAS, the Laurel Mountain Lakes Development has been, and continues to be, developed by Southeastern Land, Inc., and a plat of said Development is recorded in the Register's Office of Monroe County, Tennessee, in Plat Book 2, page 117, and also may have been described in additional plats of record which have been (or will be) recorded;

WHEREAS, the original Charter of Incorporation of Laurel Mountain Lakes Association has been approved and registered with the Tennessee Secretary of State and recorded in the Register's Office of Monroe County, Tennessee, in Miscellaneous Book 40, page 224; and in addition certain protective covenants, dated January 26, 1968, have been recorded in the Register's Office of Monroe County, Tennessee, in Miscellaneous Book Z, page 117; and in addition certain Articles of Amendment of Charter, dated April 1, 1996, have been approved and registered with the Tennessee Secretary of State and recorded in the Register's Office of Monroe County, Tennessee, in Miscellaneous Book 98, pages 314, 315.

WHEREAS, the property covered and included as a part of the Laurel Mountain Lakes Development, and subject to the covenants, conditions and restrictions herein, is recorded in certain deeds to Southeastern Land, Inc., registered in the Office of the Monroe County Register of Deeds includes the following deeds: Warranty Deed Book 97, page 373, 376 and 379; Warranty Deed Book 98, page 247; Warranty Deed Book 99, page 146; Warranty Deed Book 101, pages 133 and 136; and Warranty Deed Book 117, pages 283, 354 and 357; and

WHEREAS, the original Protective Covenants as described above provides that the covenants affecting the Association and/or the subject Development may be changed in successive periods of five (5) years if a majority of the owners of the lots agree to change said covenants, and that at the end of the second five (5) year period a majority have voted to make certain changes to the covenants, conditions, and restrictions, copies of the 1994 declarations for change being recorded in the Register's Office of Monroe County, Tennessee, Miscellaneous Book 92, page 511 et seq; and

WHEREAS, the required majority of the owners now are adopting an amended Charter of Incorporation, by substituting a new Charter, which upon approval by the Secretary of State will be recorded in the Register's Office of Monroe County, Tennessee (Miscellaneous Book ~~98~~ 98, page ~~314~~ 314). Simultaneously, the owners are restating the covenants, conditions and restrictions from the original Charter of Incorporation and Protective Covenants into new documents, to wit, the Declaration of Covenants, Conditions and Restrictions of Laurel Mountain Lakes Association, Inc., the document herein, and in addition Bylaws to govern the Association; and

WHEREAS, the Laurel Mountain Lakes Association was originally formed by the original Developer, Southeastern Land, Inc., and the Developer sold a substantial number of lots but also has a significant number of lots remaining for further development, and the intent of the Developer is to transfer voting control over the future direction and preservation of the subject Development from Southeastern Land, Inc., its successors and assigns to the present and

future private lot owners in the Development, and the goal and intent is for the Association to be representative of the owners of the community, to own and administer the common facilities of the community, as well as to perform the necessary administrative duties and responsibilities, and to enforce the rights of all the owners in regard to the covenants and restrictions contained herein, including the collection and disbursement of all assessments and personal charges created within this document; and

WHEREAS, the Developer joins in the execution of this instrument for the purpose of approving the provisions herein, and indicating its agreement to perform the obligations on it in this declaration, and in the re-stated Charter and Bylaws of the Association, as well as any subsequent declaration pursuant thereto or hereafter.

WHEREAS, the residents of the Association designated the duly elected officers and Board of Directors (herein referred to as the "Board") to perform the necessary administrative duties and responsibilities and supervise the enforcement of the rights of all owners in regard to the protective covenants and restrictions herein, including the collection, the disbursement of all assessments and personal charges created within this document. See, BYLAWS, article VII, OFFICERS AND THEIR ELECTION and Article IX, BOARD OF DIRECTORS.

NOW, THEREFORE, the Developer and the Association hereby declare that the real property located in the Development will 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, and which shall run with the real property and be binding on all parties having any right, title or interest in, the described properties or any part thereof, their heirs, successors, and assigns, and shall endure to the benefit of each owner thereof.

ARTICLE I.

BASIC ORGANIZATIONAL MATTERS

Section 1. Definitions. As used herein, unless the context otherwise requires:

- (a) "Declaration" shall mean this instrument as extended amended or supplemented as provided herein.
- (b) "Developer" shall mean Southeastern Land Company, Inc., a Tennessee corporation, including its successors or assigns.
- (c) "Association" shall mean and refer to Laurel Mountain Lakes Association, Inc., a Tennessee not-for-profit corporation, its successors or assigns.
- (d) "Community" or "Development" shall mean all of the property located within the Development known as Laurel Lake and/or Laurel Mountain Lakes, and such property as may in the future be subjected to this Declaration.
- (e) "Common Area" or "Common Elements" or "Common Property" shall mean all joint use property or property rights, including access easements, drainage easements, and any area as reflected as common area in the plat of the community of record in Plat Book 2, page 117, Register's Office for Monroe County, Tennessee, and additional areas which may be so designated from time to time by the Developer and/or the Association, which are intended for the common use and enjoyment of the owners. The Common Area owned by the Association at the time of conveyance of the first lot was described in Plat Book 2, page 117, and made a part hereof.

Common Property: An all inclusive term meant to reference all assets jointly owned by members of the Laurel Mountain Lakes Association as property owners. The terms "common area" and "common elements" are subsets of "common property" used to delineate types or parts of common property.

Common Area: Any area of common property designated or designed for use by members/owners or their guests. (Example: The beach is common property but it is a specific type of common property designed for use by members and their guests. Therefore, it is further defined as a "common area".) **Please refer to the color-coded Laurel Mountain Lakes Community plat map provided in the front of the "Property Owners Directory" for types of Common Areas.

Common Elements: A subset of common property as a part of any asset that provides service(s) to the members of the Association. (Example: Water reservoirs, pumps, valves, conduits, etc., constitute a subset/parts (common elements) of the water system (common property).

(f) "Streets" shall mean every way or access for vehicles which is designated as common area on the plat.

(g) "Lot" shall mean any numbered parcel of property as shown on the plat.

(h) "Single Family Detached" shall mean and refer to any building intended for use as a single family residence and not attached to any other building. No more than one single family residence shall be located on a single lot as herein defined.

(i) "Board" means the Board of Directors of Laurel Mountain Lakes Association, Inc.

(j) "Member" shall mean and refer to every person or entity who holds membership in the Association.

(k) "Bylaws" means the Bylaws of Laurel Mountain Lakes Association, Inc., attached hereto as Exhibit A and made a part hereof, as amended from time to time.

(l) "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(m) "Property" (whether singular or plural) means all the land, property or space which is the subject of this Declaration (by amendment or otherwise), and all easements, rights and appurtenances belonging thereto intended for the mutual use, benefit or enjoyment of the owners.

(n) "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

(o) "Plat" means the plat of survey of the property of record in Plat Book 2, page 117, Register's Office for Monroe County, Tennessee, showing the number of each lot, and expressing its location and other data necessary for identification.

(p) "Common Expense" means all expenses incurred by the Association for the maintenance, repair, replacement, operation or management and restriction of the community and the common property.

(q) "Assessment" or "Dues" means such amounts as are required by the Association for the payment of the common expenses and levied against the members of the Association in accordance therewith.

(r) "Special Assessment" means such assessments expended by the Association to defray the expenses of one-time projects and/or emergency problems of the development.

(s) "Personal Charge" means any expense, charge or liquidated damages of the Association for which a specific owner is liable.

(t) "Majority" or "Majority of the Owners" means more than fifty percent (50%) of a quorum of the owners in the Association, present in person (or by proxy) and eligible to vote. Any specific percentage of owners means that percentage of a quorum of the owners who in aggregate own such specified percentage of the entire undivided membership in the Association, present and eligible to vote. A majority of the Board of Directors (more than 50% of a quorum present in person), unless otherwise specified.

(u) "Quorum" is more than fifty percent (50%) of the eligible lot votes.

(v) "Proxy" is a vote that is cast by one eligible lot owner appointed to represent the voting interest of a property owner. Proxy votes must be cast using the appropriate form found in the Attachments of the ByLaws. Proxy votes must be cast by the appointed person.

(w) "Unimproved lot" means any lot(s) on which there has been no construction or improvement of the property.

(x) "Lot Vote" shall mean one vote for each lot as described in Article I. Section 3.e.

Section 2. Lots. The legal description of each lot shall consist of the identifying number or symbol of such lot as shown on the plat. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe the lot by its identifying number or symbol as shown on the plat and every such description shall be deemed good and sufficient for all purposes. No lot owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause his (her) (their) lot to be separated into any tracts or parcels different from the whole lot as shown on the Plat.

Section 3. Association of Owners and Administration and Operation of the Property, General Membership.

There has been formed an Association having the name Laurel Mountain Lakes Association, Inc., a Tennessee not-for-profit corporation, which Association shall be the governing body for all of the lot owners (the membership), and shall be responsible for the maintenance, repair, replacement, administration, operation of the common property (including the water system), this Declaration and the Bylaws. The Bylaws for the Association shall be the Bylaws attached to the Declaration as Exhibit "A". The Association shall not be deemed to be conducting a business of any kind. All funds held by the Association shall be held and applied by it for the use and benefit of owners in accordance with the provisions of the Declaration and Bylaws. Each person who is the record owner of an undivided fee interest, in a lot in the Community subject to assessment by the Association, even if such assessment has not yet commenced, shall be a member of the Association and entitled to the privileges or membership. Each lot, other than a lot(s) owned by the Developer and its successors-in-interest and/or assigns, and those owned by individuals or entities owned by or related to the Developer, shall be entitled to one (1) vote. An owner of an undivided fee interest shall be a member of the Association so long as he (she) is an owner of an undivided fee interest. A person's membership shall automatically terminate when he (she) ceases to be a lot owner. Upon the conveyance or transfer of an ownership interest to a new lot owner, the new owner shall simultaneously succeed to the former lot owner's membership in the Association. The aggregate number of votes for all members of the Association shall be equal to the number of individually owned lots, plus one vote for all Developer-owned lots, plus the number of Developer-Related lots not to exceed ten combined, as shown on the Plat (as it may be amended from time to time).

(a) Developer's Membership: The Developer shall be a member of the Association for as long as it shall be the owner of a fee or undivided fee interest in any lot in the Development, regardless of whether the lot(s) is categorized as developed or undeveloped, and the Developer shall be entitled to only one vote regardless of the number of lots owned.

(b) Developer-Related Membership: The owner(s) of lots, who fall under the category of "Developer-Related" Voting Members of Article IV(a)(4) of the Association's Bylaws, shall be a member as long as they or it shall be the owner of a fee or undivided fee interest in the Development, regardless of whether their lot(s) is categorized as developed or undeveloped.

(c) Membership: Membership in the Laurel Mountain Lakes Association shall consist of four (4) classes, as defined in Article IV a. of the Association's Bylaws, to wit:

- (1) Regular Voting Members, who shall be the recorded owner(s) of a lot or lots in the Development specified in Exhibit A.
- (2) Regular Nonvoting Members, who shall be the dependent members of the immediate family and living in the same home as the lot-owner-regular voting-member;
- (3) Developer Voting Member, who shall be the original developer of the development specified in Article III, Southeastern Land, Inc. and its successors-in-interest and/or assigns, who shall have only one vote regardless of the number of lots owned and regardless whether any such developer-owned lot in the development be categorized as developed or undeveloped;
- (4) Developer-Related Voting Members, who shall be the individuals or entities who have any ownership interest in the developer Southeastern Land, Inc., including its successors-in-interest and/or assigns, of the development specified in Article III, whether they be stockholders, partners, joint venturers or otherwise, who shall own title to any lot or lots in the development in their individual or separate name(s), for individual purposes or otherwise, who shall have one vote for each lot owned up to a total of ten (10) votes for ten (10) lots owned, but in no event shall all such Developer-Related Voting Member(s) combined have more than ten (10) votes total, regardless of the number of lots owned, whether categorized as developed or undeveloped. The express purpose and intent of this class of Developer-Related Voting membership is to prevent and pre-empt the original developer, Southeastern Land, Inc., and any of its successors-in-interest and/or assigns, from attempting to circumvent the Developer's right to only one vote under Article IV, a.(2), by transferring lots to individuals and/or other business entities related to the developer by kinship, business relationship, or otherwise, and/or subject to the developer's control or influence, directly or indirectly.

(d) Duration: The legal lot owners as of the date of the original incorporation of the LMLA comprise the Charter Members of this Association. All persons who become lot owners in the Development subsequent to the date of incorporation of the LMLA shall automatically acquire membership in the LMLA with all the rights, privileges, and responsibilities thereunto pertaining. Membership in the LMLA shall terminate automatically with the sale or other disposition by the lot owner-voting member of his or her or their lot or lots as evidenced by the recording of the successor lot owner-voting member at the Register's Office of Monroe County, Tennessee.

(e) Voting: The recorded owner(s) of each lot in the Development shall have the exclusive privilege of exercising their vote in the association which is established for and in representation of each lot, as defined and provided in Section 3(c) of this Declaration and Article IV. a (1) through (4), and Article V. a. of the Association's Bylaws, upon any issue or matter submitted to the membership, and for the election of each officer of the association. The total number of eligible votes shall be equal and limited to the total number of surveyed lots existing in the Development as of the date of said vote, less all such lots owned by the Developer plus one, less all such lots owned by any Developer-Related Voting Member(s) over ten (10) as defined in Article IV. a. (4) of the Association's Bylaws. The lot owner-voting member may cast his (her) (their) vote in person at general and special membership meetings called to conduct the business of the LMLA, and/or by proxy, and/or by mail ballot, as determined by the Board, and as arranged by the Executive Secretary of the LMLA.

(f) Non-Liability of the Directors, Board, Officers and Declarant: Neither the Directors, Board, Officers of the Association, nor the Declarant shall be personally liable to the lot owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Directors, Board, Officers or Declarant, except for any acts or omissions found by a Court to constitute gross negligence or actual fraud. The owners shall indemnify and hold harmless each of the Directors, Board, Officers, or Declarant, and their respective heirs, executors, administrators, successors and assigns, in accordance with the Bylaws.

(g) Board's Determination Binding: Each Member shall have the right to use the common area in common with all other Members, as may be required for the purpose of access, ingress to, egress from, use occupancy and enjoyment of the respective lot by such owner. Such right to use the common area shall extend to each Member, invitees, licensees, and tenants. Such rights to use the common area shall be subject to and governed by the provisions of the Declaration and the Bylaws of the Association.

Section 4. Mortgages and Deeds of Trust: Each lot owner shall have the right, subject to the provisions herein and the Bylaws, to make separate mortgages and deeds of trust for his (her) (their) respective lot. No lot owner shall have the right or authority to make or create, or cause to be made or created any mortgage, deed or trust or other lien on or affecting the Property or any part thereof, or any common property.

Section 5. Reservations of Easements:

(a) Utility and Drainage: The Developer reserves for itself and is hereby granted a perpetual, unalienable and unreleaseable blanket easement, privilege and right on, over and under the designated parts of the community to be used to install, maintain and use all manner of equipment and construction related to the provisions utilities and drainage for the community. Such designated easement shall include all of the common property and a seven and one-half foot strip along the interior of all lot lines of each lot, and all other designated easements shown or reserved on the plat.

(b) The rights and privileges of membership in the Association specifically include, but are not limited to, a non-exclusive easement of access in favor of and held by each and every owner of lots in the Development by virtue of lot ownership, without respect to whether such easement is specifically referred to in said owner's deed of conveyance. Said easement runs over and upon the developed roadways in the Development and is subject to the easements for installation and maintenance of utilities of all types, as is provided in the deed from Southeastern Land, Inc. to Laurel Mountain Lakes Association, set forth and recorded in the Register's Office

for Monroe County, Tennessee, in Warranty Deed Book 125, at page 764. Said easement is for the purpose of ingress and egress from the owner's lot, but is non-exclusive in the sense that all lot owners have the right to use all roadways, as do other persons who have a right to enter and travel within the Development, all as set forth in Articles of Amendment of Charter of the Association recorded and of record with the Register's Office of Monroe County, Tennessee in Miscellaneous Book 98, page 314 and 315; and the Declaration of Easement, which upon approval by the Association, will be recorded in said Register's Office (Miscellaneous Book _____, page _____.)

(c) Others: All other easements and reservations as reflected on or in the notes of the recorded subdivision plats of this community or hereafter granted of record by the Association as to the common property, shall be binding upon each owner of the same extent as if set forth herein.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment: Every owner shall have a right and easement of enjoyment in and to the common areas and streets which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) The right of the Association (acting by the Board) to dedicate or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument, approved by at least fifty-one percent (51%) of the total number of eligible lot votes, agreeing to such dedication or transfer has been recorded; providing, however, that such consent shall not be required for the dedication of utility or service easements.

Section 2. Delegation of Use: Any owner may delegate, in accordance with the Bylaws, his (her) (their) rights of enjoyment of the common area and streets to the members of his family, his tenants, or contract purchasers. Membership in the Association may not be conveyed separate from ownership in the lot.

Section 3. Association's Right of Entry: An authorized representative of the Association or the Board shall be entitled to reasonable access to the lots as may be required to investigate and/or correct any existing violation of the provisions of this Declaration or the Bylaws.

Section 4. Access to Streets: Each member shall have a right of ingress and egress and passage over all the shared roadways. All streets shall further be subject to the right of way for the agents, employees and officials of county, state, government, and emergency agencies having jurisdiction in or on the property to permit the performance of their duties.

ARTICLE III

SPECIAL PROTECTIVE COVENANTS

1. All lots in Laurel Mountain Lakes shall be known and designated as residential lots and said lots shall not be used for any commercial or manufacturing purpose of any kind.

2. One (1) single-family dwelling shall be constructed on a lot and no lot shall be further subdivided.

3. No tents, trailers or any other type of temporary living quarters shall be permitted on any lot more than two (2) weeks at a time unless used for storage during construction of a dwelling as permitted by the Building Committee.
4. Swimming and fishing and any other activity shall be done at the risk of each individual, and in no case shall Southeastern Land, Inc., or Laurel Mountain Lakes Association, Inc., its directors, officers and members be liable for personal injury or property damage.
5. Southeastern Land, Inc., assumes no responsibility for maintenance of roads and utilities and only guarantees title in fee simple.
6. All owners shall have the right to a reasonable use of the lake frontage at designated access areas.
7. No combustible engines shall be used on Laurel Mountain Lake for boats or any type of watercraft.
8. No construction will be allowed on Laurel Mountain Lake except a single boat dock, which shall not extend into the lake more than twenty-five (25) feet, and which shall not exceed 500 square feet in size, the plans for which shall be submitted to the Building Committee for approval and be approved before construction begins. No boat houses will be permitted on the lake.
9. No noxious or offensive activity which is deemed an annoyance or nuisance to a reasonable person or prevents the Owner from being able to freely use their property without fear of disturbance, shall be permitted on any lot or common area. These activities shall include, but are not limited to, barking dogs, excessively loud music, or operating any motor vehicle back and forth in front of any homeowner's residence to the point that the noise it makes becomes an annoyance or nuisance.
10. Southeastern Land, Inc., will not be held responsible for violation of these restrictions and covenants by any person. These covenants shall run with the land and shall be binding on all parties and all persons until January 1, 2000, at which time these covenants shall be automatically extended for a successive period of five (5) years, unless by an affirmative vote of fifty-one percent (51%) of a quorum of the total number of eligible "lot votes", it is agreed to change said covenants in whole or in part.
11. Game hunting and the use of firearms, and/or other dangerous apparatus (as crossbows) of any kind (other than to protect person or property) is forbidden to all persons at all times within the confines of the Development. All persons are expected to obey the laws and regulations of the State of Tennessee.

Swimming and fishing are allowed at Laurel Mountain Lake at the risk of each individual participating. Visitors and guests must have the consent of their responsible member-host. Fishing from the beach, or within the areas designated for swimming is forbidden to all persons at all times. No fishing is allowed around the private dock area of any lot owner who has designated a roped-off or buoyed private swimming area. All persons fishing should comply with the State of Tennessee regulations.
12. All building plans must be submitted to the Building Committee for approval prior to the beginning of any improvement to, or construction of, a dwelling unit. No construction shall be permitted until such time as a design has been approved by the Building Committee, under the following non-exclusive guidelines, and such future guidelines as may be recommended by the Building Committee and approved by the Board of Directors.

All building plans for construction of a residential dwelling, remodeling/addition to a residential dwelling or separate structure on property must be submitted to the Building Committee for approval prior to the beginning of said construction. The plan must include a copy of the lot survey (as submitted for septic permit) noting all boundaries and corner stakes; a sketch of the location of the home to be built, along with setbacks and home dimensions; and the following six (6) steps:

1. Get septic permit at groundwater office in Madisonville (see section c)
2. Install drainage tile in driveway (see section d)
3. Obtain a LMLA building permit and pay impact fee (see section f)
4. Place portable toilet on job site (see section h)
5. Post the building permit on site where it is visible
6. Add \$750 water tap assessment (subject to change)

No construction shall be permitted until the above six (6) requirements are met and the Building Permit has been issued.

- (a) All dwelling units shall be single family detached only, one per lot. All dwelling units shall be of a permanent nature. All outside areas, when concrete or cinder blocks are used, shall be stuccoed, painted or covered with a siding material approved by the Building Committee. No dwelling shall be permitted with asphalt siding on any outside wall.
- (b) No dwelling unit shall be constructed of less than 1,400 square feet of permanently heated living space. A garage is not considered to be living space. The developer expressly reserves the right to designate certain areas within the Development as requiring dwelling units with a higher square footage of living space, with those designations and higher requirements to be submitted by the Developer to the Board of Directors for approval and dissemination to the members. This and any future square footage designations shall not affect any present standing dwelling unit or unit under construction at the time of the adoption of the Declaration. The Board can grant a variance on this square footage, but it shall still remain at not less than 1,200 square feet.
- (c) Sewage disposal fields shall be located in such a manner that no drainage can run or seep into the lake. No outside toilets will be permitted on any lot. After drain fields have been laid out, the Building Committee shall be notified to verify and put a copy of the layout on file, and the layout must be approved by the Health Department before building.
- (d) Drainage pipes for the driveways are to be installed in the ditch before improvements to a lot or the construction of a dwelling building or house, begins. The pipe size usually is 15 to 18 inches, but approval of the Building Committee shall be required before installation. Rare exceptions might be made where a culvert is not needed.
- (e) A cutoff/on valve of the waterline which goes from the water main to the house shall be installed as near as practical to the lot line next to the street and marked by a hub or piece of pipe in the ground for future identification.

- (f) Prior to construction on a lot, owner must obtain a building permit and pay an impact fee. Building Permits are issued by Laurel Mountain Lakes Association Building Committee. After submitting the architectural plans and proposed cost estimate of said structure and approval of the proposed cost estimate of said structure and approval of the building committee, the following impact fee will be assessed: Five Hundred Dollars (\$500.00) for estimated cost of \$5,000.00 to \$25,000.00 and One Thousand Dollars (\$1,000.00) for estimated cost in excess of \$25,000.00.
 - (g) Members may appeal the decision of the Building Committee concerning his (her) (their) lot(s) by requesting a review by the Board of Directors, and a majority vote of the Board shall be required to reverse all, or any part of the Building Committee's decision. If dissatisfied with the Board of Directors' decision on appeal, members may appeal for a determination by the whole membership through the Office of the Executive Secretary, in which event, a two-thirds (2/3) negative vote of the total eligible lot votes shall be required to set aside the decision of the Board of Directors.
13. No commercial sign of any kind shall be posted to the public view in any area of the development except one (1) sign of not more than three (3) square feet (a) used by a builder to advertise the property during construction and sale of a piece of property or (b) used by an owner or realtor to advertise the property "for sale". If signs are not maintained, removal is to be expected.
14. (a) No animals, livestock or poultry shall be raised, bred or kept in the Laurel Mountain Lake Subdivision except dogs, cats and other household pets, provided that they are not kept or maintained for commercial purposes and are not deemed a nuisance by other lot owners. Animals which are kept and maintained indoors shall be allowed in any homeowner's home.
- (b) Dogs shall be kept on a leash or chain, kenneled or under reasonable means of control on the owner's property. Any dog kept on a residential lot shall be controlled at all times as per *Tenn. Code Ann. 44-8-408* subsection (a) and (b), and 44-8-413 subsection (a)(1) and (2); so that they do not infringe on the ability of fellow residents to enjoy the recreational activities available to association members and guests. No more than four (4) dogs shall be kept on any residential lot. The dog owner, or person responsible for the dog, shall be responsible for providing for the removal and sanitary disposal of any elimination from the pet on any common area, including but not limited to any road, shoulder or lot owned by another resident. Not removing and properly disposing of any elimination shall constitute a nuisance as provided herein. If any dog or dogs are caught or identified as "running at large" within the meaning of *Tenn Code Ann 44-8-401 et seq.*, the Board and its designee shall have the authority to notify the owner of the offense in a manner adopted by the Board to give such owner notice and an opportunity to be heard regarding the alleged violation. If any dog or dogs are identified as running at large on a second or third occasion, the Board shall have the authority to enter on the books of the Association a personal charge for

liquidated damages against such owner in a sum to be adopted by the Board and to enforce such personal charge against the owner's property as a special assessment. If any such animal or animals are caught or identified running at large on any other subsequent occasions, such animal or animals may be permanently removed from the property at the expense of the owner thereof. No owner of any animal running at large impounded for chasing or harassing wildlife or people shall have any right of action against the Board or any Association member for the impoundment of any such animal or animals. (See ByLaws Attachment 1, Non-Compliance Complaint Process, i.e. Assessment Schedule)

15. No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. All trash and garbage shall be kept in sanitary containers.
16. There shall be no open burning of trash, garbage or construction debris. Prior to any outside burning, such as brush or leaves, contact with the Tennessee Division of Forestry is required. A permit is required at certain times of the year which can be secured over the phone. An adult must be present at the burn site and remain until the fire has been properly extinguished.
17. No go carts, three wheelers, ATVs or dirt bikes shall be permitted on any trail, common area or shared access road or on the back side of the dam at any time except as the association deems necessary for maintenance.
All motorcycles on Association roads must be licensed and be operated by licensed and insured drivers and the muffling system must comply with state regulations.
"Low speed vehicles" as described in Tenn. Code Ann. 55-1-123 are permitted to travel on Laurel Mountain Lakes Subdivision roads.
Any motorized vehicles on Laurel Mountain Lake roads may only be operated by persons with a valid driver's license.
18. The building requirements and covenant restrictions are for the protection of all lot and homeowners in Laurel Mountain Lakes. Any violation or failure to comply shall be reported to the Board of Directors, which shall be authorized to take the appropriate legal action concerning the problem.
19. (a) The building requirements, protective covenants, limitations and restrictions are for the protection of all lots and home owners in Laurel Mountain Lakes. The Covenants, conditions, limitations and restrictions for land use, development and residence set forth in the Declaration and ByLaws shall be enforceable by the Board. In addition, the governments of Monroe County, Tennessee, and the State of Tennessee, acting through their duly elected and appointed officials, shall have the authority to enforce any pertinent provisions of their statutes, regulations and codes, which govern Laurel Mountain Lakes. Every Owner hereby consents to the entry of any injunction against owner's tenants or guests, to terminate and restrain any violations of these Protective Covenants, Conditions, Limitations and Restrictions.

- (b) Any Owner who uses or allows their residence or lot to be used or developed in violation of these Protective Covenants, Conditions, Limitations and/or Restrictions further agrees to pay liquidated damages in lieu of the costs incurred by the Association, the Board and/or Owners(s) to enforce the same, and if court action is required for enforcement, such Owner shall also be liable, in addition to such liquidated damages, for all costs of litigation including expert fees and reasonable attorney fees, as assessments for personal charges.
- (c) The Board shall adopt procedures for enforcement of the Protective Covenants beginning with a Covenant Enforcement Committee, initially confidential complaints, opportunity for the complainant and offending Owner to be heard, notice of such hearing, and an opportunity to appeal to the entire Board, and the Board shall adopt a schedule of escalating liquidated damages for a first and subsequent violations, modifiable no more frequently than annually, which shall constitute personal charges to the offending Owner and a special assessment against the property.
- All covenants, conditions and restrictions, terms and provisions of Laurel Mountain Lakes Association, Inc., as amended, recorded in the Office of the Register of Deeds of Monroe County, Tennessee, in Miscellaneous Book 92, Page 511; Miscellaneous Book 105, Page 119; Miscellaneous Book 136, Page 435, and Miscellaneous Book 174, Page 638, not amended further hereby, shall remain in full force and effect.

ARTICLE IV.

MEMBERSHIP AND VOTING RIGHTS

Section A. General Provisions: Every owner of a lot, subject to the qualifications and restrictions for Developer-owned and Developer-Related lots designated in Article IV of the Bylaws, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Section B. Voting Rights: The Association shall have four (4) classes of voting membership. The voting rights shall be as set forth in Articles IV and V of the Bylaws.

ARTICLE V.

COVENANTS FOR MAINTENANCE AND ASSESSMENTS

Section A. Creation of the Lien and Personal Obligation of Assessments: The owner of each lot owned within the property, with the exception of Developer-owned, and undeveloped lots, hereby covenants, and each future owner of any lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association:

- (1) Annual assessments, dues or charges; and
- (2) Special assessments for capital improvements and emergencies, such assessments to be established as hereinafter provided.

- (3) **Delinquent Assessments.** The annual dues and special assessments, together with interest, costs and attorney's fees, shall be a charge on the lots, and shall be a continuing lien upon the property against which each such assessment is made. If the Owner does not pay such assessment, or any installment thereof by March 31, as specified in Section H., the Owner shall be deemed in default and the amount of the assessment not paid shall become a lien, if not received by December 31, upon the lot or lots of such Owner, effective upon and as of the recordation by the Association of notice of default. Each such assessment, together with interest, costs and attorney's fees, shall also be the personal obligation of the person who is the owner of such property at the time when the assessment is due and payable. Such lien may also include a provision for future assessments as they become due. Upon payment of any delinquent assessment, and any charges in connection with such notice of default, the Association shall cause to be filed a further notice stating the satisfaction and the release of the lien thereof. Also, in addition to the lien, any assessment due and owing after one year, will be forwarded to a collection agency for further action. The personal obligation from the delinquent assessment shall not pass to his successors in the title unless expressly assumed by them.

The annual dues and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the lots, and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fee, shall also be the personal obligation of the person who is the owner of such property at the time when the assessment is due and payable. The personal obligation from the delinquent assessment shall not pass to his successors in the title unless expressly assumed by them.

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

Section C. Annual Assessment or Dues: The Board of Directors shall recommend, and the membership at its Annual meeting, shall fix the payable annual dues for each lot subject to the provisions of this Declaration and the Bylaws. The annual dues, or prorated share thereof, is due and payable upon the sale of any lot. The annual dues may not be increased by the Board without fifty-one percent (51%) affirmative vote of a quorum of the total number of eligible lot votes who are voting in person, by proxy or by absentee ballot at the annual meeting or at any property called special meeting of the Association. This provision does not preclude Special Assessments provided for in Section D below nor for Special Assessments included above.

Section D. Special Assessments for Emergency Repairs and/or Emergency Capital Improvements:

In addition to the annual dues authorized above, the Association (acting by and through the Board) may recommend to the membership in any calendar year, special assessments applicable to the year only for the purpose of defraying, in whole or in part, during emergency situations as deemed by the Board of Directors, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common property, including fixtures and personal property related thereto, provided that any such emergency assessment shall have a fifty-one percent (51%) affirmative vote of a quorum of the total number of eligible lot votes who are voting in person, by proxy or by absentee ballot at a meeting duly noted and called for this purpose. All special assessments shall be paid immediately upon passage and demand.

Section E. Notice and Quorum for Any Action Authorized Under this Article: All notices of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting and shall state the purpose of such meeting. Notice shall be effective on the date of mailing by the Executive Secretary. At the first such meeting called, the presence of members or of proxies entitled to cast fifty percent (50%) of all votes of the membership is required so as to constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section F. Commencement Date of Annual Dues - Due Dates: The annual dues provided for herein shall commence as to all lots on January 1st of each year and shall be payable within ninety (90) days, and shall be considered late after March 31st of each year and shall incur late fees determined according to the Association Bylaws and shall be delinquent after December 31st of each year.

Section G. Water Tap Assessment: There shall be a one-time water tap assessment to be paid by the owner of a lot to the Association, at such time as the owner wishes to tie into the water system. The amount of the fee shall be determined by the Board of Directors with recommendations from the Water System Operator and the Water Board Treasurer. This fee shall be due prior to the date that water service is expected to be required. Such installations are and shall be the sole responsibility of the lot owner, but shall remain a part of the system, and are the property of the Association, which shall only be responsible for the maintenance of the system.

Section H. Effect of Non-Payment of Assessment: Remedies of the Association: Dues not paid by March 31st shall incur late fees assessed quarterly. The Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and late dues cost and reasonable attorney fees of such action or foreclosure shall be added to the amount of such dues, no owner may waive or otherwise escape liability for the annual dues provided for herein by non-use of the common area or abandonment of his/her lot.

LATE FEE SCHEDULE (Also found as Attachment V in the Bylaw Amendments)

Category	April 1	July 1	Oct 1	Dec. 1	Year Total
I	\$5.00	\$5.00	\$5.00	\$5.00	\$20.00
II	\$6.75	\$6.75	\$6.75	\$6.75	\$27.00
III	\$8.50	\$8.50	\$8.50	\$8.50	\$34.00
IV	\$13.75	\$13.75	\$13.75	\$13.75	\$55.00

Section I. Exempt Property: Property dedicated to, and accepted by, a local public authority, all property designated as reserved, all common properties, utilities, and utility easements, and all Developer-owned, unimproved lots shall be exempt from the assessments created herein. No other properties or lots shall be exempt from assessments in any case.

ARTICLE VI
MAINTENANCE, REPAIRS AND REPLACEMENTS

Section A. General Provisions: Unless otherwise specifically set forth herein, the maintenance of, repairs to and replacements to the common property shall be the responsibility of and shall be furnished by the Association. Unless otherwise specifically set forth herein, the cost of the maintenance of, repairs to and replacements of the common property shall be part of the common expenses, subject to the Bylaws, Rules and Regulations, and Covenants of the Association.

If, due to the act or neglect of a lot owner, or of his agent, servant, tenant, family member, invitee or licensee, damage shall be caused to the common property or to a lot, improved thereon, or personal property owned by others, and maintenance, repair or replacement are required which would otherwise be a common expense, then such lot owner shall pay for such damage or such maintenance, repair or replacements, as may be determined by the Board of Directors.

Owners of all lots shall properly provide for exterior and/or ground maintenance thereof, including exterior maintenance such as cutting, trimming and caring for grass, trees, and shrubs, and the repair or replacement of walks, roofs, gutters, windows, doors, decks and other exterior improvements, including any re-painting or staining, as needed.

ARTICLE VII
REMEDIES

Section 1. The foregoing conditions, restrictions, and reservations are a part of a general plan for the improvement of Laurel Mountain Lakes, which plan contemplates that all lots therein shall be used for residence purposes only and these conditions, restrictions, and reservations shall insure to and pass with the said tract and each and every lot therein and are hereby imposed upon the entire Development as a servitude in favor of said premises, and the owner or owners thereof, and each and every such condition, restriction, and reservation shall be construed as a covenant running with the land and not a condition.

Section 2. In the event the owner or owners of said premises, or any lot therein, shall violate

or breach, or attempt to violate or breach any of the foregoing conditions, restrictions and reservations, it shall be lawful not only for the Association, but for any owner or owners of any lot or lots in the Development to institute or prosecute any proceeding at law or in equity against the person or persons violating or threatening to violate the same, and either to prevent him (her) (them) from so doing and/or to recover damages or other relief as provided by law or in equity for such violation, provided this provision shall not be enforced personally against any of the owners of Laurel Lake, their heirs or assigns, for damages or otherwise, unless they be the owners of the lot or that portion of said premises upon which a violation of these covenants, restrictions, and reservations is threatened or done.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on the 28 day of February, 2011.

**LAUREL MOUNTAIN LAKES
ASSOCIATION, INC.**

BY: Maurice G. White
Maurice G. White
Title: President

ATTEST: Elizabeth Tyler
Elizabeth Tyler
Title: Secretary

STATE OF TENNESSEE)

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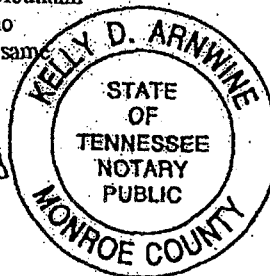
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COUNTY OF MONROE)

Personally came before me this 1st day of MARCH, 2011,
the above named Maurice G. White, President of Laurel Mountain
Lakes Association, Inc., to me known to be the person who
executed the foregoing instrument and acknowledged the same.

Print Name: Kelly D. Arnwine
Notary Public, Monroe County, TN.

My Commission expires: August 21, 2013



STATE OF TENNESSEE)

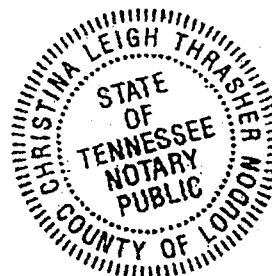
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COUNTY OF Monroe

Personally came before me this 28 day of February, 2011,
the above named Elizabeth Tyler, Secretary of Laurel Mountain
Lakes Association, Inc., to me known to be the person who
executed the foregoing instrument and acknowledged the same.

Print Name: Christina Thrasher
Notary Public, Loudon County, TN.

My Commission expires: June 20, 2011



LMLA DEC OF COVENANTS - 1-2011

This document prepared for recording by:
Peggy A. Callaway C/O Laurel Mountain Lakes Association
304 Laurel Lake Circle
Madisonville, TN 37354
(423) 442-3196

THIS ADDITIONAL PAGE RESERVED FOR RECORDING DATA

This document prepared by:
Peggy A. Callaway
C/O Laurel Mountain Lakes Association
304 Laurel Lake Circle
Madisonville, TN 37354
(423) 442-3196
LMLA Dec of Covenants Revisions 10-2010 and 12-2010

LMLA DEC OF COVENANTS - 1-2011
(pc)
1-25-11