


SADDLEBACK RIDGE PHASE III
A PLANNED UNIT DEVELOPMENT

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	VALUE 0.00
	MTG TAX 0.00
	TRN TAX 0.00
	REC FEE 120.00
	DP FEE 2.00
	REG FEE 0.00
	TOTAL 122.00

STATE of TENNESSEE, SEVIER COUNTY
SHERRY ROBERTSON HUSKEY
REGISTER OF DEEDS

This instrument prepared by:
EDWARD H. HAMILTON, ESQ.
P.O. Box 5260
Sevierville, TN 37864
(865) 453-9035

Saddle Back Ridge Phase III
A Planned Unit Development

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DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS

SADDLEBACK RIDGE PHASE III

A PLANNED UNIT DEVELOPMENT

THIS DECLARATION, made on the date herein set forth by Laurel Trace, Inc., successor in interest to John W. Webb, Jr., d/b/a Saddleback Development Co. of 735 Hardin Lane, Sevierville, Tennessee hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Developer is the Owner of certain property located in Sevier County, Tennessee, such property being more particularly described in Large Map Book 1, at page 10 (Phase I), Large Map Book 1, at page 12 (Phase II), Map Book 34, at page 297 (Phase III) and Large Map Book 1, at page 122 (Phase IV), in the Sevier County, Tennessee Register of Deeds Office; and

WHEREAS, the restrictions of record in Miscellaneous Book 259, at page 91 were further extended to Saddleback Ridge Phase II, such restrictions being recorded and modified at Misc. Book 261, at page 46; and

WHEREAS, the restrictions of record were further extended to Saddleback Ridge Phase IV, such restrictions being recorded and modified in Miscellaneous Book 356, at page 678 in the said Register's Office.

WHEREAS, Developer desires to include Phase III as part of Saddleback Ridge and to subject the Phase III property to this document entitled Declarations of Covenants, Conditions and Restrictions, Saddleback Ridge Phase III, a Planned Unit Development.

NOW THEREFORE, Declarant hereby declares that all of the Properties described herein as Phase III of Saddleback Ridge 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, and which shall run with, the annexed 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 inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. **"Association"** shall mean and refer to the Saddleback Ridge Homeowners Association, Inc., its successors and assigns.

Section 2. **"Owner"** shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. **"Properties"** shall mean and refer to that certain real property hereinbefore described as Phase III, and such additions thereto as may hereafter be brought within the jurisdiction of the Association. The Properties described in Exhibit A constitute Phase III. Additional Properties will be added in a number of sub-phases. The Phases currently a part of Saddleback Ridge shall now be Phases I, II, III and IV.

Section 4. **"Common areas"** shall mean all real property (including improvements thereto) conveyed by the Developer to the Association upon completion of the project or property specifically noted as "Common Areas" upon the face of any recorded plats of Saddleback Ridge. The roads in Phase III are Common Areas and shall be maintained by the Association unless and until said roads are accepted as public roads by the City of Sevierville. Owners in all phases of Saddleback Ridge shall have the right to the use and enjoyment of the Common Areas, recreational facilities and roads within any other phase of Saddleback Ridge.

Section 5. **"Lot"** shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Areas and reserved tracts. With regard to Phase III, all roads within Phase III are designated as Common Areas to be maintained by the Association unless and until said roads are accepted as public roads by the City of Sevierville.

Section 6. **"Declarant"** shall mean and refer to Laurel Trace, Inc., its successors and assigns. Declarant and Developer are synonymous for the purposes of this declaration and previous declarations referenced herein.

Section 7. **"Member"** shall mean and refer to those persons entitled to membership as provided in this Declaration.

Section 8. **"Subdivision map"** shall mean the maps of Saddleback Ridge Subdivision describing the Common Areas and Lots thereon. The Developer retains the exclusive right to amend the map from time to time to adjust Lot lines in order to fit the residences to conform to the topography of the property. Any amendments shall be recorded (either by map or amendment of restrictions) and shall not be effective until consented to and executed by any Lot Owner directly affected by the adjustment of Lot lines.

Section 9. **"Bylaws"** shall mean the Amended Bylaws of the Saddleback Ridge Homeowners Association, Inc. attached hereto as Exhibit B.

Section 10. **"Articles of Incorporation"** shall mean the Articles of Incorporation of the Saddleback Ridge Homeowners Association, Inc., which have been filed in the Sevier County, Tennessee Register of Deeds Office.

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 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 to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas.

b. The right of the Association to suspend the voting rights, and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the published rules and regulations;

c. The right of the Association to impose regulations for the use and enjoyment of the Common Areas and improvements thereon may further restrict the use of the Common Area.

d. The Declarant reserves the right of use of the Common Area roads for access to adjacent phases or future development of property owned by the Declarant or acquired by the Declarant in the future. The Association shall not have the right to allow adjacent property Owners to connect to any utilities in Saddleback Ridge

Properties without the express consent of the Developer and without payment of compensation to the Developer for costs of utilities; Lot Owners cannot give easements or right of ways through a Lot to an adjoining property or Lots without the express written consent of the Declarant.

Section 2. **Delegation of use.** Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Areas and facilities to the members of his immediate family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. **Creation of the lien and personal obligation of assessments.** Each non-Developer Owner of any Lot by acceptance of a deed therefore, whether improved or unimproved and whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided in this document and its exhibits. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land 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 fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to any Owner's successors in title.

Section 2. **Purpose of assessments.** The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties, and for the improvement and maintenance of the Common Areas, including but not limited to, costs of mowing grass of unimproved Lots, repairs and maintenance to Common Areas, replacement and additions to Common Areas, management and taxes assessed against the Common Areas, insurance maintained in accordance with the Bylaws, employment of professionals to represent the Association when necessary or when the need arises. The Association shall specifically maintain all landscaping located within any right of way dedicated to a municipal authority.

Section 3. **Effect of nonpayment of assessments.** Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen (18%) percent per annum. The Association may bring an action at law or equity against the Owner personally obligated to pay the same, or foreclose the lien against the property. Attorney fees, court costs, cost of mailing, advertising and any other expenses incurred to collect the assessment shall be added to the assessment and become a lien on the property and a personal liability of the Owner. 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.

Section 4. **Subordination of the lien to mortgages.** The lien of the assessments provided for herein shall be subordinate to the lien of any bona fide mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 5. **Exempt property.** All property dedicated to and accepted by a local public authority and all properties owned by charitable and nonprofit organizations exempt from taxation by the laws of the State of Tennessee and the United States Internal Revenue Services, shall be exempt from assessments herein; provided however, that no land or improvements intended for dwelling use shall be exempted from said assessments.

Section 6. **Annual assessment.** Pursuant to Article III, Section 6 of the Amended Bylaws, annual assessments may increase without a vote of the members in an amount not to

exceed the Consumer Price Index as established by the Department of Labor. Current assessments as of January 1, 2004 are Two Hundred Eighty and 85/100 (\$280.85) Dollars for unimproved Lots and Six Hundred Seventy-three and 43/100 (\$673.43) Dollars for improved Lots.

ARTICLE IV

ARCHITECTURAL CONTROL

No house, residence, building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specification showing the nature, kind, shape, height, materials and location of the same shall have been submitted to the Developer and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Developer.

The Developer's discretion in approving or denying alterations of any nature shall be exercised under an obligation of good faith, but such ultimate decision shall be in the Developer's absolute discretion. In the event said Developer fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it in writing, approval will not be required and this Article will be deemed to have been fully complied with, provided that nothing herein contained shall be construed to permit interference with development of the Properties by Developer, and Developer shall have absolute discretion until completion of the project, said completion to be evidenced by construction of a residence upon each Lot in the subdivision or written assignment of these duties to the Association.

ARTICLE V

RESTRICTION ON USAGE

Section 1. **Land use and building types.** No Lot shall be used except for residential purposes and a residential model or models as approved by the Declarant on the property. Any improvements on a Lot for residential purposes shall contain a minimum of 1000 feet inside heated living space, on one floor level. The Declarant reserves the right to place and maintain a rental office, laundry facility, housekeeping service and other facilities and services at the option of the Declarant on the property.

For additional construction requirements, see Exhibit C hereto.

Nothing contained herein shall prohibit the monthly or overnight rental of said property.

Section 2. **Nuisance.** No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

Section 3. **Animals.** No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling, with the exception of a dog less than 20 pounds which shall be kept inside the residence.

Section 4. **Outside antennas.** No outside radio or television antennas shall be erected on any Lot or dwelling unit within the Properties unless and until permission for the same has been granted by the Architectural Review Committee. The Architectural Review Committee shall not approve a satellite dish greater in diameter than twenty-four (24) inches.

Section 5. **Temporary structures.** No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time, except a temporary construction trailer which shall be removed immediately upon completion of construction.

Section 6. **Signs.** No sign of any kind shall be displayed to the public view on any Lot except a sign approved by the Architectural Review Committee to identify the Lot and the Owner of the property, with the exception of house numbers showing street address for 911 purposes.

All unapproved signs shall be removed by the Declarant or the Association.

Section 7. **Garbage and refuse disposal.** No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such items shall be placed in a dumpster in the Common Areas to be maintained by the Homeowners Association. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and shall be placed in a location that cannot be seen from the street in front of the dwelling. Incinerators and open burning is absolutely prohibited on the premises.

Section 8. **Lawful use.** No immoral, improper, offensive or unlawful use shall be made of the Common Areas or Lots and living units, nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 9. **Commercial business.** No commercial business may be maintained on the Common Areas or in the living units. This provision shall not preclude the use of a Lot for a showcase model, a rental office, laundry facility and other facilities applicable at the option of and by the Declarant nor shall this provision preclude overnight rentals.

Section 10. **Alterations.** Nothing shall be altered or constructed in or removed from the Common Areas except upon the written consent of the Developer.

Section 11. **Rules for Common Area.** The Association is authorized to adopt rules for the use of the Common Areas and such rules shall be furnished in writing to the Owners. The voting rights and right to use of the recreational facilities by an Owner may be suspended for non compliance with such rules.

Section 12. **Vehicles and parking.** No vehicles of any type shall be permanently or semi-permanently parked on the Properties or in the vicinity of any living unit or in the Common Areas for the purpose of accomplishing repairs thereto, or the reconstruction thereof. This restriction shall also apply to all vehicles not in operating condition.

Section 13. **Recreation vehicles.** There shall be no prolonged parking of recreational vehicles, including, but not limited to, camping trailers, boats, motor homes and the like, except in areas specifically designated for this purpose by the Association. Prolonged parking shall be deemed for periods of forty-eight (48) hours or longer. Declarant shall have the right to establish and designate parking areas for recreational vehicles in the Common Areas.

Section 14. **Commercial vehicles.** The Association shall have the power to adopt Rules and Regulations concerning the parking of all commercial vehicles on the Properties, Common Area, or individual Lots.

Section 15. **No clear cutting of lots.** There shall be no clear cutting of the trees from any Lot. Trees shall be preserved to enhance the natural beauty of the development and only those trees necessary for the construction of buildings, driveways and parking on the property shall be removed. Every effort shall be made to preserve any tree ten (10) or more inches in diameter. Trees shall not be removed without permission of the Developer.

Section 16. **Surface water.** Nothing shall be done on any Lot whereby the natural flow of surface water shall be increased or altered in such a manner as to cause a nuisance to adjoining or neighboring property.

ARTICLE VI

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide maintenance upon each Lot which is subject to assessment hereunder, as follows: Grass mowing as required to keep a neat appearance, and yard maintenance to the extent of pruning shrubs and landscaping only. Flower planting, mulching and the replacement of trees shall be responsibility of Owners. Ultimate responsibility and scope of the Association's maintenance shall rest with the Association.

In the event that the need for maintenance or repair of a Lot is caused through the willful or negligent acts of its Owners, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Lot needing such maintenance or repair, the costs of such maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

EASEMENTS

Easements for the installation and maintenance of utilities and drainage facilities are reserved as stated on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct, alter or retard the flow of water through drainage channels in the easements. Easements to each individual Lot for ingress and egress shall be provided to the rear of each property over the Common Areas or by access easements as shown on the recorded plat. A specific easement is retained on all properties for the local law enforcement authorities to come on the property in the performance of their duties, for the local fire department to come on the property in the performance of their duties, for the United States Postal Service to travel the roads in the development for the delivery of mail, for the United Parcel Service and Federal Express or similar express mail delivery services in the performance of their business of delivery to individual improved Lots. There is specifically reserved an easement for the local water and sewer authorities, telephone company, natural gas utility company, cable television or fiber optics provider and electric system for the installation and maintenance of water, sewer, telephones, gas, electrical, cable and fiber optic lines. There is specifically reserved an easement for the local public works authority for picking up garbage and debris to come on the property in the performance of their official duties.

ARTICLE VIII

DEVELOPER'S RIGHTS

Section 1. In addition to those rights reserved hereinabove, the Developer shall have an easement over the Common Areas for purposes of continuing construction of the project and for sales and marketing activities. The Developer shall further have the right to lease any completed but unsold unit in the project.

Section 2. While the Developer owns any of the units and until such unit is sold and is occupied by the Purchasers, the Developer or its designee may use and show one or more of such unsold or unoccupied units as a model unit or units and may use one or more of such unsold or unoccupied units as a sales office and maintain customary signs in connection therewith.

Section 3. The Developer shall have the absolute right to adjust the boundaries and dimensions of the Common Areas up to and until the Common Areas are deeded directly to the Association. No adjustment of Common Areas shall affect or encroach upon any Lot previously deeded to a Lot Owner, unless said Lot Owner consents to the adjustment. The dimensions and layout of the Common Areas may be increased or diminished due to the topography of the land, layout of the various residential plans as selected by the individual Owners, aesthetic considerations relating to the natural beauty of the subdivision, utility and other development

concerns. The Developer's modification of land depicted as Common Areas upon the subdivision plat shall not be for purposes of adding additional Lots beyond that number of Lots depicted upon the subdivision plat.

Section 4. The Developer retains an easement over the Common Areas for dedication to future Owners of additional phases of this subdivision, it being the Developer's intent that all phases of Saddleback Ridge Subdivision be integrated as one community. Provisions shall be made for the contribution between various phases to each other's Common Areas maintenance depending upon the respective expense of each phase's recreational amenities, with the understanding that maintenance fees shall be consistent and equal as between all phases. Any amenity located in the Common Areas of any one phase may be used by Owners in other phases as long as such Owners have paid all dues and maintenance fees. The Developer may sell, transfer or assign his rights as Developer under this instrument without amendment of these restrictions.

ARTICLE IX

INSURANCE

Insurance (other than title insurance) which shall be carried upon the Common Areas shall be governed by the following provisions:

Section 1. **Authority to purchase; named insured.** All insurance policies upon the Common Areas shall be purchased by the Association, and the named insured shall be the Association individually and as agent for the Lot Owners without naming them and their mortgagees. Provisions shall be made for the issuance of the mortgage endorsements and memoranda of insurance to the mortgagees of Lot Owners. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the Association or, if a mortgagee is involved, jointly to the Association and the mortgagee, and all policies and endorsements shall be maintained by the Association.

Lot Owners may obtain hazard insurance coverage at their own expense upon their own property and for personal liability coverage.

Section 2. **Copies to mortgagees.** One copy of each insurance policy and of all endorsements thereon shall be furnished by the Association to each mortgagee, if requested, and if included in the mortgagee roster. Such copies shall be furnished not less than thirty (30) days prior to the beginning of the term of the policy or not less than thirty (30) days prior to the expiration of each preceding policy which is being renewed or replaced whichever date shall first occur.

Section 3. **Coverage.**

a. **Casualty.** All buildings and improvements upon the Common Areas shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, all as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

i. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

ii. Such other risks as from time to time shall be customarily covered with respect to building similar in construction, location and use as the buildings on the land including but not limited to vandalism and malicious mischief.

b. Public liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association, including but not limited to hired automobiles and non-owned automobile coverage, and with cross-liability endorsements to cover liabilities of the Lot Owners as a group to a Lot Owner.

c. Workmen's compensation policy to meet the requirements of law.

d. Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

Section 4. **Premiums.** Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

ARTICLE X

GENERAL PROVISIONS

Section 1. **Enforcement.** The Association, the Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure of the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. **Amendment.** The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-year (20) period by an instrument signed by not less than ninety (90%) percent of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Lot Owners. The Developer shall have the right to amend the restrictions so long as Developer owns one-third (1/3) of the Lots in Phase III. Any amendment must be evidenced by a recorded instrument in the Sevier County, Tennessee Register of Deeds Office. Nothing in this instrument shall be construed so as to prohibit the Developer from imposing amended restrictions on new phases which are in keeping with the general theme of the Development.

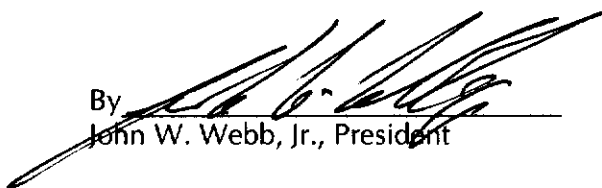
Section 4. **Annexation.** Additional land adjacent to the land described in Exhibit A attached hereto and owned or acquired by the Declarant or their successors and/or assigns, may be annexed by the Declarant or its successors and assigns without the consent of members at any time. Any amendment to Exhibit A to this Declaration to add additional properties shall also constitute an amendment to the relevant maps and restrictions of Saddleback Ridge.

Section 5. **Encroachments and adjustments.** The Declarant shall have the right to adjust the location of easements and/or setback requirements as necessary for the construction of improvements and to preserve the scenic beauty of the premises.

Section 6. **Interpretation.** These restrictions shall be interpreted in conjunction with restrictions applicable to Phases I, II and IV of Saddleback Ridge, it being the intention of the Developer that all phases be governed by the Saddleback Ridge Homeowners Association.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has hereunto set forth its hand this the 29th day of June, 2004.

LAUREL TRACE, INC.

By 
John W. Webb, Jr., President

STATE OF TENNESSEE

COUNTY OF SEVIER

Personally appeared before me, Jeanenne Thick, a notary public in and for the State and County aforesaid, John W. Webb, Jr., with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the President of Laurel Trace, Inc., and being authorized so to do, executed the foregoing instrument by signing his name as President of Laurel Trace, Inc.

WITNESS my hand, at office, this 29th day of June, 2004.

Jeanenne Thick

Notary Public
Commission Expires: 2/20/07

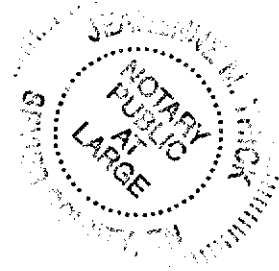


EXHIBIT B

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
SADDLEBACK RIDGE PHASE III, A PLANNED UNIT DEVELOPMENT

AMENDED BYLAWS

OF

SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

Name and Location. The name of the corporation is Saddleback Ridge Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 735 Hardin Lane, Sevierville, Tennessee 37862, but meeting of Members and Directors may be held at such places within the State of Tennessee, County of Sevier, as may be designated by the Board of Directors.

ARTICLE II.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have voting Members. Each Member shall be a lot Owner and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any Lot. The Developer, its successors and assigns shall be entitled to one vote for each Lot retained by Developer.

ARTICLE III.

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meeting. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members, or of proxies, entitled to cast 20 percent (20%) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws.

Section 5. Proxies. At all meetings of Members, each Member may vote in person by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

Section 6. Maximum Annual Assessment. Until January 1, 1997, the maximum annual assessment for maintenance fees for unimproved lots shall be Two Hundred Fifty and 00/100 (\$250.00) Dollars per year and Six Hundred and 00/100 (\$600.00) Dollars for improved (i.e., residential) lots. Annual assessments shall be due and payable on January 1 of each year, and shall be prorated for sales during any given year. Lots shall pay at the improved rate (\$600.00) in the first year following commencement of construction.

A. From and after January 1, 1997, the maximum annual assessment may be increased each year, without a vote of the Members, if such increase is not in excess of the increase in the Consumer Price Index as established by the Department of Labor and published the July preceding the increase. Such increase shall only be effective upon affirmative vote of the Board of Directors of the Association.

B. From and after January 1, 1997, the maximum assessment may be increased each year above that established by the Consumer Price Index by a two-thirds (2/3) vote of Members who are voting in person or by proxy, at a meeting duly called for this purpose as provided in Article III herein.

Section 7. Special Assessments for Capital Improvements. In addition to the monthly assessments authorized above, the 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, structural repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the approval of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected monthly or as a one-time assessment.

Section 8. Notice and Quorum for any Action Authorized Under Sections 1 and 2. Written notice of any meeting called for the purpose of taking any action authorized under Section 1 and 2 shall be sent to all Members not less than fifteen (15) days nor more than forty (40) days in advance of the meeting. At the first such meeting called, the presence of the Members or of proxies entitled to cast 20% of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, 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 sixty (60) days following the preceding meeting.

Section 9. Uniform Rate of Assessment. Both monthly and special assessments must be fixed at the uniform rate for all Lots and may be collected on a monthly basis. The Association may vary these assessments in differing amounts for improved versus unimproved lots, in the Association's discretion.

Section 10. Date of Commencement of Monthly Assessments. Due Dates. The monthly assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of a lot from the Developer. Written notice of any increase or decrease in the monthly assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate by the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance. The Association shall have the authority to transfer and convey portions of the Common Area when it is deemed necessary by a majority of the Owners.

ARTICLE IV.

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect one (1) director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties, and shall be indemnified for any liability incurred in their duties as director unless such liability resulted from bad faith or gross negligence of the Director.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of notice and a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V.

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors

prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise, under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not less than three (3) days written notice to each director.

Section 3. Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the action of the Board.

ARTICLE VII.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- A. Adopt and publish rules and regulations governing the use of the Common Area and facilities, the personal conduct of the Members and their guests thereon and to establish penalties for the infraction thereof;
- B. Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- C. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation of the Declaration;
- D. Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- E. Employ a manager; an independent contractor or such other employees or agents as they deem necessary and to prescribe their duties.

F. Deed Common Areas to Lot Owners in order to provide access or changes in access to individual Lots.

Section 2. Duties. It shall be the duty of the Board of Directors to:

A. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statements are requested in writing by one-fourth (1/4th) of the Members who are entitled to vote;

B. Supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

C. As more fully provided in the Declaration, to:

1. Fix the amount of the monthly assessment against each Lot at least thirty (30) days in advance of each annual assessment period; and

2. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

D. Issue or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

E. Procure and maintain adequate liability and hazard insurance on property owned by the Association;

F. Cause all officers or employees having fiscal responsibilities to be bonded, if and as it may deem appropriate;

G. Cause the Common Area to be maintained.

ARTICLE VIII.

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer and such other officers as the Board may from time to time by resolution create. One Director may serve in multiple officer positions except the Presidential and Secretarial position may not be held by the same Director. The Secretary and Treasurer need not be Directors to serve in these positions.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by majority vote of the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the replaced officer.

Section 7. Duties. The duties of the officers are as follows:

A. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgage, deeds and other written instruments and shall co-sign all checks and promissory notes.

B. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

C. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

D. The Treasurer shall receive and deposit in appropriate bank account all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant or other approved professional at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX.

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out Association purposes.

ARTICLE X.

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost, or the same may be obtained from the Sevier County Register of Deeds Office.

ARTICLE XI.

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association monthly and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 18% per annum, and 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 interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment and constitute a lien upon the subject lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII.

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:

SADDLEBACK RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE XIII.

AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV.

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all of the directors of Saddleback Ridge Homeowners Association, Inc. have hereunto set our hands this 21st day of May, 1999.

DEVELOPER:

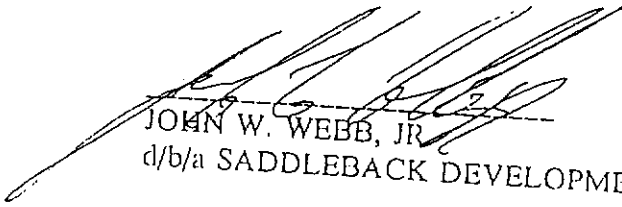

JOHN W. WEBB, JR.
d/b/a SADDLEBACK DEVELOPMENT CO.

EXHIBIT C

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF SADDLEBACK RIDGE PHASE III, A PLANNED UNIT DEVELOPMENT

Exterior materials on all residences shall conform with those used on the original models at 810 and 859 Cain Creek Way, also referred to as Lot No. 1 and Lot No. 17, Saddleback Ridge, Phase III and are as follows:

- A. All exterior siding shall be round log look siding with board and batt siding on accent walls and gables.
- B. Soffits are to be of a wood tongue and groove type with exposed rafters and stained to match siding.
- C. Facia to be of wood and painted green.
- D. Wood lattice for under decks is acceptable.
- E. All chimneys shall be of stone or of a manufactured stone known as river slicks.
- F. All chimneys must have a copper chimney cap. Cabins with no fireplace, shall nevertheless install a fake chimney with a copper chimney cap.
- G. Each cabin must have at least one gas yard light to be lit at all times.
- H. If there is no central location for mail boxes, each cabin must provide a mail box made of masonry and covered with stone matching the stone of the chimney.
- I. All roof shingles shall be green in color and architectural dimensional type asphalt. (No metal roofs are allowed).
- J. All exterior colors are to conform with those that are on the two models and will be on record at Sherwin Williams paint store in Sevierville or by contacting the Developer.
- K. All cabins, prior to occupancy, must have landscaping installed equal to 2% of cost of the house.
- L. No foundations will be allowed to show block or concrete. They must be covered by either stone that matches the chimney or stucco, or both. (Fake stucco type stone or brick are prohibited).
- M. All exterior rails shall be the same type/shape and materials as the two models and green in color.
- N. All parking areas shall be large enough to accommodate two vehicles and must be constructed of concrete instead of gravel or asphalt. (Location to be determined by the Developer).