

Prepared by:
Abstract Title
243 N. Peters Road
Knoxville, TN 37923

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PHASE I
ROYAL OAKS LEGACY VILLAS SUBDIVISION
A PLANNED UNIT DEVELOPMENT**

THIS DECLARATION, made and entered into this 19th day of July, 2005 by Concord Properties, Inc., a corporation organized and existing under the laws of the State of Tennessee, with its principal place of business being located in Knox County, Tennessee, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, the Declarant is the owner of certain property being legally described as follows, to wit:

Located and being situated in the Nineteenth (19th) Civil District of the County of Blount, State of Tennessee, and being within the corporate limits of the City of Maryville, Tennessee, and being known and designated as follows, to wit:

Phase 1, LEGACY VILLAS SUBDIVISION as shown on the plats of the same of record in Map Files 2108B and 2176B, in the Register's Office for Blount County, Tennessee.

NOW THEREFORE, Declarant hereby declares that all of the real property hereinabove described and any annexations thereto 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 real property hereinabove described, and shall be binding on all parties having any right, title or interest in the above described property, or any part thereof, their respective heirs, successors and assigns, and shall inure to the benefit of every Owner(s) thereof by virtue of such ownership.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Royal Oaks Legacy Villas Homeowners' Association, Inc., a mutual benefit, not-for-profit corporation, organized and existing under the laws of the State of Tennessee, with its principal office being located in Blount County, Tennessee, its successors and /or assigns.

Section 2. "Owner(s)" shall mean and refer to the record Owner(s), whether one or more person or entity, of a fee simple title to any lot which is a part of the "Property," including contract seller(s), but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Lot" shall mean and refer to any plat of land shown upon any recorded subdivision map of the "Property," exclusive of any designated Common Area as shown on the recorded plat, and hereinafter brought within the jurisdiction of the Planned Unit Development by the recordation of additional plats by the Declarant, its successors and assigns.

Section 5. "Declarant" shall mean and refer to Concord Properties, Inc., its successors and assigns. Declarant and Developer are synonymous for the purposes of this Declaration.

Section 6: "Member" shall mean and refer to those person(s) entitled to membership as provided in this Declaration.

Section 7: "Lender" as used herein shall mean and be defined as any lender, whether institutional investor, bank, savings and loan association, or loan broker, whose loan is secured by a Lot in the Development as shown on the recorded plat and shall include, without limitation, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, Federal Housing Administration (FHA) and the Veterans Administration (VA), their respective successors or assigns, as their respective interests may appear.

Section 8: "Common Areas" as used herein shall mean all real property, including the improvements thereon, owned by the Association for the common use and enjoyment of the Owner(s), including the roads and common areas shown on the plats of record in Map Files 2108B and 2176B, in the Register's Office for Blount County, Tennessee.

Section 9: "By-Laws" as used herein shall mean the By-Laws of the Association.

Section 10: "Board" or "Board of Directors" as used herein shall mean the Board of Directors of the Association.

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 facilities situated upon the Common Areas.
- (b) the right of the Association to suspend the voting rights and right to use of the recreational facilities of an Owner(s) for any period during which any assessment against their respective Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association published rules and regulations.
- (c) the right of the Association to dedicate or transfer all or any part of the

Common

Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members; provided that, any such dedication or transfer shall not be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3rds) of each class of members has been recorded.

Section 2. Delegation of Use. Any Owner(s) may delegate, in accordance with the By-Laws, his/her right of enjoyment to the Common Area and facilities to the members of his/her family, his/her tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner(s) 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 two (2) classes of voting membership:

Class A. Class A members shall be every Owner(s), with the exception of the Declarant, and each Owner(s) shall be entitled to one (1) vote for each Lot owned; when more than one (1) person holds an interest in any Lot, all such person(s) shall be members; the vote for such Lot shall be exercised as the co-owners may among themselves determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot. In the event the Declarant, their successor or assigns, have a Lot leased or rented, the Declarant shall be entitled to one (1) vote for each Lot owned and one (1) vote for each Lot retained by it upon the termination of the Class B membership.

Class B. The Class B member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (a) After seventy-five percent (75%) of the Lots in the development have been conveyed to Lot purchasers; or
- (b) Five (5) years following the conveyance of the first Lot; or
- (c) December 31, 2010.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner(s) 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 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. 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 Lot against which the assessments are made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person(s) who is the Owner(s) of such Lot at the time when the assessments became due. The personal obligation for delinquent assessments shall not pass to their respective successor(s) in title unless expressly assumed by such successors and assigns.

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 Property and for the improvement and maintenance of the Common Areas situated within the Property, and adjoining the property, including, but not limited to, costs of repairs, maintenance, replacements, additions, management, insurance maintained in accordance with the By-Laws, the improvement and maintenance of the uniform scheme of the exterior surface of all residential buildings within the Property as constructed on each Lot, and the employment of attorneys to represent the Association when the need arises.

Section 3. Maximum Annual Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Seven Hundred Twenty Dollars (\$720.00) per Lot, payable in lump sum payments or installments as the member of the Legacy Villas Homeowners' Association may establish.

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner(s), the maximum annual assessment may be increased each year without a vote of the Members, if such increase is not in excess of five percent (5%)
- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner(s), the maximum annual assessment may be increased each year above five percent (5%) by a majority vote of the members of each class of members who are eligible to vote, whether voting in person or by proxy, at a meeting duly called for the purpose of establishing said annual assessment as provided in Section 5 hereof.
- (c) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum set forth herein subject to the provisions of Sections 6 and 7 hereof.

Section 4. Replacement Reserves. The Association shall maintain in a separate bank account a Replacement Reserves fund to maintain, improve and preserve a) exterior building surfaces and roofs, and b) Common Areas. The Replacement Reserves shall be a part of and collected from Lot Owner(s) by the Association as regular assessments in an amount determined and established in the annual Association budget.

Section 5. Special Assessments for Capital Improvements. In addition to the annual 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, repair or replacement of a capital improvement upon the Common Areas designated on the recorded plat including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are eligible to vote and 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. The Capital Improvement Fund shall be maintained in a separate bank account in the name of the Association as the Capital Improvement Fund .

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of the members or of proxies entitled to cast fifty percent (50%) of all votes of each class of 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. Subsequent meetings shall not be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis; provided that, during the continuation of construction and improvements the rate of assessment for unimproved Lots shall be at twenty-five percent (25%) of the rate of assessment for improved Lots.

Section 8. Date of Commencement of Annual Assessments: The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the Common Areas including roads to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner(s) subject thereto. 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 of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 9. 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 ten percent (10%) per annum. The Association may bring an action at law against the Owner(s) personally obligated to pay the same, or foreclose the lien against the property. Owner(s) may not waive or otherwise escape liability for the assessments provided for herein by abandonment of their Lot or for non-use of the Common Areas.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. 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 have become due prior to such sale or transfer. A sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11 Exempt property. All property dedicated to and accepted by a local public authority and all properties owned by charitable and nonprofit organizations shall not be subject to the assessments provided for herein. However, in no event, shall any land or improvements devoted to residential use and occupancy within the Property be exempt from said assessments.

Section 12 - Membership in Royal Oaks Property Owners Association, Inc. The Declarant, for each Lot owned within the Property, herein covenants and each Owner(s) of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any

such deed, is deemed to covenant and agree that it is necessary and desirable for each Lot to be members of the Royal Oaks Property Owners Association, Inc. Particular benefits shall inure to the Declarant and the Owner(s) of the Lots with respect to the maintenance, use and enjoyment of such Lots as a result of membership in Royal Oaks Property Owners Association, Inc. Therefore, in addition to all other assessments set forth in this Declaration payable to the Association, each Owner(s) of any Lot covenants and agrees to pay to Royal Oaks Property Owners Association, Inc. or its authorized designee any maximum annual assessment, special assessments for capital improvements and any other assessments as more particularly set forth in the Declaration of Covenants, Conditions, and Restrictions of Royal Oaks Development Company, Inc., originally dated December 18, 1990, and of record in Misc. Record Book 99, Page 298 in the Register's Office for Blount County, Tennessee, and as amended, modified and supplemented from time to time thereafter and likewise of record in the Register's Office for Blount County, Tennessee.

ARTICLE V

ARCHITECTURAL CONTROL

Buildings, fences, walls, landscape beds, trees or other structure shall not be commenced, erected or maintained upon the Property, nor shall any exterior addition, modification, change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the building, fence, wall, or other structure shall have been submitted to and approved in writing as to harmony and conformity with the exterior design and location of surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board of Directors of the Association. In the event said Board, or its designated committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it approval will not be required and this Article will be deemed to have been fully complied with by the respective Lot Owner(s). Provided, that nothing herein contained shall be construed to permit interference with the development of the Property by Declarant so long as said property follows the general plan of development.

ARTICLE VI

EXTERIOR MAINTENANCE

The Association shall provide exterior maintenance as approved annually by the Board of Directors upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, flowers, walks, and any other structures which may exist or hereafter be constructed within the Common Areas shown on the recorded plat or plats. Such exterior maintenance shall not include glass surfaces.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner(s), or through the willful or negligent acts of the family, guests, or invitees of the Owner(s) of the Lot needing such maintenance or repair the costs of such exterior maintenance shall be added to and become a part of the assessment to which such Lot is subject, and shall be collected in accordance with terms of the Declaration.

ARTICLE VII

RESTRICTIONS ON USAGE

Section 1. Land Use and Building Types. Lots shall not be used except for residential purposes. In the event that in a future annexation or development, if any, certain plots of land are designated as "commercial areas" on recorded plats, then such plots may be used for any commercial purposes permitted by applicable municipal and zoning ordinances.

Section 2. Nuisance. Noxious or offensive activities shall not be conducted upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance to

the neighborhood and Property.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any residential unit except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes, and provided further, that the Association may regulate the keeping and maintaining of household pets. Any household pet must be kept on a leash and physically accompanied by its owner or another person at all times when such pet is outside a residential unit.

Section 4. Outside Antennas. Outside radio, television or satellite antennas shall not be erected on any Lot or residential unit within the Property unless and until permission for the same has been granted by the Board of Directors of the Association or the Association's Architectural Control Committee.

Section 5. Signs. Sign(s) of any kind shall not be displayed to public view on any Lot except one (1) professional sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by Declarant or a builder to advertise and market the property during the construction and sales period.

Section 6. Garbage and Refuse Disposal. Lots shall not be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and such refuse shall not be kept except in sanitary containers; all equipment for the storage of such material shall be kept in a clean and sanitary conditions; incinerators or other disposal equipment shall not be allowed on the Lot.

Section 7. Lawful Use. Immoral, improper, offensive, or unlawful use shall not be made of the Lots and residential units within the Property, nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 8. Commercial Business. Commercial business may not be maintained or transacted on any residential Lot or in any residential unit.

Section 9. Sports Apparatus and Equipment. Basketball goals, posts or backboards or any other fixed sports apparatus shall not be attached to any residential unit or garage or be erected on the Lot of any residential unit.

Section 10. Vehicles and Parking. Vehicles of any type shall not be permanently or semi-permanently parked on the Property or in the vicinity of any Lot or residential unit for the purpose of accomplishing repairs thereto, or the reconstruction thereof, except as permitted by the By-Laws, Rules and Regulations promulgated by the Association. This restriction shall also apply to all vehicles not in operating condition regardless of whether or not such vehicles are being operated.

Section 11. Recreation Vehicles. There shall not be any parking of recreational vehicles, including, but not limited to, camping trailers, boats, motor homes, and the like except in designated areas specifically designed for this purpose by the Board of Directors of the Association.

Section 12. Commercial Vehicles. The Association shall have the power to adopt Rules and Regulations concerning the parking of any commercial vehicles within the Property or on individual residential Lots.

ARTICLE VIII

EASEMENTS

Section 1. Utilities and Drainage. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, structures, planting or other material shall not be placed or permitted to remain, which may 1) interfere with the installation and maintenance of utilities 2) change the direction of flow of drainage channels in the easements, or 3) obstruct, alter, or retard the flow of water through drainage channels in the easements.

Section 2. Maintenance. Easements for repair and maintenance of exterior surfaces of

each Lot are reserved for the completion of necessary repairs as determined by the Board of Directors of the Association to be required to perpetuate the architectural continuity of the development and preserve the residential structures therein. The Association has a reasonable right of entry upon any Lot to make emergency repairs and to do such other work as reasonably necessary for the property maintenance, welfare, safety and operation of the Development.

The Association has a right to grant permits, licenses, and easements over the Common Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development.

ARTICLE IX

DISCLOSURE

Section 1. Owners and Lenders. The Declarant during the period of development and the Association thereafter shall make available to Lot Owner(s) and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration, By-Laws, other rules concerning the Developments and the books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Section 2. Financial Disclosure. Any lender and holder of a first mortgage on any Lot in said Development is entitled, upon request, to a financial statement for the immediately preceding fiscal year.

Section 3. Notice of Lender. Upon written request to the Association identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- (a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its' mortgage.
- (b) Any sixty (60) day delinquency in the payment of assessments or charges owed by a respective Lot Owner(s) on which it holds the mortgage.
- (c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- (d) Any proposed action that requires the consent of a specified percentage of mortgage note holders. ___

ARTICLE X

INSURANCE

Section 1. Insurance Required by the Association. The Association shall obtain and maintain casualty and hazard insurance on all insurable improvements and fixtures for the full replacement cost thereof within the property Common Areas and public liability insurance on the Common Areas within the Property. The Association may obtain insurance against such other hazards and casualties and other liabilities as the Association may deem desirable, including such other real and/or personal property owned by the Association. The Association shall be the owner and beneficiary of all such insurance policies and the owner and beneficiary of all such insurance policies and fidelity bonds obtained pursuant to this Article. The insurance coverage with respect to the Common Areas shall be written in the name of and the proceeds thereof shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are common expenses included in the common assessments made by the Association as provided in ARTICLE IV herein.

Section 2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Association shall repair or replace the same from the insurance proceeds or other funds available. If such insurance proceeds or other available funds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Lot Owners(s) to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such Lot Owner(s) as provided in ARTICLE IV herein. In the event that the Association is maintaining blanket casualty and fire insurance on the

dwelling units on the Lots, the Association shall repair or replace the same from the insurance proceeds available.

Section 3. Ratable Assessments by the Association. The Association is hereby empowered to assess each Lot ratably for an amount equal to the sum of the current premium for said blanket hazard and casualty insurance based on the valuation of the improvements within the Common Areas. Such premiums shall be held in a separate account and accumulated from monthly assessments and collected for the specific purpose of paying the premiums on such insurance as the premiums become due.

Section 4. Annual Review of Insurance Policies and Fidelity Bonds. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which is covered by said insurance and is subject to damage or destruction.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Enforcement. The Association 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. Any Owner(s) 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 as is otherwise provided by the law. Failure by the Association or by any Owner(s), to enforce any covenant or restriction herein contained shall not in any event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one (1) of these covenants or restrictions by judgment or court order shall not in any way affect any other provision, and all other provisions 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 (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owner(s), and thereafter by an instrument signed by not less than seventy five percent (75%) of the Lot Owners. Any amendment will not be effective until it is recorded in the Register's Office in Blount County, Tennessee.

Section 4. Annexation. Additional residential property may be annexed to the Property by the Declarant within five (5) years of the sale of the first Lot.

IN WITNESS WHEREOF, the undersigned company has hereunto caused its' name to be signed by its' duly authorized officer the day and year first above written.

CONCORD PROPERTIES, INC.

By: _____
Gary Roberts, President

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned authority, a Notary Public within and for said State and County aforesaid, personally appeared Gary Roberts with whom I am personally acquainted and who upon his oath acknowledged himself to be the President of Concord Properties, Inc. the within named bargainor, a corporation, and that he as such President being

authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by the said Gary Roberts as such President.

Witness my hand and official seal at office on the 19th day of July 2005.

My Commission Expires:

Notary Public