

BY-LAWS AS AMENDED

of

SKI CHALET VILLAGE OWNERS' CLUB, INC.

ARTICLE I

Name and Location

The name of the corporation is Ski Chalet Village Owners' Club, Inc., hereinafter referred to as the "Club". The principal office of the Club shall be in Chalet Village or in such place in the County of Sevier, State of Tennessee, as the Board of Directors may, from time to time establish. All meetings of the members shall be held either at the principal office of the Club or at such other place in the County of Sevier as the Board of Directors, from time to time, may determine, and all meetings of the Board of Directors shall be held either at the principal office of the Club or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II

Definitions

Section 1. "Club" shall mean and refer to Ski Chalet Village Owners' Club, Inc., its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Protective Covenants and Restrictions, and such additions thereto as may be brought within the jurisdiction of the Club.

Section 3. "Common Area" shall mean all real property owned by the Club for the common use and enjoyment of the owners.

Section 4. "Lot" shall mean and refer to any platted parcel in the area commonly known as Chalet Village as described in Miscellaneous Book 64, Pages 517-525 for Tyrolea and Alpendorf sections and the area commonly known as Chalet Village North as shown on recorded plats in the office of Register of Deeds of the County of Sevier, State of Tennessee, as of August 30, 1979.

Section 5. "Owner" shall mean and refer to the record owner, whether one (1) or more persons or entities, of the 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. This shall not include anyone based upon an ownership of only a time period.

Section 6. "Developer" shall mean and refer to AE Realty Partners, a California general partnership, and its predecessors in interest in Chalet Village, Gatlinburg, Tennessee.

Section 7. "Restrictions" shall mean and refer to the Protective Covenants and Restrictions applicable to the properties recorded in the office of the Recorder of the County of Sevier, State of Tennessee, at Miscellaneous Book 51, Page 881; and all other deed restrictions of Developer's predecessors in title affecting any lot heretofore conveyed in the properties.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the By-laws.

Section 9. "Board" shall mean and refer to the Board of Directors of the Club.

Section 10. "Charter" shall mean and refer to the Charter of the Club.

Section 11. "By-laws" shall mean and refer to these By-laws.

Section 12. "Rules" shall mean and refer to the Rules of the Club.

Section 13. "Approval" shall mean and refer to prior written approval.

Section 14. "Unit" shall mean and refer to all of the improvements on a lot, including patio area on such lot.

Section 15. "HUD" shall mean and refer to the United States Department of Housing and Urban Development, Office of Interstate Land Sales Registration.

ARTICLE III

Membership and Voting Rights

Section 1. Membership

a. Every owner of a lot, as described in Article II, Sections 4. and 5. may be a member of the Club. Membership, however, in the Club requires annual dues payment to be fixed by the Board of Directors, not to exceed \$15.00 without the approval of the membership. Right to membership shall be appurtenant to and will not be separated from the ownership of any lot. Those property owners, who were members of the Club for the year 1981, their heirs, successors or assigns, shall also be entitled to membership.

b. Multiple unit developments shall be entitled to only one membership per development.

c. Any person or legal entity owning more than one lot shall be entitled to only one membership.

d. Multiple ownerships in any lot shall be entitled to only one membership.

Section 2. Voting

Each member shall be entitled to one vote.

ARTICLE IV

Meetings of Members

Section 1. Annual Meetings

The first annual meeting of the members shall be held within 90 days after the issuance of the charter for the Club, and each subsequent regular annual meeting of the members shall be held thereafter on the Saturday next following April 15, at the hour of 10:00 a.m. unless the Board of Directors shall from time to time fix a different day or time for such meeting, it being understood that nothing herein shall permit the Board of Directors to postpone the regular annual meeting in excess of a total period of thirty (30) days.

Section 2. Special Meetings

Special meetings of the members may be called at any time by the Board of Directors, or upon written request of 100 members who are entitled to vote.

Section 3. Notice of Meetings

Written notice of each meeting of the members (whether annual or special) shall be given by, or at the direction of, the President, Vice-President or Secretary, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days and not forty-five (45) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Club, or supplied by such member of the Club 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

Notice having been given, the presence at the meeting of members entitled to cast votes shall constitute a quorum for any action except as otherwise expressly provided in the Restrictions, the Articles, or these By-laws.

Section 5. Majority Vote

Except as otherwise expressly provided by law, or in the Restrictions, the Articles, or by these By-laws, the vote of a majority of the members present at any duly and regularly called meeting at which a quorum is present shall be and constitute the act of the members.

Section 6. Proxies

At all meetings of the members each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the meeting is convened. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution.

ARTICLE V

Purpose and Powers of Association

This Club does not contemplate pecuniary gain or profit to the members thereof, and the specific primary purposes for which it is formed are:

To present a unified effort to the members in protecting the value of the property of the members of the Club in Chalet Village; to promote and develop the common good and social welfare of the members; to fully carry out all those duties, responsibilities and purposes declared in the Charter; and to operate the recreational facilities owned by the Club, and in that connection, to make reasonable rules and regulations with respect thereto.

ARTICLE VI

Board of Directors: Selection and Term of Office

Section 1. Number

The affairs of this Club shall be managed by a board of seven (7) directors, who must be members of the Club in good standing. The Board of Directors shall constitute the governing body of the Club and shall be empowered to do any and all things necessary or proper to carry out the objects and purposes of the corporation consistent with the law, the Restrictions, the Articles of Incorporation and these By-laws.

Section 2. Term of Office

At the first annual meeting of the Club, the owners shall elect four (4) directors for a term of two (2) years, and three (3) shall be elected initially for one (1) year. At the expiration of the term of years for which each director has been elected, a successor shall be elected to serve for the full term of two (2) years. A director shall hold office

until the expiration of his term or until his successor has been elected at the regular annual meeting of the members of the Club nearest in time to the expiration of the director's term of office.

Section 3. Removal

Any director may be removed from the Board with cause by a majority vote of the members of the Club at a scheduled meeting of the members. In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the remaining members of the Board and shall serve until his successor has been elected at the next regular annual meeting of the members of the Club. Any director so elected shall be for the remaining term of the director so removed.

Section 4. Compensation

No director shall receive compensation for any service he may render to the Club as a director; provided, however, that any director may be reimbursed for his actual expenses incurred in the performance of his duties, and provided further that if any director performs services for the Club other than a director, he may be compensated therefor as the Board of Directors may determine, except that no director may be so compensated otherwise than upon the unanimous vote or written consent of the Board of Directors. The Board of Directors shall be entitled to honorarium consisting of waiver of recreation usage fee during their term in office.

Section 5. Action Taken without a Meeting

Any action required permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action or written consent shall have the same force and effect as a unanimous vote of the Directors.

ARTICLE VII

Nomination and Election of Directors

Section 1. Nomination

Nomination for election to the Board of Directors shall be made from the floor at the annual meeting. Such nominations shall be made from among members.

Section 2. Election

Election to the Board of Directors shall be secret written ballot, unless motion made, seconded and carried, to elect by acclamation. At such election the members or their proxies may cast one vote for each Director vacancy. The person or persons receiving the largest number of votes shall be elected to fill those vacancies.

Section 3. Notice

Notice of all meetings of the Board of Directors shall be given by or under the direction of the President, Vice-President or Secretary of the Club to each member of the Board at least three (3) days prior to the time of such meeting. Such notice shall be either verbal, by telephone or in writing.

Section 4. Quorum

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

ARTICLE VIII

Meetings of Directors

Section 1. Regular Meetings

The regular annual meeting of the Board of Directors shall be held within seven (7) days following the regular annual meeting of the members. Regular meetings of the Board of Directors shall be held at such time and in such place as may be fixed from time to time by resolution by the Board.

Section 2. Special Meetings

Special meetings of the Board of Directors shall be held when called by the President of the Club, or by any Director, and shall be held at the principal office of the Club or at such other place as the Board may elect.

ARTICLE IX

Powers and Duties of the Board of Directors

Section 1.

The Board of Directors shall have the power to:

a. Adopt and publish rules and regulations necessary or convenient for carrying into effect the requirements of the Restrictions and of these By-laws, and such other rules and regulations as, in judgment of the Directors, may be proper (including without limiting the generality of the foregoing rules and regulations governing the use of the common area, and governing the use of and the facilities and personal conduct of the members and their guests thereon, governing parking of vehicles on the common area, and governing the use of and the fees to be charged for the use of areas

within the common area designated for storage of vehicles, boats, trailers, or other items), and establish penalties for the infraction thereof, provided that such rules and regulations shall not be contrary to the provisions of the Restrictions or the Charter or these By-laws and do not violate any representation of the Developer made in a Property Report.

b. Suspend the voting rights 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 or sum of money due to the Club, but in no event shall this right to suspend operate to violate any right provided owners by any established law. Such rights may also be suspended, after notice and hearing, for infraction of published rules and regulations.

c. Conduct, manage and control the affairs and business of the Club, and exercise for the Club all powers, discretions, duties and authority vested in or delegated to this Club and not reserved to the membership by other provisions of these By-laws, the Charter or the Restrictions.

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 or called meetings of the Board of Directors.

e. Appoint and remove all agents and employees of the Club, and independent contractors, prescribe their duties, fix their compensation, and if deemed necessary, require from them security for the faithful performance of their duties.

f. Approve the annual budget and monitor its disbursement, and in the event of an unforeseen casualty requiring immediate attention, an additional expenditure not exceeding 10% of the total budget. Any expenditure other than an emergency enlarging the budget must be submitted to the members for approval.

g. Deal conclusively with all matters relating to the discipline of members in accordance with the Restrictions, Charter and these By-laws; and

h. If deemed appropriate, provide the sums otherwise payable to the Club by the members be paid to a trustee appointed by the Board of Directors upon such trusts, terms and conditions as the Board may determine.

i. The specification of particular powers herein shall not be construed to, in any manner or to any extent, limit or restrict the powers of the Board of Directors, and the Board of Directors shall have the power to do all things necessary and proper to carry out the functions of the Club pursuant to the Restrictions, Charter, By-laws and HUD Property Reports, and to do all things necessary and proper for the control, management and operation of the Club, its properties and affairs, consistent with the law and the provisions of the Restrictions, Charter and these By-laws.

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 statement is requested in writing by one-fourth (1/4) of the members.

b. Supervise all officers, agents and employees of this Club, and to see that their duties are properly performed.

c. As more fully provided in the Restrictions, to:

1. Fix the amount of the annual assessment against each lot and unit on December 1 of each year in an amount consistent with the Restrictions and HUD filings of Property Reports.

2. Send written notice of each assessment to every owner subject thereto no later than February 15 of each annual assessment period; and

3. Take such action as deemed necessary to collect assessments up to and including foreclosing the lien against any lot and unit against which a lien may be placed for assessments not paid by April 15 of each year.

d. Issue, or cause to be issued, to following:

1. Upon receipt of annual membership fee, a membership card.

2. Upon receipt of annual assessment/usage recreation fee, a recreation usage card.

e. Procure and maintain liability insurance covering the Club and its officers and directors, and fire and extended coverage insurance on property owned by the Club in amounts deemed adequate by the Board, and such other insurance as the Board may determine to be appropriate related to the maintenance, operation and use of the common area and the facilities erected thereon.

f. Cause all officers and employees having fiscal responsibilities to be bonded as it may deem appropriate.

g. Cause the common area to be maintained; and

h. Cause the lots to be maintained to the extent and as provided in the Restrictions.

ARTICLE X

Officers and Their Duties

Section 1. Enumeration of Offices

The officers of this Club shall be a President, Vice-President, a Secretary, a Treasurer, and such other officers

as the Board may from time to time by resolution create.

Section 2. Election of Officers

The election of officers shall take place at the first meeting of the Board of Directors and following each annual meeting of the members.

Section 3. Term

The officers of this Club shall be elected annually by the Board and each shall hold office for one (1) year or until a successor has been elected at that meeting of the Board of Directors nearest in time to the expiration of the officer's term of office, 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 Club 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 by a majority vote of the Board of Directors. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignations 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 officer he replaces.

Section 7. Duties

The duties of the officers, subject to the directions and control of the Board of Directors, are as follows:

President

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, mortgages, deeds, promissory notes and other written instruments.

Vice-President

b. The Vice-President shall act in 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.

Secretary

c. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members. However, if the Secretary is unable to perform, the President may designate someone to record the votes and take the minutes; shall ascertain that appropriate current records are maintained showing the members of the Club, together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

d. The Treasurer shall monitor the deposit and disbursements of all Club monies within approved budget guidelines, make special disbursements as directed by resolution of the Board of Directors; shall sign any promissory notes of the Club; shall monitor and ensure that proper accounting

methods and books are maintained, and if so directed by the Board of Directors, cause an annual review or audit of the Club books to be made by a public accountant at the completion of each calendar year; shall help prepare an annual budget in concert with the Board of Directors, fully fundable from anticipated revenues, to be approved prior to the 10th day of March of each year by a majority of the Board of Directors; shall have prepared and approve a statement of income and expenditures for the previous year; shall present to the membership at its regular annual meeting both the new budget and statement of income and expenditures for the previous year, and a copy of each shall be delivered to the members on or before March 30th of each year. Additionally, the Treasurer shall perform such other duties as are required by the Board. All expenditures will be confined to the full budget, although over-allocated funds may be expended in areas of under-allocation so long as not to cause a deficit.

Section 8. Approval of Checks

The President, Vice-President or Treasurer shall co-sign all checks over \$500.00.

Section 9. Delegation of Duties

The Board of Directors may from time to time delegate to agents or employees of the Club or to independent accountants or independent contractors such duties as the Board may determine to be appropriate.

Section 10.

All officers shall be entitled to an honorarium consisting of waiver of recreation usage fees during their term in office.

ARTICLE XI

Committees

The Board of Directors shall appoint any and all committees deemed desirable and appropriate in carrying out the purpose of the Club.

ARTICLE XII

Books and Records

The books, records and papers of the Club shall at all times during reasonable business hours be subject to inspection by any member. The Restrictions, the Charter and the By-laws of the Club, the minutes of meetings of the membership and of the Board shall be available for inspection by any member at the principal office of the Club, where copies may be purchased at reasonable cost.

ARTICLE XIII

Assessments/Recreation Usage Fees

Section 1. Levy

As provided in the Restrictions, each owner using the recreational facilities is obligated to pay to the Club annual assessments. Certain of these 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.

With regard to those assessments secured by a continuing lien, 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 current legal rate of interest, and the Club 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.

With regard to those assessments not secured by a continuing lien, enforcement of payment of such assessment shall be through the Club's issuance of Recreational Facility Access Cards. If the usage fee as described herein has not been paid, no card shall be issued and no one shall be allowed to use the facilities without an Access Card.

Such assessments shall at all times be limited to and compatible with the Deed Restrictions and the Property Report filed by the Developer with the Department of Housing and Urban Development (HUD).

The continued right to use the recreation facilities shall be granted to those persons who were given the right to use the facilities during the year 1981 upon payment of the usage fee as prescribed herein and by the Board of Directors.

ARTICLE XIV

General Provisions

Section 1.

Members shall, in all respects, conform to and abide by the By-laws of the Club, and all amendments and changes thereto, and any and all rules and regulations now or hereafter adopted by the Board of Directors.

Section 2.

The Board of Directors shall make such rules and regulations as it may deem proper respecting the use of the facilities of the Club by guests or members, and fees to be charged therefor.

Section 3.

Any loss or damage resulting to any of the properties of the Club from the acts or conduct of any member, or the guest of a member, and indebtedness to the Club incurred by the guest of a member, shall be assessed to such member and shall be paid as in case of other assessments.

Section 4.

Notice of any kind required to be given to any member shall be conclusively deemed to have been given when the same has been deposited in the United States mail, in a sealed envelope, postage prepaid, addressed to the member at the address shown on the books of the Club, and any notice so mailed to his last address known to the Secretary shall be properly given and made.

ARTICLE XV

Amendments

Section 1.

The By-laws may be altered, amended or repealed by majority vote of a quorum of members present in person or by proxy at a regular or special meeting of the members; provided, however, that no vote in regard to alteration, amendment or repeal of the Charter or By-laws shall be taken at any meeting of members unless the nature of the action proposed to be taken in regard to the alterations, amendment or repeal has been fully set forth in the notice of such meeting previously given to the members.

Section 2.

Any requests for amendments to the By-laws shall be submitted in writing to the Secretary no later than sixty (60)

days prior to the actual meeting date.

ARTICLE XVI

Dissolution

Upon dissolution of the Club, the assets of the Club shall be distributed to an appropriate public agency to be used for purposes similar to those for which this Club was created. In the event that such distribution is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization organized and operated for such similar purposes.

ARTICLE XVII

Miscellaneous

a. The fiscal year of the Club shall begin on the first day of January and end on the 31st day of December of every year.

b. Any conflict between these By-laws and Deed Restrictions or Property Report filed by the Developer with HUD shall be resolved against these By-laws and in favor of the Deed Restrictions and HUD filing.

This instrument was prepared by

A. Randolph Sykes
Savannah, Tennessee

BUILDING STANDARDS, PROTECTIVE COVENANTS AND RESTRICTIONS

FOR

"CHALET VILLAGE NORTH"

WHEREAS, Leisure Concepts, Inc., an Ohio Corporation, authorized to do business in the State of Tennessee, is the owner of a tract of land, situate in the Eleventh (11th) Civil District of Sevier County, Tennessee, and Whereas, said tract of land is being subdivided into lots and designated "Chalet Village North".

THEREFORE, for and in consideration of these premises and other good and valuable considerations, Leisure Concepts, Inc., by and through its duly authorized Corporate Officer, does hereby restrict the use of all lots to be shown on the plats of said subdivision in residential lot areas; said restrictions to run with the title to said lots.

These restrictions, however, shall not apply to any portion of said property, which is designated on any recorded plat as a commercial or recreational area.

RESTRICTIONS:

1. No lot may be re-subdivided or decreased in size unless said lot is used in its entirety to increase the size of adjoining lots.
2. An easement five (5) feet in width is reserved along the interior of all lot lines for the installation and maintenance of various utilities.
3. No building shall be constructed on any lot, except for single family residential purposes, and the plans and specifications for any home to be constructed must be submitted to, and approved by the Developing Corporation, as to size, shape, materials, location on

STATE OF TENNESSEE, SEVIER COUNTY

The foregoing Instrument and Certificate were noted in

Wite Book 20 Page 19 At 3:18 o'clock P. M. 7-17-1972

Item No. 3805; Recorded 11696 Book 32 Page 208

State Tax _____ Fee _____ Recording 10 Ct. House Fund 1

Total 11.00 Receipt 11696

Witness My Hand

Elmer J. Inman

Register

See Original of Ratter Dec 15 7 pg 285

lot, or any other feature essential to the well-being of the Development, such as the location of driveways and drainage systems, and tree removal.

4. No tents, trailers, portable or moved-in buildings, shall be permitted on any lot.

5. No commercial activity of any nature may be conducted from or on any residential lot.

6. No sign of any nature shall be displayed or placed upon any lot or building, including "For Sale", or "For Rent" signs, without the prior approval of the Developer.

7. All residences to be constructed on said lots must be completed within one (1) year from the date initial site preparation is commenced except in unusual cases, where approval of the Developer is obtained.

8. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats and other domestic pets may be kept, so long as they are maintained in such a manner as to not be a nuisance to other property owners.

9. All buildings, structures, installations and other improvements to be located on any lot must comply with all municipal and other governmental laws and regulations validly affecting said lot, and if any provisions herein differ therefrom, such variance shall not be construed as a waiver by the Developer of the necessity of compliance with the terms hereof.

10. Each lot owner shall be required to pay Developer a tap-on fee of Two Hundred (\$200.00) Dollars per lot for the purpose of extending a water line from the water main to the lot line; this fee including the cost of a water meter. If at any time a lot owner desires a water hook-up when the system within the Development is being operated by the City, then this fee and any additional charges, which may have been imposed, will be paid to Developer, which will then pay the City for any necessary tap-on.

11. The owner of each lot shall pay to Developer, or its designee, a fee of Fifty (\$50.00) Dollars per lot to be used for the maintenance of the various amenities to be located in the Development. The amount of this fee shall be subjected to increase on the first day of each calendar year, based upon any percentage increase in the U. S. Government Cost of Living Index that might have occurred in the previous twelve (12) months. Use by lot owners of the amenities located within the Development is subject to the payment of this fee and any rules and regulations promulgated by Developer or its designee.

12. No dumping or burning of any garbage, trash or refuse of any nature will be permitted on any lot, and each lot owner shall provide, at his own expense, buried 40 gallon containers for the purpose of storing garbage or other waste materials.

13. No lot owner shall be allowed to remove top soil or trees, or otherwise destroy the natural beauty of any lot, except for those activities commensurate with the construction of a residence, which must have the approval of the Developer, as provided hereinabove.

14. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon, which may be or become an annoyance or nuisance to the neighborhood.

15. Until such time as sewage disposal facilities become available, each residence shall have a septic system installed in such a manner as to comply with all governmental laws and health regulations.

16. 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 create a nuisance to other property.

17. All water lines installed upon any lot must be a minimum of 24 inches underground, the installation of which must be inspected and approved by Developer's engineer.

18. Any and all damage to subdivision roadways, resulting from construction equipment, or any activity conducted upon a particular lot, shall be repaired by Developer, but the owner of said lot shall reimburse Developer for all expenses incurred in making said repairs within one (1) month from the date said repairs are made.

19. Driveways onto said lots shall be constructed in such a manner as to not restrict the flow of traffic upon subdivision roadways, and each driveway shall be built at the lot owner's expense, with a minimum 18 inch cross drain at the entrance, or any other point where the flow of water is obstructed by said driveway.

These restrictions are to take effect immediately upon recording, and shall be binding on all parties claiming under them. If any party purchasing a lot, or their heirs or assigns shall violate or attempt to violate any of the restrictions contained herein, it shall be lawful for the Developer or any other person or persons owning any real estate in said Development or subdivision to prosecute any proceedings at law or in equity against the party violating or attempting to violate said restrictions.

Should any of these restrictions be invalidated by judgment of court order, this shall not in any way affect the validity of the other restrictions, which shall remain in full force and effect.

These restrictions are approved and adopted for Chalet Village North Subdivision, this 12 day of July, 1972, by the execution of this document by the duly authorized Corporate Officer of Leisure Concepts, Inc., the undersigned.

LEISURE CONCEPTS, INC.

BY: Peter B. P...

STATE OF) ss:
COUNTY OF)

Before me, A. Randolph Sykes, a Notary
Public, for said County and State, personally appeared Peter B.
Paddock, with whom I am personally acquainted, and
who, upon oath acknowledged himself to be the President,
of Leisure Concepts, Inc., the within named bargainor, a corporation, and
that he as such President, being authorized so to do,
executed the foregoing instrument for the purposes therein contained, by
signing the name of the corporation by himself as the President.

Witness my hand and Official Seal on this 12th day of

July, 1972.

A. Randolph Sykes, Notary Public

My Commission expires: 9-11-72



This instrument was prepared by
Ronald S. Cooper
Recorder, Sevier County
Knoxville, Tennessee

BUILDING STANDARDS
PROTECTIVE COVENANTS AND RESTRICTIONS
FOR CHALET VILLAGE

1. RECITAL AND DECLARATION

1.1 Property Subject to Declaration. Kaiser Aetna, a general partnership, hereafter referred to as "Declarant," is the owner of the real property located in Sevier County, Tennessee, described as:

1.1.1 Lots 285-297, 302-307, 323-325 and 441-450 inclusive as shown on that certain plat map referred to hereafter as "Map 1", filed in the Office of the Recorder of Sevier County, in Plat Book 21, page 76, and following:

1.1.2 Lots 4-10 and the lot described as "reserved for road" as shown on that certain plat map referred to hereafter as "Map 2", filed in the Office of the Recorder of Sevier County, in Plat Book 7, page 30, and following:

1.1.3 Lots 9E2, 37A2, as shown on that certain plat map referred to hereafter as "Map 3", filed in the Office of the Recorder of Sevier County, in Plat Book 9, page 53, and following:

1.1.4 Lot 72K4 as shown on that certain plat map referred to hereafter as "Map 4", filed in the Office of the Recorder of Sevier County, in Plat Book 11, page 45, and following:

1.1.5 Lots 47L4 and 15L4 as shown on that certain plat map referred to hereafter as "Map 5", filed in the Office of the Recorder of Sevier County, in Plat Book 11, page 75, and following:

1.1.6 Lot 17J4 as shown on that certain plat map referred to hereafter as "Map 6", filed in the Office of the Recorder of Sevier County, in Plat Book 11, page 38, and following:

1.1.7 Lot 11P4 as shown on that certain plat map referred to hereafter as "Map 7", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 25, and following:

1.1.8 Lots 25R4, 30R4, 20R4 and 73K4 as shown on that certain plat map referred to hereafter as "Map 8", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 4, and following:

1.1.9 Lot 22M4 as shown on that certain plat map referred to hereafter as "Map 9", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 38, and following:

1.1.10 Lot 954 as shown on that certain plat map referred to hereafter as "Map 10", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 47, and following:

*See amendment Nov. 51 p. 881
See amendment Nov. 50 page 197
See Amn. Nov. 157 pg. 285*

50/6

1.1.11 Lot 87B1 as shown on that certain plat map referred to hereafter as "Map 11", filed in the Office of the Recorder of Sevier County, in Plat Book 14, page 2, and following:

1.2 Declarant's Intent. Declarant intends to sell the afore-described lots and to impose upon said lots mutually beneficial restrictions under a general plan or scheme of improvement for the benefit of all the real property and the future owners thereof.

1.3 Declaration. Declarant hereby declares that all of the real property described in 1.1.1 through 1.1.11 is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of the real property described in 1.1 above, and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the aforesaid real property and every part thereof, and are for the benefit of and entitle the owners of the lots described in 1.1 to go upon and use, subject to rules and regulations established by Declarant, its successors or assigns, the improvements located on the following described real property:

TYROLIA RECREATIONAL AREA: Being a tract of land in Tyrolia Subdivision containing approximately 3 acres located near the City of Gatlinburg, Tennessee, in the 11th Civil District of Sevier County, Tennessee, and more generally described as follows: BEGINNING at an iron pin corner in the southern right of way line of Ski Road, said iron pin is also the northwest corner of Lot #27 of Ski Road Properties Subdivision; thence leaving said Ski Road, running with said Lot #27, north 86° 52' east, 150 feet to an iron pin being the southwest corner of said Lot #27 and also a corner to Kaiser Aetna; thence leaving said Lot #27 and running with said Kaiser Aetna in a southerly direction approximately 865 feet to a stake in the northern right of way line of South Baden Drive; thence leaving said Kaiser Aetna and running with said northern right of way line of South Baden Drive in a westerly direction approximately 338 feet to a stake in said northern right of way line of South Baden Drive and being the corner of a second tract of land owned by said Kaiser Aetna; thence leaving said South Baden Drive and running with said Kaiser Aetna approximately 410 feet in a northeasterly direction to a stake; thence northwest approximately 315 feet to a stake in the southern right of way line of said Ski Road; thence leaving said Kaiser Aetna and running with said southern right of way line of Ski Road in a northerly direction approximately 272 feet to the BEGINNING.

CHALET VILLAGE NORTH RECREATIONAL AREA: Being a tract of land in Chalet Village North Subdivision containing approximately 3 acres located in the 11th Civil District of Sevier County, near Gatlinburg, Tennessee, and more generally described as follows: BEGINNING at a stake at the intersection of Chalet Village Boulevard and Village Loop Road; thence leaving said Chalet Village Boulevard and running with the southern right of way line of said Chalet Village Boulevard in an

easterly direction approximately 825 feet to a stake, corner to Kaiser Aetna; thence leaving said Chalet Village Boulevard and running with said Kaiser Aetna in a southwesterly direction approximately 2400 feet to a stake in the northern right of way line of said Village Loop Road; thence leaving said Kaiser Aetna and running with said Village Loop Road in a northerly direction approximately 180 feet to the BEGINNING.

All of the limitations, covenants, restrictions and conditions shall run with and shall be binding upon the real property described in 1.1 above, and shall inure to the benefits of Declarant, and each owner of any portion of the real property described in 1.1 above and the real property described herein, and each successor in interest thereof.

2. RIGHTS AND RESTRICTIONS ON USE OF THE PROPERTY

2.1 Re-subdivision. No lot may be re-subdivided or decreased in size unless said lot is used in its entirety to increase the size of an adjoining lot or lots.

2.2 Utility Easements. An easement five feet in width is reserved along the interior of all lot lines for the installation and maintenance of various utilities.

2.3 Residential Use. All numbered lots in this subdivision are hereby restricted to single-family residential uses, and not more than one residence shall be erected or placed on each lot.

2.4 Temporary Structures. No tents, trailers, portable or moved-in buildings shall be permitted on any lot, except for the purpose of aiding the construction of an approved structure during the time the work is being performed with due diligence in compliance with Paragraph 3 herein.

2.5 Commercial Activity. No commercial activity of any nature may be conducted from or on any residential lot described in 1.1 above.

2.6 Signs. No sign of any nature shall be displayed or placed upon any lot or building, including "For Sale" or "For Rent" signs without the prior approval of the Declarant.

2.7 Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats and other domestic pets may be kept on the lot, so long as they are maintained in such a manner as not to be a nuisance to other property owners.

2.8 Compliance with Local Law. All buildings, structures, installations and other improvements to be located on any lot, must comply with all municipal and governmental laws and regulations validly affecting said lot; and if any provisions herein differ therefrom, such variance shall not be construed as a waiver by the developer of the necessity of compliance with the other provisions of these restrictions, but only the particular provision which conflicts with a government regulation or law.

2.9 Refuse. No dumping or burning of any garbage, trash or refuse of any nature will be permitted on any lot, and each lot owner shall provide, at his own expense, buried 40-gallon containers for the purpose of storing garbage or other waste materials.

2.10 Grading. No lot owner shall be allowed to remove top soil or trees, or otherwise destroy the natural beauty of any lot, except for those activities necessary for the construction of a residence, which must have the approval of the Declarant.

2.11 Offensive Activities. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the other lot owners.

2.12 Sewage Disposal. Until such time as sewage disposal facilities become available, each residence shall have a septic system installed in such a manner as to comply with all governmental laws and regulations.

2.13 Drainage. 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 create a nuisance to other property.

3. DESIGN CONTROL

3.1 Duties. The Declarant shall consider and act upon all proposals and plans for construction work to be performed on the property as provided in this delegation. The design control responsibility may be delegated by Declarant as well as assigned to Declarant's successors or assigns.

3.2 Review of Plans. The lot owner shall submit to Declarant preliminary plans and specifications depicting location of the residence structure on the lot, the driveway, walkways, drainage facilities, leach fields and other improvements, and elevations of the residential or other structures, and specifying the materials and colors to be used in the construction of the exterior of the residential or other structures. The Declarant shall have 15 working days to approve or disapprove the plans and specifications as submitted to it. After approval of the preliminary plans and specifications, any variations from these documents by the owner must be approved in writing by the Declarant.

3.3 Non-waiver. The approval by the Declarant of any proposal, plans, or specifications for any work done or proposed, or in connection with any matter requiring the approval of the Declarant under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar proposal, plan, specification or matter whenever subsequently or additionally submitted for approval.

3.4 Liability. Neither the Declarant nor anyone acting on behalf of the Declarant shall be liable to any lot owner for any damage, loss, or prejudice suffered or claimed on account of (a) the approval of any proposal, plans, or specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, proposals, or specifications; or (c) the development, or manner of development of any improvement on the property; provided, however, that the Declarant or the person acting on behalf of the Declarant has, with the actual knowledge possessed by him, acted in good faith.

3.5 Water Lines and Driveways. All water lines installed upon any lot must be a minimum of 24 inches underground, the installation of which, in the discretion of the Declarant, may be inspected and approved by Declarant's engineer. Driveways onto said lots shall be constructed in such a manner as not to restrict the flow of traffic upon the subdivision roadways and drainage along the roadway. Each driveway shall be built at the lot owner's expense and shall have a minimum 18 inch cross drain at the entrance, or any other point where the flow of water along the roadway is obstructed by said driveway.

3.6 Time for Construction. All residences and the necessary appurtenances thereto must be constructed on said lots within one year from the date initial site preparation is commenced, except in unusual cases, where the Declarant has granted in writing an extension of time for completion of construction.

3.7 Damage to Roadways. Any and all damage to roadways located in the subdivision caused by construction activities and equipment of a lot owner shall be repaired by Declarant, but the owner of said lot shall reimburse Declarant for all expenses incurred in making said repairs within one month from the date Declarant sends a bill for its expenses to the lot owner.

4. FEES

4.1 Tap-on Fees. Each lot owner shall be required to pay to Declarant a tap-on fee of \$200 per lot for the purpose of extending a water line from the water main to the lot line at the time said lot owner wishes to connect onto the water main. Said \$200 will include the cost of a water meter. When the subdivision water system is turned over to the City of Gatlinburg for purposes of operating and maintaining said water system, this fee and any additional charges fixed by the City will be collected by the Declarant for payment to the City.

5. ASSESSMENTS

5.1 Annual Assessment. As of January 1 of each year, each lot owner shall be assessed an annual dues for the sole purposes of operating, maintaining, and funding a replacement reserve account for the recreational buildings, improvements and land which are described in Paragraph 1.3 herein. Said annual assessment

shall be paid in one lump sum and shall be paid to Declarant, its designee, successors, or assigns by no later than March 15 of each year. For the calendar year 1977 the annual assessment shall be \$75 per annum. Said annual assessment shall be subject to an increase as provided for below.

5.2 Annual Assessment Increase. For purposes of this covenant, the terms listed below have the following meaning:

- (a) "Index" means the Consumer Price Index (all items) as published by the United States Department of Labor, Bureau of Labor Statistics, for the metropolitan area in which the City of Knoxville is located (1967 = 100 base),
- (b) "Current Index" means the Index for December 1976,
- (c) "Adjustment Index" means the Index for the month of December preceding the next calendar year.

Commencing with the first day of December 1977, the annual installment shall be increased to an amount equal to the product obtained by multiplying the annual installments of \$75 by the quotient obtained by dividing the current index into the adjustment index. Said annual installment shall never be decreased below the sum of \$75 per year. The aforesaid adjustment shall be made on the 1st of December of every year after December 1977, until these restrictions are amended or terminated.

In the event the index is no longer published at the time the adjustment is calculated, the chief officer for the regional office for the State of Tennessee of the Bureau of Labor Statistics or its successor shall select a substitute index in the event that 75% of the lots cannot agree upon a substitute index.

5.3 Individual Assessments. Each lot shall be subject to an assessment for any liability, indebtedness or other obligation of the lot owner arising under any provisions of this Declaration of Restrictions.

5.4 Cost and Interest Assessments. In addition to the annual assessments and individual assessments, each lot shall also be subject to an assessment from time to time for the cost (including reasonable attorneys' fees) incurred in collecting the foregoing assessments and interest at the legal rate permitted by the State of Tennessee on such assessments from the date due until paid in full.

5.5 Payment of Assessment. The annual assessment shall be due and payable no later than the fifteenth day of March of each calendar year. Individual assessments shall be payable in full on the first day of the first month next following the date on which the owner is informed of such assessment, unless other provision is made therefor by Declarant. Each assessment shall become delinquent ten days after it is due. All such assessments shall be paid to the declarant, its designees, successors, or assigns. The Declarant, upon request

and for a reasonable charge, shall furnish an owner a certificate executed by Declarant setting forth the status of payment of all assessments against an owner.

5.6 Transfer. An assessment upon any lot, in addition to any lien rights, shall be a personal debt of the owner therefore at the time the assessment is made, and the personal debt shall not pass to any new owner upon the transfer of the lot unless expressly assumed by that transferee. The interest of any owner in the amounts paid pursuant to any assessment upon the transfer of a lot or unit ownership shall pass to the new owner. Upon the termination of this Declaration for any reason, any amounts remaining from the collection of such assessments after paying all amounts properly charged against such assessments shall be distributed to the lot owners on the same basis on which the assessments were collected.

5.7 Liens. The amount of any assessment plus any other charges thereon, such as interest, costs and penalties, and the amount of any delinquent payment or fine as may be provided for herein, shall be and become a lien upon the lot when the Declarant causes to be recorded a notice of assessment, which shall state the amount of such assessment and such other charges as may be authorized by this Declaration, a description of the lot against which the same has been assessed, and the name of the record owner thereof. Such notice shall be signed by an authorized representative of the Declarant. Upon recording or filing said notice of delinquency, the lot owner's right to use the recreational facilities as set forth in 1.3 herein shall be suspended until all delinquent payments are satisfied. Upon payment of said assessment and charges in connection with such notice, the Declarant shall cause to be recorded a further notice stating that the satisfaction and the release of the lien has occurred.

5.8 Priority and Expiration. Such assessment lien shall be prior to all other liens recorded subsequent to the recordation of said notice of assessment, except that such liens shall be subordinate to any valid bona fide first mortgage or first trust deed which has been or may hereafter be given in good faith and for value on any lot covered by this Declaration. In the event any lien imposed under the provisions of this paragraph is destroyed by reason of foreclosure, the assessment shall continue to be a personal obligation of the lot owner. Unless sooner satisfied and released or the enforcement thereof initiated as hereinafter provided, said lien shall expire and be of no further force and effect one year from the date of recordation of said notice of assessment; provided, however, that said one year period may be extended by the Declarant for not to exceed one additional year by recording an additional extension thereof.

5.9 Enforcement. Said lien shall be enforceable as in the case of all liens in the State of Tennessee.

6. MISCELLANEOUS

6.1 General. To the extent that all or any portion of the property described in Paragraph 1.1 shall have been made subject to any conditions or restrictions of use by a recorded instrument or instruments, this Declaration shall abrogate all such preexisting restrictions or covenants.

6.2 Acceptance of Provisions by Grantees. Each grantee of a lot hereafter or interest in the property and any purchaser under grant or contract of sale accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens and charges herein set forth and provided for in this Declaration.

6.3 Interpretation of Restrictions. In interpreting and applying the provisions of this Declaration, they shall be held to be minimum requirements adopted for the promotion of the health, safety, comfort, convenience and general welfare of the lot owners affected by this Declaration. Where this Declaration imposes a greater restriction upon the use or occupancy of any lot, or upon the construction of any buildings or structures, or in connection with any other matters than are imposed or required by provisions of any laws, ordinances, rules, regulations or permits, then in that case the provisions of this Declaration shall control.

6.4 Construction and Validity of Restrictions. All of the restrictions, conditions, covenants, reservations, liens and charges contained in this Declaration shall be construed together; but if it shall at any time be held that any one or more of such restrictions, conditions, covenants, reservations, liens or charges or any part thereof is invalid, or for any reason becomes unenforceable, no other restriction, condition, covenant, reservation, lien or charge, or any part thereof shall be thereby affected or impaired.

6.5 Assignment of Powers and Benefits. Any and all rights and powers of Declarant provided for in this Declaration, and any modification or amendment hereof, may be delegated, transferred, assigned, conveyed or released by Declarant to any successor or assignee of Declarant, or to an association formed by the lot owners, in whole or in part, and the association shall accept the same upon the recording of a notice thereof, and the same shall be effective for the period and to the extent stated therein.

6.6 Waiver and Exemptions. A failure by any lot owner or the Declarant to enforce any of the restrictions, conditions, covenants, reservations, liens or charges to which the lot is subject shall in no event be deemed to be a waiver of the right to do so thereafter or to enforce any other restriction, condition, covenant, reservation, lien or charge.

6.7 Titles. All titles used in this Declaration, including those of paragraphs herein, are intended solely for convenience of reference and the same shall not nor shall any of them affect that which is set forth in such paragraph, nor any of the terms or provisions of this Declaration nor the meaning thereof.

6.8 Term and Amendment. This Declaration shall be for a term of 25 years after the date of recordation, and shall be extended automatically thereafter for successive ten-year periods, unless owners owning 75% or more of the lots execute and record an instrument not more than one year and not less than 30 days, prior thereto, electing to terminate this Declaration upon the expiration of the then current period. This Declaration may be amended upon the vote

or written consent of owners owning 75% or more of the lots and the Declarant, provided Declarant retains fee title to any of the real property described in 1.1, as to any provision affecting said lots, except Paragraphs 3, 5 and 6, in which case no amendment to any of these provisions shall be binding or effective without the written consent of the record owner or owners of the real property described in Paragraph 1.3 being first had and obtained. An amendment shall be effective as of the date a written amendment to this Declaration executed by the required signatories has been recorded. An instrument or amendment executed pursuant to this paragraph may be executed by duly authorized attorneys-in-fact for an owner, or in multiple counterparts. The execution of a counterpart by one or more owners shall be deemed an original document, and upon execution of multiple counterparts by the required percentage of owners, the multiple counterparts as a group shall constitute the original document even though the required percentage of owners has not executed one document.

EXECUTED THIS 8th day of December, 1976.

Declarant:

KAISER METNA, a general partnership



Seals B. Trammell
Its Duly Authorized Agent

STATE OF California)
COUNTY OF Alameda) SS.

On December 8, 1976, before me, the undersigned, a Notary Public in and for said State, personally appeared

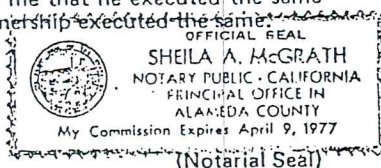
Seals B. Trammell

known to me to be the duly authorized agent of all the partners of the partnership that executed the within instrument, and acknowledged to me that he executed the same for and on behalf of said partnership and that such partnership executed the same

WITNESS my hand and official seal.

Signature

Sheila A. McGrath



- 8 -

14

STATE OF TENNESSEE, SEVIER COUNTY

The foregoing Instrument and Certificate were noted in
Note Book 34 Page 402 At 3:00 clock PM, 12-16 1976.

Item No. 8021; Recorded True Book 50 Page 6

State Tax _____ Fee _____ Recording 18.00, Ct. House Fund 1.00

Total 19.00 Receipt 3265

Witness My Hand

Nancy Henderson
Register

Prepared by:
Richard S. Cooper
K-7 7/1/77 PG 107
Kaiser 1/2, Tr. -

FIRST AMENDMENT
BUILDING STANDARDS
PROTECTIVE COVENANTS AND RESTRICTIONS
FOR CHALET VILLAGE

WHEREAS, Kaiser Aetna recorded an Instrument entitled BUILDING STANDARDS, PROTECTIVE COVENANTS AND RESTRICTIONS FOR CHALET VILLAGE on December 16, 1976, at Miscellaneous Records, Book 50, Pages 6 through 14, inclusive (hereinafter the "Restrictions"), and

WHEREAS, Kaiser Aetna desires to amend the Restrictions in the following respects only.

NOW, THEREFORE, Kaiser Aetna, a California general partnership (hereinafter the "Declarant"), amends the Restrictions in the following respects:

1. Paragraph 1.1.3 of the Restrictions is amended by deleting the letter "E" from between the numbers 9 and 2 and replacing it with the letter "G." Said paragraph remaining the same in all other respects.

2. Amend Paragraph 1.1.10 by deleting the number "5" between the numbers 9 and 4 and replacing it with the the letter "S." Said paragraph to remain the same in all other respects.

3. Paragraph 1.1 shall be amended by adding to said paragraph the following subparagraphs:

1.1.12 Lots 3, 4 and 20 as shown on that certain plat map, previously registered with HUD, filed in the Office of the Recorder of Sevier County, in Plat Book 18, page 17, and following;

1.1.13 Lots 77, 92 and 96, 175, 181 and 186-189, inclusive, as shown on that certain plat map, previously registered with HUD, filed in the Office of the Recorder of Sevier County, in Plat Book 18, page 31, and following;

1.1.14 Lots 159, 161 and 162, as shown on that certain plat map, previously registered with HUD, filed in the Office of the Recorder of Sevier County, in Plat Book 18, page 21, and following;

1.1.15 Lots 234, 241, 242, 260, 265, and 280 as shown on that certain plat map, previously registered with HUD, filed in the Office of the Recorder of Sevier County, in Plat Book 18, page 25 and following;

1.1.16 Lots 354, 355, 359, 361, 366-368, 370, 373-375, 377, 379, 382, 388, 391, 393, 394, 397, 403, 404, 415, 419, 422, 423, 428-431, 433, 434, and 437-440, inclusive, as shown on that certain plat map, previously registered with HUD, filed in the Office of the Recorder of Sevier County, in Plat Book 18, page 63, and following;

1.1.17 Lots 282-284, 299, 311, 315-318, 326-329, 331, 336, 337, 339-342, 344, 347 and 349, inclusive, as shown on that certain plat map, previously registered with HUD, filed in the Office of the Recorder of Sevier County, in Plat Book 21, page 76 and following.

4. The Restrictions shall remain the same in all other respects and shall remain in full force and effect with the exception only of the additions and corrections of this First Amendment to the Restrictions.

EXECUTED THIS 14th day of May, 1977.

DECLARANT:

KAISER AETNA, a general partnership



BY

Kalman Rowen
Kalman Rowen

its Duly Authorized Agent

STATE OF CALIFORNIA)
COUNTY OF ALAMEDA) SS.

On May 4, 1977 before me, the undersigned, a Notary Public in and for said State, personally appeared Kalman Rowen

known to me to be the duly authorized agent of all the partners of the partnership that executed the within instrument, and acknowledged to me that he executed the same for and on behalf of said partnership and that such partnership executed the same.

WITNESS my hand and official seal.

Mary E. Valente
Notary Public



STATE OF TENNESSEE, SEVIER COUNTY

The foregoing Instrument and Certificate were noted in
Note Book 25 Page 82 At 12:43 clock P. M., 5-12 197 7
Item No. 1367; Recorded None Book 51 Page 831
State Tax Fee Recording Fee, Cl. House Fund 600
Total 5.00 Receipt 7741
Witness My Hand Thyrle Henderson -2-
Register

Prepared By:
Richard S. Cooper
107 Main Street
Knoxville, Tn. 37901

SECOND AMENDMENT
BUILDING STANDARDS AND PROTECTIVE COVENANTS AND RESTRICTIONS
FOR CHALET VILLAGE

WHEREAS, heretofore the subdivision known as Chalet Village
(Tyrolia section, Alpendorf section, Chalet Village North section
and Chalet Village proper) was owned and being developed by
Kaiser Aetna, and its predecessors in title; and

WHEREAS, A. E. Realty Partners, is now the successor in
interest to Kaiser Aetna and others who have developed Chalet
Village and

WHEREAS, Kaiser Aetna promulgated certain Building Standards
and Protective Covenants and Restrictions (hereinafter Restrictions)
for Chalet Village which is duly recorded in the Register of Deed's
Office in Sevierville, Sevier County, Tennessee at Misc. Book 50,
pages 6-14 inclusive and as amended at Misc. Book 51, page 881-
882 and

WHEREAS, the current developer A. E. Realty Partners is
desirous of continuing such Protective Covenants and Restrictions
with regard to the lots described herein and with regard to all
future sales of lots subsequently platted within Chalet Village
as above described,

NOW, THEREFORE, A. E. Realty Partners, a California general
partnership (hereinafter the "Declarant"), amends the above
referenced Restrictions in the following respects:

1. Paragraph 1.1 shall be amended by adding to said
paragraph the following sub-paragraph:

1.1.18 Additional Lots subject to Restrictions. The
following lots are those lots available for sale
as of November 1, 1978 in Chalet Village which are

STATE OF TENNESSEE, SEVIER COUNTY

The foregoing Instrument and Certificate were noted in
Misc. Book 26 Page 113 At 10:51 O'clock A.M. 11-28-78
Item No. 8253; Recorded Miss Book 60 Page 27
State Tax 9.00 Fee Recording 8.00, Ct. House Fund 1.00
Total 9.00 Receipt 6113
Witness My Hand Wayne Henderson
Register.

See instrument Rights Nov 157 pg 285

platted of record as indicated below. The amendments contained in this Second Amendment to the Building Standards and Protective Covenants and Restrictions for Chalet Village are applicable to the lots hereinafter specified and any further lots which may be platted of record within the confines of the subdivision known as Chalet Village as above described to which reference may be made by any conveyance of property of this developer, or successor in interest to this developer, in the future; notwithstanding, the Restrictions heretofore registered as described hereinabove shall remain in full force and effect in all other respects with the exception of the amendments contained hereinafter:

2.b. There are currently available for sale pursuant to a common promotional plan in Chalet Village 168 lots. These are described as follows:

(1) There are 22 lots being offered from the Tryolia section of Chalet Village and these are identified and recorded in the Sevier County Register of Deeds' Office in Sevierville, Tennessee, as follows:

<u>LOT</u>	<u>BLOCK</u>	<u>SECTION</u>	<u>PLAT BOOK</u>	<u>PAGE</u>
87	B	1	14	2
9	G	2	9	53
72	K	4	11	45
47	L	4	11	75
46	K	4	11	75
11	P	4	13	25
25	R	4	13	4
17	J	4	11	38
30	R	4	13	4
20	R	4	13	4
73	K	4	11	45
15	L	4	11	75
22	M	4	13	38
18	M	4	13	38

(2) Included in the above offering of 22 lots termed the "Tyrolia section" are 8 lots described as follows: Lots 4-10 and the adjacent lot marked "unnumbered lot," all as shown on a subdivision plat map of record in the Sevier County Register of Deeds' Office in Sevierville, Tennessee, in Plat Book 7, page 30.

(3) Also being offered for sale in Chalet Village pursuant to a common promotional plan are 61 lots which are identified and recorded in the Sevier County Register of Deeds' Office as follows:

<u>LOTS</u>	<u>PLAT BOOK</u>	<u>PAGE</u>
163	18	21
175	18	31
268	18	25
303, 304, 305, 306, 323, 325,	21	76
326, 327, 332, 346, 441, 444,		
445, 446, 447, 448, 449		
373, 382, 415, 416, 419, 422,	21	143
423, 428, 430, 434, 439, 440		

<u>LOTS</u>	<u>PLAT BOOK</u>	<u>PAGE</u>
460, 487, 488, 492, 493, 496, 497, 500, 551, 552, 553, 507	21	144
469, 472, 473, 474, 475, 476, 479, 480, 481, 482, 483, 485, 486	21	145
647, 650, 651, 656	21	191

(4) These 28 lots were first offered in the immediately preceding Second Consolidation:

554, 555, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 572	22	24
657, 660, 662, 663, 664, 665, 666, 667, 668, 669, 674	22	24

(5) Additionally, there are being offered for the first time to this Consolidated Statement of Record 57 lots under a common promotional plan, described as follows and recorded in the Sevier County Register of Deeds' Office:

<u>LOTS</u>	<u>PLAT BOOK</u>	<u>PAGE</u>
501, 502, 503, 512, 513, 514, 515, 516, 517, 540, 541, 542, 543, 544, 545, 546, 575, 576, 577, 578, 579, 580, 581, 585, 586, 587, 588, 589, 590, 676, 677, 678, 679, 680, 681	22	68
595, 596, 597, 598, 599, 600, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641	22	67

2. Paragraph 5.1, Annual Assessment, shall be amended to add the following:

5.1.1 Each owner shall be entitled to enroll his/her/ their chalet on a rental program. However, if accepted on such a program, the owner shall pay to the Declarant or it's assign a larger assessment than described in paragraph 5.1. The fee shall be \$110.00 which shall be used to compensate for the increased usage of the amenities and such amount may be adjusted annually to coincide with the increase of the assessment as described hereinafter in paragraph 5.2. This \$110.00 fee shall be in lieu of the \$75.00 designated in paragraph 5.1.

3. The Restrictions hereinabove described shall remain the same in all other respects and shall remain in full force

and effect with the exception only of the additions and corrections contained in this Second Amendment to the Restrictions.

EXECUTED this 9 day of November, 1978.

DECLARANT A. E. REALTY PARTNERS

By Richard L. Crook
Richard L. Crook

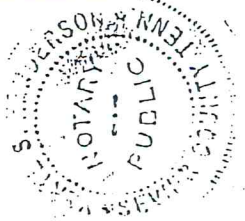
STATE OF TENNESSEE)
COUNTY OF SEVIER)

Before me, the undersigned authority, a Notary Public in and for said County and State aforesaid personally appeared Richard L. Crook, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the General MANAGER of A E REALTY PARTNERS d/b/a of Chalet Village, the within named bargainor, a partnership and that he as such General MANAGER being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as GENERAL MANAGER.

WITNESS my hand and official seal at office on this 9th day of November, 1978.

Veryl A. Henderson
Notary Public

My Commission Expires: 4-21-80



9285568
 This Instrument Provided by:
 Richard S. Cooper, Atty.
 5401 Kingston Pike #2011341
 Knoxville, Tenn 37919

64/506

AGREEMENT

STATE OF TENNESSEE
 COUNTY OF SEVIER
 I, the undersigned, being duly qualified, do hereby certify that the foregoing is a true and correct copy of the original instrument filed for record in my office on this 29th day of December, 2004.
 My Commission Expires: 12/31/06
 Total _____
 Witness My Hand _____
 Register

THIS AGREEMENT made this 30th day of August, 1979, between AE REALTY PARTNERS, a California general partnership, (Developer), of the First Part, and SKI CHALET VILLAGE OWNERS' CLUB, INC., (Club), a non-profit corporation organized under the laws of the State of Tennessee with offices in Sevier County, of the Second Part.

WITNESSETH:

WHEREAS, the Developer is the successor in interest to a series of prior owners of land in Sevier County, Tennessee, who collectively subdivided into parcels an area known as "Chalet Village"; and such Developers have sold to the public, consisting in total, including those parcels subdivided by this Developer, some 1500 lots hereinafter "platted area" (See Exhibit VII); included in the total development there have been constructed certain recreational facilities including, without limitation, two club houses, three pools, four tennis courts, for which the underlying title has been retained by Developer.

WHEREAS, Club is a voluntary association of persons owning parcels within the subdivided area of Chalet Village who have banded together for the purpose of working collectively in the preservation of the properties and enhancement of the area, providing for a self government within Chalet Village to the extent allowed, and for doing such other things as will be mutually beneficial;

WHEREAS, Developer is approaching the conclusion of its lot selling program and is willing, subject to certain conditions, to convey to the Club certain real estate improved with recreational facilities, together with personal property thereunto attending, attached hereto as Exhibit V.

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NOW, THEREFORE, the parties hereunto intending to be bound, and in consideration of One Hundred Dollars (\$100.00) paid by Club to Developer, the parties hereby agree by and amongst each other as follows:

1. Developer does hereby agree to convey by a Warranty Deed the real estate described on Exhibit I, attached hereto and incorporated herein by reference. In addition to the real property conveyance, Developer agrees to transfer to the Club certain personalty contained on such realty; an inventory and an executed Bill of Sale and Transfer for such inventory is attached hereto as Exhibit V, and in consideration of the above transfers and other promises, covenants, and obligations contained herein, the Club agrees, contracts and covenants as follows:

A. To keep and maintain the facilities situated upon the real estate described in the paragraph above in a clean, orderly, and maintained condition for the use and benefit of persons rightfully entitled thereto as recreational properties.

Specifically, it is understood and acknowledged that certain representations and restrictions have been imposed, as hereinafter defined, the nature of which would forbid a conversion of the areas to other uses such as commercial or office purposes, and the Club by this Agreement hereby agrees to comply with all such restraints and/or restrictions.

Lots sold in Chalet Village by this Developer have been sold with the assurance to purchasers that there would be available for use to such purchaser upon payment of applicable usage fees those certain amenities described in Exhibit I. This representation is memorialized in the Property Reports which this Developer has submitted to the Department of Housing and Urban Development, Office of Interstate Land Sales Registration. (See Exhibit III.) Club recognizes the intent of these representations, i.e., to provide lot owners with use of the above described amenities upon payment of their respective usage fee, and covenants not to covert said

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amenities to commercial or any other use other than that for which they were intended

With respect to tennis courts, it is understood that normal maintenance anticipates resurfacing and striping, and the Club agrees to be responsible to have such resurfacing and striping performed as conditions require, thereby assuring against deterioration under normal circumstances. With respect to the club houses, it is understood and Club hereby specifically agrees that the purpose of these is for the entertainment and enjoyment of the people rightfully entitled to use such improvements and that under no circumstances can or will the area contained within such be adapted to commercial uses. With respect to the swimming pools, Club agrees that the same shall be maintained in a manner consistent with good business practices.

B. To charge and collect an assessment compatible to and in every event consistent with the Deed Restrictions of Chalet Village as from time to time modified, attached hereto as collective Exhibit II, together with the filings with the Department of Housing and Urban Development, Office of Interstate Land Sales Registration (HUD), Property Reports, also attached hereto as collective Exhibit III. The Club understands that the restrictions of the Developer's predecessor and the Developer have from time to time been modified and that such charges must at all times be compatible to and consistent with such restrictions as the same apply to the respective lots in the total development.

C. To save and forever hold the Developer harmless from any loss or liability on account of the aforementioned recreational facilities situated upon the underlying real estate in Exhibit I.

2. Developer hereby covenants with the Club that it is the free and lawful owner of the real estate which it is conveying to the Club; that Developer has warrantable title as evidenced by a Title Insurance commitment to insure, bought and paid for by the Club and attached hereto as Exhibit IV; except for any utility easements, real estate taxes for the current year which are neither due nor payable but which will be prorated at the date of close, and restrictions laid out in the Deed Restrictions.

3. Until such time as Developer has concluded its lot selling program, or until December 31, 1979, whichever day first occurs, Club agrees that Developer may designate a majority of the members of the Board of Directors of Club so as to provide for the orderly transition of the management and government of the recreational facilities from Developer to the Club, while assuring the lot owners that maximum benefit can and will be achieved in this transition in favor of the Club.

4. Club hereby covenants with Developer that it recognizes that each owner of a lot in the platted area of Chalet Village has a right to use the recreational facilities irrespective of whether such owner joins the Club, conditioned only upon the payment of the dues and assessments as provided in the Deed of Restrictions and in Property Reports to HUD, (See Exhibits II and III), ^{or as established herein} Accordingly, Club agrees that at all times it will administer the affairs of the Club in such a manner as to assure to each owner of a lot, irrespective of membership in the Club, full use thereof subject only to the payment of the dues and assessments as provided in the applicable Deed of Restrictions and in Property Reports to HUD. The owners of certain lots have placed improvements on their lots and additionally placed their chalet on a rental program.

The use by renters of chalets on the rental program makes greater demands and creates higher costs in the maintenance of the recreational facilities. Recognizing the above, the Club agrees to charge an additional amount to owners of lots who have chalets on a rental program so as to achieve reimbursements of such increased costs. The base amount of such charge for purposes of this Agreement and subsequent computation of any increase in same, if warranted, shall be One Hundred Nineteen Dollars and Ninety Cents (\$119.90) and may be increased only in accordance with this Agreement. The yearly percentage increase allowable (Consumer Cost of Living Increase or if this is abolished, a comparable government index) with regard to the usage fee as described in the Building Restrictions attached as Exhibit II shall be applied, if applicable, equally to the total fee charged to any and all owners of all lots including those on a rental program. Thus, there currently exists four classifications of lot owners for which usage fees shall be charged for the 1979 year. The following are the base rates and description of each classification:

- a. Lots subject to initial \$50.00 fee,
Currently \$58.21
- b. Lots subject to initial \$75.00 fee,
Currently \$81.75
- c. Lots not subject to initial fee,
Currently \$81.75
- d. Lots on rental program - \$119.90, described above.

5. A. It is agreed between the parties that Developer shall act as administrator of the Club activities with regard to the collection and disbursement of dues and assessments through December 31, 1979, consistent with the "Management Agreement" which is attached hereto as Exhibit VI. Developer shall provide Club on or about December 31, 1979, an accounting of all financial transactions relating to the operation of the recreational facilities during the 1979 year and additionally, all pertinent financial documents, books, records, etc., required for the Club to continue the administration of the recreational facilities.

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B. Parties recognizing that the Developer has in the past operated and maintained the facilities and amenities described herein, and it further being the intent of the Developer to assist in the transition of administration from the Developer to the Club, the Developer hereby agrees to contribute to the operations account of the Club an amount of Fifteen Thousand Two Hundred Fifty Dollars (\$15,250.00) on or before the closing and execution of this document, of which approximately Six Thousand Eight Hundred Dollars (\$6,800.00) represents the Developer's share of Club dues on unsold lots still owned by the Developer, prorated from the date of closing. The balance of this amount takes into account the dues adjustment allowed previously this year by the Developer to lot owners.

6. The Club hereby acknowledges that membership is limited by its By-Laws to persons owning a platted parcel in Chalet Village. Accordingly, it agrees that it will exclude from membership persons who are not owners. However, it is recognized that complimentary passes to the use of Club facilities often contribute to the general welfare of the area known as Chalet Village and that the Club may from time to time find it beneficial to permit persons to use the facilities on a non-membership basis on such reasonable terms and conditions as the Board of Directors of the Club may establish from time to time. Additionally, Club hereby agrees to provide Developer with 45 number of complimentary passes as envisioned above in perpetuity in order that the employees of the Developer shall be provided with access to the amenities in that they continue to contribute to the general welfare of Chalet Village and to the amenities as a part of their employment on a regular basis with the understanding that all recipients of such passes shall be bound by the same rules and regulations with respect to conduct and use of such amenities as all other individuals holding access cards.

*See * Developer to include ALIC Holding Corporation, a member
Active Life Insurance Company entity.*

7. The Club further agrees that it will keep and maintain in full force and effect a policy of liability insurance of an appropriate amount and additionally a policy of casualty insurance insuring all improvements against loss by fire or other insurable hazard to full value and that should an insured event occur all amounts paid by such carriers of insurance will be deposited in a separate and segregated account from the general fund of the Club and used only for the purpose of reconstructing or repairing, as the case may be, the damaged or destroyed unit to the condition at least equal to that at the moment prior to the commencement of such insured casualty. In the event of a major catastrophe, the Board of Directors may make major design changes consistent with the needs of a majority of the homeowners; however, they shall not have the latitude to build a different facility from the original intent. Both parties acknowledge that sound business practice dictates the establishment of a "maintenance account" to be funded for the purpose of capital expenditures which shall be required in the continue operation of the within amenities. Club hereby covenants and agrees to set up and maintain such an account as described above and the Developer agrees and covenants to provide an initial, one time, agreed upon contribution to such fund in the amount equal to Thirteen Thousand Five Hundred Dollars (\$13,500.00).

8. Parties agree that this document and all attached Exhibits shall be duly recorded in the Sevier County Register of Deeds Office and reference made to the terms and obligations herein in the Warranty Deeds of transferral (Exhibit I).

In the event that any provision of this Agreement is in violation of any law, statute or ordinance, or is for any reason declared invalid, such provision invalidated shall not invalidate the remaining portion of this Agreement and the effect of such violation or invalidation of such provision

shall be that such provision is deemed stricken from the Agreement and the Agreement shall otherwise remain and be in full force and effect as if such provision was not contained therein.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

AE REALTY PARTNERS

By: Richard L. Chast

SKI CHALET VILLAGE OWNERS' CLUB, INC.

By: Robert W. Waikel

STATE OF TENNESSEE
COUNTY OF SEVIER

Personally appeared before me, a Notary Public in the State and County aforesaid, Robert W. Waikel, who is the President of SKI CHALET VILLAGE OWNERS' CLUB, INC., the within named Club, with whom I am personally acquainted and who on oath acknowledged himself to be President of SKI CHALET VILLAGE OWNERS' CLUB, INC., a corporation, and that he as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

WITNESS MY HAND and SEAL at office in Gatlinburg, Sevier County, Tennessee, this the 30th day of August, 1979.

My Commission Expires:

10-20-81

Nancy J. Woodford
Notary Public

STATE OF TennesseeCOUNTY OF Sevier

Personally appeared before me, a Notary Public in the State and County aforesaid, Richard L. Crook, who is the General Manager of AE REALTY PARTNERS, the within named Developer, with whom I am personally acquainted and who on oath acknowledged himself to be the General Manager of AE REALTY PARTNERS, a California general partnership, and that he as such General Manager being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the general partnership by himself as General Manager, and attached hereto is his Delegation of Authority.

WITNESS MY HAND and SEAL at office in Sevierville,
Sevier County, Tennessee, this the 30th day
of August, 1979.

Nancy J. Woodhead
Notary Public

My Commission Expires:

10-20-81

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See 5.7
 Easement 2.2
 Tract 1.3
 Reservation
 are

This instrument was prepared by
D. K. V. S. Coopers
 Knoxville, Tennessee

BUILDING STANDARDS
 PROTECTIVE COVENANTS AND RESTRICTIONS
 FOR CHALET VILLAGE

1. RECITAL AND DECLARATION

1.1 Property Subject to Declaration. Kaiser Aetna, a general partnership, hereafter referred to as "Declarant," is the owner of the real property located in Sevier County, Tennessee, described as:

CVN 1.1.1 Lots 285-297, 302-307, 323-325 and 441-450 inclusive as shown on that certain plat map referred to hereafter as "Map 1", filed in the Office of the Recorder of Sevier County, in Plat Book 21, page 76, and following:

SKR Rd 1.1.2 Lots 4-10 and the lot described as "reserved for road" as shown on that certain plat map referred to hereafter as "Map 2", filed in the Office of the Recorder of Sevier County, in Plat Book 7, page 30, and following:

Tyroler 1.1.3 Lots 9E2, 37A2, as shown on that certain plat map referred to hereafter as "Map 3", filed in the Office of the Recorder of Sevier County, in Plat Book 9, page 53, and following:

Tyroler 1.1.4 Lot 72K4 as shown on that certain plat map referred to hereafter as "Map 4", filed in the Office of the Recorder of Sevier County, in Plat Book 11, page 45, and following:

Tyroler 1.1.5 Lots 47L4 and 15L4 as shown on that certain plat map referred to hereafter as "Map 5", filed in the Office of the Recorder of Sevier County, in Plat Book 11, page 75, and following:

Tyroler 1.1.6 Lot 17J4 as shown on that certain plat map referred to hereafter as "Map 6", filed in the Office of the Recorder of Sevier County, in Plat Book 11, page 38, and following:

Tyroler 1.1.7 Lot 11P4 as shown on that certain plat map referred to hereafter as "Map 7", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 25, and following:

Tyroler 1.1.8 Lots 25R4, 30R4, 20R4 and 73K4 as shown on that certain plat map referred to hereafter as "Map 8", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 4, and following:

Tyroler 1.1.9 Lot 22M4 as shown on that certain plat map referred to hereafter as "Map 9", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 38, and following:

Tyroler 1.1.10 Lot 9B4 as shown on that certain plat map referred to hereafter as "Map 10", filed in the Office of the Recorder of Sevier County, in Plat Book 13, page 47, and following:

Due to
 Duplicated notes
 on both
 in 50/6 12/14/76

1.1.11 Lot 87B1 as shown on that certain plat map referred to hereafter as "Map 11", filed in the Office of the Recorder of Sevier County, in Plat Book 14, page 2, and following:

1.2 Declarant's Intent. Declarant intends to sell the afore-described lots and to impose upon said lots mutually beneficial restrictions under a general plan or scheme of improvement for the benefit of all the real property and the future owners thereof.

1.3 Declaration. Declarant hereby declares that all of the real property described in 1.1.1 through 1.1.11 is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of the real property described in 1.1 above, and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the aforesaid real property and every part thereof, and are for the benefit of and entitle the owners of the lots described in 1.1 to go upon and use, subject to rules and regulations established by Declarant, its successors or assigns, the improvements located on the following described real property:

* TYROLIA RECREATIONAL AREA: Being a tract of land in Tyrolia Subdivision containing approximately 3 acres located near the City of Gatlinburg, Tennessee, in the 11th Civil District of Sevier County, Tennessee, and more generally described as follows: BEGINNING at an iron pin corner in the southern right of way line of Ski Road, said iron pin is also the northwest corner of Lot #27 of Ski Road Properties Subdivision; thence leaving said Ski Road, running with said Lot #27, north 86° 52' east, 150 feet to an iron pin being the southwest corner of said Lot #27 and also a corner to Kaiser Aetna; thence leaving said Lot #27 and running with said Kaiser Aetna in a southerly direction approximately 865 feet to a stake in the northern right of way line of South Baden Drive; thence leaving said Kaiser Aetna and running with said northern right of way line of South Baden Drive in a westerly direction approximately 338 feet to a stake in said northern right of way line of South Baden Drive and being the corner of a second tract of land owned by said Kaiser Aetna; thence leaving said South Baden Drive and running with said Kaiser Aetna approximately 410 feet in a northerly direction to a stake; thence northwest approximately 315 feet to a stake in the southern right of way line of said Ski Road; thence leaving said Kaiser Aetna and running with said southern right of way line of Ski Road in a northerly direction approximately 272 feet to the BEGINNING.

* CHALET VILLAGE NORTH RECREATIONAL AREA: Being a tract of land in Chalet Village North Subdivision containing approximately 3 acres located in the 11th Civil District of Sevier County, near Gatlinburg, Tennessee, and more generally described as follows: BEGINNING at a stake at the intersection of Chalet Village Boulevard and Village Loop Road; thence leaving said Chalet Village Boulevard and running with the southern right of way line of said Chalet Village Boulevard in an

easterly direction approximately 825 feet to a stake, corner to Kaiser Aetna; thence leaving said Chalet Village Boulevard and running with said Kaiser Aetna in a southwesterly direction approximately 2400 feet to a stake in the northern right of way line of said Village Loop Road; thence leaving said Kaiser Aetna and running with said Village Loop Road in a northerly direction approximately 180 feet to the BEGINNING.

All of the limitations, covenants, restrictions and conditions shall run with and shall be binding upon the real property described in 1.1 above, and shall inure to the benefits of Declarant, and each owner of any portion of the real property described in 1.1 above and the real property described herein, and each successor in interest thereof.

2. RIGHTS AND RESTRICTIONS ON USE OF THE PROPERTY

2.1 Re-subdivision. No lot may be re-subdivided or decreased in size unless said lot is used in its entirety to increase the size of an adjoining lot or lots.

2.2 Utility Easements. An easement five feet in width is reserved along the interior of all lot lines for the installation and maintenance of various utilities.

2.3 Residential Use. All numbered lots in this subdivision are hereby restricted to single-family residential uses, and not more than one residence shall be erected or placed on each lot.

2.4 Temporary Structures. No tents, trailers, portable or moved-in buildings shall be permitted on any lot, except for the purpose of aiding the construction of an approved structure during the time the work is being performed with due diligence in compliance with Paragraph 3 herein.

2.5 Commercial Activity. No commercial activity of any nature may be conducted from or on any residential lot described in 1.1 above.

2.6 Signs. No sign of any nature shall be displayed or placed upon any lot or building, including "For Sale" or "For Rent" signs without the prior approval of the Declarant.

2.7 Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats and other domestic pets may be kept on the lot, so long as they are maintained in such a manner as not to be a nuisance to other property owners.

2.8 Compliance with Local Law. All buildings, structures, installations and other improvements to be located on any lot, must comply with all municipal and governmental laws and regulations validly affecting said lot; and if any provisions herein differ therefrom, such variance shall not be construed as a waiver by the developer of the necessity of compliance with the other provisions of these restrictions, but only the particular provision which conflicts with a government regulation or law.

2.9 Refuse. No dumping or burning of any garbage, trash or refuse of any nature will be permitted on any lot, and each lot owner shall provide, at his own expense, buried 40-gallon containers for the purpose of storing garbage or other waste materials.

2.10 Grading. No lot owner shall be allowed to remove top soil or trees, or otherwise destroy the natural beauty of any lot, except for those activities necessary for the construction of a residence, which must have the approval of the Declarant.

2.11 Offensive Activities. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the other lot owners.

2.12 Sewage Disposal. Until such time as sewage disposal facilities become available, each residence shall have a septic system installed in such a manner as to comply with all governmental laws and regulations.

2.13 Drainage. 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 create a nuisance to other property.

3. DESIGN CONTROL

3.1 Duties. The Declarant shall consider and act upon all proposals and plans for construction work to be performed on the property as provided in this delegation. The design control responsibility may be delegated by Declarant as well as assigned to Declarant's successors or assigns.

3.2 Review of Plans. The lot owner shall submit to Declarant preliminary plans and specifications depicting location of the residence structure on the lot, the driveway, walkways, drainage facilities, leach fields and other improvements, and elevations of the residential or other structures, and specifying the materials and colors to be used in the construction of the exterior of the residential or other structures. The Declarant shall have 15 working days to approve or disapprove the plans and specifications as submitted to it. After approval of the preliminary plans and specifications, any variations from these documents by the owner must be approved in writing by the Declarant.

3.3 Non-waiver. The approval by the Declarant of any proposal, plans, or specifications for any work done or proposed, or in connection with any matter requiring the approval of the Declarant under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar proposal, plan, specification or matter whenever subsequently or additionally submitted for approval.

3.4 Liability. Neither the Declarant nor anyone acting on behalf of the Declarant shall be liable to any lot owner for any damage, loss, or prejudice suffered or claimed on account of (a) the approval of any proposal, plans, or specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, proposals, or specifications; or (c) the development, or manner of development of any improvement on the property; provided, however, that the Declarant or the person acting on behalf of the Declarant has, with the actual knowledge possessed by him, acted in good faith.

3.5 Water Lines and Driveways. All water lines installed upon any lot must be a minimum of 24 inches underground, the installation of which, in the discretion of the Declarant, may be inspected and approved by Declarant's engineer. Driveways onto said lots shall be constructed in such a manner as not to restrict the flow of traffic upon the subdivision roadways and drainage along the roadway. Each driveway shall be built at the lot owner's expense and shall have a minimum 18 inch cross drain at the entrance, or any other point where the flow of water along the roadway is obstructed by said driveway.

3.6 Time for Construction. All residences and the necessary appurtenances thereto must be constructed on said lots within one year from the date initial site preparation is commenced, except in unusual cases, where the Declarant has granted in writing an extension of time for completion of construction.

3.7 Damage to Roadways. Any and all damage to roadways located in the subdivision caused by construction activities and equipment of a lot owner shall be repaired by Declarant, but the owner of said lot shall reimburse Declarant for all expenses incurred in making said repairs within one month from the date Declarant sends a bill for its expenses to the lot owner.

4. FEES

4.1 Tap-on Fees. Each lot owner shall be required to pay to Declarant a tap-on fee of \$200 per lot for the purpose of extending a water line from the water main to the lot line at the time said lot owner wishes to connect onto the water main. Said \$200 will include the cost of a water meter. When the subdivision water system is turned over to the City of Gatlinburg for purposes of operating and maintaining said water system, this fee and any additional charges fixed by the City will be collected by the Declarant for payment to the City.

5. ASSESSMENTS

5.1 Annual Assessment. As of January 1 of each year, each lot owner shall be assessed an annual dues for the sole purposes of operating, maintaining, and funding a replacement reserve account for the recreational buildings, improvements and land which are described in Paragraph 1.3 herein. Said annual assessment

shall be paid in one lump sum and shall be paid to Declarant, its designee, successors, or assigns by no later than March 15 of each year. For the calendar year 1977 the annual assessment shall be \$75 per annum. Said annual assessment shall be subject to an increase as provided for below.

5.2 Annual Assessment Increase. For purposes of this covenant, the terms listed below have the following meaning:

- (a) "Index" means the Consumer Price Index (all items) as published by the United States Department of Labor, Bureau of Labor Statistics, for the metropolitan area in which the City of Knoxville is located (1967 = 100 base),
- (b) "Current Index" means the Index for December 1976,
- (c) "Adjustment Index" means the Index for the month of December preceding the next calendar year.

Commencing with the first day of December 1977, the annual installment shall be increased to an amount equal to the product obtained by multiplying the annual installments of \$75 by the quotient obtained by dividing the current index into the adjustment index. Said annual installment shall never be decreased below the sum of \$75 per year. The aforesaid adjustment shall be made on the 1st of December of every year after December 1977, until these restrictions are amended or terminated.

In the event the index is no longer published at the time the adjustment is calculated, the chief officer for the regional office for the State of Tennessee of the Bureau of Labor Statistics or its successor shall select a substitute index in the event that 75% of the lots cannot agree upon a substitute index.

5.3 Individual Assessments. Each lot shall be subject to an assessment for any liability, indebtedness or other obligation of the lot owner arising under any provisions of this Declaration of Restrictions.

5.4 Cost and Interest Assessments. In addition to the annual assessments and individual assessments, each lot shall also be subject to an assessment from time to time for the cost (including reasonable attorneys' fees) incurred in collecting the foregoing assessments and interest at the legal rate permitted by the State of Tennessee on such assessments from the date due until paid in full.

5.5 Payment of Assessment. The annual assessment shall be due and payable no later than the fifteenth day of March of each calendar year. Individual assessments shall be payable in full on the first day of the first month next following the date on which the owner is informed of such assessment, unless other provision is made therefor by Declarant. Each assessment shall become delinquent ten days after it is due. All such assessments shall be paid to the declarant, its designees, successors, or assigns. The Declarant, upon request

and for a reasonable charge, shall furnish an owner a certificate executed by Declarant setting forth the status of payment of all assessments against an owner.

5.6 Transfer. An assessment upon any lot, in addition to any lien rights, shall be a personal debt of the owner therefore at the time the assessment is made, and the personal debt shall not pass to any new owner upon the transfer of the lot unless expressly assumed by that transferee. The interest of any owner in the amounts paid pursuant to any assessment upon the transfer of a lot or unit ownership shall pass to the new owner. Upon the termination of this Declaration for any reason, any amounts remaining from the collection of such assessments after paying all amounts properly charged against such assessments shall be distributed to the lot owners on the same basis on which the assessments were collected.

5.7 Liens. The amount of any assessment plus any other charges thereon, such as interest, costs and penalties, and the amount of any delinquent payment or fine as may be provided for herein, shall be and become a lien upon the lot when the Declarant causes to be recorded a notice of assessment, which shall state the amount of such assessment and such other charges as may be authorized by this Declaration, a description of the lot against which the same has been assessed, and the name of the record owner thereof. Such notice shall be signed by an authorized representative of the Declarant. Upon recording or filing said notice of delinquency, the lot owner's right to use the recreational facilities as set forth in 1.3 herein shall be suspended until all delinquent payments are satisfied. Upon payment of said assessment and charges in connection with such notice, the Declarant shall cause to be recorded a further notice stating that the satisfaction and the release of the lien has occurred.

5.8 Priority and Expiration. Such assessment lien shall be prior to all other liens recorded subsequent to the recordation of said notice of assessment, except that such liens shall be subordinate to any valid bona fide first mortgage or first trust deed which has been or may hereafter be given in good faith and for value on any lot covered by this Declaration. In the event any lien imposed under the provisions of this paragraph is destroyed by reason of foreclosure, the assessment shall continue to be a personal obligation of the lot owner. Unless sooner satisfied and released or the enforcement thereof initiated as hereinafter provided, said lien shall expire and be of no further force and effect one year from the date of recordation of said notice of assessment; provided, however, that said one year period may be extended by the Declarant for not to exceed one additional year by recording an additional extension thereof.

Lien Period

5.9 Enforcement. Said lien shall be enforceable as in the case of all liens in the State of Tennessee.

6. MISCELLANEOUS

6.1 General. To the extent that all or any portion of the property described in Paragraph 1.1 shall have been made subject to any conditions or restrictions of use by a recorded instrument or instruments, this Declaration shall abrogate all such preexisting restrictions or covenants.

6.2 Acceptance of Provisions by Grantees. Each grantee of a lot hereafter or interest in the property and any purchaser under grant or contract of sale accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens and charges herein set forth and provided for in this Declaration.

6.3 Interpretation of Restrictions. In interpreting and applying the provisions of this Declaration, they shall be held to be minimum requirements adopted for the promotion of the health, safety, comfort, convenience and general welfare of the lot owners affected by this Declaration. Where this Declaration imposes a greater restriction upon the use or occupancy of any lot, or upon the construction of any buildings or structures, or in connection with any other matters, than are imposed or required by provisions of any laws, ordinances, rules, regulations or permits, then in that case the provisions of this Declaration shall control.

6.4 Construction and Validity of Restrictions. All of the restrictions, conditions, covenants, reservations, liens and charges contained in this Declaration shall be construed together; but if it shall at any time be held that any one or more of such restrictions, conditions, covenants, reservations, liens or charges or any part thereof is invalid, or for any reason becomes unenforceable, no other restriction, condition, covenant, reservation, lien or charge, or any part thereof shall be thereby affected or impaired.

6.5 Assignment of Powers and Benefits. Any and all rights and powers of Declarant provided for in this Declaration, and any modification or amendment hereof, may be delegated, transferred, assigned, conveyed or released by Declarant to any successor or assignee of Declarant, or to an association formed by the lot owners, in whole or in part, and the association shall accept the same upon the recording of a notice thereof, and the same shall be effective for the period and to the extent stated therein.

6.6 Waiver and Exemptions. A failure by any lot owner or the Declarant to enforce any of the restrictions, conditions, covenants, reservations, liens or charges to which the lot is subject shall in no event be deemed to be a waiver of the right to do so thereafter or to enforce any other restriction, condition, covenant, reservation, lien or charge.

6.7 Titles. All titles used in this Declaration, including those of paragraphs herein, are intended solely for convenience of reference and the same shall not nor shall any of them affect that which is set forth in such paragraph, nor any of the terms or provisions of this Declaration nor the meaning thereof.

6.8 Term and Amendment. This Declaration shall be for a term of 25 years after the date of recordation, and shall be extended automatically thereafter for successive ten-year periods, unless owners owning 75% or more of the lots execute and record an instrument not more than one year and not less than 30 days, prior thereto, electing to terminate this Declaration upon the expiration of the then current period. This Declaration may be amended upon the vote

or written consent of owners owning 75% or more of the lots and the Declarant, provided Declarant retains fee title to any of the real property described in 1.1, as to any provision affecting said lots, except Paragraphs 3, 5 and 6, in which case no amendment to any of these provisions shall be binding or effective without the written consent of the record owner or owners of the real property described in Paragraph 1.3 being first had and obtained. An amendment shall be effective as of the date a written amendment to this Declaration executed by the required signatories has been recorded. An instrument or amendment executed pursuant to this paragraph may be executed by duly authorized attorneys-in-fact for an owner, or in multiple counterparts. The execution of a counterpart by one or more owners shall be deemed an original document, and upon execution of multiple counterparts by the required percentage of owners, the multiple counterparts as a group shall constitute the original document even though the required percentage of owners has not executed one document.

EXECUTED THIS 8th day of December, 1976.

Declarant:

KAISER ETNA, a general partnership



Seals B. Trammell
Its Duly Authorized Agent

STATE OF California)
COUNTY OF Alameda) SS.

On December 8, 1976, before me, the undersigned, a Notary Public in and for said State, personally appeared

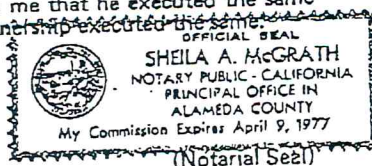
Seals B. Trammell

known to me to be the duly authorized agent of all the partners of the partnership that executed the within instrument, and acknowledged to me that he executed the same for and on behalf of said partnership and that such partnership executed the same.

WITNESS my hand and official seal.

Signature

Sheila A. McGrath



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STATE OF TENNESSEE, SEVIER COUNTY

The foregoing Instrument and Certificate were noted in
Note Book 34 Page 407 At 3:00 clock PM, 12-16 1976
Item No. 8071; Recorded Misc Book 50 Page 6
State Tax _____ Rec. _____ Recording 18.00 Cr. House Fund 4.00
Total 19.00 Receipt 22697
Witness My Hand Nancy Henderson
Register