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THE TRAILS SUBDIVISION NO. TWO

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DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by the undersigned, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Chattanooga, County of Hamilton, State of Tennessee, which is more particularly described as all those tracts or parcels of land lying and being in Hamilton County, Tennessee, being the thirty-three (33) Lots on Queen's Lace Trail in Unit 2 of The Trails Subdivision as shown on plats recorded in the Register's Office of Hamilton County, Tennessee (herein called the "Property");

NOW THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following provisions which are for the purpose of protecting the value and desirability of the Property and which shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Queen's Lace Homeowners Association, its successors and assigns.

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

Section 3. "Property" shall mean and refer to the thirty-three (33) Lots described below and such additions thereto as may hereafter be brought within the jurisdiction of the Association by amendment to this Declaration.

Section 4. "Lot" shall mean and refer to any of the thirty-three (33) Lots on Queen's Lace Trail in Unit Two of The Trails subdivision as shown on plats recorded in the Register's Office of Hamilton County, Tennessee, as amended from time to time.

Section 5. "Declarant" shall mean and refer to the undersigned and their successors and assigns.

ARTICLE II
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. Voting. The Association shall have one class of voting membership. All Owners shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Note: This Declaration supersedes, terminates and replaces the Declaration recorded in Book 4922, Page 893, in the Register's Office, Hamilton County, Tennessee, as amended.

ARTICLE III EXTERIOR MAINTENANCE

Section 1. Maintenance. The Association shall provide exterior maintenance of the grass and shrubbery on each Lot. This includes front, sides, and back of the Lots.

ARTICLE IV PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared equally by the Owners who make use of the wall.

Section 3. Destruction by Fire or Other Casualty. In the event of the damage or destruction of any structure by fire, windstorm or other causes, it shall be the duty and obligation of the Lot owner to restore the same to substantially the same condition that existed prior to such damage or destruction, without undue delay. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they should contribute to the cost of restoration thereof equally without prejudice, however, to the right of such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligence or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner Under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: §

(1) annual assessment or charges, and (2) special assessments for capital improvements. All of such assessments shall be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due and any successor in title who expressly assumes personal liability for unpaid assessments.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to provide maintenance of the grass and shrubbery and for improvement and maintenance of such other portions of the Property as may be determined by the Association from time to time, and reasonable administrative expenses.

Section 3. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement to the Property, provided that any such assessment shall have the approval of not less than sixty percent (60%) of the votes of the members voting in person or by proxy at a meeting duly called for this purpose.

Section 4. Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast not less than sixty percent (60%) of all the votes of the membership shall constitute a quorum. If a quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as determined by the Board of Directors. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot. Written notice of the annual assessment shall be sent to every Owner. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall become a lien against the Lot of the delinquent owner and shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property in the manner that deeds of trust are foreclosed under Tennessee laws from time to time. No owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his Lot.

TO: Office of Records

FROM: Queen's Lace Homeowners Association

RE: Changing Declaration of Covenants, Conditions and
Restrictions The Trails Subdivision No. Two, Queen's Lace Homeowners
Association

Queen's Lace Homeowners Association met on Sunday, October 1, 2006 and voted to change Article V, Section VII, page 5. Attached is a list of members voting to change this. These members represent more than 60% of the members, which is required by Article VII, Section 3.

This is how the new Article V, Section 7, page 5 will read:

Effect of Nonpayment of Assessment: Remedies of the Association. Any assessment not paid within two calendar months of the due date shall become a lien against the Lot of the delinquent Owner and shall incur a late fee of 10% of the assessment per month. In the event that an Owner is delinquent for a period exceeding one hundred twenty (120) days, the Owner will be notified in writing by the Association that all delinquent assessments must be made current within ten (10) days, or face an action at law against the Owner personally obligated to pay the same to include any court and/or attorney's fees incurred by the Association, or foreclose the lien against the property in the manner that deeds of trust are foreclosed under Tennessee laws from time to time. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his/her Lot. These remedies shall be sought by the Association, unless a prior written arrangement has been made between the Owner and the Association for remittance of nonpayment of assessments.

Section 8. Subordination of the Lien to Deeds of Trust. The lien of the assessments provided for herein shall be subordinate to the lien of any Deed of Trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to Deed of Trust foreclosure or any bona fide deed in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot and Lot owner from liability for any assessments thereafter coming due or from the lien thereof.

ARTICLE VI ARCHITECTURAL CONTROL

Section 1. Approval by Board. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event the Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VII GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall not affect the other provisions which shall remain in full force and effect.

Section 3. Amendments. The covenants and restrictions of this Declaration shall run with and bind the Property for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated by the affirmative vote of the Owners of not less than sixty percent (60%) of the Lots. This Declaration may be amended at any time by an instrument signed by not less than sixty percent (60%) of the Owners of the Lots. Any amendment must be recorded in the Register's Office of Hamilton County Tennessee.

ARTICLE VIII USE AND OCCUPANCY RESTRICTIONS

Section 1. General. Except as provided herein, each Owner at his own expense shall maintain his Lot and all buildings thereon in good condition and in good order and repair. No part of the Property may be used for purposes other than housing and the related common purposes for which the Property was designed. Each Lot shall be used for a single family residence and for no other

purpose. Subject to applicable laws, regulations and ordinances, an occupant using a Lot as a residence may also use that Lot as an office provided that such Lot is not used for the conduct of an active business which involves business meetings or appointments in the Owner's residence or business deliveries thereto or shipments therefrom. Such limited office uses are expressly declared customarily incidental to the principal residential use and not in violation of these restrictions.

Section 2. Rules. Use of the Property by the Lot Owners shall be subject to the following restrictions and to the rules and regulations adopted or approved by the Association from time to time:

(1) No sign of any kind shall be hung or displayed to the public view on any Lot without the prior written consent of the Board, except for a professionally lettered sign advertising the lot for sale or for a professionally monitored alarm system sign. These permitted signs shall not exceed the size then commonly used by the Chattanooga Association of Realtors for residential properties.

(2) No Lot Owner shall display, hang, store, or use any clothing, sheets, blankets, laundry or other articles outside his residence, or in any place from which the same may be visible from the outside of this residence (other than draperies, curtains or shades of a customary nature and appearance) or paint or decorate or adorn the outside of his residence or install outside antenna, exterior satellite dishes, basketball goals, or other play structures, or other equipment, fixtures or items of any kind, without the prior written consent of the Board. A Lot Owner may place and maintain outdoor furniture and decorative foliage of a customary nature and appearance.

(3) No unlawful noxious or offensive activity shall be permitted on any Lot nor shall anything be done therein or thereon which in the reasonable judgement of the Board either is or may be or become an annoyance, noise, disturbance or nuisance to the other Lot Owners.

(4) No structure of a temporary character, trailer, tent, shack, garage, barn, or other out-building shall be permitted on the Property at any time except with the prior written consent of the Board. Provided, however, that temporary structures may be erected for use in connection with construction on the Property as approved by the Board.

(5) Drying of clothes outside or in open garages shall not be permitted.

(6) Without the prior written approval of the Board, no truck except a small passenger truck, boat, trailer, motorcycle, motorhome, camper, or any similar vehicle which is operable or inoperable shall be parked, stored, or left standing outside any residence or on any street. No small passenger truck containing any size load shall be parked, stored, or left standing outside any residence or on any street except for the sole purpose of loading or unloading.

(7) No fences or walls shall be erected or maintained on the Property except as approved by the Board in writing.

(8) Uniform exteriors will be maintained. Holiday decorations shall be removed in a timely manner.

Section 3. Animals. No animals shall be raised or kept on any Lot for any commercial purpose. Household pets shall be kept in strict accordance with the Association's rules and regulations relating to household pets.

"Household pets" shall be what are commonly considered to be domestic household animals, including fish, dogs, cats, and birds. The term "household pet" shall not include exotic animals, farm animals, reptiles, rabbits, chickens or ducks, and other such animals, all of which shall be prohibited from the Property. Any animal which does not clearly fall within any of the foregoing descriptions of a "household pet" must be approved by the Board of Directors prior to being admitted to the Property. The following rules shall apply unless modified by the Association:

1. Dogs must be leashed when taken outdoors and accompanied by a responsible individual who will control and is capable of controlling it. No outside staking of animals will be allowed.
2. Owners are responsible for the prompt removal and disposal of pet waste from all areas (lawns, sidewalks, driveways, etc.)
3. Pets shall not be allowed to roam freely outside the residence or be left on an unenclosed patio or porch unattended.
4. No pet shall be permitted to engage in excessive or frequent barking, howling, whining or any noise which disturbs another resident's rest or peaceful enjoyment of the Property.
5. All dogs and cats outside are required to wear a county registration tag as well as a current tag evidencing inoculation against rabies.
6. All residents are responsible for making guests with pets aware of the rules and are responsible for their compliance with the rules.
7. Residents who violate the above pet rules and regulations shall receive a notice of such violation from the Association. If continued violations occur after receipt of such warning, a fee not to exceed \$25.00 per week based on the severity of the violation(s), will be added to the Lot Owner's monthly Association bill. If continued violations occur the Association may require that a pet be removed from the Property.
8. When an emergency situation exists which jeopardizes the condition, health, safety or welfare of the Property or the residents, any officer of the Association may take immediate corrective or restraining action necessary to remove or abate such situation. Within ten (10) days after such action, the Lot Owner whose pet has caused such emergency situation may make written request to the Board of Directors that a special meeting of the Board of Directors be held, at which meeting such Owner may appeal the corrective or restraining action. Within seven (7) days after receipt of the Owner's request, the Board of Directors shall hold the special meeting at which it will approve or disapprove such action.

Section 4. Trash. Trash, garbage and other waste shall be stored inside, shall be kept only in sanitary containers and shall be disposed of in a clean and sanitary manner in strict accordance with the rules and regulations adopted or approved by the Association from time to time. Trash and garbage cans shall be placed at the designated pick up areas no earlier than 6:00 P.M. on the day prior to pick-up. Garbage cans shall not be kept in the pick up area after 8:00 P.M. on the pick up day.

Section 5. Drives and Parking. No Owner's vehicles shall be parked on the street overnight. Guest vehicles may park on the street for a reasonable time period but shall not block or park in driveways intended for use by Owners.

Section 6. Landscaping. The uniformity of the landscape at the Trails Number Two in concert with the architectural features provide the aesthetic image to the Trails Number Two. Addition or removal of an existing plant bed in front yards shall be done only with the prior written consent of the Board. It shall be the responsibility of the Lot Owner to remove any dead trees or plants in a timely manner.

BY-LAWS
OF
QUEEN'S LACE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the Association is Queen's Lace Homeowners Association hereinafter referred to as the "Association". The principal office of the Association shall be located in Chattanooga, Tennessee but meetings of members and directors may be held at such places within Hamilton County, Tennessee, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. The definitions in the Declaration of Covenants, Conditions and Restrictions shall apply to these By-Laws.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the members shall be held within sixty (60) days after the date hereof and each subsequent regular annual meeting of the members shall be held on the same day of the same month each year thereafter unless otherwise established by the Board of Directors. If the day for the annual meeting of the members is a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of 60% of the members.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by hand-delivering or by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for purposes of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purposes of the meeting.

*pages 9 through 26 -
listing of original
homeowners.*

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, sixty percent (60%) of the votes of the Association shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable by written notice to the secretary and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who shall be members.

Section 2. Term of Office. At the first annual meeting, the Association members shall elect three directors for a term of one year, one director for a term of two years and one director for a term of three years; and at each annual meeting thereafter the Association members shall elect their successors.

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

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association unless pursuant to a written contract approved by sixty percent (60%) of the Association members. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties as approved by the Board.

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

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each

annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members.

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

ARTICLE VI

MEETINGS OF DIRECTORS

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

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

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

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) suggest and present rules and regulations governing the use of the Property and the personal conduct of the members and their guests thereon, and to suggest penalties for the infraction thereof;
- (b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed 60 days for infractions of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

- (e) employ independent contractors as they deem necessary and to prescribe their duties.

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 Association affairs and to present a statement thereof to the members at the annual meeting of the members;
- (b) supervise all officers, agents and contracted service providers of the Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any property for which assessments are not paid or to bring an action at law against the owner personally obligated to pay the same.
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid such certificate shall be conclusive evidence of such payment as to any third party relying thereon;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

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

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

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

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

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

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers 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 and other written instruments and shall co-sign all checks and promissory notes.

Vice President

- (b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal year by a committee created by the Association; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

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

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

SEAL

The Association may, but shall not be required to, have a seal.

ARTICLE XII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a sixty percent (60%) vote of the Association members attending in person or by proxy.

Section 2. In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

LT# E 941196

BOOK 4441 PAGE 38

THIS INSTRUMENT PREPARED BY:
Robert L. Brown, Attorney
737 Market Street, Suite 400
Chattanooga, Tennessee 37402

DECLARATION FOR
THE TRAILS SUBDIVISION

THIS DECLARATION made as of November 23, 1994 by the undersigned owners (hereinafter referred to as "Developer"),

WHEREAS, Developer owns or has certain rights to acquire the property described in Exhibit A attached hereto and herein called the "property"; and

WHEREAS, Developer desires to impose on those portions of the property now or hereafter owned by Developer (herein called "Subject Property") certain covenants, conditions, restrictions and rights;

NOW THEREFORE, Developer hereby declares that Subject Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions and rights, which are for the purpose of creating uniformity, protecting the value and desirability of Subject Property and which shall run with the land and be binding on all parties now or hereafter having any right, title or interest in Subject Property or any part thereof, and shall inure to the benefit of each owner thereof.

W/ 7280
X 1453
file legal

1. **LAND USE AND BUILDING TYPE:** Subject Property shall be used for single family residential purposes only, and no building shall be erected, altered, placed or permitted to remain on any lot other than one single-family dwelling.
2. **ARCHITECTURAL CONTROL:** No building shall be erected, placed or altered on any lot until the construction plans and specifications have been approved in writing by Developer.
3. **FENCES AND WALLS:** No fence or wall shall be erected, placed or altered on any lot other than by Developer.
4. **DWELLING SIZE:** Any dwelling must contain a total area of enclosed living space of not less than 1,000 square feet excluding porches, decks and garages.
5. **EASEMENTS:** Easements to each individual lot for installation of sanitary sewage lines, utility lines and drainage easements are or may be shown on the subdivision plats, and are hereby reserved for the purposes shown. The creation of said easements shall not prevent the use of the area by the Developer for any purpose permitted under applicable building and zoning laws. The easements for each lot and all improvements in the easements shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible. Fences shall not be constructed over or along any easement that would interfere with the use and maintenance of the easement areas.

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

7. **TEMPORARY STRUCTURES:** No trailer, storage building, play structure or other outbuilding shall be placed on any lot at any time unless approved in writing by the Developer.

8. **SIGNS:** No sign of any kind shall be displayed to the public view on any lot except one professionally painted sign of not more than five square feet advertising the property for sale or signs used by the Developer or the construction lender to advertise the property during the construction and sales period.

9. **LIVESTOCK AND POULTRY:** No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot except that dogs, cats or other household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose and are maintained under the owner's control at all times.

10. **GARBAGE AND REFUSE DISPOSAL:** No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers. All equipment for the storage or disposal of trash or garbage shall be kept in a clean and sanitary condition. All garbage and trash containers shall be covered and securely closed. Garbage and trash containers shall not be put out sooner than the night prior to garbage service and shall be picked up the same day as garbage service.

11. **ENCROACHMENTS, GRANTED EASEMENTS:** Certain of the lots have townhomes already constructed thereon, or townhomes in process of construction, and the Developer proposes to construct townhomes on the remaining lots. In the course of the construction and completion of each of said townhomes certain eaves, roof overhangs and brick veneer attached to the structural walls will or may encroach over or onto an adjoining lot. There is hereby created on each lot an easement for such encroachments or overhangs. In addition to the easements for such encroachments or overhangs, there is also created the right to maintain and repair the same so long as said encroachments and overhangs shall exist. In the event that any townhome is damaged and rebuilt, the easement for reconstruction and the right of maintenance shall continue to exist.

12. **EXTERIOR COLOR:** The color of the roofs and exterior of all townhomes shall be maintained unless a change in color is approved by Developer.

13. **REQUIREMENT TO REPAIR AND REBUILD:** In the event of damage to or destruction of any townhome by fire, windstorm or other cause, it shall be the obligation of the owner of the townhome to restore the same without undue delay.

14. **TERM:** These covenants are to run with the land and shall be binding on all owners and all persons claiming under them. These covenants may be terminated or amended by the approval of the owners of not less than sixty percent (60%) of the lots subject to this Declaration. Any such change shall be effective when recorded in the Register's Office of Hamilton County, Tennessee.

15. REQUIRED OWNER MAINTENANCE: After the date of purchase from Developer all lots must be maintained by the owner in a neat and orderly condition with the grass being cut when needed and leaves, broken limbs and other debris being removed. In the event that an owner of a lot fails to maintain his lot in a neat and orderly condition Developer may enter upon such lot without liability, put the lot into an orderly condition and recover the cost of such work from the owner.

16. DEVELOPER RIGHTS: The Developer shall have the right to alter, change, divide, or subdivide any lot within the subdivision. None of the lots shall be subdivided by any other owner except two or more lots or parts of lots may be combined as one in which event any set-back restrictions shall be construed as pertaining to the exterior lines of the combined lots or parts of lots.

17. RESTRICTIONS: No trailer, mobile home, junked or inoperable vehicles, tent, shack or other similar item, vehicle or structure shall be placed or permitted to remain on any lot, nor shall any incomplete structure be used as a residence temporarily or permanently. No travel home, boat or other recreational vehicle may be stored or parked on any lot or street in the subdivision. No trucks shall be parked or kept on any of the streets or on any lot except while loading and unloading.

18. AMENDMENTS BY DEVELOPER: Until such time an owners association is created, the Developer shall have the right to amend these restrictions in whole or in part. Any such amendment shall be effective from the time it is filed for record in the Register's Office of Hamilton County, Tennessee.

19. SATELLITE DISHES, PLAY STRUCTURES, ETC.: No satellite dishes, basketball goals, or other play structures shall be allowed on any lot.

20. TREES AND SHRUBS: Trees on individual lots may not be cut or removed and shrubs may not be permanently removed without written permission from the Developer. It shall be the responsibility of the lot owner to replace any dead trees or shrubs with like kind.

21. VEHICLES PERMITTED: Vehicles allowed by law to operate on a public highway and Developer vehicles and equipment will be allowed to operate on the streets of the subdivision. No other vehicles, motorized or otherwise, will be permitted.

22. ENFORCEMENT: Enforcement shall be by proceedings at law or equity against any person or persons violating or attempting to violate any covenant, to restrain such violation, and to recover such damages as may accrue, with court costs and reasonable attorneys fees to be awarded to the prevailing party.

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

24. **FORMATION OF OWNERS ASSOCIATION:** At such time as Developer may determine, Developer may create an owners association and delegate to the association all or part of Developer's rights hereunder. The owner of each lot shall be a member of the association and each lot shall be entitled to one (1) vote under the documents establishing and governing the association. All actions to be taken by the association must be approved by the affirmative vote of the owners of not less than sixty percent (60%) of the lots subject to this Declaration.

Kenneth R. Millican
Kenneth R. Millican

Robert C. Stakely
Robert C. Stakely

Raymond E. Stakely
Raymond E. Stakely

STATE OF TENNESSEE

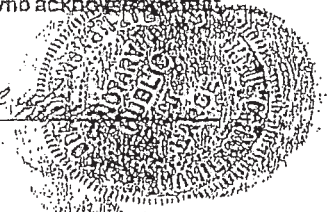
COUNTY OF HAMILTON

Before me, the undersigned Notary Public of the state and county aforesaid, personally appeared Kenneth R. Millican, Robert C. Stakely and Raymond E. Stakely with whom I am personally acquainted, or identified to me by satisfactory evidence, and who acknowledged that they executed this instrument

WITNESS my hand this 6th day of December, 1994.

Date of Expiration of Commission:
March 8, 1998

Shane Mc...
Notary Public



237905

PAMELA HURST
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE

'94 DEC 8 AM 11 42

12/06/94 MISC

16.00

**16.00 C

BY: [Signature]
DEPUTY

REPT # 735928

GFT/trails.res

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* original recorded in deed BK 5409 Pg 288*

TO: Office of Records
FROM: Queen's Lace Homeowners Association
RE: * Changing Declaration of Covenants, Conditions and Restrictions The Trails Subdivision No. Two, Queen's Lace Homeowners Association

Instrument: 2006111300487
Book and Page: GI 8147 947
Data Processing Fee \$2.00
Misc Recording Fee \$50.00
Total Fees \$52.00
User: KSPRUJELL
Date: 13-NOV-2006
Time: 04:10:48 P
Operator: Pam Hurst, Register
Hamilton County, Tennessee

Queen's Lace Homeowners Association met on Sunday, October 1, 2006 and voted to change Article V, Section VII, page 5. Attached is a list of members voting to change this. These members represent more than 60% of the members, which is required by Article VII, Section 3.

This is how the new Article V, Section 7, page 5 will read:

CKL52

Effect of Nonpayment of Assessment: Remedies of the Association. Any assessment not paid within two calendar months of the due date shall become a lien against the Lot of the delinquent Owner and shall incur a late fee of 10% of the assessment per month. In the event that an Owner is delinquent for a period exceeding one hundred twenty (120) days, the Owner will be notified in writing by the Association that all delinquent assessments must be made current within ten (10) days, or face an action at law against the Owner personally obligated to pay the same to include any court and/or attorney's fees incurred by the Association, or foreclose the lien against the property in the manner that deeds of trust are foreclosed under Tennessee laws from time to time. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his/her Lot. These remedies shall be sought by the Association, unless a prior written arrangement has been made between the Owner and the Association for remittance of nonpayment of assessments.

Prepared by:

mail:
Patsy Woodham
2423 Queen Anne's Lace Trail
Chattanooga, Tn 37421
510-9161

Book/Page: **GI 13726 / 575**

Instrument: 2024100800200

4 Page RESTRICTIONS

Recorded by VRH on 10/8/2024 at 10:55 AM

Prepared by and return to:
TLC Law Office, PLLC
Theresa Light Critchfield, Esq.
2115 Stein Dr, Suite 215
Chattanooga, Tennessee 37421

Misc Recording Fee	\$20.00
Data Processing Fee	\$2.00
eFile Fee	\$2.00

TOTAL FEES \$24.00

State of Tennessee Hamilton County
Register of Deeds
Electronically Recorded by Simplifile

Marc Gravitt

**THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR THE TRAILS SUBDIVISION NO. TWO
QUEENS LACE HOMEOWNERS ASSOCIATION**

WHEREAS, the original Declaration of Covenants, Conditions and Restrictions was duly executed and recorded in Book 5409, Page 288, in the Register's Office of Hamilton County, Tennessee ("Queen's Lace Declarations and Covenants"), as amended by document recorded in Book 8147, Page 947 said Register's Office ("First Amendment"), and again amended by document recorded in Book 9881, Page 742, said Register's Office ("Second Amendment"; collectively "Declarations and Covenants"); and

WHEREAS, Queen's Lace Homeowners Association met and voted to make certain corrections, amendments and additions to their Declarations and Covenants;

NOW THEREFORE, having so voted, and pursuant to Article VII, Section 3 of said Declarations and Covenants, the same are hereby amended as set forth herein.

1. The second paragraph of the Second Amendment is hereby corrected to make clear that the new "Section 7. Restrictions on the Leasing of Units" was added as a new section to Article VIII, Use and Occupancy Restrictions, and not under Article III, Exterior Maintenance.
2. Article IV, Section 2, is hereby amended to read as follows: Sharing of Repair and Maintenance. The cost of reasonable repair, cleaning, and maintenance of a party wall shall be shared equally by the Owners who make use of the wall.
3. Article VIII, Section 2, is hereby amended to read as follows:
 8. Uniform exteriors will be maintained. All roof, siding, brick, paint, trim, garage doors and windows are to be selected from Board approved standards in accordance with Article VI. Holiday decorations shall be removed in a timely manner.
4. Article VIII, Section 5, is replaced in its entirety and shall read as follows:
Drives and Parking. In accordance with City of Chattanooga ordinances and regulations, as well as these declarations, no vehicles shall be parked on the street overnight. Guest vehicles may park on the street for a reasonable period of time but shall not block or park in, in whole or in part, driveways intended for use by Owners without such Owners' permission. To maintain safety standards, driveways and lanterns shall be maintained, kept clean, and illuminated throughout the year.

5. **New Article VIII, Section 7.** Residents who violate the Declarations and Covenants in Article VI or this Article VIII shall receive a written notice of such violation from the Association. If continued violations occur after receipt of such warning, a fee will be added to the Lot Owner's monthly Association bill based on the severity of the violation(s) and not to exceed \$25.00 per week. The Board retains the right to have these violations corrected at the expense of the Owner. In the event that an Owner fails to cure the violation for a period exceeding one hundred twenty (120) days, the Owner will be notified in writing by the Association that the violation must be cured and all fines and delinquent assessments must be made current within ten (10) days, or face an action at law against the Owner to include any court and/or attorney's fees incurred by the Association, or foreclosure of the lien against the property in the manner that deeds of trust are foreclosed under Tennessee laws from time to time. These remedies shall be sought by the Association, unless a prior written arrangement has been made between the Owner and the Association for remittance of nonpayment of assessments, fines, or other amounts due to the Association under this Declaration of Covenants, Conditions and Restrictions.

Statement of Certification

The undersigned, as counsel for the Queens Lace Homeowners Association, states and certifies as follows:

This Third Amendment to the Covenants, Conditions and Restrictions of Queens Lace Subdivision (aka The Trails Subdivision No. Two) was passed by more than a 60% majority of the members of Queens Lace Homeowners Association, as required by the Covenants, Conditions and Restrictions for Queens Lace Home Owners Association, recorded in Deed Book 5409, Page 288 in the Register of Deeds Office, Hamilton County, Tennessee, as amended from time to time. Notice of the proposed amendment was provided to members and votes/signatures collected by the Board for the Association; signatures are kept on file. This file shall be maintained by the Board and by the undersigned for the time period prescribed by law.

Theresa L. Critchfield

Theresa L. Critchfield, Esq
Counsel for Queens Lace Homeowners Association

STATE OF TENNESSEE)
COUNTY OF HAMILTON)

Sworn to and subscribed before me this 4th
day of October 2024.

Rhiannon Seiger
Notary Public
My Commission Expires: 8/25/2025



Tennessee Certification of Authenticity

I, Theresa Critchfield, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on October 4, 2024 (date of document).

Theresa L. Critchfield
Affiant Signature

10/4/2024
Date

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Sworn to and subscribed before me this 4th day of October 2024.

Rhiannon Seiger
Notary's Signature

My Commission Expires: 8-25-2025

NOTARY'S SEAL

