

PREPARED BY:
CREATIVE COMPASSION, INC.
53 NORTH MAIN STREET, SUITE 103
POST OFFICE BOX 4021
CROSSVILLE, TENNESSEE 38555

**DECLARATION OF RESTRICTIVE COVENANTS FOR OWNER-OCCUPIED PROPERTIES
HOUSING OPPORTUNITIES USING STATE ENCOURAGEMENT PROGRAM**

THIS DECLARATION OF RESTRICTIVE COVENANTS dated APRIL 17, 1998, (the "Restrictive Covenants") by and between PATRICIA J. BILBREY, whose address is 332 Spruce Loop, Crossville, TN 38555, ("Buyer"), and CREATIVE COMPASSION, INC., whose address is 53 North Main Street, Suite 103, P. O. Box 4021, Crossville, TN 38557 ("Seller").

WITNESS

WHEREAS, Seller owns certain real property with an address of 332 Spruce Loop, Crossville, Tennessee 38555, as more particularly described in "Exhibit A" which is attached hereto and made a part hereof by this reference (the "Property"); and

WHEREAS, the Property is under contract to be sold to the Buyer pursuant to a Real Estate Sales Contract between the parties hereto dated September 15, 1997; and

WHEREAS, Seller is the recipient of certain funds from the Tennessee Housing Development Agency ("THDA") under the Housing Opportunities Using State Encouragement Program (the "HOUSE Program") pursuant to that certain Working Agreement (Contract # HS-95D-004) between THDA and Seller dated JUNE 1, 1995 (the "Working Agreement"); and

WHEREAS, Buyer is receiving funds from the Seller to carry out certain activities as specified in the Working Agreement and in compliance with the rules, regulations and requirements of the HOUSE Program (the "HOUSE Program Requirements") for acquisition and rehabilitation of a house on the Property upon certain terms and conditions as set forth in the HOUSE Program Requirements and the Working Agreement; and

WHEREAS, Buyer is receiving other funds from the Seller to carry out said rehabilitation activities which may be reimbursed to the Seller by the Affordable Housing Program of the Federal Home Loan Bank through Highland Federal Savings and Loan Association; and

WHEREAS, as a condition of participating in the HOUSE Program and receiving funds from THDA and the Federal Home Loan Bank, the Buyer and Seller jointly and severally agree to encumber the Property to ensure that the Property will be used as affordable housing in compliance with the restrictions contained herein and in the HOUSE Program Requirements, and in the regulations of the Federal Home Loan Bank's Affordable Housing Program where applicable;

NOW, THEREFORE, in consideration of Buyer's participation in the HOUSE Program, Buyer's receipt of HOUSE Program benefits and of the premises and the mutual covenants contained in these Restrictive Covenants, the Buyer and Seller hereby agree as follows:

1. Use. The Property shall be used solely for residential purposes by households that qualify as low or very low income families as defined from time to time by THDA under the HOUSE Program Requirements and for no other purpose.

2. Term. The term of these Restrictive Covenants shall be fifteen (15) years beginning on the date hereof.

3. Covenant Running with the Land. These Restrictive Covenants shall run with the land and shall bind the Property, its Owner and Owner's successors, successors in interest, successors in title and permitted assigns. These Restrictive Covenants shall be binding upon and inure to the benefit of the respective successors and permitted assigns of Buyer and Seller.

4. Severability. The invalidity of any clause, part or provision of these Restrictive Covenants shall not affect the validity of the remaining portions hereof.

5. Notices. Unless otherwise set forth herein, all notices given pursuant to these Restrictive Covenants shall be deemed given to Buyer when mailed and to Seller when received. All notices hereunder shall be sent by certified or registered mail, postage prepaid, return receipt requested, to the parties at the addresses set forth above or to such different address or addresses as either party may notify the other from time to time in writing.

6. Amendment. Buyer shall take all actions deemed necessary by Seller to amend these Restrictive Covenants to comply with the HOUSE Program Requirements, and any and all applicable rules, regulations, policies, procedures, and rulings or other official statements pertaining to the HOUSE Program.

7. Compliance With Applicable Laws. Buyer shall comply with all HOUSE Program Requirements and all other applicable federal, state or local laws, statutes, ordinances, codes, rules or regulations, as the same may be amended from time to time.

8. Governing Law. These Restrictive Covenants shall be governed by the laws of the State of Tennessee and, where applicable, laws of the United States of America.

9. Recovery of Attorney's Fees. In the event Seller or THDA incurs legal fees or other expenses in enforcing these Restrictive Covenants, Buyer shall reimburse Seller or THDA for all such fees and expenses within ten (10) days of receipt of written demand therefor. All fees and expenses not so paid by Buyer shall become a lien upon the Property.

10. Assignment. Buyer's obligations hereunder shall not be assigned without the express written consent of Seller which consent may be withheld at Seller's sole discretion.

11. Definitions. All terms not otherwise defined herein shall have the meaning ascribed to them in the HOUSE Program Requirements.

12. HOUSE Note. In connection with the recording of these Restrictive Covenants, Buyer has executed a Promissory Note evidencing the funds advanced to Buyer by Seller under the HOUSE Program, Said Promissory Note shall become immediately due and payable upon the sale of or transfer of any interest in the Property unless the holder of said Notes and THDA consent, in writing, prior to any such sale or transfer.

13. Right of First Refusal. The Buyer hereby reserves for the Seller a Right of First Refusal for a period of fifteen (15) years from the date first above written; wherein, in the event the Buyer, her heirs, devisees, representatives, successors, or assigns desire to re-sell subject property, they must notify the Seller in writing of said desire to re-sell. Upon said notification, the Seller shall have thirty (30) days to elect whether or not to re-purchase the property. In the event the Seller elects to re-purchase the property, the parties hereto shall enter a contract for sale with a mutually agreed upon closing date not more than ninety (90) days after said notification. The purchase price shall be the lesser of the values of the property determined by METHOD A or METHOD B set forth herein below:

13. Right of First Refusal (continued)

METHOD A: The value of the property determined by the following calculation:

1. A sum of \$48,000, that being the agreed upon purchase price for the Property as set forth in Section C.1 of the HOUSE/HAND-UP TO HOME OWNERSHIP PARTICIPANT AGREEMENT dated September 15, 1997, and in Section 4 of the Real Estate Sales Contract dated September 15, 1997, between the parties hereto; **PLUS**
2. An appreciation allowance of 0.25% per month of said purchase price added to the value of the Property on the 15th day of each month beginning on the 15th day of the first full month following the date of the deed from Creative Compassion, Inc. to Patricia J. Bilbrey pursuant to the Real Estate Sales Contract between the parties hereto dated September 15, 1997; **PLUS**
3. The depreciated value of any improvements to the property made by the Buyer; said value to be determined solely at the discretion of the Seller.

METHOD B: The value of the property determined by an appraisal of the property completed by a certified appraiser; said appraisal, if required, will be ordered and paid for by the Seller.

This right of first refusal shall run with the land and shall be binding upon the Buyer, her heirs, devisees, representatives, successors, or assigns for a period of fifteen (15) years from the date first above written, and shall expire and become null and void on the 17TH day of APRIL, 2013.

IN WITNESS WHEREOF, the parties hereto, by their respective duly authorized representatives, have executed these Restrictive Covenants as of the date above written.

BUYER: Patricia J. Bilbrey
Patricia J. Bilbrey

SELLER: CREATIVE COMPASSION, INC.

By Michael Smathers
Michael Smathers
Executive Director

STATE OF TENNESSEE
COUNTY OF CUMBERLAND

Before me, a Notary Public of the state and county mentioned, personally appeared PATRICIA J. BILBREY, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that she executed the foregoing instrument for the purpose therein contained.

Witness my hand and seal, at office, this 17 day of April, 1998 S.S.

My commission expires:

7-1-98
Judy Ann Storer
Notary Public

STATE OF TENNESSEE
COUNTY OF CUMBERLAND

Before me, a Notary Pubic of the state and county mentioned, personally appeared MICHAEL SMATHERS, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he is Executive Director of Creative Compassion, Inc., the within named bargainor and that he, as such Executive Director, executed the foregoing instrument for the purpose therein, by signing the name of Creative Compassion, Inc. by himself as Executive Director.

Witness my hand and seal, at office, this 17th day of April, 1998 S.S.

My commission expires:

7-1-98
Judy Ann Storer
Notary Public

(SEAL)

EXHIBIT A

112E - D - 1.00

In the FIRST CIVIL DISTRICT of Cumberland County, Tennessee, and is more particularly described as follows:

Being Lot No. 1700, as shown by Plat No. 17, of Hide-A-Way Hills Subdivision, which plat is duly recorded in Plat Book 7, pages 39-40, Register's Office, Cumberland County, Tennessee, to which said plat specific reference is hereby made for the metes and bounds description of said lot.

Being all of the same property conveyed to Creative Compassion, Inc. by virtue of a warranty deed from Teressa Ray dated October 6, 1997, and recorded in Book 1005, pages 634-635, Register's Office, Cumberland County, Tennessee.

This conveyance is subject to all easements, restrictions and setback lines as shown on the plat of said lot as recorded in Plat Book 7, pages 39-40, Register's Office, Cumberland County, Tennessee.

The property herein conveyed is to be used for residential purposes only, and is subject to the restrictive covenants of said subdivision recorded in said Register's Office in Deed Book 149, page 293, Register's Office, Cumberland County, Tennessee.

The property herein conveyed is subject to a restrictive covenant by and between Teressa Ray and Cumberland Good Samaritans, Inc. of record in Miscellaneous Book 550, pages 114-115, Register's Office, Cumberland County, Tennessee.

State of Tennessee, County of CUMBERLAND
Received for record the 20 day of
APRIL 1998 at 12:11 PM. (REC# 193586)
Recorded in official records GENERAL IN
Book 1014 Page 1999-2002
Notebook 10 Page 538
State Tax \$.00 Clerks Fee \$.00,
Recording \$ 16.00, Total \$ 16.00.
Register of Deeds JUDY GRAHAM SWALLOWS
Deputy Register PHYLLIS K. HALE

BOOK 1014 PAGE 2002