THIS INSTRUMENT PREPARED BY:
Patricia Spicer Carden
Attorney at Law
1008 Fidelity Federal Bldg.
Nashville, Tennessee 37219

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DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

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LARCHWOOD TOWN HOMES, PHASE I, BOOK 6301 PAGE 82

THIS DECLARATION, made on the date hereinafter set forth by Larchwood Homes Associates, a joint venture composed of Union Financial Corp. and Frank Batson-Quality Homes Inc., hereinafter jointly and severally referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Nashville, County of Davidson, State of Tennessee, which is more particularly described as set forth in attached Exhibit A.

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

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Larchwood Town Homes, Phase I, Owner's 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 Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

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

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Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is that property shown on the plat of Larchwood Town Homes, Phase I designated thereon as Common Areas or Limited Common Areas.

Common areas shall be designated as either general or limited. General common areas shall be for the general use of all Owners of Lots within the properties. Limited common areas shall be designated for the use of a single four-lot unit and shall be for the exclusive use of the owners and lots within the four-lot unit.

Section 5. "Lot shall mean and refer to any plot of land shown upon the recorded subdivision map of the Properties of record in Book 6200, page 51, of record in the Register's Office for said County with the exception of the Common area.

Each individual lot is a part of a four-lot unit (specific groupings of lots are shown on the recorded plan). Upon each four-lot unit, a single structure has been constructed. Each such structure contains four separate dwelling units; each such dwelling unit lying wholly within the bounds of a single lot and being joined to one or more other dwelling units by a common wall.

Section 6. "Declarant" shall mean and refer to Larchwood Homes Associates, a Tennessee Joint Venture, Frank Batson-Quality Homes Inc. and Union Financial Corp. successors and assigns if such heirs, successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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(a) the right of the Association to charge reasonable use charges and other fees for the use of any recreational facility situated upon the Common Area;

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

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by 2/3rds of each class of members has been recorded.

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

Section 3. Parking Rights. Ownership of each lot shall entitle the owner or owners thereof to the use of not more than two automobile parking spaces, which shall be as near and convenient to said lot as reasonably possible, together with the right of ingress and egress in and upon said parking area.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit,all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Unit.

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

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(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) one year following conveyance of the first Unit to an Owner other than the Declarant.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Unit owned within the Properties, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to convenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, and (3) special assessments for extraordinary repairs and maintenance to the structures, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the property and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall be deemed to have been assumed by his successors in title if title is transferred while assessments are delinquent.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common

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Area, and of the structures situated upon the properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum monthly assessment shall be Forty Dollars ($40.00) per Lot.

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(a) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. In addition, special assessments may be levied for the purpose of extraordinary repairs and maintenance to the exterior of the structures situated upon the properties on the same basis as special assessments for capital improvements upon the Common Area. It is expressly provided, however, that if such extraordinary repairs and maintenance are required for any number of structures less than the total number of structures located upon the properties, then

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only the owners of lots which encompass dwelling units within the affected structures shall be subject to this special assessment, and only the votes of members owning Units which will be subject to the special assessment shall be considered in determining the requisite two-thirds (2/3) majority for approval of the special assessments.

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Section 5. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 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 sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Units and may be collected on a monthly basis, except that special assessments for extraordinary repairs and maintenance to the structures may be assessed against less than all of the Units.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all

on the first day of the month following their conveyance by Declarant to Owners; provided, however, any units owned by Declarant shall become liable for assessments if not previously conveyed to an Owner, twelve months after the conveyance of the first unit in this section to an Owner. 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 Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every

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Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

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Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 10 percent 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. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit.

Section 9. Subordination of the Lien to Mortgates. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Unit shall not affect the assessment lien ; however, the sale or transfer of any Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Unit which is subject to assessment hereunder, as follows: paint, minor repair, and care of gutters, downspouts, exterior building surfaces, walks, and other exterior improvements and care and replacement of trees, shrubs, and grass. Such exterior maintenance shall not include glass surfaces. In addition to the routine care

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and maintenance provided for in this paragraph, the Association shall provide extraordinary maintenance and repairs, as needed, to the exterior of any structures located upon the properties; provided however, that where such extraordinary repairs and maintenance are required for any number of structures less than the total number of structures located upon the properties, then such extraordinary repairs and maintenance shall be paid for by special assessment as provided for in Article IV, Section 4 hereof.

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In the event that the need for maintenance or repair of a unit or the improvements thereon is caused through the willful or negligent acts of its owner, or through the willful or negligent acts of the family, guests or invitees of the owner of the unit needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such lot is subject.

ARTICLE VI

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been subjected 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 said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

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ARTICLE VII

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 Properties and placed on the dividing line between the Units 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.

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

Section 3. Destruction by Fire or Other Casualty. 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 shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any 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 negligent 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.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VIII

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 an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Unit Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Unit Owners. Any amendment must be recorded.

Section 4. Annexation. (a) Additional residental property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

(b) Additional land within the area described in Deed Book 6035, Page 419, of the land records of Davidson County, Tennessee may be annexed by the Declarant without the consent of members within five (5) years of the date of this instrument.

IX

FURTHER ASSURANCES TO MORTGAGEES

As further assurance to mortgagees, the following shall be deemed a part of these By-Laws:

Section 1. Except as provided by statute in case of condemnation or substantial loss to the units and/or common elements Larchwood Town Homes Phase I, hereinafter referred to as Project, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned), or owners (other than the sponsor, developer, or builder) of the individual units have

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given their prior written approval, the homeowners association shall not be entitled to:

(a) by act of omission, seek to abandon or terminate the project,

(b) change the pro rata interest or obligations of any individual unit for the purpose of:
(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, of (ii) determing the pro rata share of ownership of each unit in the common elements;

(c) partition or subdivide any unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the project shall not be deemed a transfer within the meaning of this clause);

(e) use hazard insurance proceeds for losses to any property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such property.

Section 2. All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual units and not to the project as a whole.

Section 3. No provision of these by-laws or the Master Deed is intended to give a unit owner, or any other party, priority over any rights of the first mortgagee of the condominium unit pursuant to its mortgage in the case of a distribution to such unit owner of insurance proceeds or condemnation awards for losses to or a taking of units and/or common elements.

Section 4. Dues or charges shall include an adequarte reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis, and shall be payable in regular installments rather than by special

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assessments.

Section 5. A first mortgagee, upon request, will be entitled to written notification from the homeowners association of any default in the performance by the individual unit Borrower of any obligation under the project constituent documents which is not cured within sixty (60) days.

Section 6. The first mortgagee shall also be entitled to timely notice of any condemnation loss or casualty loss which affects a material portion of the project or of the unit secured by mortgage in favor of said first mortgagee. A first mortgagee shall likewise be entitled to notice of any lapse, cancellation or material modification of any insurance policy maintained by the Association.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has hereunto set his hand and seal this 24th day of May, 1984.

LARCHWOOD HOMES ASSOCIATES

BY: Frank C Batson, Pres.
Frank C. Batson, President
Frank Batson-Quality Homes, Inc.

Ronald G. Grizzard, Exec. V.P.
Ronald G. Grizzard,
Executive Vice-President
of Union Financial Corporation

CORPORATE ACKNOWLEDGEMENT
State of Tennessee
County of Davidson

Before me, the undersigned of the state and county aforesaid, personally appeared Frank C. Batson, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be President (or other officer authorized to execute the instrument) of the Frank Batson-Quality Homes, Inc. the within named bargainor, a corporation, and that he as such President, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as President.

WITNESS my hand and seal, at office in Nashville, this 24 day of May, 19 84.

NOTARY PUBLIC

My commission expires:

13/17/84

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CORPORATE ACKNOWLEDGEMENT

State of Tennessee
County of Davidson

Before me, the undersigned of the state and county aforesaid, personally appeared Ronald G. Grizzard, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be President (or other officer authorized to execute the instrument) of the Union Financial Corporation the within named bargainor, a corporation, and that he as such Vice-President, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as Vice-President.

WITNESS my hand and seal, at office in Nashville, this 24 day of May, 19 84.

Becky Hall Patterson
NOTARY PUBLIC

BECKY HALL PATTERSON NOTARY PUBLIC AT LARGE STATE OF TENNESSEE

My commission expires:

12/17/84

Exhibit A

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Being a parcel of land in the 2nd Civil District, Nashville, Davidson County, Tennessee, and being part of Waterfalls Developers, Inc., as recorded in Book 4235, Page 649, Register's Office for Davidson County, Tennessee, located southeast of I-40, south of Stewart's Ferry Pike, and west of Fitzpatrick Road, more particularly described as follows:

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Beginning at a point in the north right-of-way of Blackwood Drive, said point being 113.08 feet westerly from the west margin of Fitzpatrick Road. Thence continuing with Blackwood Drive along a curve to the left having a central angle of 23° 49' 55", a radius of 375.00, a curve length of 155.98 feet; Thence, S 61° 33' W, 195.93 feet; Thence, N 28° 27' W, 146.69 feet; Thence, N 08° 04' 54" E, 89.84 feet; Thence, S 81° 55' 06" E, 80.00 feet; Thence N 08° 04' 54" E, 304.00 feet; Thence, S 81° 55' 06" E, 284.00 feet; Thence, S 08° 04' 54" W, 235.00 feet; Thence, S 04° 37' 04" E, 97.97 feet, to the point of beginning.

Containing 3.00 acres, more or less.

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IDENTIF. REFERENCE

RUSH

MAY 24 2 12 PM '84

FELIX A. WILSON II REGISTER
DAVIDSON COUNTY, TN

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IDENTIF. REFERENCE

RUSH

MAY 29 2 05 PM '84

FELIX A. WILSON II REGISTER
DAVIDSON COUNTY, TN