This Instrument Prepared By A & A Engineers

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

THE COMMONS, A PLANNED UNIT DEVELOPMENT BOOK 6610 PAGE 208

This Declaration of Covenants, Conditions and restrictions, made and entered into by George Gianikas, Howard W. Anderson and George Anton (hereinafter referred to as "Developer").

WITNESSETH:

WHEREAS, Developer is the legal title holder of the real estate located in Davidson County, Tennessee and described more particularly as set forth in Exhibit A attached hereto: and

WHEREAS, Developer intends to and does hereby submit the above described real estate together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon whether now existing or constructed hereafter and all rights and privileges belonging or in anywise pertaining thereto (hereinafter called the "Property") to the provisions of this Declaration; and

WHEREAS, Developer further desires to establish for its own benefit and for the mutual benefit of all future owners and occupants of the Property or any part thereof and intends that all future owners, occupants, mortgagees and any other persons hereinafter requiring any interest in the Property shall hold said interest subject to certain rights, easements and privileges in, over and upon said premises and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof, hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspects of residence on the Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property;

NOW, THEREFORE, Developer, as the legal title holder of the real estate hereinbefore described, and for the purposes above set forth, declares as follows:

1. Definitions. As used herein, unless the context otherwise requires:

(a) "Association" shall mean and refer to The Commons Homeowners Association, a nonprofit corporation to be organized and existing under the laws of the State of Tennessee, its successors and assigns.

(b) "Board" means the Board of Directors of the Association.

(c) "Buildings" means the buildings to be located on the Parcel and forming part of the property and contained within the Lots.

(d) "By-Laws" means the By-Laws of The Commons Homeowners Association attached hereto as Exhibit B and made a part hereof as amended from time to time.

J 2 1 9 1 8

IDENTIF. REFERENCE

JUL 19 9 43 AM '85

FELIX Z. WILSON II REGISTER
DAVIDSON COUNTY, TN

(e) "Common Elements" means all of the Property except for the Lots, and, without limiting the generality of the foregoing, shall include those items shown as "Common Space" or "Common Open Space" on the Plat, including the streets, sidewalks, medians or dividers within roadways, passageways, parks, recreational areas, and walls and fences constructed by developer.

The Common Elements shall remain undivided and shall not be the object of an action for partition or division of co-ownership.

(f) "Declaration" means this Declaration of Covenants, Conditions and Restrictions, as hereinafter provided, and such Declaration as amended from time to time.

(g) "Developer" means George Gianikas, Howard W. Anderson and George Anton, their successors and assigns, provided such successors or assigns are designated in writing by Developer as a successor or assign of the rights of Developer set forth herein.

(h) "Site" or "Lot" shall either mean and refer to any plot of land to be used for single-family residential purposes and so designated on the subdivision plat or survey of The Commons which shall be of public record.

(i) "Lot Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Lot, but Lot Owner shall not mean the mortgagee or beneficiary of a recorded mortgage or deed of trust which holds a lien solely for security purposes and does not have possession of the Lot. Unless specifically provided otherwise herein, the Developer shall be deemed a Lot Owner so long as it is the legal title holder of any Lot.

(j) "Majority" or "majority of the Lot Owners" means the holders of more than fifty (50%) percent of the total votes in the Association.

(k) "Occupant" means a person or persons in possession of a Lot, regardless of whether said person is a Lot Owner.

(l) "Parcel" means the parcel or tract of real estate, described above in this Declaration.

(m) "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

(n) "Plat" means the plat of survey of the Parcel of record in Book 6250, page 527, Register's Office for Davidson County, Tennessee and which may be amended from time to time to show where Lots are located, and showing the number of each Lot and other data necessary for identification.

(o) "Property" means all the land, property and space comprising the Parcel, and all improvements and structures erected, constructed or contained therein or thereon, including each Building and all easements, rights and appurtenances belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Lot Owners.

(p) "Record or Recording" refers to the record or recording in the office of the Register of Deeds in Davidson County, Tennessee.

(q) "Member" shall mean and refer to any person or persons who shall be a Lot Owner and, as such, shall be a member of the Association.

(r) The Commons shall mean and refer to that certain residential community known as The Commons which is being developed on real property now owned by Developer in Nashville, Davidson County, Tennessee.

2. Submission of Property to Declaration and By-Laws. The Developer, as the legal title holder in fee simple of the Parcel, expressly intends to, and by recording this Declaration does hereby, submit and subject the Parcel and the Property to the provisions of this Declaration and By-Laws.

3. Lots. The legal description of each Lot shall consist of the identifying number or symbol of such Lot as shown on the Plat. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe a Lot by its identifying number or symbol as shown on the Plat and every such description shall be deemed good and sufficient for all purposes. Except as provided by agreement of two-thirds (2/3rds) of the Lot Owners (including the affected Lot Owner), and the agreement in writing of the Developer and the consent in writing of all mortgagees of Lots, no Lot Owner shall by deed, plat, court decree or otherwise, subdivide or in any other manner cause his Lot to be separated into tracts or parcels different from the whole Lot as shown on the Plat.

4. (a) Association of Lot Owners and Administration and Operation of the Property. There has been or will be formed an Association having the name "The Commons Homeowners Association," a Tennessee corporation, which Association shall be the governing body for all of the Lot Owners, for the maintenance, repair, replacement, administration and operation of the Property, as provided in this Declaration and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to the Declaration as Exhibit B and made a part hereof. The Board of Directors of the Association shall be elected and shall serve in accordance with the provisions of the By-Laws. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be held and applied by it for the use and benefit of Lot Owners in accordance with the provisions of the Declaration and By-Laws. Each Lot Owner shall be a member of the Association so long as he is a Lot Owner. A Lot Owner's membership shall automatically terminate when he ceases to be a Lot Owner. Upon the conveyance or transfer of a Lot Owner's ownership interest to a new Lot Owner, the new Lot Owner shall simultaneously succeed to the former Lot Owner's membership in the Association. Each lot shall have one (1) vote.

(b) Non-Liability of the Directors, Board, and Officers. Neither the directors, Board, nor the officers of the Association, shall be personally liable to the Lot Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors, Board, or officers, except for any acts or omissions found by a court to constitute gross negligence or fraud. The Lot Owners shall indemnify and hold harmless each of the directors, Board, or officers, and their respective heirs, executors, administrators, successors and assigns in accordance with the By-Laws.

5. Board's Determination Binding. In the event of any dispute or disagreement between any Lot Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration or By-Laws, the determination thereof by the Board shall be final and binding on each and all such Lot Owners.

6. Ownership of the Common Elements. Each Lot Owner shall be entitled to a membership in the Association which is equal to a fraction, which the numerator being the number of votes held by that Lot Owner and the denominator being the total votes of all the Lots. Said ownership interest in the Association shall be an undivided interest, and the Common Elements shall be owned by the

Association in trust for the respective Lot Owners in accordance with their respective percentages of ownership. The ownership of each Lot shall not be conveyed separate from the percentage of ownership in the Association corresponding to said Lot. The ownership in such Lot Owner's membership corresponding to any Lot shall be deemed conveyed or encumbered with that Lot, even though the legal description in the instrument conveying or encumbering said Lot may refer only to the fee title to that Lot. Each Lot Owner waives any right of court partition or dissolution of such Lot Owner's membership.

7. Use of the Common Elements. Each Lot Owner shall have the right to use the Common Elements in common with all other Lot Owners, as may be reasonably required for the purposes of access, ingress to, egress from, and the use, occupancy and enjoyment of the respective Lot owned by such person. Such rights to use the Common Elements shall be subject to and governed by the provisions of the Declaration, By-Laws and rules and regulations of the Association. Each Site now or hereafter subjected to this Declaration shall be subject to all easements shown or set forth on the recorded plat(s) of survey upon which such Lot is shown. No structure(s) of any type shall be erected or placed upon any part of a Lot or Common Area which will interfere with the rights and use of any and all easements shown on said recorded plat. In addition, the Association (through the Board) shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of the Declaration and By-Laws. All income derived by the Association from leases, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

8. Construction of Buildings. All houses erected upon Lots shall be for single family occupancy. For as long as it shall own any Lot, the original Developer (the parties hereto) reserves the right to approve all plans and specifications of the first residences to be built upon each Lot, and no such residence shall be constructed prior to such approval. For this purpose, Developer shall have the right and option to appoint from time to time an Architectural Review Committee and to delegate to it the authority granted Developer in this Section. All sets of plans and specifications so submitted to the Developer or to the Architectural Review Committee shall be submitted in duplicate, with one (1) set to be retained by the Developer or Committee and the other set to be returned to the person or persons submitting them at the completion of the review of them pursuant to this Paragraph 8. A reasonable fee, not exceeding One Hundred Dollars ($100.00) may be charged by the developer to defray its costs incurred in considering and acting upon any proposed plans and specifications requiring changes to secure approval. After the sale by the original Developer of all Lots owned by it, the Board shall have the right to approve such plans and specifications and in doing so shall take into account the architectural and aesthetic integrity of the Property. Construction of each first residence by persons other than Developer shall commence no later than twenty-four (24) months from the date of the transfer of title of the Lot by Developer, and initial construction of the residence shall be complete not later than eighteen (18) months from the commencement thereof. In order to minimize confusion and complications which may result from the construction of a number of residential units upon the Properties at the same time, and in order to insure the maintenance of a high quality of construction, the Developer reserves the right to designate an approved list of contractors who shall be the exclusive contractors authorized and permitted to construct residential units or facilities upon sites within the Properties.

9. (a) Common Expenses. Each Lot Owner shall pay his proportionate share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in conformance with the Declaration or By-Laws (which expenses are herein sometimes referred to as "common expenses"),

including, but not limited to, the maintenance and repair thereof and any and all replacements and additions thereto. Such proportionate share of the common expenses for each Lot Owner shall be in accordance with his percentage of ownership in the Association. Payment of common expenses, including any pre-payment thereof required by contract for a sale of a Lot shall be in such amounts and at such times as determined in the manner provided in the By-Laws, except that commencement of the assessments shall occur upon the conveyance by Developer of the first Lot. No Lot Owner shall be exempt from payment of his proportionate share of the common expenses by waiver or non-use or enjoyment of the Common Elements or by abandonment of his Lot. If any Lot Owner shall fail or refuse to make any such payment of the common expenses when due, the amount thereof together with interest thereon at the highest lawful rate after said common expenses become due and payable, shall constitute a continuing lien on the Lot against which the assessment is made, and on the Lot Owner's membership interest in the Association. Each Lot Owner shall be personally liable for his portion of each assessment made while he is the owner of a Lot.

(b) Mortgage and Deed of Trust Protection. The lien for common expenses payable by a Lot Owner shall be subordinate to the lien of a recorded First Mortgage or Deed of Trust on the interest of such Lot Owner, except for the amount of the proportionate share of common expenses which become due and payable from and after the date on which the Mortgagee or Beneficiary thereunder either takes possession of the Lot encumbered thereby, accepts a conveyance of any interest therein (other than as security) or forecloses its Mortgage or Deed of Trust. This subparagraph (b) shall not be amended, changed, modified or rescinded without the prior written consent of all Mortgagees and Beneficiaries of record.

10. Mortgages and Deeds of Trust. Each Lot Owner shall have the right, subject to the provisions herein, to make separate mortgages and deeds of trust for his respective Lot together with his respective ownership interest in the Association. No Lot Owner shall have the right or authority to make or create, or cause to be made or created from the date hereof, any mortgage, deed of trust or other lien on or affecting the Common Elements or any part thereof, except only to the extent of his own Lot and the respective percentage interest in the Association.

11. Real Estate Taxes. Each Lot Owner shall pay his proportionate share of real estate taxes on the common elements and in accordance with his respective percentage of ownership interest in the Association and such taxes shall be a common expense.

12. Insurance. Each Lot Owner shall obtain insurance for his Lot, against loss or damage by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost thereof, and against such other hazards and for such amounts as the Board may deem advisable. Insurable replacement cost shall be deemed the cost of restoring the said Lot, or any part thereof to substantially the same condition in which it existed prior to damage or destruction. Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, each Lot Owner and for the holders of mortgages on his Lot, if any. The policy of insurance should also contain, if possible, a waiver of subrogation rights by the insurer against individual Lot Owners. The premiums for such insurance shall be an individual expense.

In the event of damage to or destruction of any Building as a result of fire or other casualty covered by insurance proceeds, each directly affected Lot Owner shall arrange for the prompt repair and restoration of the damaged portions of all Lots, Buildings and Common Elements substantially in accordance

with the original plans and specifications therefor. Where the insurance indemnity is insufficient to cover the cost of such repairs and restoration, the deficit shall be paid by the Lot Owner directly affected by the damage. The affected Lot Owners shall be deemed to be that Lot Owner who suffers damage from the aforementioned casualty.

The Board shall also have authority to and shall obtain comprehensive public liability insurance, in such amounts as it deems desirable, and workmen's compensation insurance and other liability insurance as it deems desirable, insuring each Lot Owner, any mortgagee of record, if any, the Association, its officers, directors, Board and employees, from liability in connection with the Common Elements. The premiums for such insurance shall be separately billed to each Lot Owner for his corresponding percentage of ownership in the Common Elements. The Board shall retain in safe-keeping any such public liability policy for ten (10) years after the expiration date of the policy.

The Board shall also have authority to and may obtain such insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officer of the Association, and member of any committee appointed pursuant to the By-Laws of the Association from liability arising from the fact that said person is or was director or officer of the Association, or a member of such a committee. The premiums for such insurance shall be a common expense.

Each Lot Owner shall be responsible for obtaining his own insurance on his own Lot, as well as his additions and improvements thereto, decorating, furnishing and personal property therein, and personal property stored elsewhere on the Property. In addition, in the event a Lot Owner desires to insure against his personal liability and loss or damage by fire or other hazards above and beyond the extent that his liability, loss or damage is covered by the liability insurance and insurance against loss or damage by fire and such other hazards obtained by the Board for all of the Lot Owners as part of the common expenses, as above provided, said Lot Owner may, at his option and expense, obtain additional insurance.

13. Maintenance, Repairs and Replacements. Each Lot Owner, at his own expense, shall furnish and be responsible for all maintenance of repairs to and replacements within his own Lot. Maintenance of, repairs to and replacements within the Common Elements shall be the responsibility of and shall be furnished by the Association. The cost of maintenance of, repairs to and replacements within the Common Elements shall be part of the common expenses, subject to the By-Laws, rules and regulations of the Association. Notwithstanding the foregoing, any damage to curbs or pavement installed in connection with the access easements as shown on the plat, which damage was caused by or occurred in connection with the construction of any building on any lot shall be the responsibility of the Lot Owner to repair.

14. Alterations, Additions or Improvements. No alterations of any Buildings, or any addition or improvements thereto, including the erection of any fences or other structures of any type on any Lot shall be made by any Lot Owner without the prior written approval of the Developer, for so long as Developer shall own any Lot, or by Architectural Review Committee to which Developer may delegate such authority as set forth in Section 8 hereof, and thereafter by the Board. The Developer or Board shall take into consideration the maintenance of the architectural and aesthetic integrity of the Property in determining whether such approval shall be given. Any Lot Owner, without prior written approval of the Developer or Board, may make within any building or structure on any Lot alterations, additions or improvements which do not affect the exterior appearance design or structure of any such building or structure. Lot Owner shall be responsible for any damage to other Lots, the Common

Elements, the Property or any part thereof resulting from such alterations, additions or improvements. The Board may authorize and charge as common expense, alterations, additions and improvements of the Common Elements as provided in the By-Laws.

15. Exterior Decorating, Trees and Shrubs. Any exterior decorating and maintenance, and the use of exterior surfaces shall be subject to the rules and regulations of the Association. Any disturbance or removal on any part of the property, including all Lots and common elements, of trees and shrubbery, whether now existing or hereafter planted, shall be subject to the prior review and written approval of the Developer, for so long as Developer shall own any Lot, or by such Architectural Review Committee to which Developer may delegate such authority as set forth in Paragraph 8 hereof, and thereafter by the Board. The Developer or Board shall take into consideration the maintenance of the aesthetic integrity of the Property in determining whether such approval shall be given.

16. Encroachments and Easements. If any portions of the Common Elements shall actually encroach upon any Lot, or if any Lot shall actually encroach upon any portion of the Common Elements, or if any lot shall actually encroach upon another Lot, as the Common Elements and Lots are shown by the Plat, there shall be deemed to be mutual easements in favor of the owners of the Common Elements and the respective lot owners and mortgagees involved, to the extent of such encroachments, so long as the same shall exist. Easements are hereby reserved on the Parcel described above to the extent the same are shown on Plats thereof recorded by Developer. Cross-easements reserved as shown on the Plat and located on the parcel pertain to drives, public utility service facilities, parking areas, and sidewalks.

17. Architectural Restrictions. The following architectural restrictions shall apply to all construction of buildings, alterations, additions or improvements thereto, and exterior decorating thereof, with the exception of the building presently existing on lot 5 which shall not be subject to these restrictions, and shall guide the decisions of the Developer, the Board, or any Architectural Review Committee appointed by either in connection with the authority and rights granted to it or them herein:

(A) Buildings shall reflect the styles, proportions, and detailing of the American, Colonial and Early American Antebellum Periods in the Eastern and Southeastern United States. Contemporary buildings may be accepted, however, all plans are subject to the approval of the architectural review committee.

(B) All exterior wall surfaces shall be constructed so as to consist of a minimum of 75% brick unless otherwise approved. Brick shall be simulated old brick or of a handmade appearance, and have a color, tone, and surface texture as shall meet the approval of the Developer, Board or Architectural Review Committee. All mortar shall be of a buff or sand color.

(C) No block foundation walls may be exposed. If a building is faced with brick, the foundation wall shall be faced to grade with brick. If part of a building is faced with wood or stucco, the foundation walls shall be faced to grade with stucco or brick.

(D) All weather board and stucco shall be of cream, muted, or earth tone and colors.

(E) All roofs shall be of a dark tone and color, or standing seam metal roofs and build-up roofs where applicable, or shake roofs.

(F) Garage doors shall not be visible from any street unless approved by Developer, Board, or Architectural Review Committee.

(G) Air conditioning units, heating units, utility meters and other like equipment shall be architecturally screened so as not to be visible from neighboring lots, roads, streets and open areas.

(H) Cornices and gutter overhangs shall not exceed two feet from the plane of the wall below when contiguous to a zero lot line.

(I) No operable or transparent windows may be placed in a wall located on a two (2) foot side or rear yard setback facing an adjacent lot, nor shall any legally required window in a habitable space, which window faces a side or rear lot line bordering on an adjacent lot, be placed in a wall closer than eight (8) feet from that side or rear lot line. If a driveway is placed within an eight (8) foot setback area from a lot line, no building wall on the lot may be placed nearer than ten (10) feet from such a lot line. Privacy walls may be erected only on a lot line or on a setback line, except that no privacy wall may be placed on a lot line between a two (2) foot and an eight (8) foot side or rear yard setback line. A privacy wall perpendicular to a side or rear lot line, nevertheless, may be extended across a setback area, including an adjacent two (2) foot setback area on which the lot owner has a use easement to reach the corner of the building or wall on the adjacent lot.

(J) The total floor living area of the main structure upon any lot, exclusive of open porches, patios, garages, carports and breezeways, shall be not less than two thousand (2,000) square feet, and shall comply with the maximum and minimum ratios of land to building area as shown on the recorded plan.

(K) Swimming pools must be located to the rear and side of the main dwelling and shall be no nearer than five (5) feet to any Site line.

(L) No lumber, brick, stone, block, concrete or other building materials, nor any other thing used for building purposes shall be stored on any Site except for the purpose of construction on such Site, and then only for such length of time as is reasonably necessary for the construction of the improvements then in progress.

(M) No owner shall excavate or extract earth from any of the lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which will materially affect the surface grade of surrounding Site. All fill shall be subject to the approval of the Architectural Committee, as to the nature of the fill employed and as to the manner and methods of installation.

(N) Driveway construction shall be concrete with exposed aggregate (washed brown river gravel).

18. Use and Occupancy Restrictions. (A) Subject to the provisions of the By-Laws, no part of the Property may be used for purposes other than single-family housing and the related common purposes for which the Property was designed and as allowed by municipal zoning laws. Each Lot shall be used as a single-family residence or such other use permitted by this Declaration, except that professional and quasi-professional people may use their residence (not in violation of municipal zoning laws) as an ancillary or secondary facility to an office established elsewhere. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Lot Owner from: (1) maintaining his personal professional library; (2) keeping his personal

business or professional records or accounts; or (3) handling his personal business or professional telephone calls or correspondence. Such uses are expressly declared customarily incident to the principal residential use and not in violation of said restrictions or municipal zoning law.

(B) The Common Elements shall be used only by the Lot Owners and their agents, servants, tenants, family members, customers, invitees and licensees for access, ingress to and egress from the respective Lots and for such other purposes incidental to use of the Lots. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Lot Owner, and shall be subject to any lease, concession or easement, presently in existence or entered into by the Board at some future time, affecting any part of all of said Common Elements.

(C) No unlawful, noxious or offensive activities shall be carried on in any Lot or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board cause unreasonable noise or disturbance to others.

(D) Each Lot Owner shall maintain his Lot in good condition and good order and repair, at his own expense, and shall not do or allow anything to be done in his Lot which may increase the cost or cause the cancellation of insurance on other Lots or on the Common Elements. No Lot Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside his Lot which may be visible from the outside of his Lot (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the board), or install outside his Lot any canopy or awning, or outside radio or television antenna, or C.B. radio transmitters, or other equipment, fixtures or items of any kind, without the prior written permission of the Board, acting in accord with the Board's direction. The foregoing restrictions as to use and occupancy shall not be construed to prohibit a Lot Owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on any patio or yard area appurtenant to his Lot. Except as set forth below, no owner of a Lot shall display, hang, store or use any signs outside his Lot, or which may be visible from the outside of his Lot without the prior written permission of the Board.

(E) No structure of a temporary character, trailer, tent, shack, garage, barn, or other out-buildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that tempotary structures may be erected for use in connection with repair or rebuilding of the Buildings or any portion thereof.

(F) No animals shall be raised, bred or kept on any Lot, except for dogs, household cats and small birds owned as household pets by a Lot Owner, provided that said pet is not for any commercial purpose, and provided that said pet shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board, and provided that said pet shall not in the judgment of the Board constitute a nuisance.

(G) Incinerators for garbage, trash or other refuse shall not be used nor permitted to be erected or placed on any lot. Any and all equipment, coolers, woodpiles, garbage cans, refuse or storage piles placed on any lot, whether temporary or permanent, shall be walled in to conceal the same from the view of neighboring lots, roads, streets, and open areas. Plans for all screening walls and enclosures must be approved by the Architectural Committee.

(H) No exposed above-ground tanks or receptacles will be permitted for the storage of fuel, water or any other substance.

(I) Developer shall establish a uniform mailbox design and shall reserve the right to designate mailbox locations.

(J) Outside clotheslines will not be permitted on any Lot.

(K) No signs shall be erected or maintained on any Lot, except one professional lettered, builder or realtor sign, or sign of the Owner advertising the Lot for sale or rent. Such signs shall not be more than 24x36 inches in size.

(L) The Board reserves the right to cut grass and weeds on any lot or Common Element and charge the cost of cutting to the Lot Owner involved or to the Association depending upon the ownership of the same.

(M) Outside lights at eaves and door entrances shall be permitted, but no light may be installed in such a manner that causes direct lighting of any adjoining sites, except with the written permission of the Board.

(N) Articles of personal property belonging to any Lot Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall only be stored or kept in the residence of the Lot. Storage of boats, trailers, campers, and motor homes on the Property shall be subject to the rules and regulations of the Board applicable thereto.

(O) Cars owned by Lot Owners shall be parked only in the Lot Owner's garage or driveway.

(P) The pursuit of inherently dangerous hobbies or activities, including without limitation, the assembly and disassembly of motor vehicles or other mechanical devices, the shooting of firearms, fireworks, or pyrotechnic devices of any type or size, and other such activities shall not be pursued or undertaken on any part of any Site or upon the Common Areas without the consent of the Association.

19. Sale or Lease of Sites.

(a) Right of First Refusal. To assure a community of congenial Owners and thus protect the value of the Sites, any Owner who desires to sell or lease any Site or Sites, either improved or unimproved, shall first offer the same for sale or lease to Developer at the same price and on the same terms at which the highest bona fide offer has been made to the Owner therefor. An Owner desiring to sell or lease any Site shall give Developer notice via certified mail, return receipt requested, of his desire to sell or lease such Site(s) together with such other information as may be requested. Within 30 days thereafter, Developer may (1) approve the transaction; (2) furnish a purchaser or lessee approved by the Association who will accept the transaction upons terms as favorable as those stated in the notice; (3) purchase or lease upon the same terms and conditions which the Owner intended to sell or lease; or (4) fail to respond in which event the transaction will be deemed approved. The right of first refusal granted by this declaration to Developer shall extend to the first two (2) years following the date of Site sale and thereafter the Association shall automatically succeed to Developer's rights under this paragraph for the remaining duration of this Declaration. This right of first refusal does not apply to the holder of a first mortgage or deed to secure debt upon the exercise of any power of sale or upon becoming the Owner of a Site, or upon the sale of said site therafter. Provided, however, that in any event, such sale or lease shall remain subject to the covenants and restrictions of this Declaration.

(b) Exclusive Agents. In order to protect the investments of the Owners, to minimize confusion resulting from the listing of residences or Sites for sale with multiple agents, and in order to avoid the dissemination of erroneous information concerning The Commons, the Developer reserves the right to designate certain exclusive agents who shall have the sole right to serve as sales agents for the sale and resale of Sites and residences within this development. This right in the Developer shall continue for a period of two (2) years from the date hereof, or for a period of two (2) years from the date of the latest supplement hereto which shall add additional properties to The Commons; therafter this right shall be exercisable by the Association through its Board of Directors.

20. Remedies. In the event of any violation of the provisions of this Declaration, By-Laws or rules and regulations of the Board or Association by any Lot Owner (either by his own conduct or by the conduct of any other occupant of his Lot) the Association, or its successors or assigns, or the Board, or its agent, and any aggrieved Lot Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, By-Laws or said rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Lot Owner and/or others for enforcement of any lien and the appointment of a receiver for the Lot and ownership interest of such Lot Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Lot and to sell the same as provided hereinafter in this Paragraph 20, or for any combination of remedies, or for any other relief. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the highest lawful rate per annum until paid, shall be charged to and assessed against such defaulting Lot Owner, and shall be added to and deemed part of his respective share of the common expenses, and the Board shall have a lien for all of the same, as well as for nonpayment of his respective share of the common expenses, upon the Lot and ownership interest in the Association of such defaulting Lot Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Lot or located elsewhere on the Property, provided, however, that such lien shall be subordinate to the lien of a recorded first morgage or deed of trust on the interest of such Lot Owner, except for the amount of the proportionate share of said common expenses which become due and payable from and after the date on which the said mortgage or deed of trust owner or holder either takes possession of the Lot, accepts a conveyance of any interest therein (other than as a security) or files suit to foreclose its mortgage or deed of trust. In the event of any such default by any Lot Owner, the Board shall have the authority to correct such default, and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Lot Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. This paragraph shall not be amended, changed, modified or rescinded without the prior consent of all holders of record of mortgage and deed of trust liens against the Lots.

The violation of any restriction or condition or regulation adopted by the Board or the breach of any covenant or provision herein contained, shall give the Board the right, in addition to any other rights provided for in this Declaration: (a) to enter (without liability to such Lot Owner for such entry) upon the Lot, or upon any portion of the property upon which, or as to which such violation or breach exists and by appropriate proceedings to abate and remove, at the expense of the defaulting Lot Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board, or its employees or agents, shall not thereby be deemed guilty in any manner of Trespass, or (b) to enjoin, abate, or remedy by

appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession (either peaceably or forceably without liability to such Lot Owner for such entry) of such Lot Owner's interest in the property and to maintain an action for possession of such Lot in the manner provided by law.

If any Lot Owner (either by his own conduct or by the conduct of any other occupant of his Lot) shall violate any applicable law or ordinance, or any of the covenants or restrictions or provisions of this Declaration or the regulations adopted by the Board, and if such default or violation shall continue for ten (10) days after notice to the Lot Owner in writing from the Board, or shall occur repeatedly during any ten (10) day period after written notice or request to cure such violation from the Board, then and thereupon an action in equity may be filed by the Board against such defaulting Lot Owner for a decree of mandatory injunction against such defaulting Lot Owner or occupant, or in the alternative, for a decree declaring the termination of said defaulting Lot Owner's right to occupy, use or control the Lot owned by him on account of said violation, in ordering that all the right, title and interest of said defaulting Lot Owner in and to the Lot and in his membership interest in the Association shall be sold (subject to the lien of a first deed of trust or mortgage) at a judicial sale upon such notice and terms as the Court shall determine, except that the Court shall enjoin and restrain said defaulting Lot Owner from re-acquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees and all other expenses of the proceeding and sale, and all such items shall be taxed against such defaulting Lot Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder, or any liens, shall be paid to said defaulting Lot Owner. Upon the confirmation of such sale, the Purchaser shall thereupon be entitled to a deed to the Lot and the Lot Owner's corresponding interest in the Association, and to immediate possession of the Lot sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the Purchaser shall take the interest in the Lot sold subject to this Declaration.

21. Amendment. Unless otherwise provided in this Declaration, the provisions of this Declaration may be changed, modified, or rescinded by an instrument in writing, setting forth such change, modification or rescission, signed by Lot Owners owning not less than sixty-seven percent (67%) of the total ownership of the Association and acknowledged, provided, however, that all lien holders of record have been notified by certified mail of such change, modification or rescission, and an affidavit by the Secretary of the Association certifying to such mailing is made a part of such instrument.

However, if this Declaration or the By-Laws required the consent or agreement of a percentage of Lot Owners or of lien holders for any action specified in this Declaration, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be signed by the requisite percentage of the Lot Owners or lien holders or both as required by this Declaration. The change, modification or rescission, whether accomplished under either of the provisions of the preceding two paragraphs, shall be effective upon recording of such instrument in the office of the Register of Deeds of Davidson County, Tennessee.

22. Notices. Notices provided for in this Declaration or By-Laws shall be in writing, and shall be addressed to the Association or Board, at The Commons, 3000 Hobbs Road, Nashville, Tennessee, or any Lot Owner, at the Lot Owner's Lot or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them,

respectively, by giving written notice of such change of address to all Lot Owners. Any Lot Owner may designate a different address for notices to him by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person.

Upon written request to the Board, the holder of any recorded mortgage or trust deed encumbering any Lot shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose Lot is subject to such mortgage or trust deed.

23. Severability. If any provision of the Declaration or By-Laws, or any section, sentence, clause, phrase, word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this declaration and the By-Laws and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby and the remainder of this Declaration or the By-Laws shall be construed as if such invalid part was never included therein.

24. Duration. The foregoing restrictions shall be construed to be covenants running with the land and shall be binding and effective until December 31, 1999, at which time they shall be automatically extended for successive periods of ten (10) years each unless it is agreed by the vote of a majority in interest of the then Owners of the above described property to change, amend or revoke the restrictions in whole or in part. Each purchaser or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the covenants and restrictions of this Declaration may be extended as provided in this Article.

25. Rights and Obligations. Each Grantee of the Developer, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, convenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All future Lot Owners and Occupants shall be subject to and shall comply with the provisions of this declaration. Any restrictions or rules in the By-Laws which are more than administrative in nature such as, but not limited to, reservations and future rights of the Developer are hereby incorporated into and made a part of this Declaration by reference. All rights, benefit and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

All present and future Lot Owners, tenants and Occupants of a Lot shall be subject to, and shall comply with, the provisions of the By-Laws appended hereto and recorded herewith, as they may be amended from time to time. The acceptance of a deed of conveyance, devise or of a lease to a Lot, or the entering into occupancy of any Lot shall constitute an agreement that the provisions of this Declaration, and said By-Laws and any Rules and Regulations promulgated thereunder, as they may be amended from time to time, are assumed, accepted and ratified by such Lot Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Lot, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease, thereof.

26. Trustee as Lot Owner. In the event title to any Lot is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Lot remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder shall be considered Lot Owners for all purposes and they shall be responsible for payment of all obligations, liens, or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Lot. No claim shall be made against any such title holding trustee personally for payment of any lien or obligations hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of any such lien or obligations shall continue to be a charge or lien upon the Lot and the beneficiaries of such trust, notwithstanding any transfers of the beneficial interest of any such trust or any transfer of title to such Lot.

27. Rights Reserved. The Lot Owner's right of enjoyment in the Property commonly owned by the Association as herein created shall be subject to:

(a) The right of the Association, as provided in its By-Laws, to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, and for such period as it considers appropriate for any infraction of its published rules and regulations, except that there may be no restriction on any Lot Owner's right of ingress and egress to and from his or her Lot; and

(b) The right of the Board to dedicate or transfer all or any part of the Common Elements to any public agency or authority for such purposes and subject to such conditions as may be agreed to by a majority of the Board and subject to the approval of 67% of Lot Owners and 75% of the first mortgagees (based on one vote for each such mortgage owned); and

(c) The right of the Board to grant such easements and rights-of-way to such utility companies or public agencies or authorities as it shall deem necessary for the proper servicing and maintenance of the Common Elements and the individual Lots.

IN WITNESS WHEREOF, the said parties hereto have affixed their signatures on this 19 day of JULY, 1985.

GEORGE GIANIKAS

HOWARD W. ANDERSON

GEORGE ANTON

STATE OF TENNESSEE)
)
COUNTY OF DAVIDSON)

BOOK 6610 PAGE 222

Personally appeared before me, Sarah A. Anderson,
a Notary Public in and for said State and County, the within named George Gianikas, Howard W. Anderson and George Anton, the bargainors, with whom I am personally acquainted, and who acknowledged that they executed the within instrument for the purposes therein contained.

Witness my hand and official seal at Nashville, Tennessee, this 19th day of July, 1985.

SARAH A. ANDERSON NOTARY PUBLIC

Sarah A. Anderson
Notary Public

My Commission Expires: March 8, 1889

EXHIBIT A

BOOK 6610 PAGE 223

MAP 131-1 PARCEL 16 3000 HOBBS ROAD, NASHVILLE, TENNESSEE

LEGAL DESCRIPTION

A tract of land located on Hobbs Road in Davidson County, Tennessee, and described as follows:

Beginning at a concrete monument located in the northerly margin of Hobbs Road at the southwest corner of Chatsworth Condominiums (recorded in Book 5200, page 575, R.O.D.C., Tennessee); thence with the northerly margin of Hobbs Road N 87° 35' 56" W 149.55 feet to a concrete monument; thence N 1° 34' 38" E 618.27 feet to a concrete monument; thence S 87° 24' 52" E 148.71 feet to a concrete monument; thence S 1° 29' 26" W 617.81 feet to the point of beginning, containing 2.12 acres, more or less.

Being the same property conveyed to George Gianikas, Howard W. Anderson and George Anton as of record in Book 6459, page 943, R.O.D.C., Tennessee.

EXHIBIT B

BY-LAWS

BOOK6610 PAGE 224

OF

THE COMMONS HOMEOWNERS ASSOCIATION

ARTICLE I

Members

(Lot Owners)

SECTION 1. Eligibility. The Members of the The Commons Homeowners Association, a Tennessee not-for-profit corporation (hereinafter the "Association") shall consist of the respective Lot Owners of the Property known as The Commons located on the north side of Hobbs Road in Nashville, Tennessee (called "Property"), in accordance with the respective percentages of ownership interest in the Association owned by the respective Lot Owners (these and other terms are used in these By-Laws as they are defined in the Declaration of Covenants, Conditions, and Restrictions for The Commons Planned Unit Development of record in Book , page , Register's Office for Davidson County, Tennessee, and any subsequent amendments or modifications thereto duly made and recorded in accordance with the terms thereof, which Declaration is of record in said Register's Office. The words "member" or "members" as used in these By-Laws mean and shall refer to "Lot Owner" or "Lot Owners," as the case may be, as defined in the Declaration). If a Lot Owner is a trust, then the member shall be a beneficiary of such trust, and if a Lot Owner or such a beneficiary is a corporation or a partnership, the member may be an officer, partner or employee of such Lot Owner or beneficiary.

SECTION 2. Succession. The membership of each Lot Owner shall terminate when he ceases to be a Lot Owner, and upon the sale, transfer or other disposition of his ownership interest in the Property, his membership in the Association shall automatically be transferred to the new Lot Owner succeeding to such ownership interest.

SECTION 3. Regular Meetings. The first regular annual meeting of Lot Owners (the "First Meeting") may be held, subject to the terms hereof, on any date, at the option of the Board, provided, however, that the first meeting shall be held no later than the earlier of the following events: one hundred twenty (120) days after Developer has sold and delivered deeds for at least 75% of the Lots, or three (3) years following conveyance by Developer of the first Lot. Subsequent to the First Meeting, there shall be a regular annual meeting of Lot Owners held each year within fifteen (15) days of the anniversary of the First Meeting. All such meetings of Lot Owners shall be held at such place in Davidson County, Tennessee, and at such time as specified in the written notice of such meeting which shall be delivered to all Lot Owners at least ten (10) days prior to the date of such meeting.

SECTION 4. Special Meetings. Special Meetings of the Lot Owners may be called by the President or by a majority of the directors of the Board, or by Lot Owners having at least twenty (20%) percent of the votes entitled to be at such meeting. Said Special Meetings shall be called by delivering written notice to all Lot Owners not less than ten (10) days prior to the date of said meeting, stating the date, time and place of said Special Meeting and the matters to be considered.

SECTION 5. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally or by mail to a Lot Owner at the address given to the Board by said Lot Owner for such purpose, or to the Lot Owner's Lot, if no address for such purpose has been given to the Board.

SECTION 6. Voting. Each lot shall have one (1) vote. If any Lot Owner consists of more than one person, the voting rights of such Lot Owner shall not be divided, but shall be exercised as if Lot Owner consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Lot Owner. In the event of disagreement among such persons and an attempt by two or more of them to cast such vote, such persons shall not be recognized, and such vote shall not be counted. Developer may exercise the voting rights with respect to Lots owned by it.

No Lot Owner who is in default in the payment of his assessments hereunder shall be entitled to exercise his right to vote until he has cured such default. A Lot Owner shall be deemed to be in default if he has not paid his assessments to the Board, or its agent, within fifteen (15) days after the due date thereof. A Lot Owner may protest the amount of the assessment, but it still must be paid during the pendency of his protest to the Board.

SECTION 7. Quorum. A quorum of Lot Owners for any meeting shall be constituted by Lot Owners represented in person or by proxy and holding a majority of the votes entitled to be cast at such meeting.

ARTICLE II

Board of Directors

SECTION 1. Number, Election and Term of Office. The Board of Directors of the Association (sometimes referred to herein as the "Board") shall consist of five (5) members (hereinafter referred to as "Directors"). Directors shall be elected at the regular annual meeting of Association members by the vote of the Lot Owners except that until such time as the First Meeting of members is held, the Directors (hereinafter called "members of the First Board") shall be appointed by Developer. Those candidates for election as Director receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected. Every Director, except for members of the First Board, shall hold office for the term of three (3) years and until his successor shall be elected and qualified. Two members of the First Board shall hold office until the first regular annual meeting of Association members, two other members of the First Board shall hold office until the second regular annual meeting of Association members, and one other member of the First Board shall hold office until the third regular annual meeting of Association members. Unless otherwise agreed, the member of the First Board receiving the highest number of votes shall hold office until the third regular annual meeting and the two members receiving the next highest number of votes shall hold office until the second regular annual meeting.

SECTION 2. Qualification. Except for members of the First Board, each director shall be a Lot Owner or the spouse of a Lot Owner (or, if a Lot Owner is a trustee of a trust, a director may be a beneficiary of such trust, and if a Lot Owner or such a beneficiary is a corporation or partnership, a director may be an officer, partner or employee of such Lot Owner or beneficiary). If a director shall cease to meet such qualifications during his term, he shall thereupon cease to be a director and his place on the Board shall be deemed vacant.

SECTION 3. Vacancies. Any vacancy occurring in the Board shall be filled by majority vote of the remaining members thereof. Any director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the director which he succeeds.

SECTION 4. Meetings. A regular annual meeting of the Board shall be held within ten (10) days following the regular annual meeting of Lot Owners. Special meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, delivered personally or by mail or telegram. Any director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A director's attendance at a meeting shall constitute his waiver of notice of said meeting.

SECTION 5. Removal.. Any Director may be removed from office with or without cause by the vote of two-thirds (2/3) of Lot Owners.

SECTION 6. Compensation. Directors shall receive no compensation for their services as directors, unless expressly provided for in resolutions duly adopted by the Lot Owners.

SECTION 7. Quorum. Three (3) directors shall constitute a quorum.

SECTION 8. Powers and Duties. The Board shall have the following powers and duties:

(a) to elect and remove the officers of the Association as hereinafter provided;

(b) to administer the affairs of the Association as hereinafter provided;

(c) to formulate policies for the administration, management and operation of the Property and the Common Elements thereof;

(d) to adopt rules and regulations, with written notice thereof to all Lot Owners, governing the administration, management, operation and use of the Property and the Common Elements, and to amend such rules and regulations from time to time;

(e) to provide for the maintenance, repair, and replacement of the Common Elements and payments therefor, and to approve payment vouchers or to delegate such approval to the officers;

(f) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the service of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and the Common Elements.

(g) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(h) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;

(i) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Lot Owners their respective shares of such estimated expenses, as hereinafter provided;

(j) to enter into any lease agreement for lease of any Lot owned or leased by the Association upon such terms as the Board may approve;

(k) to exercise any rights and authority granted it in the Declaration.

ARTICLE III

Officers

SECTION 1. Designation. At each regular annual meeting of the Board, the Directors present at such meeting shall elect the following officers of the Association by a majority vote:

(a) a President, who shall be a Director, who shall preside over meetings of the Board and of Lot Owners, and who shall be the chief executive officer of the Association;

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of Lot Owners, and who shall, in general, perform all the duties incident to the office of Secretary;

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported;

(d) such additional officers as the Board shall see fit to elect.

SECTION 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

SECTION 3. Term of Office. Each officer shall hold office for the term of one (1) year and until his successor shall have been appointed or elected and qualified.

SECTION 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the remaining members thereof at a special meeting of said Board. Any Director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed for cause at any time by vote of two-thirds (2/3) of the total membership of the Board at a special meeting thereof.

SECTION 5. Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by Lot Owners.

ARTICLE IV

Assessments

SECTION 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other common expenses. To the extent that the assessments and other cash income collected from the Lot Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the

case may be, shall also be taken into account. The annual budget shall also take into account the estimated net available cash income for the year from the lease, operation or use of the Common Elements. The annual budget shall provide for a reserve for operating contingencies for the year and a reserve for capital replacements, in reasonable amounts as determined by the Board.

SECTION 2. Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Lot Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Lot Owner shall pay, as his respective monthly assessment for the common expenses, one-twelfth (1/12) of his proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Lot Owner shall be in accordance with his respective ownership interest in the Association. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Lot Owner shall continue to pay each month the amount of his respective monthly assessment as last determined. Each Lot Owner shall pay his monthly assessment on or before the first day of each month to the Board. No Lot Owner shall be relieved of his obligation to pay his assessment by abandoning or not using his Lot or the Common Elements.

SECTION 3. Partial Year or Month. For the first fiscal year, the annual budget shall be as approved by the First Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Lot Owner shall be proportionate to the number of months and days in such period covered by such budget. Commencing with the date of occupancy of his Lot, each Lot Owner shall pay his assessment of the following month or fraction of a month, which assessment shall be in proportion to his respective ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be as computed by the Board.

SECTION 4. Annual Report. Within sixty (60) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Lot Owner a statement for such year, showing the receipts and expenditures and such other information as the Board may deem desirable.

SECTION 5. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated common expenses and limited common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Lot Owner, and thereupon a supplemental assessment shall be made to each Lot Owner for his proportionate share of such supplemental budget.

SECTION 6. Expenditures. The Board shall not approve any expenditure in an amount in excess of 10% of the annual budget for the then current year, unless required for emergency repair, protection, or operation of the common elements, nor enter into any contract for more than three (3) years, without the prior approval of two-thirds (2/3) of the total votes in the Association.

SECTION 7. Lien. It shall be the duty of every Lot Owner to pay his proportionate share of the common expenses and limited common expenses, as provided in the Declaration of Covenants, Conditions and Restrictions and as assessed in the manner herein provided.

If any Lot Owner shall fail or refuse to make any such payment of the common expenses or limited common expenses when due, the amount thereof together with the interest thereon at the highest lawful rate per annum after said common expenses become due and payable, shall constitute a lien, enforceable by the Board, on the interest of such Lot Owner in his Unit and the appurtenant interest in the Association, provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the interest of such Lot Owner, except for the amount of the proportionate share of common expenses which are due and payable from and after the date on which such mortgage owner or holder either takes possession of the Lot, accepts a conveyance of any interest therein (other than as security), or files suit to foreclose its mortgage or deed of trust. The provisions of this paragraph of this Section 7 shall not be amended, changed, modified or rescinded in any way without the prior written consent of all such lien holders of record.

The Association or its successors and assigns, or the Board or its agents, shall have the right to enforce such lien or to maintain a suit to foreclose any such lien, and there shall be added to the amount due the costs of said suit and other fee and expenses, together with legal interest and reasonable attorneys' fees to be fixed by the Court. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Declaration of Covenants, Conditions and Restrictions or these By-Laws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

SECTION 8. Records and Statements of Account. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Association and the Common Elements, specifying and itemizing the common expenses and limited common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

The Board shall, upon receipt of ten (10) days written notice to it or the Association and upon payment of a reasonable fee, furnish to any Lot Owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

SECTION 9. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the Common Elements, rather than a lien against only a particular Lot Ownership. When less than all the Lot Owners are responsible for the existence of any such lien, the Lot Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

SECTION 10. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Lot Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Lot Owners in the percentages of the Lot Owners as from time to time existing.

ARTICLE V

Use and Occupancy Restrictions

SECTION 1. General. The restrictions on use and occupancy of the Lots as contained in the Declaration of Covenants, Conditions and Restrictions and any subsequent amendments or modifications thereto duly made and recorded in accordance with the terms thereof, are incorporated herein by reference as if fully set out.

SECTION 2. Rules and Regulations. Lot Owners shall be subject to such further restrictions as may be contained in rules and regulations of the Association concerning the use of Lots and the Common Elements which may be enacted from time to time by the Board. All such rules and regulations shall be binding rules and regulations of the Association unless rejected by at least seventy-five (75%) percent of the votes of Lot Owners, and copies of such rules and regulations and any amendments or additions thereto shall be furnished to all Lot Owners upon request.

ARTICLE VI

Contractual Powers

No contract or other transaction between this Association and one or more of its Directors, or between the Association and any corporation, firm or association in which one or more of the Directors of the Association are Directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or

(b) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VII

Amendments

These By-Laws may be amended or modified from time to time by action or approval of sixty-seven (67%) percent of the votes in the Association. Such amendments shall be recorded in the Office of the Register of Deeds of Davidson County,. Tennessee. The foregoing notwithstanding, the approval of the holders of first mortgages or deeds of trust on Lots which have at least fifty-one (51%) percent of the votes of Lots subject to such mortgages or deeds of trust shall be required to add or amend any provisions of these By-Laws which establish, provide for, govern, or regulate any of the following: voting; assessments, assessment liens, or subordination of such liens; reserves for maintenance, repair, and replacement of the common areas or Lots; responsibility for maintenance and repair of the property. The holder of such mortgage or deed of trust which receives a written request to approve additions or amendments and which does not deliver to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

ARTICLE VIII

Indemnification

SECTION 1. General. To the extent permitted by law, the Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the Board, against all contractual and other liabilities to others arising out of contracts made by or other acts of such directors, Board, officers, or committee members, on behalf of the Lot Owners, or arising out of their status as directors, Board, officers, or committee members, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board, or committee member may be involved by virtue of such persons being or having been such director, officer, Board, or committee member, provided, however, that such indemnity shall not be operative with respect to:

(a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for a violation under T.C.A. 48-406 through 411, inclusive, in the performance of his duties as such director, officer, Board, or committee member, or

(b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or actual fraud in the performance of his duties as such director, officer, Board, or committee member.

SECTION 2. Success on Merits. To the extent that a member of the Board of Directors or an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 3. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article VIII.

SECTION 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article, provided, however, that the liability of any Lot Owner arising out of any contract made by or other acts of the directors, Board, officers, or members of such committees, or out of the aforesaid indemnity in favor of the directors, Board, officers, or members of such committees, shall be limited to such proportion of the total liability hereunder as said Lot Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Lot Owner in the Common Elements. Every agreement made by the directors, Board,

officers, or members of such committees, shall provide that the directors, Board, officers, or members of such committees, as the case may be, are acting only as agents for the Lot Owners and shall have no personal liability thereunder (except as Lot Owners), and that each Lot Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage of interest of all Lot Owners in the Common Elements. The indemnification provided by this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity.

ARTICLE IX

Mortgages

SECTION 1. Notice to Board. A Lot Owner who mortgages his Lot shall notify the Board of the name and address of his mortgagee and shall file a conformed copy of the Note and Deed of Trust or mortgage with the Board; and the Board shall maintain such information in a Book entitled "Mortgages of Units."

SECTION 2. Notice of Unpaid Common Charges. The Board whenever so requested in writing by a mortgagee of a Lot, shall promptly report any then unpaid common charges due from, or any other default by the owner of the mortgaged Lot.

SECTION 3. Notice of Default. The Board, when giving notice to a Lot Owner of a default in paying common charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Lot whose name and address has theretofore been furnished to the Board.

SECTION 4. Examination of Books, Documents, and Records. The Board shall make available for inspection, on request during normal business hours, to Lot Owners, the holders of mortgages and deeds of trust on Lots, and the insurors and guarantors of any first mortgage or deed of trust, copies of the Declaration, By-Laws, rules, and regulations of the Property, and the books, records, and financial statements of the Association.

SECTION 5. Interest of Valid First Mortgagee. The interest of a valid first mortgagee shall be superior to the interest of the Board in the event of a default, and nothing in this instrument shall be construed to the contrary. If the first mortgagee has incorporated the terms of these By-Laws, the Declaration and the contract in its Deed of Trust, then said first mortgagee may at its option declare a default in its Deed of Trust by reason of any default hereunder, and may proceed to enforce its rights according to the terms of the Deed of Trust notwithstanding any enforcement instituted by the Board.

ARTICLE X

Definition of Terms

The terms used in these By-Laws, to the extent they are defined therein, shall have the same definition as set forth in the Declaration for The Commons, which Declaration is recorded immediately before these By-Laws in the office of the Register of Deeds of Davidson County, Tennessee.

ARTICLE XI

Conflicts

In the event any of these By-Laws conflict with the provisions of the Declaration of Covenants, Conditions and Restrictions, the provisions of the said Declaration shall control.