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LMP/BB-7

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DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by COVENTRY WOODS GROUP JOINT VENTURE, hereinafter referred to as "Declarant."

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in Madison, County of Davidson, State of Tennessee, which is more particularly described in the attachment hereto, marked "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 Coventry Woods Homeowners' Association, a Tennessee not-for-profit corporation, 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 described in the attachment hereto, marked "Exhibit B."

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Coventry Woods Group Joint Venture, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development. "Declarant" shall be synonymous with "Developer" for purposes of this Declaration.

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:

(a) the right of the Association to charge reasonable admission 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 right to use of 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 sixty (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 two-thirds (2/3) 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 not provided with on-site parking or garage shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces for each Living Unit which shall be as near as and convenient to said Living Unit as reasonably possible, together with the right to ingress and egress in and upon said parking area. The Association shall promulgate parking regulations and make parking space assignments.

Section 4. Association's Right of Entry. The authorized representatives of the Association or the Board shall be entitled to reasonable access to the individual Units and Lots as may be required in connection with the preservation of any individual Unit or in the event of an emergency, or in connection with maintenance of, repairs or replacements within the Common Elements, or any equipment, facilities or fixtures affecting or serving other Units or Common Elements, or to make any alteration required by any governmental authority.

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 Lot 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 Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot 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:

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

(b) five years from the date of the sale of the first Lot to a Unit Owner other than Developer, or

(c) seventy-five (75%) percent of the lots or living units have been sold by Declarant.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, 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 land 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 not pass to his successors in title unless expressly assumed by them.

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 Area and of the homes situated upon the properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Nine Hundred and 00/100 ($900.00) Dollars per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five (5%) percent 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 Lot to an Owner, the maximum annual assessment may be increased above five (5%) percent 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.

(d) In no event shall the lots or living units owned by the Developer be exempt from assessment.

Section 4. Special Assessments for Capital Improvements. (a) 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.

(b) Additional land contiguous to the Properties may be annexed by the Declarant without the consent of members witnin ten (10) years of the date of this instrument provided that the FHA and VA determine that the annexation is in accord with the general plan heretofore approved by them.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 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 thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) percent 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 sixty (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 Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors

shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every 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.

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 fifteen (15%) 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, and interest, costs and reasonable attorney's fees shall be added to the amount of such assessments. 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 Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot 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 Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization

exempt from taxation by the laws of the State of Tennessee shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments in any case.

Section 11. Enforcement of Lien. FOR AND IN CONSIDERATION of the privileges, protections, mutual enjoyment and use of the Common Elements and the premises contained herein, the receipt of which is hereby acknowledged and any assumption of the obligations by transferees as required hereunder, and to secure the payment of said assessments, principal, interest, and attorney's fees, a lien is expressly retained by the Association on each and every Unit Owner's Unit and prorata interest in the Association (referred to in this Section 11 as "property").

And now, for the purpose of better and more effectually securing the payment of said lien indebtedness; rendering unnecessary court proceedings for the enforcement of said lien in the event of the non-payment of said indebtedness and payments thereof, as they become due, and for the consideration of one dollar paid in cash, receipt of which is acknowledged, the said Unit Owners, their heirs, administrators, and assigns, hereinafter referred to as trustors, hereby transfer and convey unto Laurence M. Papel, Trustee, his successors and assigns, the real estate hereinbefore described, with the appurtenances, estate, title and interest thereto belonging upon the following uses and trusts:

> Trustors agree to pay their prorata share of assessments when due and further agree to pay all taxes and assessments thereon, general or special, and to pay them when due, and, upon demand of said trustee or the lawful owner and holder of said indebtedness, to pay, discharge, or remove, any and all liens (except a First Mortgage or Deed of Trust) which may be hereafter placed against said property and which shall adversely affect the lien of this instrument or enforcement of the terms and provisions hereof; to keep the improvements on said property in good repair and preservation, and in case the trustee or his successors or the lawful owner and holder of said

indebtedness shall hereafter be required to appear in any court or tribunal to enforce, or defend the title to, or possession of, said property, or the lien of this instrument, or appear in any court to prove the above indebtedness, all the costs and expenses of such appearance or proceedings, together with a reasonable attorney's fee, shall be allowed, and be payable by trustors upon demand of the trustee or lawful owner or holder of said indebtedness, and, upon failure to do any of these things, then said trustee, or the lawful owner and holder of said indebtedness may do any or all of these things and the amounts so paid shall bear interest at the rate of eighteen (18%) percent per annum, or at the then highest contract rate of interest then legally collectible in Tennessee from the date of payment and shall be and become a part of the indebtedness secured hereby.

Now, if trustors shall pay their prorata share of assessments aforesaid when due, and pay any and all sums when due, as aforesaid, then this trust conveyance shall be of no further force or effect. But if said indebtedness, or any payment thereof, or interest thereon, is not paid promptly when due, or if, failing to pay said other sums when due, as herein provided, trustors fail to reimburse the trustee, or lawful owner and holder of said indebtedness for all sums, with interest, so expended by said trustee, or lawful owner and holder of said indebtedness for all sums, with interest, so expended by said trustee, or lawful owner and holder of said indebtedness, within thirty (30) days from date of such payment, this trust conveyance shall remain in full force and effect, and the said trustee, or his successor in trust, is hereby authorized and empowered, upon giving twenty days' notice by three publications in any newspaper, daily or weekly, published in Davidson County, Tennessee, to sell said property at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from the equity of redemption, other exemptions of every kind, which are hereby expressly waived; and the said trustee, or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser. The Association may bid at any sale under this trust conveyance. The Trustee may, at any time after default in the payment of any of said indebtedness, enter and take possession of said property, and shall only account for the net rents actually received by him. It is further agreed that, in the event the trustee fails, before selling said property, as herein provided, to enter and take possession thereof, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the trustee of a deed for said property. In case of sale hereunder, the proceeds will be applied by the trustee as follows:

1st. To the full and complete satisfaction of the interest of the

first mortgage holder, unless arrangements have been made for the assumption of the first mortgage by the subsequent purchaser.

2nd. To the payment of all costs, charges and expenses of executing this conveyance and enforcing said lien as herein provided; also reasonable attorney's fees for advice in the premises, or for instituting or defending any litigation which may arise on account of the execution of this conveyance, or the enforcement of said lien; also the expenses of any such litigation.

3rd. To the payment of all taxes which may be unpaid on said premises.

4th. To the payment of all unpaid indebtedness herein secured, and any and all sums expended in the protection of said property, as herein authorized.

5th. The residue, if any, will be paid to trustors, their order, representatives or assigns.

In case of the death, absence, inability, or refusal to act of said trustee at any time when action under the foregoing power and trusts may be required or for any other reason, the lawful owner and holder of said lien is hereby authorized and empowered to name and appoint a successor to execute this trust by an instrument in writing to be recorded in the Register's Office for Davidson County, Tennessee, and the title herein conveyed to the above named trustee shall be vested in said successor.

The word "Trustors" when used herein shall apply to parties both singular and plural.

This transfer and conveyance, and the lien for assessments payable by a Unit Owner which is secured by the transfer and conveyance shall both be subordinate to the lien of a recorded First Mortgage or Deed of Trust on the interest of such Unit Owner, regardless of whether the First Mortgage or Deed of Trust was recorded before or after this instrument, except for the amount of the proportionate share of assessments which become due and payable from and after the date on which the Mortgagee or Beneficiary accepts a conveyance of any interest therein (other than as security) or forecloses its Mortgage or Deed of Trust. While the lien for assessments may be extinguished, the personal indebtedness therefor shall remain

and be the personal obligation of the Unit Owner who owned the Unit when the assessment came due. Any delinquent assessments (after lien extinguishment) may be reallocated and assessed among all Units as a common expense. This Section 11 shall not be amended, changed, modified or rescinded without the prior written consent of all First Mortgagees and Beneficiaries of record.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall, clothesline 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 submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event 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 compiled with.

ARTICLE VI

Pparty 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 lots shall constitute a party wall, and to the extent to which it is inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

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

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 by each cost of restoration thereof in proportion to such use by each Owner 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 provisions 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 VII

INSURANCE

Section 1. Casualty Insurance on Insurable Area. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or damage by fire for the full insurance replacements cost thereof, and may obtain insurance against such other hazards and casualties as the

Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the procceds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

In addition to casualty insurance on the Common Area, the Association, through the Board of Directors, may elect to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Board of Directors deems appropriate in an amount equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the Dwelling Units, including the structural portions and fixtures thereof, owned by such Owners. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a common expense of the Association to be included in the regular Common Assessments of the Owners, as levied by the Association. The insurance coverage with respect to the Dwelling Units shall be written in the name of, and the proceeds thereof shall be payable to the Association as Trustee for the Homeowners.

Section 2. Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Area Improvements, the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against

all Lot Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Lot Owner. In the event that the Association is maintaining blanket casualty and fire insurance on the Dwelling Units, the Association shall repair or replace the same from the insurance proceeds available..

Section 3. Annual Review of Policies. All insurance policies snall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

Section 4. Notice to First Mortgagees. In the event of substantial damage to or destruction of any unit or any part of the Common Elements, the institutional holder of any first deed of trust or mortgage on a Unit will be entitled to timely written notice of any such damage or destruction and no provision of any document establishing the Property will entitle the owner of a Unit or other party to priority over such institutional holder with respect to the distribution to such Unit of any insurance proceeds.

Section 5. FNMA Coverage. The Association shall have a duty to maintain in effect casualty and liability insurance and fidelity bond coverage, as specified in Section 803.07p of the FNMA Conventional Home Mortgage Selling Contract Supplement (herein referred to as the "FNMA Supplement"), a summary of which follows:

.01 General. Each hazard insurance policy must be written by an insurance carrier acceptable to FNMA and which falls into a financial category, as designated in Best's Key Rating Guide, of Class VI or better. In lieu of Class VI or better designation, a Seller/Servicer may accept a reinsurance arrangement to be entered into whereby an insurer with a classification lower than Class VI is covered by reinsurance of a company that does meet FNMA's minimum requirements. This may be accomplished by having both insurance carriers execute and

attach to each mortgagor's policy an Assumption of Liability Endorsement, FNMA Form 858, or an equivalent endorsement that provides for one hundred (100%) percent reinsurance of the policy and ninety (90) days notice of reinsurance termination.

Where a reinsurer wishes to limit its per policy exposure, it may insist upon a dollar limitation being stated in the reinsurance endorsement. Such a limitation is acceptable to FNMA, provided the amount of insurance written under the policy does not exceed the limitations stated in the reinsurance endorsement.

In all cases, the primary insurer and the reinsuring company, association or organization must be specifically authorized by law or licensed by the jurisdiction to transact business within the state or territory where the property is located. In addition, policy contracts shall not provide that contribution or assessments may be made against FNMA or may become a lien on the property superior to the lien of FNMA's mortgage.

.02 Insurance Required by FNMA for Unit Mortgages: The following insurance is required on property covered by a home mortgage on the date of submission to FNMA:

Property insurance affording protection against loss or damage from fire and other hazards covered by the standard extended coverage endorsement in an amount at least sufficient to pay the mortgage balance. A lesser amount is permitted only where the appraisal made in connection with the mortgage loan provides separate valuations for the land and improvements, and in such instances the insurance must cover the full replacement cost of the improvements;

Policies containing a deductible clause of the higher of $250 or one (1%) percent of the original loan amount, unless a higher maximum amount is required by state statute, applicable to either Fire or Extended Coverage, or both, will be accepted for single-family properties. For 2-4 family properties, the maximum deductible amount is the lesser of one (1%) percent of the loan amount or $1,000.

.03 Mortgage Clauses. All policies of property (hazard) insurance submitted with home mortgages, including mortgages financing unit properties located in a planned unit development, must contain or have attached thereto a "standard" or "union" mortgage clause (without contribution) in the form customarily used in the area in which the property is located. The effect of such clause must be that the coverage of the mortgagee under the insurance policy will not be adversely affected or diminished by an act or neglect of the mortgagor, unless

such coverage is prohibited by law of the jurisdiction in which the property is located. A mortgage clause which amounts to a mere loss payable clause is not acceptable. FNMA does not require that it be named on mortgage clauses; however, if FNMA is not named, the Seller shall be named as mortgagee followed by the phrase "its successors and assigns".

.04 PUD Projects: Perils Covered. The insurance policy shall afford, as a minimum, protection against the following:

a. loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

b. all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

.05 Amount of Insurance. The policy shall be in an amount equal to 100% of current replacement cost of the common areas in a PUD, exclusive of land, foundation, excavation and other items normally excluded from coverage.

.06 Named Insured and Loss Payable. The name of the insured under such policies must be set forth therein substantially as follows:

"Association of Owners of the Coventry Woods Homeowners' Association for the use and benefit of the individual owners."

The policies may also be issued in the name of an authorized representative of the Association for the use and benefit of the individual owners. Loss payable shall be in favor of the Association, as a trustee for each unit owner and each such owner's mortgagee. Each unit owner and each such owner's mortgagee, if any, shall be beneficiaries of the policy in the percentage of common ownership or on the basis of another appropriate formula set out in the Declaration. Evidence of insurance shall be issued to each unit owner and mortgagee upon request.

.07 Unacceptable Policies. Policies are unacceptable where a) under the terms of the insurance carrier's charter, bylaws, or policy, contributions or assessments may be made against the Association, borrowers, FNMA, or the designee of FNMA, or b) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or c) the policy includes any limiting clauses (other than insurance conditions) which could prevent

FNMA or the borrowers from collecting insurance proceeds.

.08 Notice of Cancellation or Modification. Policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association and, with reference to PUD projects, to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy.

.09 Property Insurance - Special Endorsements.

a. Projects: Policies must provide for the following: a waiver of the right of subrogation against unit owners individually; the insurance is not prejudiced by any act or neglect of individual unit owners which is not in the control of such owners collectively; and the policy is primary in the event the unit owner has other insurance covering the same loss. The requirements stated in this paragraph are generally provided by the insurer in the form of a "Special Condominium Endorsement" or its equivalent.

b. PUD Projects:

(1) Agreed Amount and Inflation Guard Endorsement is required, if available.

(2) Construction Code Endorsements (such as a Demolition Cost Endorsement, a Contingent Liability from Opertion of Building Laws Endorsement and an Increased Cost of Construction Endorsement) may be required if the common areas in a PUD, is subject to a construction code provision which would become operative and require changes to undamaged portions of the building(s), thereby imposing significant costs in the event of partial destruction of the project by an insured peril.

(3) Steam Boiler Coverage (if applicable) is required for loss or damage resulting from steam boiler equipment accidents in an amount not less than $50,000

per accident per location or such greater amount as deemed prudent based on the nature of the property.

.10 Flood Insurance: Where the PUD is located within an area which has special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the following requirements apply:

(1) Flood insurance requirements for unit properties located in PUD's are the same as those for other home mortgages.

(2) With regard to the common areas, the Association must be required by the terms of the constituent documents of the PUD to obtain and pay, as a common expense, the premiums upon a policy of flood insurance on common area buildings and any other common property covered by the required form of policy (herein "insurable property"), in an amount deemed appropriate, but not less than the following:

The lesser of: (a) the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the common areas located within a designated flood hazard area, or; (b) 100% of current "replacement cost" of all such buildings and other insurance property.

.11 Liability Insurance.

a. General. The Association must be required either by the terms of the constituent documents or by applicable law, to maintain comprehensive general liability insurance coverage covering all of the common areas, public ways of the project, and commercial spaces owned by the Association, whether or not they are leased to some third party.

b. Amount and Scope of Insurance. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. However, such coverage shall be for at least $1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurence. Coverage under this policy shall include, without limitation, legal liability of the injuries and deaths of persons in connection with the operation, maintenance or use of the common areas, and legal liability arising out of law suits related to

employment contracts of the Association.

c. Notice of Cancellation or Modification. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and, to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy.

d. Supplemental Coverage. Additional coverages may be required to include protection against such other risks as are customarily covered with respect to projects similar in construction, location and use, including but not limited to, host liquor liability, contractual and all-written contract insurance, employers liability insurance and comprehensive automobile liability insurance.

.12 Fidelity Bonds.

a. General. By the terms of the appropriate constituent document, blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, FNMA requires that in these instances such bonds are required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

Section 6. Liability Insurance. 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 Unit Owner, mortgagee of record, if any, the Association, its officers, directors, Board and employees, the Developer, and the Managing Agent, if any, from liability in connection with the Common Elements. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Unit Owners, premiums for such insurance

shall be separately billed to each Unit Owner for his corresponding percentage of ownership in the Common Elements.

ARTICLE VIII

EXTERIOR MAINTENANCE

In addition to maintenance upon Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment, hereunder, as follows: paint, repair, replace and care for roofs, gutters, dowhspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, or guests or invitees, the costs of such maintenance or repairs will be added to and become a part of the assessment to which such lot is subject. But in no case shall an assessment be made under this section for repair or maintenance occasioned by normal wear and tear.

ARTICLE IX

USE RESTRICTIONS

Section 1. Land Use and Building Type. No Lot shall be used except for residential purposes.

Section 2. Dwelling Specifications. No dwelling shall be permitted having a ground area of the main structure, exclusive of one-story open porches, of less than 900 square feet for a one-story dwelling nor less than 500 square feet for a dwelling of more than one story.

Section 3. Nuisance. No noxious or offensive activity shall be conducted upon any Lot nor shall anything be done thereon which may be or become annoyance or nuisance to the neighborhood.

Section 4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or

maintained for commercial purposes and provided further that the Association may regulate the keeping and maintaining of household pets.

Section 5. Outside Antennas. No outside radio or television antennas shall be erected on any Lot or dwelling unit within the Properties unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee.

Section 6. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or permanently.

Section 7. Signs. No sign of an kind shall be displayed to the public view on any Lot except one professional office sign of not more than one square foot, one sign of not more than five square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period.

Section 8. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon, in or under any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon, in or under any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 9. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 10. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Common Area or

Lots and Living Units, nor any part thereof; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 11. Commercial Business. No commercial businesses may be maintained on the Common Area or in the Living Units.

Section 12. Alteration. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Association.

Section 13. Rules for Common Area. The Association is authorized to adopt rules for the use of the Common Areas and such rules shall be furnished in writing to the Owners. There will be no violation of these rules.

Section 14. Sports Apparatus. No basketball standard or fixed sports apparatus shall be attached to any Living Unit or garage or be erected on the Lot of any Unit.

Section 15. Repair of Vehicles. No vehicles of any type shall be permanently or semi-permanently parked on the Properties or in the vicinity of any Living Unit or in the Common Area for purposes of accomplishing repairs thereto, or the reconstruction thereof except as permitted by the Rules and Regulations adopted by the Association. This restriction shall also apply to all vehicles not in operating condition regardless of whether or not such vehicles are being operated.

Section 16. Storage Area. Each Owner shall keep his storage area in a neat and orderly condition with all storage area completely enclosed.

Section 17. Recreational Vehicles. There shall be no parking of recreational vehicles, including, but not limited to, camping trailers, boats, motor homes and the like except in areas specifically designated for this purpose by the Association.

Section 18. Commercial Vehicles. The Association shall have the power to adopt Rules and Regulations concerning

the parking of all commercial vehicles on the Properties, Common Area, or individual Lots.

Section 19. Wiring. No Unit Owner shall overload the electrical wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment which might or could overload the heating or plumbing system, without the prior written consent of the Board.

Section 20. Use by Developer. During the period of sale by the Developer of any Units, the Developer, and said Developer's agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from said Buildings and Common Area as may be required for purposes of said sale of Units. While the Developer owns any of the Units and until each Unit sold by it is occupied by the purchasers, the Developer and its employees may use and show one or more of such unsold or unoccupied Units as a model Unit or Units and may use one or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

Section 21. Nuisances. No unlawful, noxious or offensive activities shall be carried on in any Unit 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.

Section 22. General. Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Unit which may increase the cost or cause tne cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall display, hang, store or use any

clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board), or paint or decorate or adorn the outside of his Unit, or install outside his Unit 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. No owner of a Unit, snall display, hang, store or use any sign visible from the outside of his Unit without the prior written permission of the Board.

Section 23. Transient or Hotel Use. With the exception of a lender in possession of a condominium unit following a default in a first deed of trust or mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his Unit for transient or hotel purposes. No Unit Owner may lease less than the entire Unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Master Deed and the By-Laws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing.

ARTICLE X

EASEMENTS

Easements for installation and maintenance of utilitites and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

ARTICLE XI

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

Section 2. Severability. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way 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 years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than sixty-seven (67%) percent of the Lot Owners, and thereafter, by an instrument signed by not less than fifty (50%) percent of the Lot Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 4. Encroachment. It is understood that Living Units which adjoin each other and have a party wall built as a part of the original construction of the homes which is placed upon the dividing line between adjoining Lots may encroach on such adjoining Lots due to construction or other reasons. Accordingly, an easement is reserved for such encroachments as are contained in the buildings, whether the

same now exist or may be caused or created by construction, settlement, or movement of the building, or by permissible repairs, construction or alteration. With regard to any differences which may exist in the recorded plat and the actual party walls and lot lines which exist on the properties, the lot lines and party walls which actually exist shall control over discrepancies in such plats.

Section 5. Alterations, Additions or Improvements. No alteration of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior written approval of the Board. The Board may authorize and charge as common assessments alterations, additions and improvements of the Common Elements as provided in the By-Laws.

Section 6. Non-Liability of the Directors, Board and Officers. Neither the directors, Board, nor the officers of the Association, shall be personally liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors, Board, officers, or Developer, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The Unit 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.

Section 7. Board's Determination Binding. In the event of any dispute or disagreement between any unit 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 Unit Owners.

Section 8. Notices. Notices provided for in the Declaration or By-Laws shall be in writing, and shall be addressed to the Association or Board, or any Unit Owner, as the case may be. The Association or Board may designate an

address or addresses for notices to them, respectively, by giving written notice of such change of address to all Unit Owners. Any unit Owner may designate a different address for notices to him (other than to his or her Unit) 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 with written acknowledgment of the receipt thereof.

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

Upon written request to the Association, identifying the name and address of the nolder, insurer or guarantor and the Unit estate number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by an owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy of fidelity bond maintained by the Owners Association;

(d) Any proposed action which would require the consent of a specified percentage of mortgage holders.

Section 9. Transfer of a Unit -- Notice to Association.

A. Unrestricted Transfers. A Unit Owner may, without restriction under this Declaration, sell, give,

devise, lease or otherwise transfer his Unit, or any interest therein, to any person.

B. Limit on Term of Lease. No Unit, or interest therein, shall be leased by a Unit Owner for a term of less than one (1) year and no more than two (2) years. A copy of every such lease, as and when executed, shall be furnished to the Board. The lessee under every such lease shall be bound by and subject to all of the obligations, under the Declaration and By-Laws, of the Unit Owner making such lease and the lease shall expressly so provide. The Unit Owner making such lease shall not be relieved thereby from any of said obligations. The Board shall be a third party beneficiary of any such Lease and shall have the power to enforce its terms and conditions for the Association's benefit. The Board may establish a standard lease form, the terms of which shall be a prerequisite to the leasing of any unit and shall be used exclusively by all Unit Owners.

C. Notice to Association of Certain Transfers. Whenever a Unit Owner shall propose to sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person or entity said Unit Owner shall give the Association not less than thirty (30) days prior written notice of the proposed transfer, which notice shall briefly describe the type of transfer proposed by the Unit Owner and shall state the name and address of the proposed transferee. The notice shall also include a copy of the proposed lease, contract for sale or other documents, if any effecting said transfer. The Board shall be furnished a photocopy of the final executed lease and recorded deed.

Section 10. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years

after the death of the survivor of the now living descendants of tne Governor of Tennessee, Lamar Alexander.

Section 11. Rights and Obligations. Each Grantee of the Developer, by the acceptance of a deed of conveyance accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All future Unit 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 Unit Owners, tenants and Occupants of a Unit 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 Unit, or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the 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 Unit 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 Unit, as though such

provisions were recited and stipulated at length in each and every deed, conveyance or lease, thereof.

The terms and conditions of the Declaration, By-Laws and Rules and Regulations may be incorporated by reference in, and become part of, the agreement between any first mortgagee and any present or future Unit Owner who enters into such an agreement with a first mortgagee. When so incorporated, any default in the terms and conditions of the Declaration, By-Laws and Rules and Regulations may be considered as a default by the first mortgagee, whereupon said first mortgagee, after exercising its option to declare a default, shall then have all of the rights and privileges arising as a result of a default under its agreement with said Unit Owner.

Section 12. Federal Home Loan Mortgage Corporation Regulations, etc. Notwithstanding anything to the contrary contained in this Declaration, or in the By-Laws which are attached hereto, all terms, conditions and regulations which are now existing, or which may be amended from time to time, by the Federal Home Loan Mortgage Corporation pertaining to planned unit developments are hereby incorporated as terms and conditions of the Declaration and By-Laws and such shall be governing upon the Property, the Developer, and the Association.

Specifically, without limitation upon the foregoing, the following declarations shall be fully effective and controlling over any terms of the Declaration or By-Laws which are in conflict. Any portions of such Declaration or By-Laws which are in conflict with this Section 12, or with any portion of Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association regulations pertaining to planned unit developments, are hereby deleted, such regulations are substituted herefor and to the extent that it is necessary to amend to be true (as defined in the Sellers Guide, issued by the Federal Home Loan Mortgage Corporation, Part III, Subsection 3.207), then this instrument and the

accompanying By-Laws shall be deemed to be so amended to conform thereto, and so that the legal guidelines and underwriting standards set forth in Sections 803.07 and 803.08 of the "FNMA Supplement" shall be incorporated herein by reference, and any conflicting provisions herein shall be deemed to be amended to conform thereto, anything herein to the contrary notwithstanding. The following additional rights of mortgagees are itemized as follows:

(a) A first mortgagee under a unit at his request is entitled to written notification from the Association of any default by the mortgagor of such Unit in the performance of such mortgagor's obligation under the Declaration, By-Laws, or any of the planned unit development documents, which is not cured within thirty (30) days.

(b) Any first mortgagee of a Unit who comes into possession of the Unit pursuant to the remedies provided in the mortgage, deed of trust, foreclosure of the mortgage or deed of trust, or deed in lieu of foreclosure shall take the property free of any claims for unpaid assessments or charges aginst the mortgaged Unit, which accrue prior to the time such holder comes into possession of the Unit (except for claims for a prorata share of such assessments or charges resulting from a prorata reallocation of such assessments or charges to all Units including the mortgaged Unit).

(c) Unless at least seventy-five (75%) percent of the first mortgagees (based upon one (1) vote for each mortgage owned) of Units have given their prior written approval, the Association shall not be entitled to:

(i) Change the prorata interest or obligations of any Unit for (a) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (b) determining the prorata share of each Unit in the Association, which is owned by the Unit Owners in the project in undivided prorata interests ("Common Elements").

(ii) Use hazard insurance proceeds for losses to any property (whether to individual Units or Common Elements) for other than the repair, replacement, or reconstructions of such improvements, in case of substantial loss to the Units and/or Common Elements to the project.

(iii) Amend the Declaration, By-Laws or recorded plat in such a manner as to adversely affect the

rights or security enjoyed by a first mortgage lien holder.

(d) First mortgagees shall have the right to examine the books and records of the Association and/or the Property; and upon request, be permitted or entitled to receive an annual audited financial statement of the Property within ninety (90) days following the end of any fiscal year of the Property; and written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

(e) An adequate reserve fund for the replacement of Common Elements will be established and funded by regular monthly payments rather than by special assessments.

(f) All taxes, assessments and charges which may become liens prior to the first mortgage under the laws of the State of Tennessee shall relate only to the individual Unit and not to the project as a whole.

(g) No Unit Owner, or any other party shall have priority over any rights of the first mortgagees of Units pursuant to their mortgages in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

(h) Any agreement for professional management of the project or any other contract of the Association, whether it be by the Developer, its successors and assigns, or any other person or entity, may be terminated without penalty on ninety (90) days written notice and the terms of any such contract shall so provide and shall not be of a duration in excess of three (3) years.

(i) The Association shall give to the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association or any lending institution servicing such mortgages as are acquired by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Assoction, notice in writing of any loss to or the taking of, the Common Elements of the project if such loss or taking exceeds Ten Thousand ($10,000) Dollars. The Association may rely upon the information contained in the book entitled "Mortgages of Units" as must be established pursuant to the By-Laws, for a list of mortgagees to be notified hereby. All first mortgagees shall register with the "Book of Mortgages".

(j) The interest of a first mortgagee in a mortgaged Unit shall be superior to the interest of any other persons, group, partnership, corporation or entity of any kind, including any interest the Board, the Developer or any Unit Owner may have in any portion of the premises, regardless of the nature of the interest or the manner in which it is acquired.

(k) Notwithstanding the above, any first mortgagee shall have all of the rights granted to a first mortgagee herein, and in addition shall have all of the rights granted to an institutional first mortgagee under its Deed of Trust, and under the Laws of the State of Tennessee.

(l) Any lien of the Association resulting from nonpayment of assessments against a unit must be subordinate to the first mortgage or deed of trust lien against that unit.

(2) An adequate reserve fund for replacement of common element components must be established, which must be funded by monthly payments rather than extraordinary special assessments. A working capital fund shall be established for the initial months of the planned unit development operation equal to at least a two months' established common area charge for each lot. Each lot's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each lot and maintained in a segregated account for the use and benefit of the Association. The purpose of the fund is to insure that the Association's Board of Directors will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board. Amounts paid into the fund are not to be considered as advance payment of regular assessments.

(3) The Association shall give the holders of first deeds of trust and mortgages prompt notice of any default in the unit mortgagor's obligations under the documents not cured within thirty (30) days of default.

(4) The holders of first deeds of trust or mortgages shall have the right to examine the books and records of the Association and to require annual reports and other financial data.

(5) A reasonable method for dealing with any condemnation of the Property shall be provided, specifying written notice to first mortgagees of any such proceedings and not disturbing mortgagee's first lien priority.

(6) The Association shall have the right to maintain existing improvements regardless of any

present or future encroachments of the common elements upon another unit.

(7) The unit shall not be subject to any unreasonable restraints on alienation which would adversely affect the title or marketability of the unit, or the ability of the mortgage holder to foreclose its first mortgage lien and thereafter to sell or lease the mortgaged unit.

(8) Construction of future Units in a phased area must be compatible in design, materials and quality, as that to be built on the land described in Exhibit A.

Section 13. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members. However, additional contiguous land may be annexed by the Declarant without the consent of the members within ten (10) years of the date of this instrument, provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved.

Section 14. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by their duly authorized officers, this the 24 day of September, 1986.

COVENTRY WOODS GROUP JOINT VENTURE

By: Steven E. Scott

By: Thomas M. Grant

STATE OF TENNESSEE)

COUNTY OF DAVIDSON)

BOOK 6966 PAGE 367

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, HENRY E. HOOPER and THOMAS S. SMITH, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who acknowledged that they executed the within instrument for the purposes therein contained and who further acknowledged themselves as the sole joint venturers of Coventry Woods Joint Venture and as such sole joint venturers, were authorized to execute this instrument on behalf of the maker.

Witness my hand at office, this 2nd day of September, 1986.

Tracey A. Brooks
NOTARY PUBLIC

My Commission Expires: May 13, 1990

EXHIBIT "A"
TO DECLARATION

LEGAL DESCRIPTION
OF THE PROPERTY

SURVEYOR'S DESCRIPTION
COVENTRY WOODS

LAND in Davidson County, Tennessee, being part of lots Nos. 6 and 7 on the plan of Forest Park Acreage Tracts at Madison, Tennessee, as of record in Book 843, page 45, Register's Office for said County, described as follows:

BEGINNING at a point in the easterly margin of Forest Park Drive, 75 feet northerly from an iron pin located at the southwest corner of lot No. 7 on said plan, said point being the northwest corner of a part of lot No. 7 conveyed to Paul I. Joyner and wife, by deed from Ben G. King and wife, of record in Book 1229, page 142, said Register's Office; thence with Joyner's northern boundary line, eastwardly 493 feet to the northeast corner of said Joyner property; thence north 3-1/2° east 125 feet to a stake in the southern boundary line of lot No. 6 on said plan; thence with said line, north 86-1/2° west 186 feet to a point; thence north 78° west 136 feet to a point; thence north 86-1/2° west 172 feet to a point in the easterly margin of said Forest Park Drive; thence with the easterly margin of said Forest Park Drive, southwardly 145 feet to the beginning.

Being the same property conveyed to Coventry Woods Group Joint Venture by Deed of Record in Book 6683, page 371, Register's Office for Davidson County, Tennessee, located in the First Civil District, Nashville, Davidson County, Tennessee.

The above described property is encumbered by easements for sanitary sewer lines, landscaping, drainage, public utilities, underground electric service, and private paved areas for ingress-egress easements for the use and benefit of the Coventry Woods Homeowners' Association.

EXHIBIT "B"
TO DECLARATION

LEGAL DESCRIPTION OF
THE COMMON AREAS
OR COMMON ELEMENTS

SURVEYOR'S DESCRIPTION
COVENTRY WOODS

LAND in Davidson County, Tennessee, being part of lots Nos. 6 and 7 on the plan of Forest Park Acreage Tracts at Madison, Tennessee, as of record in Book 843, page 45, Register's Office for said County, described as follows:

BEGINNING at a point in the easterly margin of Forest Park Drive, 75 feet northerly from an iron pin located at the southwest corner of lot No. 7 on said plan, said point being the northwest corner of a part of lot No. 7 coveyed to Paul I. Joyer and wife, by deed from Ben G. King and wife, of record in Book 1229, page 142, said Register's Office; thence with Joyner's northern boundary line, eastwardly 493 feet to the northeast corner of said Joyner property; thence north 3-1/2° east 125 feet to a stake in the southern boundary line of lot No. 6 on said plan; thence with said line, north 86-1/2° west 186 feet to a poiint; thence north 78° west 136 feet to a point; thence north 86-1/2° west 172 feet to a point in the easterly margin of said Forest Park Drive; thence with the easterly margin of said Forest Park Drive, southwardly 145 feet to the beginning.

BEING the same property conveyed to Coventry Woods Group Joint Venture by Deed of Record in Book 6683, page 371, Register's Office for Davidson County, Tennessee, located in the First Civil District, Nashville, Davidson County, Tennessee.

The above described property is encumbered by easements for sanitary sewer lines, landscapinig, drainage, public utilities, underground electric service, and private paved areas for ingress-egress easements for the use and benefits of the Coventry Woods Homeowner's Association.

HOWEVER, there is specifically EXCLUDED AND EXCEPTED from the above described property all numbered and platted lots and public streets as shown in plat of said lots and public streets as shown in plat of COVENTRY WOODS, a Planned Unit Development, as shown on the attachment hereto marked Exhibit C , and to which plat reference is hereby made for more complete details as to location and description of said public streets and lot areas of individual ownership hereby excluded from the above described property.

37605

IDENTIFICATION REFERENCE

SEP 2 3 40 PM '86

KELLY Z WILSON II REGISTER
DAVIDSON COUNTY, TN

EXHIBIT "C"

BOOK 6966 PAGE 370

SURVEYOR'S CERTIFICATE:

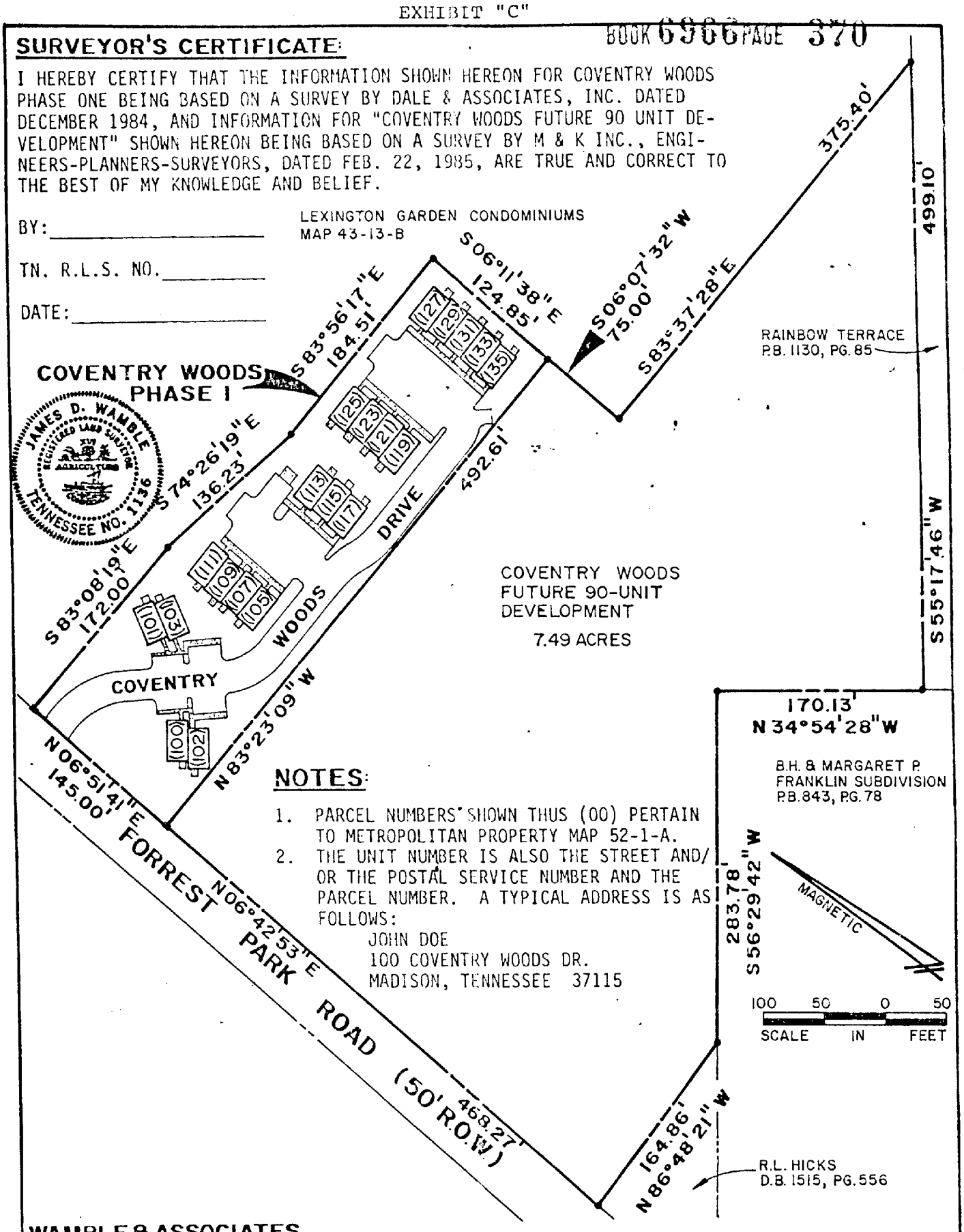
I HEREBY CERTIFY THAT THE INFORMATION SHOWN HEREON FOR COVENTRY WOODS PHASE ONE BEING BASED ON A SURVEY BY DALE & ASSOCIATES, INC. DATED DECEMBER 1984, AND INFORMATION FOR "COVENTRY WOODS FUTURE 90 UNIT DEVELOPMENT" SHOWN HEREON BEING BASED ON A SURVEY BY M & K INC., ENGINEERS-PLANNERS-SURVEYORS, DATED FEB. 22, 1985, ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

BY: _____

TN. R.L.S. NO. _____

DATE: _____

JAMES D. WAMBLE REGISTERED LAND SURVEYOR TENNESSEE NO. 1136



NOTES:

1. PARCEL NUMBERS SHOWN THUS (00) PERTAIN TO METROPOLITAN PROPERTY MAP 52-1-A.
2. THE UNIT NUMBER IS ALSO THE STREET AND/OR THE POSTAL SERVICE NUMBER AND THE PARCEL NUMBER. A TYPICAL ADDRESS IS AS FOLLOWS:

   JOHN DOE
   100 COVENTRY WOODS DR.
   MADISON, TENNESSEE 37115

WAMBLE & ASSOCIATES
783 OLD HICKORY BOULEVARD
SUITE 301-EAST
BRENTWOOD, TENNESSEE 37027
(615) 377-9033

W&A JOB No. 20-0185 DATE: 8/12/86

COVENTRY WOODS-PHASE I

FORREST PARK ROAD
ELEVENTH CIVIL DISTRICT
MADISON, DAVIDSON COUNTY, TENNESSEE