THIS INSTRUMENT PREPARED BY:
TAYLOR, SCHLATER, LASSITER, TIDWELL & TRENTHAM
101 Westpark Drive, Suite 150
Brentwood, Tennessee 37027

DECLARATION

OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

WILLOW TRACE SUBDIVISION

THIS DECLARATION, made on the date hereinafter set forth by Michael T. Bates, Trustee, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, "Declarant" is the owner of certain property in Nashville, County of Davidson, State of Tennessee, which is more particularly described on a plat of record in Book 6900, Page 850, Register's Office for Davidson County, Tennessee, and according to Exhibit "A" attached and made a part hereto.

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 Willow Trace Homeowners' Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the 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.

Section 4. "Common Area" shall mean all real property (including the improvements, now existing or hereafter constructed, 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 as follows:

All areas shown on the plan and including, but not limited to, all roads, pipes, wires, conduits, ducts, cables, public utility line and other improvements necessary for the overall integrity of the properties.

Each owner shall have an easement in common with the owners of all other family units to use all of the common elements located in and serving his or other units.

Copy of Bylaws attached as exhibit B

Approved
2/20/84

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 Michael T. Bates, Trustee, his successors and assigns.

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, if any:

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

(c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds 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.

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 exceeds the total votes outstanding in the Class B membership, or

(b) On January 1, 1990.

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 therefore, 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 fee, 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 insurance, and maintenance of the Common Area 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 _____ 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 15% 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 15% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

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

Section 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

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 30 days nor more that 60 days in advance of the meeting. At the first such meeting called, the presence of members of or proxies entitled to cast sixty percent (60%) of all the votes in each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same

notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all 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 at the rate of 10 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his 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.

ARTICLE V

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association may provide exterior maintenance upon any Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements.

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

ARTICLE VI

RESTRICTIONS ON LOT USE, ETC.

The following restrictions shall be binding on Declarant and all Lot Owners.

1. Land Use and Building Type. No Lot shall be used except for residential purposes; provided, however, this shall not preclude

the temporary use of a house for a showcase model home or a temporary real estate sales office.

No building shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single-family dwelling.

No garage shall be permitted unless attached to a dwelling.

2. Dwelling Quality and Size. All dwellings shall be of high quality workmanship and materials. The floor area of the main structure, exclusive of one-story open porches and garages, shall be not less than 750 square feet.

3. Building Location; Resubdivision.

(a) No building shall be located on any Lot nearer to the front lot line or nearer to any side street line than the minimum building setback lines shown on the Plat. For the purposes of this covenant, eaves, steps, and open porches shall not be considered as a part of a building, provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot. All other setback lines shall conform to the Plat.

(b) No Lot or Lots shall again be subdivided, re-subdivided, altered, or changed, so as to provide less area than established by the Plat unless otherwise approved by the Planning Commission or Board of Zoning Appeals.

4. Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat and as otherwise shown by the public records. Within these easements, no structure, plantings, or material shall be placed or permitted to remain which may damage or 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. The easement area of each Lot and all improvements in it shall be maintained continuously by the Lot Owner, except for those improvements for which a public authority or utility company is responsible.

5. Nuisances. Not noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

6. Temporary and Incomplete Structures. No temporary structure or incomplete structure may be used temporarily or permanently as a residence. Specifically, no tent, shack, outbuilding, barn, camper, mobile home, basement, or dwelling not substantially completed may be used.

7. Signs. No signs of any kind shall be displayed to the public view on any lot except professionally lettered builder's or realtor's signs in good taste and not exceeding 18" x 24" in size.

8. Livestock and Poultry. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided they are confined to the Lots of their owners by leash or fence; provided they are not kept, bred, or maintained for any commercial purpose; and provided they are not kept in such numbers as to become a nuisance.

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 and shall be concealed underground or screened from the view of neighbors or the public.

10. Other Prohibited or Restricted Activities.

(a) Junk cars may not be kept on any Lot. Moreover no Lot shall permit any motor vehicles (operable or inoperable) owned by such Lot Owner or by any person occupying his dwelling or by any person on his premises as guest or invitee to remain parked on the public streets in the subdivision for more than 48 hours.

(b) No old house may be brought into the subdivision and placed or erected on any Lot.

(c) Automobiles may not be assembled, disassembled or serviced in plain view on any Lot.

(d) Lots shall be kept clean and mowed and all dwellings shall be kept neatly painted and in good repair. The Association shall have the right to enter upon any Lot for the purpose of cutting grass, cleaning up such Lot, or painting, repairing and maintaining the dwelling thereon, if same be reasonably required, and to charge the expense thereof to the Lot Owner, which expense shall be a lien on the Lot and bear interest at the rate of 10% per annum until paid.

(e) No mobile home or house trailer may be stored or kept on any Lot.

11. Water Supply; Sewage Disposal. No dwelling on any Lot shall be occupied and used unless the same be connected with, and served with, water and sewerage from the water and sanitary sewer supply mains provided in this subdivision.

12. Sight Distance at Intersections. On corner Lots adjoining two streets, no fence, wall, hedge, planting, or structure between a height of 2-1/2 feet and 10 feet above the centerline grades of the intersecting streets shall be erected, placed, or maintained within the triangular area formed by the Lot lines abutting such streets and a straight line joining such Lot lines at points that are 10 feet distant from the intersection thereof as measured thereon. In the cases of a rounded corner at intersecting streets, such measurement shall be made from the point of intersection of the tangents of the curve constituting

On any Lot having a driveway, no fence, wall hedge, planting or structure between a height of 2-1/2 feet and 10 feet above the centerline grades of the adjoining street and the driveway shall be erected, placed, or maintained within the triangular area formed by the Lot line abutting the adjoining street and driveway and a straight line joining such Lot line and driveway at points that are 10 feet distant from the point of intersection thereof as measured thereon. In the case of a rounded corner at the intersection of street and driveway, such measurement shall be made from the point of intersection of the tangents of the curve constituting the rounding.

13. Roadway Construction and Acceptance. The right is expressly reserved to the Declarant, his representatives, heirs, successors and assigns, to construct all streets, roads, alleys, or other public ways as now, or hereafter may be shown on the Plat, at such grades or elevations as Declarant, in its sole discretion, may deem proper; and, for the purpose of constructing such streets, roads, alleys or public ways, Declarant additionally shall have an easement, not exceeding ten (10) feet in width, upon and along each adjoining Lot, for the construction of proper bank slopes in accordance with the specifications of the governmental body or agency having jurisdiction over the construction of public roads; and no Lot Owner shall have any right of action or claim for damages against any one on account of the grade or elevation at which such road, street, alley or public way may hereafter be constructed, or on account of the bank slopes constructed within the limits of the said ten (10) foot easement.

It shall be obligatory upon all Lot Owners to construct or place any driveways, culverts, or other structures, or gradings, which are within the limits of any dedicated roadways, in strict accordance with the specifications therefor, as set forth on the Plat, in order that the roads or streets, which may be affected by such placement, or construction may not be disqualified for acceptance into the road system of the City of Nashville. Any driveway culverts must have masonry headwalls on open ends.

14. Satellite Receivers. All Lot Owners shall restrict placement of any satellite transmission receiver equipment to that portion of the Lots located directly behind the house.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been 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 complied with. However, nothing in this article shall require the Declarant to submit for approval any plans and specification for construction done by or at the direction of the Declarant.

ARTICLE VIII

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by 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 (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. FHA/VA Approval. If the Developer (Incorporator) acquires FHA and VA approval and 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 hereunto set its hand and seal this 7th day of November, 19 87.

"Declarant"

Michael T. Bates, Trustee

STATE OF TENNESSEE
COUNTY OF Williamson

Before me, the undersigned, a Notary Public within and for the State and County aforesaid, personally appeared Michael T. Bates, Trustee, with whom I am personally acquainted, the within named bargainor, and who upon his oath acknowledged that he executed the foregoing instrument for the purposes therein contained.

Witness may hand and official seal at office at Brentwood, Tennessee, on this the 7th day of November, 19 87.

My Commission Expires: [illegible]

Notary Public

EXHIBIT "A"

CONTINUATION OF LEGAL DESCRIPTION

Land in Davidson County, Tennessee, and being more particularly described as follows, to wit:

From an existing concrete moument in the southeastern most corner of the tract of H. B. Sanders as described by deed of record in Book 1160, Page 427, in the Register's Office of Davidson County, Tennessee, lying 145.60 feet S 85 degrees 51' 01" E from an existing iron rod set in the eastern most boundary of Knight Drive and the southwestern most corner of said tract; thence N 5 degrees 31' 31" E 300.00 feet to an existing iron rod set in concrete; thence S 85 degrees 47' 05" E 115.22 feet to an existing concrete monument; thence N 5 degrees 25' 44" E 53.00 feet to an existing iron rod; thence S 85 degrees 52' 32" E 148.00 feet to an existing concrete monument; thence N 5 degrees 51' 31" E 194.30 feet to an existing iron rod set in concrete; thence S 86 degrees 12' 40" E 251.87 feet to a point; thence S 21 degrees 25' 28" W 507.77 feet to a point; thence with the northern right of way of Rock Creek Drive with a curve to the left on a radius of 50.00 feet a distance of 51.34 feet, said curve has a chord bearing and distance of S 82 degrees 00' 27" W 49.12 feet; thence continuing with the northern right of way of Rock Drive with a curve to the right on a radius of 100.00 feet, a chord bearing and distance of S 69 degrees 22' 13" W 57.74 feet to a concrete monument set; thence S 86 degrees 08' 59" W 140.08 feet to a concrete monument set; thence with a curve to the right having a radius of 1001.05 feet, a chord bearing and distance of N 89 degrees 51' 01" W 139.66 feet to the point of beginning, containing 174,459 square feet or 4.01 acres, more or less; according to a survey by Ragan-Smith-Murphy & Associates, Inc., dated July 29, 1985.

Said property is Lot No. 3 on the unrecorded plat of Brookside Manor Subdivision and is subject to all easements and restrictions described thereon.

Being the same property conveyed to Willow Trace Development Company by deed from Gerald D. Williams and wife, Linda S. Williams of record in Book 7666, Page 62, Register's Office for Davidson County, Tennessee.

Exhibit 2

BY-LAWS
OF
WILLOWTRACE HOMEOWNERS
ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is Willowtrace Homeowners Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 600 Murfreesboro Road, Nashville, TN, 37210, but meetings of members and directors may be held at such places within the State of Tennessee, County of Davidson, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Willowtrace Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "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 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the 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 6. "Declarant" shall mean and refer to Michael T. Bates, Trustee, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties

recorded in the Office of Register of Deeds for Davidson County, Tennessee.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special Meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership.

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

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may

vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association.

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

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

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

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

annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

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

ARTICLE VI

MEETINGS OF DIRECTORS

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

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

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

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulation governing the use Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote:

(b) supervise all officers, agents and employees of this Association, and to see that their duties are property performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not

any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

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

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

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

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

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

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall

serve for the remainder of the term of the officer he replaces.

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

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that order and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

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

Secretary

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

Treasurer

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

ARTICLE IX

COMMITTEES

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

ARTICLE X

BOOKS AND RECORDS

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

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 6 percent per annum, and 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 of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Willowtrace Homeowners Association

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

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

ARTICLE XIV

MISCELLANEOUS

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The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the Willowtrace Homeowners Association, have hereunto set our hands this 4th day of January, 1989.

_____ _____

_____ _____

_____ _____

_____ _____

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Willowtrace Homeowners Association, a Tennessee corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 19___.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 19___.

10677

FEB 22 11 18 AM '89

RUSH

Bobbye Ann Clark
Secretary