DECLARATION OF COVENANTS AND RESTRICTIONS

This DECLARATION, made this 30th day of March, 1990, by CHELSEA DEVELOPMENT CORPORATION, Tennessee corporation, hereinafter called "Developer".

W I T N E S S E T H:

WHEREAS, Developer is the owner of a real estate development consisting of approximately 42.22 acres of land lying and being in the 2nd Civil District of Davidson County, Tennessee, described in Exhibit "A", attached hereto and incorporated herein by reference; and

WHEREAS, the primary means of ingress and egress to the property described in Exhibit "A" is a dedicated, public right-of-way known as Battersea Road; and

WHEREAS, in creation of the aforesaid entity, Developer has caused or is about to cause to be incorporated, under the laws of the State of Tennessee, the Chelsea Village Homeowners Association, a nonprofit corporation organized under the laws of the State of Tennessee;

NOW, THEREFORE, the Developer hereby declares that all of the properties described in Exhibit "A" 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

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

Section 1.01. "C.V.H.A." and/or "Association" shall mean and refer to Chelsea Village Homeowners Association, a Tennessee non-profit corporation, its successors and assigns.

Section 1.02. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets.

Section 1.03. "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 1.04. "Member" shall mean and refer to all those Owners who are members of the Chelsea Village Homeowners Association as provided in Section 3.01, hereof.

Section 1.05. "Common Area" and/or "Open Space" and/or "Common Elements" shall mean all real property, including the improvements thereto, owned by the Association for the common use and enjoyment of the Owners. The Open Space to be owned by the Association at the time of the conveyance of the first lot is as described in the attachment hereto, marked Exhibit "B".

Section 1.06. "Declarant" shall mean and refer to Chelsea Development Corporation, a Tennessee corporation, its successors and assigns, if such successors or asigns shall acquire more than one undeveloped Lot from the Declarant for the purpose of development. "Declarant" shall be synonymous with "Developer" for the purposes of this Declaration.

Section 1.07. "Properties" shall mean and refer to that certain real property hereinafter described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 1.08. "Board" and/or "Board of Directors" means the Board of Directors of Chelsea Village Homeowners Association.

Section 1.09. "Residence" and/or "Residences" means a building situated upon a Lot and designed and intended for use and occupancy as a single family dwelling.

Section 1.10. "By-Laws" means the By-Laws of the Chelsea Village Homeowners Association, attached hereto as Exhibit "C" and made a part hereof, as amended from time to time. For purposes of the Act, all provisions contained in the body of this Declaration dealing with the administration and maintenance of the Properties shall be deemed to be a part of the By-Laws.

ARTICLE II

PROPERTY RIGHTS

Section 2.01. 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 permit the use of and 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 the 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 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area.

(d) 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 signed by at least two-thirds (2/3) of each class of Members, agreeing to such dedication or transfer, has been recorded; providing, however, that such consent shall not be required for the dedication of utility or service easements so long as there is in existence the Class B membership in accordance with Article III, and so long as there is a permitted annexation under Article X, Section 10.04, herein.

Section 2.02. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 2.03. Association's Right of Entry. The authorized representatives of the Association or the Board shall be entitled to reasonable access to the individual Lots as may be required in connection with the preservation of any individual Lot or in the event of an emergency, or in connection with maintenance of, repairs or replacements within the Common Area, or any equipment, facilities or fixtures affecting or serving other Lots or Common Area, or to make any alteration required by any governmental authority.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE C.V.H.A.

Section 3.01. Membership. 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 3.02. Voting Rights. 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 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, which every 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) on January 1, 2002.

ARTICLE IV

COVENANTS FOR ASSESSMENTS

Section 4.01. 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, whether or not it shall be so expressed in any such deed or other conveyance, 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 until paid. 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 4.02. 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 in particular for the acquisition, improvement and maintenance of properties, services and

facilities devoted to this purpose, or for the use and enjoyment of the Common Area, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, the procurement and maintenace of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Section 4.03. Maximum Annual Assessment. Annual assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis or annual basis as hereinafter provided. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Ten and No/100 ($10.00) Dollars per Lot. Provided, however, that so long as any Lot owned by Declarant is unoccupied as a residence, the amount of the assessment for such Lot shall be an amount not less than twenty-five (25%) percent of the regular and special assessments for all other Lots. Declarant in the alternate shall not be assessed for unoccupied Lots provided Declarant agrees to make up any operating deficits while Declarant maintains control of the Association. 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 5% above the maximum assessment for the previous year without the vote of the membership. 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 5% by a vote of at least 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. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4.04. Payable Annual Assessment. The Board of Directors shall fix the payable annual assessment at an amount not in excess of the maximum annual assessment, subject to the provisions of Section 4.07 and 4.08 of this Article.

Section 4.05. Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the costs 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 the Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis, without additional fee or cost to such members paying on a monthly basis.

Section 4.06. Notice and Quorum for Any Action Authorized Under Sections 4.03 and 4.05. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.03 and 4.05 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting and shall state the purpose of such 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 the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, 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 4.07. 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 4.08. Date and 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 4.09. 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 six (6%) 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 4.10. Subordination of the Lien to Mortgages. The lien of the assessments provided 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 4.11. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit 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.

Section 4.12. Enforcement of Lien. FOR AND IN CONSIDERATION of the privileges, protections, mutual enjoyment and use of the Common Area 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, principals, interest, and attorneys fees, a lien is expressly retained by the Association on each and every Lot Owner's prorata interest in the Association (referred to in this Section 4.12 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 nonpayment 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 Lot Owners, their heirs, administrators, and assigns, hereinafter referred to as "Trustors", hereby transfer and convey unto Tom G. Coleman, Jr., Trustee his successors and assigns, hereinafter referred to as Trustee, 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 of 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 18% 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. Any later purchaser or transferee of a lot assumes the obligations herein personally and is deemed a "Trustor" by acceptance of their instrument of conveyance, whether or not expressly stated so in said instrument of conveyance, except as provided for inSection 4.01 and Section 4.10.

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 indebtedness for all sums, with interest, so expended by said trustee, or lawful owner and holder of said indebtedness, within thirty 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 Courthouse in said County to the highest bidder for cash, at public outcry, free from the equity of redemption, homestead, dower, spouse's elective share and all other exemptions of every kind, which are hereby expressly waived, the statutory right of redemption under Tenneessee Code Annotated 66-8-101 has been 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 of 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 trust 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 Lot 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 Lot Owner, regardless of whether the First Mortgage of 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 therefore shall remain and be the personal obligation of the Lot Owner who owned the Lot when the assessment came due. Any delinquent assessments (after lien extinguishment) may be reallocated and assessed among all Lots as a common expense. This Section 4.12 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, clotheslines or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior additions 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.

ARTICLE VI

EXTERIOR MAINTENANCE

In the event an Owner of any Lot in the Properties shall fail to maintain the premises and the improvements situtated thereon in a manner satisfactory to the Board of Directors, the Association, after approved by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

EASEMENTS

Declarant hereby establishes the following easements:

Section 7.01. Easement for utilities. Easement for installation and maintenance of utilities and drainage facilities are reserved as shown on the Final Plans of Chelsea Village of record in Book____, Page____, and Book____, Page____, Register's Office for Davidson County, Tennessee, and as shown on subsequent plans of staged developments or annexed lands. 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.

Section 7.02. Easement for Encroachments. Each Lot, and the property included in the Common Area, shall be subject to an easement for encroachments created by construction, settling and overhangs for all buildings constructed by Declarant. A valid easement for said encroachments and for the maintenance of same, so long as encroachments stand, shall and does exist.

Section 7.03. Other Easements. Each Owner shall grant such easements as are necessary to serve the Lots for water, sewer, telephone, gas and electricity and other utilities, and the erection and maintenance of the necessary poles and other equipment, wires and conduits, sewer and water lines on, above or below any Lot shall be permitted; provided, however, no Owner shall be required to grant any easement which would substantially interfere with the use and enjoyment of any Lot and any easement granted hereby shall impose on the grantee of said easement the obligation to (a) maintain said easement(s) so that the use thereof will not substantially interfere with the use and enjoyment of any Lot, and (b) repair and restore that portion of the Lot upon which the easement is located to its original condition or as near as possible to its original condition.

An easement is hereby reserved to Declarant to enter the Common Area during the period of construction and sale of the

Lots, or any additions to the Lots, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidential to the construction and sale of residences, including, without limitation, a business office, sales office, storage area, construction yards, signs and model Lots.

ARTICLE VIII

USE RESTRICTIONS

In Consideration of the premises, and the protection and mutual benefits passing to and from the Developer and those who may acquire title to any or all of said Lots, the following Restrictive Covenants are hereby agreed upon, and shall be covenants running with the land, and be binding upon the Developer and all subsequent Owners thereof, in any capacity whatsoever, 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 (90%) percent of the Owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessment for public improvements as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 8.01. Land Use and Building Type. No Lot shall be used except for residential purposes, unless otherwise designated on a recorded plat and permitted by applicable municipal and county zoning ordinances. Provided, however, this shall not exclude the temporary use of a Lot and residence thereon as a model home and/or temporary sales office. There shall be no duplexes or multifamily structures constructed upon any Lot.

Section 8.02. Dwelling Specifications.

(A) Any residence erected on any lot shall have a minimum living area of 1,200 square feet, exclusive of any attached garage.

(B) Any full, two-story residence erected on any lot shall have a minimum living area of 1,100 square feet on the ground floor, exclusive of any attached garage.

Section 8.03. Exterior Construction. All buildings or structures of any kind constructed on any lot shall have full masonry foundations; however, there shall be no exposed concrete blocks. All houses must have brick, stone or parged and painted to grade line to first floor. Brick, stone, stucco or veneer shall be used above ground, but all houses must have brick or stone accent on house.

Section 8.04. Garages. Any garage erected on said Lots shall be attached to the residence on said Lot. No detached garage shall be permitted on any Lot. No residence shall be built without a garage.

Section 8.05. Fences. On corner Lots, no fence shall be constructed or maintained between any residence or setback line and either street. On all other Lots, no fence shall be constructed or maintained between the front of any residence or setback line and the street; provided, however, the planting of hedges, shrubbery, or evergreens in lieu of fence, and extending to the front or sides of any Lot is permitted,

provided that such planting shall not be maintained at a height in excess of forty-two (42) inches.

Section 8.06. Driveways, Culverts, Sidewalks, and Grading. It shall be obligatory upon all Owners of Lots 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 therefore, as set forth on the recorded plats, 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 Davidson County, Tennessee.

Section 8.07. Setback Lines. No building shall be constructed or maintained on any Lot nearer the front of the Lot than the setback line, as shown on the recorded plats; provided open porches, either covered or uncovered, a bay window, steps or terraces shall be permitted to extend in front of the setback line, so long as the remaining portion of the structure does not violate the setback line. All other lines shall conform to the Zoning Regulations of the Metropolitan Davidson County Planning Commission. The Declarant expressly reserves the right, with the approval of the Metropolitan Davidson County Planning Commission, to amend or alter the minimum setback lines as shown on the recorded plats.

Section 8.08. Overhang and Drainage Easements. Overhanging easements, as shown on the recorded plats, shall be for the purpose of permitting overhead wires and cables of public utilities such as electric, telephone, telegraph, etc. Drainage easements, as shown on the recorded plats, shall be for the purpose of construction, maintaining, opening or widening storm drains, and open ditches. All drainage easements are to be aggregate concrete, minimum three feet wide.

Section 8.09. Resubdivision of Lots. No Lot or Lots as shown on any recorded plat should again be subdivided, resubdivided, altered, or changed, so as to produce less area than hereby established, unless otherwise approved by the Metropolitan Davidson County Planning Commission, and not more than one residential building may be constructed or maintained on any one Lot.

Section 8.10. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot in any residence, 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 8.11. 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 8.12. Commercial Business. No commercial businesses may be maintained on the Common Area or in the residence on any Lot except as approved by the Association for Association purposes or as provided for in sections 8.01 and 8.28 herein.

Section 8.13. Perpetual Easement. A perpetual easement is reserved for each Lot, as shown on the recorded plats, for the construction and maintenance of utilities, such as electricity, gas, water, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.

Section 8.14. Lot Maintenance. The Declarant reserves the right to enter upon any Lot for the purpose of cutting

grass and cleaning up such Lot, if the same be reasonably required, charging the expenses thereof to the Owner, which shall become a lien upon the Lot.

Section 8.15. Moving of previously built houses. No houses shall be permitted to be moved from a former location and be placed or erected on any Lot without the written consent of the Declarant or the Association.

Section 8.16. Outside Antennas. No outside radio or television antennas or satellite dishes, other than a master antenna system, shall be erected on the front half of any Lot, or the residence thereon, unless and until permission for the same has been granted by the Board of Directors of the Association, or its agricultural committee.

Section 8.17. Swimming Pools. Swimming pools will be permitted, provided they do not interfere with sewer and/or septic tank connections. Bath houses and recreation rooms will be permitted to be attached to pools and/or pool areas.

Section 8.18. Signs. No sign of any kind shall be displayed to the public view on any Lot except one professional 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 or developer to advertise the property during the construction and sales period.

Section 8.19. 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 8.20. Lawful Use. No immoral, improper, offensive, or unlawful use shall be made of the Common Area, Lots, nor any part thereof; and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 8.21. 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 8.22. Alteration. Nothing shall be altered or constructed in or removed from the Common Area except upon the written consent of the Association.

Section 8.23. Repair of Vehicles. No vehicles of any type shall be permanently or semi-permanently parked in the vicinity of any Lot 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 repaired.

Section 8.24. Recreational Vehicles. There shall be no parking of recreational vehicles, including, but not limited to, motor homes, buses and the like except in garages or in the rear of any residence or in areas specifically designated for this purpose by the Association.

Section 8.25. 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 Lots.

Section 8.26. Rules for Common Area. The Association is authorized to adopt rules for the use of Common Areas and such rules shall be furnished in writing to the Owners. Violation of these rules will not be permitted except by permission of the Board of Directors.

Section 8.27. 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 8.28. Use by Developer. During the period of sale by the Developer of any Lots, 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 Lots and Common Area as may be required for purposes of sale of Lots. While the Developer owns any of the Lots and until each Lot 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 residences on said lots as a model Lot or Lots and may use one or more of such unsold or unoccupied residences on said Lots as a sales office, and may maintain customary signs in connection therewith.

Section 8.29. Developer's Right of Approval. The Developer herein expressly reserves the right to approve any plan for construction, or any improvements of any kind to be constructed on any Lot. This Restriction will become ineffective when the Class B membership ceases according to Article III herein.

Section 8.30. Right of Enforcement. The right of enforcement of each of these Restrictive Covenants is vested in the Owner of each and all of the Lots, and any Owner of any Lot shall have the right at any time to compel compliance with said covenants, or any of them, or to prevent the violation of any of them, by the institution of an action at law, or a suit in equity for injunctive or other relief.

Section 8.31. Provisions declared void. If any provision of this instrument shall be declared void or inoperative by any court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

Section 8.32. General. Each Owner shall maintain his Lot and residence in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done on his Lot and residence which may increase the cost or cause the cancellation of insurance on other Lots and residences or on the Common Area. No Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside his Lot and residence, or which may be visible from the outside of his Lot and residence (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board), or install outside his Lot or residence on said Lot any canopy or awning, or subject to Section 8.16, outside radio or television antenna, satellite dish or C.B. radio transmitters, or other equipment, fixtures or items of any kind, without the prior written permission of the Board. No Owner shall display, hang, store or use any sign outside his Lot and residence, or elsewhere, or which may be visible from the outside of his Lot and residence without the prior written permission of the Board, except as herein otherwise permitted.

Section 8.33. Transient or Hotel Use. With the exception of a lender in possession of a Lot and residence 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 Owner shall be permitted to lease his Lot and residence for transient or hotel purposes. No Owner may lease less than the entire Lot and residence. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Delcaration, 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 IX

INSURANCE AND CASUALTY DAMAGE

Section 9.01. Owner. Owner shall be required to obtain and maintain in force and effect a policy of fire and other casualty insurance in an amount acceptable to the Association and with coverage adequate to cover the future replacement cost of any repair or reconstruction work on the owner's property, and the Association shall be named as additional insured.

In the event of damage or destruction by fire or other casualty to any real property of the owner, the owner shall, upon receipt of the insurance proceeds, repair or rebuild such damaged or destroyed portions of the exterior of the property in a good workmanlike manner substantially the same as the original plans and specifications of said property. If the owner refuses or fails to repair or rebuild the exterior within 30 days the Association may repair or rebuild such exterior. The owner must reimburse the Association for the amount actually expended for such repairs or reconstruction, and the Association shall have a lien securing such payment in the same manner provided for herein for annual assessments.

Section 9.02. FHA/VA. Notwithstanding the foregoing provisions of this Article the requirement for the maintenance of insurance on any property shall not apply to any property acquired by the Veterans Administration or the Federal Housing Administration pursuant to mortgage foreclosure during the period of ownership of either agency.

Section 9.03. Association. The Association shall keep all insurable improvements and fixtures of the Common Area insured against loss or any damage by fire, 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 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 if carried by the Association are Common Expenses included in the Common Assessments made by the Association.

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 property, and commercial spaces owned by the Association, whenever possible, whether or not they are leased to some third party.

ARTICLE X

GENERAL PROVISIONS

Section 10.01. 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 10.02. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 10.03. 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 (90%) percent of the Owners, and thereafter by an instrument signed by not less than seventy-five (75%) percent of the Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessment for public improvements as herein provided, or affect any lien for the payment thereof established herein. Any amendment must be properly recorded.

Section 10.04. 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. Provided, however, additional land adjacent to the property and described in Book_____, Page_____, Register's Office for Davidson County, Tennessee, may be annexed by the Declarant without the consent of the members within five (5) years from March, 1988, provided that the Federal Housing Administration and Veterans Administration determine that the annexation is in accord with the general plan heretofore approved by them.

Section 10.05. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval, when required, of the Federal Housing Administration and the Veterans Administration: annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 10.06. Alterations, Additions or Improvements. No alterations of any Common Area, or any additions or improvements thereto, shall be made by any Owner without the prior written approval of the Board. The Board may authorize and change as common assessments alterations, additions and improvements of the Common Area as provided in the By-Laws.

Section 10.07. Non-liability of the Directors, Board and Officers. Neither the directors, board, nor the officers of the Association, shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors, board, officers, or Developer, to the extent permitted by the Tennessee Non-Profit Corporation Act, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The 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 10.08. Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Properties, or any questions of interpretation of application of the provisions of the Declaration of By-Laws, the determination thereof by the Board shall be final and binding on each and all such Owners.

Section 10.09. 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 Owner, as the case may be, at Chelsea Village Homeowners Association, 603 Dover Glen Drive, Antioch, Tennessee 37013, or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Owners. Any Owner may designate a different address for notices to him (other than to his or her Lot) 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 acknowledgement of the receipt thereof.

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

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the lot 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 Lot 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 Lot 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 60 days.

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

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

Section 10.10. Transfer of a Lot; Notice to Association; Unrestricted Transfers. An Owner may, without restriction under this Declaration, sell, give, devise, lease or otherwise transfer his Lot, or any interest therein, to any person.

Section 10.11. 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 the Governor of Tennessee, Ned McWherter.

Section 10.12. 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

jurisdication, rights and powers created or reserved by this Declaration. All future 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 stipulated at length in each and every deed of conveyance or contract for conveyance.

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

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 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 Owner.

Section 10.13. Common Open Space and Public Facilities Subject to Metro Code. Each of the Owners, jointly and severally, hereby agrees that the Common Areas and Public Facilities provided for in Section 1.05 herein shall be subject to the jurisdiction of the Metropolitan Government of Nashville and Davidson County, Tennessee pursuant to and in accordance with Section 81.50 (a), (b) & (c), COMMON OPEN SPACE, as contained in Appendix A-Zoning, of the Metropolitan Code of Nashville and Davidson County, Tennessee. (Copy attached as Exhibit D).

NOTE: COMMON AREA WORKSHEET is attached as Exhibit "E".

INFORMATION BROCHURE FOR CHELSEA VILLAGE HOMEOWNERS ASSOCIATION is attached as Exhibit "F".

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed by its duly authorized officers, this the 30th day of March, 1988.

CHELSEA DEVELOPMENT CORPORATION

By: Mohammad Shahrokhi

STATE OF TENNESSEE
COUNTY OF WILLIAMSON

Before me, a Notary Public within and for the State and County aforesaid, personally appeared Mohammad Shahdadi, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who upon his oath acknowledged himself to be President of Chelsea Development Corporation, the within named bargainor, a corporation, and that he as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by the said Mohammad Shahdadi as such President.

Witness my hand and seal at office in Brentwood, Tennessee, this the 30th day of March, 1999.

Gary J. Valli
NOTARY PUBLIC

My commission expires: [illegible]

Prepared By:
Tom G. Coleman, Jr., Attorney
Coleman Real Estate Closing Service, Inc.
9000 East Church Street
Brentwood, TN 37027

EXHIBIT "A"

TRACT I:
Piccadilly Square, Segment II,
Davidson County, Tennessee

Beginning at a point, said point being the southeasterly corner of subject tract, said point also being the southwesterly corner of "Dover Glen" recorded in Book 6250, Page 281; thence with the line between subject tract and A. G. Spanos Construction, Inc., North 77 degrees 03' 29" West, 144.16 feet to a point; thence North 85 degrees 25' 30" West 124.97 feet to a point; thence South 82 degrees 17' 28" West 376.61 feet to a point; thence South 79 degrees 50' 55" West 164.85 feet to a point; thence South 76 degrees 26' 24" West 173.63 feet to a point being the northwesterly corner of A. G. Spanos Construction, Inc. property; thence with the line between subject tract and A. S. and Fannie E. Johnson property, South 78 degrees 40' 37" West 88.05 feet to a point; thence South 89 degrees 56' 12" West 120.09 feet to a point; thence South 76 degrees 49' 29" West 70.70 feet to a point; thence North 76 degrees 59' 26" West 87.31 feet to a point; thence North 65 degrees 50' 41" West 42.75 feet to a point; thence North 80 degrees 22' 41" West 228.67 feet to a point; thence North 67 degrees 37' 59" West 140.13 feet to a point; thence North 60 degrees 23' 10" West 151.47 feet to a point; thence North 69 degrees 02' 26" West 47.89 feet to a point; thence North 82 degrees 11' 06" West 45.47 feet to a point; thence North 66 degrees 27' 56" West 67.39 feet to a point; thence North 75 degrees 35' 23" West 165.98 feet to a point; thence North 66 degrees 52' 42" West 197.93 feet to a point; thence North 27 degrees 42' 53" West 77.33 feet to a point; thence North 24 degrees 33' 49" West 114.88 feet to a point; thence North 33 degrees 42' 28" West 154.77 feet to a point; thence North 34 degrees 53' 08" East 143.86 feet to a point; thence North 32 degrees 08' 47" East 193.53 feet to a point; thence South 84 degrees 22' 25" East 919.31 feet to a point, said point being the southwesterly corner of property of Sam B. Sanders, Jr.; thence with said property line, North 89 degrees 17' 58" East 1322.86 feet, more or less, to a point; thence South 88 degrees 46' 50" East 145 feet, more or less, to a point, said point being on the westerly line of property of the above mentioned "Dover Glen"; thence with said line, being a curve to the left, having a radius of 1350.00 feet, and in a general southerly direction 638 feet, more or less, to the point of beginning, and containing 40.5 acres, more or less.

Being the same property a 50% interest was conveyed to Mohammad Izadian Bidgoli by deed from R.E.P.P., Inc. of record in Book 7090, Page 66, Register's Office for Davidson County, Tennessee; and a 50% interest was conveyed to Mohammad Izadian Bidgoli by deed from Manouchehr Farazmand, of record in Book 7273, Page 100, said Register's Office. Also being part of the same property conveyed to Chelsea Development Corporation by deed from Mohammad Izadian Bidgoli of record in Book 7273, Page 105, said Register's Office.

TRACT II:

Land in the 2nd Civil District of Davidson County, Tennessee, being about 2.18 acres, more or less, consisting of the rear 2.18 acres of the 13.68 acre tract acquired from Charles W. Ellis etux by Tavakoli and then transferred to the Bidgoli family as hereinafter shown, and bounded on the North by Sanders (old Potts property), South by Bidgoli and R.E.P.P., Inc., East by an unnamed road on primary plat of segment Two, Piccadilly Square, and on the West by Bidgoli and R.E.P.P., Inc.

Being the same property a 40% interest was conveyed to Mohammad Izadian Bidgoli by deed from Manouchehr Farazmand of record in Book 7273, Page 97, Register's Office of Davidson County, Tennessee; and a 60% interest was conveyed to Mohammad Izadian Bidgoli by deed from Manouchehr Farazmand of record in Book 7273, Page 94, said Register's Office. Also being part of the same property conveyed to Chelsea Development Corporation by deed from Mohammad Izadian Bidgoli of record in Book 7273, Page 105, said Register' Office.

EXHIBIT "B"

Land in the Second Civil District of Nashville, Davidson County, Tennessee, being the Open Space Areas shown on the preliminary plan of Chelsea Village and as will be filed for record in Plan Book _____, Page _____, for Section One and Plan Book _____, Page _____, for Section Two, Register's Office for Davidson County, Tennessee.

Being part of the same property conveyed to Chelsea Development Corporation by deed from Mohammad Izadian Bidgoli in Book 7273, Page 105, Register's Office of Davidson County, Tennessee.

EXHIBIT "C"

BY-LAWS

OF THE

CHELSEA VILLAGE HOMEOWNERS ASSOCIATION

ARTICLE I

NAME, SEAL AND OFFICES

Section 1.01. Name. The name of this corporation is the CHELSEA VILLAGE HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association".

Section 1.02. Seal. The corporation shall have no seal.

Section 1.03. Offices. The principal office of the corporation shall be located at 603 Dover Glen Drive, Antioch, Tennessee 37013, 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

Reference is made to Article I of the Declaration of Covenants and Restrictions to which these By-Laws are attached for "Definitions" which are incorporated herein by reference. The term "Association" when used shall refer to this Corporation.

ARTICLE III

MEETINGS OF MEMBERS

Section 3.01. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 4:00 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 3.02. 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 3.03. 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 paid, 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 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 3.04. 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 3.05. 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.

Section 3.06. Voting. The aggregate number of votes for all members of the Association shall be equal to the number of Lots which have been subject to this Association by Plat or amended Plat by the Developers, and each Owner shall be entitled to one vote per Lot owned. Each Owner's respective percentage of ownership interest in the Common Elements shall be the result of a fraction, the numerator being the number of Lots owned by that Owner and the Denominator being the number of Lots subject to this Association.

No Owner who is in default in the payment of his assessments hereunder shall be entitled to exercise his right to vote hereunder until he has cured such default. An Owner shall be deemed to be in default if he has not paid his assessments to the Board, or their agent, within thirty (30) days after receipt of notice of assessment. An Owner may protest the amount of the assessment, but it still must be paid during the pendency of the protest of the Board.

Section 3.07. Voting in the Event of Fractional Membership. When more than one person holds an interest in any Lot, all such persons shall be members of the Association, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast by any Lot. If such persons cannot determine among themselves how such vote shall be cast, then each such person shall have the right, in person or by proxy, to vote his prorata fractional share of one vote on any question brought before such meeting, but in no event shall more than one vote be cast with respect to any Lot. The Developer may exercise the voting rights with respect to Lots owned by it.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.01. Number. The affairs of this Association shall be managed by a Board of nine (9) Directors, who need not be members of the Association.

Section 4.02. Term of Office. At the first annual meeting the members shall elect three (3) directors for a term of one year, three (3) directors for a term of two years and three (3) directors for a term of three years; and at each annual meeting thereafter the members shall elect three (3) directors for a term of three years.

Section 4.03. 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 4.04. 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 4.05. 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 5.01. 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 take 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 5.02. 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 6.01. 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 6.02. 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 6.03. 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, DUTIES AND LIABILITY OF THE BOARD OF DIRECTORS

Section 7.01. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof; and, to enforce the Declaration and these By-Laws;

(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 sixty (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 ByLaws, the Articles of Incorporation, or the Declaration of Covenants and Restrictions;

(d) Establish, levy, assess and collect the assessments or charges as may be necessary;

(e) 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

(f) Appoint and remove at pleasure all officers, agents and employees of the Corporation, prescribe their duties, fix their compensation, and require of them such bond as may be deemed necessary. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member, officer, or Director of the Corporation in any capacity whatsoever.

Section 7.02. 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 properly 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;

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; and

(g) Cause the Common Area to be maintained.

Section 7.03. Liability. To the fullest extent that the Tennessee Non-Profit Corporation Act as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the liability of directors, a director of the association shall not be personally liable to the corporation or its members for monetary damages for a breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the association or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) under Section 48-58-304 of the Tennessee Non-Profit Corporation Act, as the same exists or hereafter may be amended. If the Tennessee Non-Profit Corporation Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the association, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Tennessee Non-Profit Corporation Act. Any repeal or modification of this pargraph by the members of the association shall be prospective only, and shall not adversely affect any limiatation on the personal liability of a director of the association existing at the time of such repeal or modification.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 8.01. 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 8.02. 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 8.03. 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 8.04. 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 8.05. 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 8.06. 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 8.07. 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 8.04 of this Article.

Section 8.08. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the members and of the Board of Directors; shall see that orders 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. If neither the president nor the vice-president is able to act, the Board of Directors shall appoint some other member of the Board to act in the place of the President on an interim basis. The vice-president shall also perform such other duties as shall, from time to time, be assigned to him by the Board of Directors or by the President.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; 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 give notices as required by the Articles of Incorporation, Declaration of Covenants and Restrictions, By-Laws or resolutions of the Association 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 un-certified 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, at a time and place as designated by the Board of Directors. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member of the principal office

of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

PARLIAMENTARY RULES

The latest edition of Roberts Rules of Order shall govern the conduct of the corporate proceedings when not in conflict with Statute, the Charter, the Delcaration of Covenants and Restrictions, or these By-Laws.

ARTICLE XII

ASSESSMENTS

Section 12.01. Obligation for 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 fifteen (15%) 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 waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 12.02. Annual Budget. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Owner shall pay, as his respective monthly assessment for the common expenses, one-twelfth (1/12) of his proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Owner shall be in accordance with his respective ownership interest in the Common Elements. The Board may determine different allocations with respect to a part of such charges whenever it appears to the Board that such an allocation would be unfair. The allocations shall be applied uniformly to all Owners of like situations. The allocations of the Board shall be final and binding upon all parties. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Owner shall continue to pay each month the amount of his respective monthly assessment as last determined.

Section 12.03. Partial Year or Month. For the first fiscal year, the annual budget shall be as approved by the First Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Owner shall be proportionate to the number of months and days in such period covered by such budget. Commencing with the date of occupancy of his Lot, each owner, shall pay his assessment for the following month or fraction of a month, which assessment shall be in proportion to his respective ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be as computed by the Board.

Section 12.04. Annual Report. Within forty-five (45) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Owner a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 12.05. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Owner, and thereupon a supplemental assessment shall be made to each Owner for his proportionate share of such supplemental budget.

Section 12.06. Expenditures. Except for expenditures and contracts specifically authorized by the Declaration and By-Laws, the Board shall not approve any expenditure in excess of One Thousand Dollars ($1,000.00) unless required for emergency repair, protection or operation of the Common Elements, nor enter into any contract for more than three (3) years without a ninety (90) day cancellation clause without the prior approval of two-thirds (2/3) of the total membership of the Association, and without securing consents of mortgagees, if necessary.

Section 12.07. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the Properties or the Common Elements, rather than a lien against only a particular Lot and/or residence ownership. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.

Section 12.08. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Owners in the percentages of the Owners as from time to time existing.

ARTICLE XIII

INDEMNIFICATION

Section 13.01. General. The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-laws of the Association, and the Board, against all contractual and other liabilities to others arising out of contracts made by or other acts of such directors, Board, officers or committee members, on behalf of the Owners, or arising out of their status as directors, Board, officers or committee members to the extent allowed by the Tennessee Non-Profit Corporation Act, Section 48-58-501 through 48-58-601, et seq., unless any such contract or act shall have been made in clear violation of the Declaration or these By-Laws, or fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgment paid and amounts paid in settlement) reasonably incurred in connection with the defense of any

claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board or committee member may be involved by virtue of such persons being or having been such director, officer, Board or committee member, provided, however, that such indemnify shall not be operative with respect to the following subsections (a) and (b):

(a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board of committee member, or

(b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for criminal (i.e., a felony) acts, or clearly violating the Declaration or these By-Laws, or for gross negligence or fraud in the performance of his duties as such director, officer, Board of committee member.

The Association shall have the power to indemnify any director, officer, employee, agent of the association, or any other person who is serving at the request of the association in any such capacity with another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) to the fullest extent permitted by the Tennessee Non-Profit Corporation Act as it exists on the date hereof or as it may hereafter be amended, and any such indemnification may continue as to any person who has ceased to be a director, officer, employee, or agent and may inure to the benefit of the heirs, executors, and administrators of such a person.

Section 13.02. Success on Merits. To the extent that a member of the Board of Directors or an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 13.01, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 13.03. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case, upon receipt of an undertaking satisfactory to the Board by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall untimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

Section 13.04. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article, provided, however, that the liability of any Owner arising out of any contract made by or other acts of the directors, Board, officers or members of such committees, or out of the aforesaid indemnity in favor of the directors, Board, officers or members of such committees, shall be limited to such proportion of the total liability hereunder as said Owner's percentage of interest in the Association bears to the total percentage interest of all the Owners in the Association. Every agreement made by the directors, Board, officers, members of such committees, or by the Managing Agent on behalf of the Owners

shall provide that the directors, Board, officers, members of such committees, or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as expressly set forth herein), and that each Owner's liability thereunder shall be limited to such proporation of the total liability thereunder as his percentage of interest in the Association bears to the total percentage interest of all Owners in the Association. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity. In no event shall this indemnity exceed coverage occasioned by officers' and directors' liability insurance coverage, which the Association may be required to carry and maintain, to the extent that the same is reasonably available in the marketplace.

Section 13.05. Insurance. By action of its Board of Directors, notwithstanding any interest of the directors in the action, the association may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, to protect any director, officer, employee, or agent of the association or any other person who is serving at the request of the association in any such capacity with another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such (including, without limitation, expenses, judgments, fines and amounts paid in settlement) to the fullest extent permitted by the Tennessee Non-Profit Corporation Act as it exists on the date hereof or as it may hereafter be amended, and whether or not the corporation would have the power or would be required to indemnify such person under the terms of any agrement or by-law or the Tennessee Non-Profit Corporation Act.

ARTICLE XIV

AMENDMENTS

Section 14.01. These ByLaws may be amended at a regular or special meeting of the members by a vote of a majority of the quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to vote amendments while there is a Class B membership.

Section 14.02. In the case of any conflict between the Articles of Incorporation and these ByLaws the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

MISCELLANEOUS

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, they, being the Incorporators of the CHELSEA VILLAGE HOMEOWNERS ASSOCIATION, have hereunto set their hands this 30 th. day of March, 1988.

_____ Mohammad Shahdadi

STATE OF TENNESSEE
COUNTY OF ~~WILLIAMSON~~ Davidson

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, _____ Mohammad Shahdadi, the within named bargainors, 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.

Witness my hand and official seal at office at Brentwood, Tennessee, this 30th day of March, 1988.

Jacqueline G. Conway
NOTARY PUBLIC

My commission expires My Commission Expires JULY 18, 1992.

Prepared By:
Tom G. Coleman, Jr., Attorney
Coleman Real Estate Closing Service, Inc.
9000 East Church Street
Brentwood, TN 37027

CERTIFICATION

I, the undersigned, do hereby certify:

That I am duly elected and acting secretary of the CHELSEA VILLAGE 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 March, 1988.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 30 Th. day of MARCH, 1988.

Mohammad Shahdadi
Secretary

STATE OF TENNESSEE
COUNTY OF Davidson

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, Mohammad Shahdadi, the within named bargainor, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that _____ executed the foregoing instrument for the purposes contained therein.

Witness my hand and seal at office, this 30th day of March, 1988.

Jacqueline Y. Caldwell
NOTARY PUBLIC

My commission expires: My Commission Expires JULY 18, 1992

81.50. Common open space and public facilities.

The requirements for common open space and public facilities shall be in accord with the provisions of this section.

81.51 Common open space. Any common open space established by an adopted final master development plan for planned unit development shall be subject to the following:

(a) The metropolitan planning commission and the metropolitan county council may require that the landowner provide for and establish an organization for the ownership and maintenance of any common open space, and such organization shall not be dissolved not shall it dispose of any common open space, by sale or otherwise (except to an organization conceived and established to own and maintain the common open space), without first offering to dedicate the same to the metropolitan government of Nashville and Davidson County and the said dedication be approved by the metropolitan planning commission. However, the conditions of any transfer shall conform to the adopted final master development plan.

(b) In the event that the organization established to own and maintain common open space, or any successor organization, shall at any time after the establishment of the planned unit development fail to maintain the common open space in reasonable order and condition in accordance with the adopted master development plan, the zoning administrator may serve written notice upon such organization and/or the owners or residents of the planned unit development and hold a public hearing. After thirty (30) days when deficiencies of maintenance are not corrected, the zoning administrator shall call upon any public or private agency to maintain the common open space for a period of one year. When the zoning administrator determines that the organization is not prepared for the maintenance for the common open space such agency shall continue maintenance for yearly periods.

(c) The cost of such maintenance by such agency shall be assessed proportionally against the properties within the planned unit development that have a right of enjoyment of the common open space, and shall become a lien on said properties.

EXHIBIT "E"

COMMON AREA BUDGET

Location: Chelsea Village, P.U.D., Murfreesboro Road
Nashville, Tennessee
Single Family Residences : 140

This Budget includes projected expenses for the maintenance, upkeep and repair of the Common Area as defined in Section 1.09 of the Declaration of Covenants, Conditions and Restrictions of Chelsea Village Homeowners Association.

		Total Annual	Total Monthly
1.	Gardening & Supplies Ground Maintenance & Entrance	$ 3000	$ 250
2.	Insurance on Common Area	3900	300
3.	Trash Removal on Common Area	600	50
4.	Management & Bookkeeping	1500	125
5.	Legal & Audit	1500	125
6.	Reserve for Replacement	2400	200
7.	Contingency	2010	167.50
8.	Taxes on Common Area	450	37.50
9.	Taxes on Reserve Account	240	20
10.	Street Lights	1200	100
TOTAL		$ 16800	$ 1400

A. Gardening and Supplies and Ground Maintenance-Refurbishing shrubs, grass cutting, litter pick up on Common Areas and entrances.
B. Insurance Liability-Insurance on Common Areas, protection of personal property of Association and blanket coverage for fire if so desired.
C. Trash Removal-Cost for removing trash from Common Areas.
D. Management and Bookkeeping-cost will include management of day to day operation of Association and record keeping.
E. Legal and Audit-all fees associated with an annual audit to include filing of any tax returns and handling of any association legal expenses.
F. Reserve for Replacement-these funds are to be escrowed for any major repairs or replacements.
G. Contingency-funds available for miscellaneous use.
H. Taxes for Common Area-Property Taxes.
I. Taxes on Reserve Accounts-Federal Income Taxes.
J. Street Lights.

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EXHIBIT "F"

INFORMATION BROCHURE

FOR

CHELSEA VILLAGE HOMEOWNERS ASSOCIATION

1. The organizational structure of the Association is a non-profit corporation organized under the laws of the State of Tennessee. The non-profit corporation shall be governed by a nine (9) member Board of Directors elected by the entire membership of the Association. The Board of Directors shall elect persons to act in the capacity of the following offices: President, Vice-President, Secretary and Treasurer.

The development consists of two sections:

Sections A & B will consist of 42.22 acres, more or less, and includes 140 single family residences, more or less.

2. All owners shall automatically become Class A members of the Association upon the acceptance of a deed to any Lot within the development. Upon becoming a member, each owner shall be entitled to one (1) vote for each Lot owned. The developer shall be entitled to three (3) votes for each Lot which it owns and shall be classified as a Class B member. However, 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) on January 1, 2002.

3. 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, provided that the FHA and/or the VA determine, if required, that the annexation is in accord with the general plan heretofore approved by them. By a two-thirds (2/3) vote of each class of members, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes. The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency, non-profit corporation, association, trust or other organization which was organized and devoted to purposes similiar to those for which this Association was created. As long as there is a Class B membership, the above actions will require the prior approval of the FHA and/or the VA, when required. The total membership of the Association may be increased by virtue of the above.

4. The initial amount of each member's annual assessment will be $15.00 per Lot and this annual assessment will be prorated as of the date of the permanent loan closing of each Lot. 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 or Unit.

5. The maximum assessment as stated in paragraph 4 above may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership. The maximum assessment cannot be increased more

than 10% above the maximum assessment for the previous year without a vote of two-thirds (2/3) of each class of members. Any and all asssessments must be fixed at a uniform rate for all Lots and may be collected on an annual or monthly basis.

6. Any owner may delegate 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. The Association may by agreement of the members have the right to charge reasonable admission and other fees for the use of any recreational facility situated upon the common area.

7. The common property will consist of all property shown as "Open Areas" on the recorded plats of the subdivision.

8. The Association shall be responsible for the enforcement of all rules and regulations of the Association. The Association also will provide all maintenance of the common area and the improvements, if any, thereon.

9. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date the Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

The Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety (90%) percent of the owners, and thereafter by an instrument signed by no less than seventy-five (75%) percent of the 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.

10. The Association shall provide for architectural control as follows: 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.