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DECLARATION OF PROTECTIVE COVENANTS CONDITIONS AND RESTRICTIONS FOR CRUZEN STREET TOWNHOUSES III A TOWNHOUSE PLANNED UNIT DEVELOPMENT

(Horizontal Property Regime with Private Elements)

This Declaration of Protective Covenants, Conditions, and Restrictions for **Cruzen Street Townhouses III**, a Townhouse Planned Unit Development ("Declaration"), a Horizontal Property Regime with Private Elements, is made and entered into by **Legacy Homes, Inc.**, a Tennessee for-profit corporation ("Declarant") and all other persons or entities, presently owning or hereafter acquiring any of the Development Property.

WITNESSETH:

WHEREAS, Declarant, being the owner and legal title holder of the Development Property, more particularly described on **Exhibit A** attached hereto, desires to develop the Development Property as a Townhouse Planned Unit Development, a horizontal property regime with Private Elements pursuant to the Horizontal Property Act of the State of Tennessee codified at Tenn. Code Ann. § 66-27-101 through 123; and

WHEREAS, Declarant will develop the Development Property as a residential community and establish and maintain thereon single-family residential townhouses; and

WHEREAS, Declarant desires to provide for the protection and preservation of the values, desirability and character of the Development Property and desire to provide a system of administration, operation, and maintenance of the Development Property; and

WHEREAS, Declarant, being the owner and legal title holder of the Development Property, desires to submit the Development Property, together with all Improvements of any kind whatsoever hereafter constructed thereon, and all rights and privileges belonging or pertaining thereto, to the provisions of this Declaration and the Horizontal Property Act of the State of Tennessee codified at Tenn. Code Ann. § 66-27-101 through 123 (the "Act") in order to establish and construct thereon a Townhouse Planned Unit Development, a horizontal property regime with Private Elements to be known as "Cruzen Street Townhouses III", consisting of residential dwellings ("Units"), together with certain buildings, structures, driveways, walkways, amenities, improvements, and other permanent fixtures thereon as further described on **Exhibit B** attached hereto;

WHEREAS, Declarant presently contemplates that the Units comprising the Townhouse Planned Unit Development will consist of different floor plans each having their own Private Elements and Limited Common Elements appurtenant to and serving such Units; and

WHEREAS, Declarant desires to establish for their own benefit and for the benefit of all future Owners and Occupants of the Development Property or any portion thereof, certain rights, privileges and easements in, over and upon the Development Property, and to this end, desire to subject the Development Property to certain mutually beneficial covenants, restrictions, obligations, easements, charges and liens for the purpose of enhancing and protecting the value, desirability and attractiveness and well as the proper use, conduct and maintenance of the Development Property or any part thereof.

NOW, THEREFORE, for the purposes set forth herein above Declarant, as owner and legal title holder of the Development Property, declares as follows:

ARTICLE I
SUBMISSION OF DEVELOPMENT PROPERTY TO THE ACT

1. **Establishment**. Declarant submits and subjects the Development Property to the provisions of the Horizontal Property Act of the State of Tennessee codified at Tenn. Code Ann. § 66-27-101 through 123 and this Declaration, and establishes a Townhouse Planned Unit Development to be known as **Cruzen Street Townhouses III** pursuant to Tenn. Code Ann. § 66-27-103(b), and declares that the Development Property shall be held, sold, and enjoyed subject to easements, restrictions, covenants, and conditions of this Declaration, which are for the purpose of protecting the value and desirability of the Development Property and which shall run with the land and be binding upon and inure to the benefit of all parties now or hereafter having any right, title, or interest in the Development Property or part thereof.

2. **Purpose of Declaration**. This Declaration is executed: (a) in furtherance of a common and general plan for the Development Property; (b) to protect and enhance the quality, value, desirability, and attractiveness of the Development Property; (c) to establish an Association to hold, maintain, care for, and manage the Development Property and to perform functions for the benefit of owners thereof; (d) to define the duties, powers, and rights of the Association; and (e) to define certain duties, powers, and rights of Owners within the Development Property.

3. **Site Plan**. The Site Plan attached hereto as **Exhibit B** and incorporated herein sets forth the numbers, areas and location of each Unit, the Private Elements appurtenant thereto, as well as any other data necessary for their identification as required by the Act.

4. **Units**. Each Unit is numbered or labeled as shown on the Site Plan, and the legal description of each Unit shall consist of the identifying number or symbol of each Unit and its Private Elements, as shown and further described on the Site Plan. Every deed, lease, Mortgage, deed of trust or other instrument shall legally describe a Unit by its number or symbol shown on the Site Plan, and such description shall be deemed good and sufficient for all purposes as provided in the Act. Except as provided by the Act, no Owner shall by deed, plan, court decree, or otherwise, subdivide or in any other manner cause his Unit or its Private Elements to be separated into any tracts or parcels.

5. **Acceptance of Development**. By the acceptance of a deed to any Unit within the Development Property, the purchaser shall be deemed to have accepted and approved the entire plans for the Development Property and all Improvements constructed by that date including, without limitation, the utilities, drains, landscaping, fences, drives, and all other infrastructure and improvements in the Development Property. **All Development Property and all Improvements constructed thereon shall be accepted by the Association and each Owner "AS IS"**

without any representation or warranty, express or implied, in fact or by law, with respect thereto, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion, or the future economic performance or operations of, or the materials which have been or will be used in such property or repairs.

ARTICLE II
DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration hereto shall have the following meanings:

1. **Act**. "Act" shall mean and refer to the "Horizontal Property Act" of the State of Tennessee codified at Tenn. Code Ann. § 66-27-101 through 123.

2. **Administrative Functions**. "Administrative Functions" shall mean and refer to all functions of, for, and on behalf of the Association that are necessary or proper under this Declaration, including, without limitation: (a) providing management and administration of the Association; (b) providing development review, control, and approval functions; (c) incurring reasonable attorneys' fees and accountants' fees; (d) obtaining insurance and bonds; (e) paying real estate, personal property, or other taxes levied against the Development Property; (f) incurring filing fees, recording costs, and bookkeeping fees; (g) obtaining and maintaining offices and office furniture and equipment; and (h) performing all other reasonable and ordinary administrative tasks associated with the operation of the Association.

3. **Appointment Period**. "Appointment Period" shall mean and refer to the period of time commencing as of the date of the recordation of this Declaration and continuing until the earlier of: (a) the date which is the fifth (5^{th}) anniversary of the date of recordation of this Declaration; (b) the date one hundred percent (100%) of the Units have been conveyed to Owners; or (c) any such earlier date as Declarant, in its sole discretion, elects to terminate the Appointment Period by recording a Notice of such termination.

4. **Assessment**. "Assessment" shall mean and refer to Common Assessments, Working Capital Fund Assessments (if applicable), Special Assessments, Supplemental Assessments, and Reimbursement Assessments, all of which are further defined herein. Assessment shall include all costs and reasonable attorney's fees incurred in the enforcement thereof and shall additionally include interest thereon.

5. **Assessment Year**. "Assessment Year" shall mean and refer to the calendar year or such other period of twelve consecutive calendar months selected by the Board for the levying, determining, or assessing of the annual Assessments under this Declaration.

6. **Association**. "Association" shall mean and refer to **Cruzen Street Townhouses III Owners Association, Inc.**, a Tennessee Non-Profit Townhouse Corporation, its successors and assigns. Each Owner shall be a Member and co-owner of the Association.

7. **Board**. "Board" shall mean and refer to the body, regardless of name, designated in the Declaration to act on behalf of the Association.

8. **Budget**. "Budget" shall mean and refer to a written, reasonably itemized estimate

of the expenses to be incurred by the Association in the performance of its functions under this Declaration. A Budget will be prepared each Assessment Year prior to the commencement thereof as further provided herein.

9. **Builder**. "Builder" shall mean and refer to any Person who is in the business of residential construction and who acquires any Unit building site(s) (referred to herein as Unit Pad(s), as further defined below) within the Development Property for the purpose of constructing Unit(s) thereon for sale to a third party customer of the Builder.

10. **Building**. "Building" shall mean and refer to any one or all of the building(s) located on the Site Plan for the Development Property as shown on **Exhibit B** and forming a part of the Development Property and each containing Units.

11. **By-Laws**. "By-Laws" shall mean and refer to the By-Laws of the Association attached hereto as **Exhibit D** and made a part hereof, as same may be amended from time to time. For purposes of the Act, all provisions contained in the body of this Declaration dealing with administration and maintenance of Development Property and other matters which the Act provides are to be dealt with by the By-Laws shall be deemed to be part of the By-Laws.

12. **Common Element**. "Common Element" shall mean and refer to all of the Development Property comprising the Townhouse Planned Unit Development, except for the Units and the Private Elements and Limited Common Elements appurtenant thereto. All Common Elements shall be exclusively owned by the Association for the use and benefit of every Owner, who shall be a co-owner of the Association as set forth in Tenn. Code Ann. § 66-27-102(15). Without limiting the generality of the foregoing, Common Elements shall include the following, except as otherwise herein provided or stipulated:

a. Land, devices, improvements, structures, or any other elements or part of the Development Property that are rationally for the common use and benefit of all Owners or necessary to the existence, upkeep, and safety of the Townhouse Planned Unit Development established by this Declaration.

b. All foundations, roofs, exterior walls, bearing walls and columns that are common to two (2) or more Units.

c. All other elements of any Building desirable or rationally of common use or necessity to its existence, upkeep or safety.

d. All installations of central services such as power, light, gas, water, sewer, telephone, cable television, including master meters, and the like on the Development Property that are common or service two (2) or more Units.

e. All driveways, access roads, walkways, sidewalks, parking areas, open spaces and entrances and exits for ingress and egress to and from and over and across the Development Property and to and from the Units that are common to two (2) or more Units, as shown on the Site Plan, if any.

13. **Declarant**. "Declarant" shall mean and refer to **Legacy Homes, Inc.**, a Tennessee for-profit corporation, its successors and assigns, provided such successors and assigns are designated in writing by Declarant as a successor or assign of the rights of Declarant set forth herein. Declarant shall have the right to assign all or a portion of its rights, powers, easements,

and privileges under the Act and this Declaration as further set forth and reserved to Declarant. In the event of a partial assignment, the assignee shall not be deemed to be the Declarant but may and shall have the right to exercise such rights, powers, easements, and privileges of the Declarant specifically assigned to it. Any such assignment may be made on a non-exclusive basis.

14. **Declaration**. "Declaration" shall mean and refer to this Declaration of Protective Covenants, Conditions and Restrictions for **Cruzen Street Townhouses III**, a Townhouse Planned Unit Development (a horizontal property regime with Private Elements) applicable to the Development Property and recorded in the Register's Office for **Davidson County**, Tennessee, as may be amended from time to time.

15. **Delinquency Interest Rate**. "Delinquency Interest Rate" shall mean and refer to an annual interest rate established by the Board from time to time, provided, in no event shall the Delinquency Interest Rate exceed the maximum contract rate of interest allowed to be charged under applicable law, as amended from time to time.

16. **Development Property**. "Development Property" shall mean and refer to the real property described on **Exhibit A** attached hereto and made a part hereof.

17. **Governing Documents**. "Governing Documents" shall collectively mean and refer to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, any architectural or design standards, any Rules and Regulations, or any use restrictions, each as they may be amended or supplemented from time to time.

18. **Improvement**. "Improvement" shall mean and refer to any infrastructure, building, outbuilding, garage, barn, shed, detached structure, landscaping, fence, wall, swimming pool, recreational facility, driveway, parking area, walkway, satellite dish, mailbox, utility service, or such other improvement or structure constructed or located upon all or any portion of the Development Property. It is intended that the definition of "Improvement" be broad in scope and is intended to encompass any man-made alteration of the condition of any portion of the Development Property.

19. **Limited Common Elements**. "Limited Common Elements" shall mean and refer to Common Elements and other fixtures lying partially within and partially outside the designated boundaries of a Unit, any portion thereof serving any Unit or Units to the exclusion of other Units, the enjoyment and use of which is reserved exclusively to the Owner(s) of such Unit(s) pursuant to this Declaration or otherwise designated as such by the Board. Without limiting the generality of the foregoing, such Limited Common Elements include pipes, ducts, chutes, flues, wiring, conduit, walls, partitions, columns, utility meter, water heater, condensing units, HVAC equipment, shutters, awnings, window boxes, window frames and screens, door and door frames, window and door glass panes, doorsteps, stoops, as well as porches, patios, and balconies, if any. As set forth in Tenn. Code Ann. § 66-27-102(12), Limited Common Elements located upon Private Elements shall be deemed Private Elements.

20. **Majority of Owners**. "Majority of Owners" shall mean and refer to the holders of more than fifty percent (50%) of the total Votes of the Members.

21. **Member**. "Member" shall mean and refer to any Person(s) that shall be an Owner, and as such, shall be a Member and co-owner of the Association.

22. **Mortgage**. "Mortgage" shall mean and refer to any a first priority mortgage encumbering a Unit held by a Mortgagee.

23. **Mortgagee**. "Mortgagee" shall mean and refer to any bank or other financial institution, which is in the business of making mortgages to customers and which is the record holder of a recorded first priority Mortgage encumbering one or more Units or property within the Development Property, which is not affiliated with the Owner and which has given written notice of its Mortgage to the Association.

24. **Occupant**. "Occupant" shall mean and refer to any Person in possession of a Unit, regardless of whether said Person is an Owner.

25. **Owner**. "Owner" shall mean and refer to the Person(s) whose estates or interests, individually, or collectively, aggregate fee simple ownership of a Unit, the Private Elements and Limited Common Elements appurtenant thereto. "Owner" shall not mean the Mortgagee or beneficiary of a recorded Mortgage or deed of trust, who holds a lien solely for security purposes and does not have possession of the Unit.

26. **Person**. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust, or other legal entity capable of holding title to real property. The use of the masculine pronoun shall include neuter and feminine references as applicable, and use of the singular shall include the plural where the context so requires.

27. **Plans**. "Plans" shall mean and refer to the detailed plans prepared for construction of any Improvement on or within the Development Property, which shall comply with the architectural control provisions, if any, of this Declaration.

28. **Private Element**. "Private Element" shall mean and refer to the lot area upon which a Unit is located and the improvements located thereon as further described and depicted on **Exhibit B** attached hereto and made a part hereof, exclusive of any Common Elements located thereon. Exclusive ownership and use of the Private Elements for each Unit is reserved to such Unit. As set forth in Tenn. Code Ann. § 66-27-102(12), Limited Common Elements located upon Private Elements shall be deemed to be Private Elements.

29. **Rules and Regulations**. "Rules and Regulations" shall mean and refer to the rules and regulations concerning the use of the Units, Private Elements, and the Common Elements, as adopted by the Board in accordance with this Declaration and By-Laws from time to time.

30. **Site Plan or Plat**. "Site Plan" or "Plat" shall mean and refer to the diagram, plan, survey, or plat of the Development Property as may be submitted to this Declaration and the provisions of the Act, which show the number, area, and location of each Unit and other data necessary for their identification. The current Site Plan for **Cruzen Street Townhouses III**, as may be amended from time to time, is attached hereto as **Exhibit B**, and made a part hereof. No dedication to the public is intended by recording any Site Plan with this Declaration, except as otherwise provided by Declarant.

31. **Supplemental Declaration**. "Supplemental Declaration" shall mean and refer to any amendment to or supplement of this Declaration as provided herein.

32. **Unit**. "Unit" shall mean and refer to the individually numbered or labeled portion

of any Building, designed and built for use and occupancy as a residence and intended for independent ownership, which is not owned in common with any other Owner. The boundaries of each Unit shall be the exterior finished surfaces of the structural materials enclosing such living space on the Development Property. Any Unit may be jointly or commonly owned by more than one Person.

33. **Unit Pad**. "Unit Pad" shall mean and refer to the area of the Development Property upon which a Unit comprising a Building is shown on a Site Plan. Any Unit Pad(s) to be conveyed to Builder(s) for the construction of Units thereon shall not be conveyed separately from all other Unit Pads comprising any Building. Except as otherwise provided herein, Unit Pads, whether developed or to be developed as shown and further depicted (as future phase or otherwise) on **Exhibit B**, as may be amended from time to time, shall constitute and/or be considered a "Unit" for the purposes of calculating the total number of Units comprising the Development Property, Membership and co-ownership of the Association, Voting, and Assessments.

34. **Vote**. "Vote" shall mean and refer to the vote in the affairs of the Association to which each Member is entitled, as further set forth herein.

ARTICLE III
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

1. **Owners Association**. There has been formed an Association having the name "**Cruzen Street Townhouses III Owners Association, Inc.**", a Tennessee Non-Profit Townhouse Corporation, which shall be the governing body for all Owners and shall be operated to provide for the maintenance, repair, replacement, administration, operation, and care of the Development Property, as provided in the Act, this Declaration, and the By-Laws. All Common Elements shall be owned by the Association for the use and benefit of the Owners and their family members, invitees, agents, representatives, tenants, and licensees for such purposes incidental to the use of the Units. The By-Laws for the Association shall be the By-Laws attached to this Declaration as **Exhibit D** and made a part hereof. The Charter for the Association is attached hereto as **Exhibit E**. The Board shall be elected and serve in accordance with the provisions of the By-Laws. The fiscal year of the Association shall be determined by the Board as may be changed from time to time by the Board. All activities undertaken by the Association shall be for the sole benefit of Owners, and all funds received by the Association shall be held and applied by it for the use and benefit of the Owners in accordance with the provisions of this Declaration and By-Laws.

2. **Board**. The affairs of the Association shall be managed by the Board, which shall consist of up to three (3) Directors. Except as to matters set forth herein as requiring a Vote of the Owners, the Board shall have full authority to make all decisions and take any and all actions on behalf of the Association. During the Appointment Period, the Declarant shall determine the number of Directors and Declarant shall have the right to appoint all of such Directors.

a. By resolution, the Board may delegate portions of its authority to a committee, an officer of the Association, or to an agent or employee of the Association, but such delegation of authority shall not relieve the Board of the ultimate responsibility for management of the affairs of the Association. Action by or on behalf of the Association may be taken by the Board or any duly authorized committee, officer, agent, or employee without a Vote of the Owners, except as otherwise specifically provided in this Declaration.

b. The election of the Board by the Owners shall be those Persons receiving

the highest number of Votes with each Owner allowed one (1) Vote per Unit owned for as many candidates are there are Directors being elected at a meeting of the Owners for such purpose at which a quorum is present.

3. **Membership**. Each Owner shall be a Member and co-owner of the Association. Membership and co-ownership in the Association shall be appurtenant to and may not be separated from ownership of a Unit. An Owner's membership in the Association shall automatically terminate when he ceases to be an Owner. Upon the conveyance or transfer of an Owner's ownership interest to a new Owner, the new Owner shall succeed simultaneously to the former Owner's membership and co-ownership in the Association.

4. **Voting**. The voting rights of the Members shall be appurtenant to their ownership of a Unit(s). Each Member shall be entitled to cast a single vote for each Unit owned by such Member. When two or more Persons hold an interest (other than a leasehold or security interest) in a Unit, all such Persons shall be Members; but the Vote attributable to such Unit shall be exercised by one of such Persons as proxy and nominee for all such Members, and in no event shall more than one (1) Member be entitled to cast the Vote attributable to such Unit. Furthermore, neither the Declarant nor any other Person dealing with the Development Property shall have any duty to inquire as to the authorization of the Member casting the Vote for a Unit, but shall be entitled to rely upon the evidence of voting as conclusive evidence of such Member's authority to cast the Vote for such Unit. In the event of a tie Vote concerning any matter coming before the Members, the President of the Association (or person last serving in such capacity, including the Declarant) shall decide same.

5. **Effect of Delinquency**. Any Member, who is delinquent in the payment of any Assessment or other charge duly levied by the Association against a Unit owned by the Member, shall not be entitled to Vote until all such Assessments and charges, together with reasonable penalties, interest, and costs of collection, as the Board may impose or incur, have been paid to the Association. In addition, the Board may suspend the right of such Member to use the Common Elements or any other facilities or services that the Association may provide until such delinquency is cured. The forgoing rights of the Board shall be in addition to all other rights set forth herein or available at law or in equity with respect to a failure to pay Assessments.

6. **Manner of Voting**. Except as provided elsewhere herein, the Board shall have the authority to regulate the procedural rules governing Votes by the Members, the acceptance of proxies from Members, the validity of voice votes, ballot votes, or other manners of Voting.

7. **Non-Liability of Declarant, Board, and Officers**. To the greatest extent permitted by law, neither the Declarant nor the Board or officers of the Association shall be personally liable to Owners or the Association for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Declarant, Board member, or officer, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. Owners and the Association shall indemnify, hold harmless, and defend Declarant, the Board, and officers and their respective heirs, executors, administrators, successors, and assigns for their actions or inaction as provided herein.

8. **Binding Determination**. In the event of any dispute or disagreement between any Owners relating to the Development Property, the use, right to use, or maintenance of any Common Element, or any other questions of interpretation or application of the provisions of this Declaration, the By-Laws, any Rule or Regulation, or any other of the Governing Documents, the determination thereof by the Declarant during the Appointment Period and thereafter the Board

shall be final and binding on each and all Owners.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

1. **General Powers and Duties**. The Association had been formed to further the common interests of the Owners. The Association, acting through the Board or through persons to whom the Board has delegated any authorized powers of the Board, shall have the duties and powers hereinafter set forth and, in general, the powers to perform its duties described in this Declaration, and subject to any limitation set forth herein, the powers to do anything that may be necessary or desirable to further the common interests of the Owners, to maintain, improve, and enhance the attractiveness and desirability of the Development Property or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration or its constituent documents or by law, all rights and powers of the Association may be exercised by the Board without a Vote of the Members.

2. **Assessments**. The Association shall levy and collect Assessments and other duly levied charges as elsewhere provided in this Declaration.

3. **Taxes**. The Association shall pay all ad valorem taxes and governmental assessments levied upon the Development Property to which the Association holds fee simple title and all taxes and assessments payable by the Association. Nevertheless, the Association shall have the right to contest in good faith any such taxes or assessments.

a. **Separate Real Estate Taxes**. Development Property real estate taxes shall be separately taxed to each Owner for his Unit and the Private Elements and Limited Common Elements appurtenant thereto. In the event that such taxes for any year are not separately taxed to each Owner, but rather are taxed on the Development Property as a whole, then each Owner shall pay his proportionate share thereof in accordance with his respective Common Assessment liability as shown on **Exhibit C**.

b. **Separate Utility Charges**. Development Property utility services for Units shall be separately metered, and all utility charges for the Units shall be assessed against and shall constitute the sole responsibility of the Owners thereof. In the event that such utility charges are not separately metered and charged to each Owner, but rather are charged on the Development Property as a whole, then each Owner shall pay his proportionate share thereof in accordance with his respective Common Assessment liability as shown on **Exhibit C**.

4. **Borrowed Money**. The Association shall have the power to borrow money but not the power to encumber Development Property as security for such borrowing.

5. **Property and Facilities Transferred by Declarant**. The Association shall accept title to any property, including any Improvements thereon and personal property, transferred to the Association by Declarant, together with the responsibility to perform any and all Administrative Functions associated therewith, provided that such property and Administrative Functions are not inconsistent with the provisions contained in this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests, and licenses for use. Any property or interest in property transferred to the Association by Declarant shall be unencumbered by any Mortgage.

6. **Property Acquisition and Improvement Construction**. Other than property received from Declarant, the Association may acquire property or interests in property for the common benefits of Owners, including Improvements and personal property. The Association may construct Improvements on property and may repair, maintain, remodel, and demolish existing Improvements upon property.

7. **Development Property Use Regulation.** The Board shall have the power to regulate the use of Development Property by Owners, their family members, guests, agent, servants, or invitees to further and enhance the overall rights of use and enjoyment of all Owners, including imposing reasonable limits on the times of use and numbers of Persons permitted to use Development Property.

8. **Public Dedication**. The Association shall have the power to grant, convey, dedicate, or transfer any Development Property or facilities to any public or governmental agency or authority for public use.

9. **Reconveyance**. Upon written request of Declarant, the Association shall reconvey to Declarant any unimproved portions of the Development Property originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make adjustments in property lines or accommodate changes in the development plan.

10. **Property Management and Care**. The Association shall manage, operate, care for, maintain, and repair all Development Property and keep them in a reasonable condition for the use and enjoyment of the Owners. The Association shall have a reasonable right of entry upon all Development Property and any portion thereof to make emergency repairs and to do other work reasonably necessary under this Declaration for the proper performance of its duties hereunder. In addition, the Association shall have the power to require that all Owners to manage, operate, care for, maintain, and repair their respective property and Improvements thereon and to keep them in an attractive and desirable condition and to otherwise enforce the provisions of this Declaration against all Owners.

a. **Managing Agent**. The Declarant during the Appointment Period and thereafter the Board shall have the authority to engage the services of an agent ("Managing Agent") to undertake any of the management duties and Administrative Functions for the efficient operation of the Development Property, or any part thereof, to the extent deemed advisable by the Declarant during the Appointment Period and thereafter the Board and to manage the affairs of the Association. The Managing Agent shall be required to have fidelity bond coverage on its employees handling Association funds, and the cost of such services shall be incurred by the Association.

b. **Employees, Agents, and Consultants**. The Association shall have the power to hire and discharge employees and agents and to retain and pay for accounting, legal, and other services as may be necessary or desirable in connection with performance of any duties or exercise of any powers of the Association.

11. **Limitation on Liability**. The Association, the Board, any other committee established by the Board, the Declarant, and any member of the Board or any committee, officer, agent, or employee of any of them (collectively the "Indemnitees") shall not be liable to any Person for any mistake of judgment, whether negligent or otherwise, or for any action or any failure to act under this Declaration, any Supplemental Declaration or the Governing Documents. In addition,

the Board and the officers of the Association shall have no personal liability with respect to any contract or other commitment made by them, on behalf of the Association (except to the extent that such directors or officers may also be Owners) and the Association, as an Administrative Function, shall indemnify, hold harmless, and defend the Board and such officers from any and all expense, loss, or liability to others on account of any such contract or commitment. In addition, the Indemnitees shall be indemnified and held harmless by the Association, as an Administrative Function, from any expense, loss, or liability to others by reason of having served in such capacity, against all expenses, losses, and liabilities, including court costs and reasonable attorney's fees incurred by or imposed upon such Person in connection with any proceeding to which he may be a party or may have become involved by reason of holding such position, whether or not he holds such position at the time such expenses are incurred, except in cases in which the expenses, losses, and liabilities arise from a proceeding in which such Person is adjudicated guilty of willful misfeasance, gross negligence, or bad faith in the performance of his duties and for which indemnification is prohibited by law under the Tennessee Not For Profit Corporation Act. In the event of a settlement of any such proceedings, the indemnification provided hereby shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association. Any right of indemnification provided in this Paragraph shall not be exclusive of any other rights to which an Indemnitee may be entitled.

12. **Insurance**. The Board shall have the authority to obtain such insurance as it deems reasonably desirable or necessary, in such amounts, from such sources and in such forms as it deems desirable. The Board is authorized to obtain the insurance policies and coverage(s) specified in this Declaration through the Declarant and reimburse the Declarant for the cost thereof. Insurance obtained by or through the Declarant shall satisfy all insurance responsibilities of the Board. The Board may (but shall not be required to) require of those performing any maintenance, repair, or other work on the Development Property for which the Association are responsible, such liability or other insurance, including workmen's compensation, as it deems reasonably necessary or desirable given the nature, circumstances, and amount of the work to be performed. Insurance obtained by or through the Declarant shall satisfy all insurance responsibilities of the Board.

a. **Common Elements**. The Board shall have the authority and shall obtain insurance for the Common Elements (exclusive of the Units and the Private Elements appurtenant thereto), against loss or damage by fire, vandalism, malicious mischief, and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements and against such other hazards and for such amounts as the Board may deem advisable. Insurable replacement cost shall be deemed the cost of restoring the Common Elements, or any part thereof, to substantially the same condition in which they existed prior to damage or destruction. Such insurance coverage shall be written in the name of the Association, and the proceeds thereof shall be payable to the Board, as the trustee for the Association, and the policy shall include a standard mortgage clause or equivalent endorsement. The policy of insurance shall be a "blanket" or "master" type of policy and should also contain, if possible, a waiver of subrogation rights by the insurer against individual Owners. The premiums for such insurance shall be a Common Assessment.

b. **Units and Private Elements. EACH OWNER SHALL BE RESPONSIBLE FOR OBTAINING INSURANCE FOR THAT OWNER'S UNIT (including the contents therein), ITS PRIVATE ELEMENTS AND LIMITED COMMON ELEMENTS**, the ownership, possession, enjoyment, benefit, and use of which are reserved exclusively to such Owner against loss or damage by fire, vandalism, malicious

mischief, and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Unit, the Private Elements, the Limited Common Elements, and any personal property of the Owner stored in the Unit or elsewhere on the Development Property. In addition, each Owner shall be responsible for obtaining his own insurance insuring said Owner personally from liability in connection with the ownership, possession, use, and occupancy of his Unit. Such insurance shall not be the responsibility of the Association and by acceptance of a deed to a Unit, each Owner acknowledges that such insurance is and shall be the sole responsibility of said Owner.

c. **Casualty Insurance**. To the extent deemed desirable by the Board, the Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, casualty, fire, and extended coverage insurance with respect to all Common Elements, Improvements, and personal property owned by the Association.

d. **Liability Insurance**. To the extent deemed desirable by the Board, the Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance covering public liability for bodily injury and property damage.

e. **Fidelity Coverage**. To the extent reasonably obtainable, the Association may obtain and keep in full force and effect at all times a fidelity policy or bond providing fidelity coverage against dishonest acts on the part of the Managing Agent, directors, officers, employees, and volunteers of the Association responsible for handling funds collected and held for the benefit of the Owners or otherwise belonging to or administered by the Association.

f. **Coverage Sufficiency and Deductibles**. The Association shall periodically review the sufficiency of insurance coverage. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon written request, to any Member. The policies may contain a reasonable deductible. In the event of an insured loss of the Association, the deductible shall be treated as part of the Common Assessment. However, if the Board reasonably determines that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may levy an Assessment of the full amount of such deductible against such Owner(s) and their Unit(s). The Board is authorized to obtain the insurance policies and coverage(s) specified in this Declaration through the Declarant and reimburse the Declarant for the cost thereof.

g. **Policy Requirements**. All insurance coverage obtained by the Board for the Association shall: (i) be written with a company authorized to do business in the State of Tennessee, which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate; (ii) be written in the name of the Association as trustee for the Owners, who shall be insured under such policy to the extent of the Owners' interest; (iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees, individually; (iv) contain an inflation guard endorsement; and (v) include an agreed amount endorsement, if the policy contains a co-insurance clause.

h. **Additional Requirements**. In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide: (i) a waiver of subrogation as to any claims against the Association's Board,

officers, employees, and its manager, and the Owners and their tenants, servants, agents, and guests; (ii) an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; (iii) an endorsement requiring at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal; (iv) a cross liability provision; and (v) a provision vesting in the Board exclusive authority to adjust losses.

i. **General Provisions**. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. To the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, insurance obtained by the Association shall name Declarant and any Managing Agent as an additional insured and contain a waiver of rights of subrogation as against Declarant, the Managing Agent, and any officer, director, agent, or employee of Declarant or Managing Agent. Casualty, fire, and extended coverage insurance may be provided under blanket policies covering the Development Property and/or property of Declarant. Each Owner hereby irrevocably appoints the Association as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (a) the collection and appropriate disposition of the proceeds thereof; (b) the negotiation of losses and execution of release of liability; (c) the execution of all documents; and (d) the performance of all other acts necessary to accomplish such purpose.

j. **Premiums**. The premiums for insurance procured pursuant to this Declaration shall be a Common Assessment.

13. **Easements**. The Association shall have the power to grant permits and licenses, as well as easements for access, utilities, drainage, water facilities, and other matters, in, on, over, across, or under Development Property and any Common Elements, as may be reasonably necessary or useful for the proper maintenance of the Development Property or otherwise benefit the Association.

a. **Public and Private Utilities**. Easements for installation and maintenance of public and private utilities and drainage facilities are reserved as shown on any Plat or Site Plan concerning Development Property and as otherwise shown by public records. A blanket, perpetual, and non-exclusive easement in, upon, over, across, and through the Common Elements and Limited Common Elements is hereby reserved for the purpose of the installation, maintenance, repair, service, and replacement of all sewer, water, power, telephone, cable television systems, pipes, mains, conduits, poles, or transformers, as well as any and all other equipment or machinery necessary or incidental to the proper functioning of any utilities systems servicing the Development Property, which easement shall be for the benefit of the Declarant, the Association, and any governmental agency, utility company, or other entity (public or private) which requires same for the purpose of furnishing one or more of the foregoing services.

b. **Declarant**. During the Appointment Period, an easement is reserved to Declarant in, upon, over, under, across, and through the Common Elements and Limited Common Elements in order to maintain facilities and perform such operations as in the sole discretion of Declarant may be convenient, necessary, desired, or incidental to the construction and maintenance of Improvements of any kind, including, without limitation, a business or sales office(s), storage area(s), construction yards and signs.

c. **Association**. A blanket, perpetual, non-exclusive easement of unobstructed ingress and egress in, upon, over, across, and through the Common Elements and Limited Common Elements is hereby reserved to the Association, the Board, Managing Agent or their respective agents or employees for the purpose of maintaining, repairing, and replacing the Common Elements or any equipment, facilities, or fixtures affecting or servicing same, as well as to remedy any violations of the provisions of this Declaration or any Governing Documents; provided that requests for entry upon any Unit are made in advance and that any such entry is at a time reasonably convenient to the Owner. In the case of an emergency or the Owner's uncooperative or untimely response to such request, the right of entry shall be immediate, whether the Owner is present at the time or not.

d. **Construction and Sale Easement**. Notwithstanding any provision contained in this Declaration or the Governing Documents, until the termination of the Appointment Period and thereafter so long as Declarant owns any property in the Development Property for development or sale, Declarant reserves an easement across the Development Property for Declarant and any Builder or developer approved by Declarant to maintain and carry on development activities, upon such portion of the Development Property as Declarant may deem desirable or necessary. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, and reasonable steps shall be taken to protect such property from damage. Any damage shall be repaired by the Person causing the damage at its sole expense.

e. **Association Maintenance, Safety and Security**. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security and safety reasons, to perform maintenance as further set forth in this Declaration, and to inspect for the purpose of ensuring compliance with the Governing Documents. Such right may be exercised by any member of the Board, the Association's officers, agents, employees, and managers, and all police officers, firefighters, ambulance personnel and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Private Element or Unit to cure any condition which may increase the possibility of a fire, slope erosion or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board.

f. **Declarant Inspect and Right to Correct**. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign and correct any structure, improvement, or condition which may exist on any portion of the Development Property, and a perpetual, nonexclusive easement of access throughout the Development Property to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a dwelling shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the Owner's consent. The Person exercising this easement shall promptly repair, at such Person's own expense, any damage resulting from such exercise.

g. **Federal, State and Local Entity**. An easement is hereby established for the benefit of any applicable federal, state, or local entity over all portions of the Development Property for the setting, removing, and reading of water meters; for

maintaining and replacing water, sewage, and drainage facilities; for police protection, firefighting, and garbage collection; and rendering of such other services as are appropriate and necessary for the use and enjoyment of the Development Property.

h. **Encroachment – Common Elements**. If any portion of the Common Elements, including the Limited Common Elements, shall actually encroach upon any Unit or its Private Elements, or if any Unit or its Private Elements shall actually encroach upon any portions of the Common Elements as shown on the Site Plan due to engineering errors, errors in original construction, settlement, or shifting of a Building or any similar cause, there shall be deemed to be mutual easements in favor of the respective Owners involved to the extent of such encroachments so long as same exists; provided, however, in no event shall an easement for encroachment be created in favor of an Owner, if said encroachment occurred due to the willful act of said Owner.

14. **Condemnation**.

a. **Common Elements**. If any Common Elements or interests therein are taken under exercise of the power of eminent domain or by purchase under threat thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other Person with an interest in such property. The Association, by and through the Board, shall have the exclusive right to participate in such condemnation proceedings as they pertain to the Common Elements and to represent the interests of all Owners in such proceedings. Each Owner hereby irrevocably appoints the Association, by and through the Board and any such duly appointed trustee as such Owner's attorney-in-fact for such purposes. All condemnation compensation, damages, or other proceeds received by the Association shall be payable to the Board for and on behalf of the Association. The Board shall disburse the net proceeds of such award on a fair and reasonable basis to the Mortgagees directly affected by the condemnation and the balance to the Owners directly affected thereby. The decision of the Board as to the fairness and reasonableness shall be binding upon all parties, if such decision reasonably relates to the given facts.

b. **Units**. If a Unit or Units are acquired by a taking in condemnation or by eminent domain so as to leave the Owner(s) with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, upon acquisition by the condemning authority, unless the decree provides otherwise, each affected Unit shall thereafter be a Common Element and the Assessments related thereto shall be automatically reallocated to the remaining Units.

15. **Rules and Regulations**. The Association, acting through the Board, or other appointed committee, may from time to time adopt, amend, repeal, and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration or any Supplemental Declaration, the operation of the Association and the use and enjoyment of Development Property. Any such Rules and Regulations shall be uniformly applied, but the applicability of a particular rule to a particular situation shall be in the sole discretion of the Board. Each Owner shall comply with such Rules and Regulations. In the event of any conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

16. **Enforcement**. The Association, acting through the Board, shall have the power to enforce the provisions of this Declaration, any Supplemental Declaration, and the Governing

Documents and shall take such action as the Board deems necessary or desirable to cause such compliance by each Owner by any one or more of the following means: (a) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration, any Supplemental Declaration or the Governing Documents, by mandatory injunction or otherwise; (b) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration, any Supplemental Declaration, or the Governing Documents and for all expenses incurred in connection therewith, including reasonable attorney's fees; (c) by levying and collecting reasonable and uniformly applied fines and penalties established for breach of this Declaration, any Supplemental Declaration, or the Governing Documents; (d) by taking such action as reasonably necessary to bring a Unit and any Improvements thereon into compliance with this Declaration, any Supplemental Declaration, or the Governing Documents, the costs of which shall be at the Owner's sole expense; (e) by suspending the right to vote and/or the right to use and enjoy the recreational facilities; and (f) by exercising any remedy for nonpayment of Assessments as provided herein. The Association shall have a lien on any Unit and any Improvement thereon to secure payment of the amounts described in this Paragraph, and such lien may be enforced in the same manner and with the same priority as that of a lien for Assessments as provided herein. The Association, by contract or other agreement, may enforce county and city ordinances, if applicable, and local governments may enforce their ordinances within the Development Property.

17. **No Waiver**. The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or estop the Association from enforcing any other covenant, restriction or rule. The failure by the Declarant or the Board to enforce any covenant, restriction or Rule and Regulation provided in or by this Declaration, Supplemental Declaration or Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

18. **Safety and Security**. Each Owner and/or occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property within the Development Property. The Association may, but shall not be obligated to, maintain or support certain activities within the Development Property designed to enhance the level of safety or security which each Person provides for himself or herself and his or her property. Neither the Association, the Declarant nor their officers, agents, members or employees shall in any way be considered insurers or guarantors of safety or security within the Development Property, nor shall any of the foregoing be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. The obligation to provide security lies with each Owner individually. **No representation or warranty is made that any security system or measures, including any mechanism or system for limiting access to the Development Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is intended. Each Owner acknowledges, understands, and shall be responsible for informing its guests, invitees, tenants and all occupants of a Unit that the Association, its Board and committees, and the Declarant are not insurers or guarantors of safety or security and that each Person within the Development Property assumes all risks of personal injury and loss or damage to property, including Units, Improvements thereon and the contents upon Private Elements or within Units, resulting from acts of third parties.**

19. **General Corporate Powers**. The Association shall have all of the ordinary powers and rights of a Tennessee nonprofit corporation, including without limitation, the power and right to enter into partnerships and other agreements, subject only to such limitations upon such powers as may be set forth in this Declaration or in the Articles of Incorporation for the Association or the By-Laws. The Association shall also have the power to do any and all lawful things which may be authorized, required, or permitted to be done under this Declaration, under any Supplemental Declaration, or under the Governing Documents, and to do and perform any and all acts which may be necessary or desirable for or incidental to, the exercise of any of the express powers or rights of the Association under this Declaration, under any Supplemental Declaration, or under the Governing Documents.

ARTICLE V
DEVELOPMENT PROPERTY MAINTENANCE

1. **General Owner Use and Enjoyment Rights**. Except as may be provided in this Declaration, Supplemental Declaration or the Governing Documents, every Owner shall have a right and easement of enjoyment in the Development Property appurtenant to each Unit.

2. **No Partition**. No Owner shall have the right to partition or seek partition of the Development Property or any part thereof.

3. **Common Elements**. Except as otherwise provided herein, maintenance of, repairs to and replacements within the Common Elements shall be the responsibility of and shall be furnished by the Association, the cost of which shall be part of the Common Assessment assessed to and paid by Owners benefitted thereby.

4. **Units, Private Elements, and Limited Common Elements**. Each Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within his Unit, as well as to the Private Elements and Limited Common Elements appurtenant to his Unit. If any Owner fails to maintain, repair, or replace any items required herein to be maintained, repaired, or replaced by said Owner, then the Association shall have the right upon ten (10) business days' notice, but not the duty, in its sole discretion, to carry out such maintenance, repair, or replacement, the cost of which shall become a Reimbursement Assessment attributable to such Unit.

5. **Owner Liability for Damage**. Each Owner and any tenant, occupant, family member, guest, agent, servant, or invitee thereof shall be liable to the Association for any damage to the Development Property or for any expense or liability incurred by the Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Owner or tenant, occupant, family member, guest, agent, servant, or invitee of such Owner and for any violation by such Owner or tenant, occupant, family member, guest, agent, servant, or invitee of this Declaration, any Supplemental Declaration, and the Governing Documents. The Association shall have the power, as elsewhere provided herein to levy and collect Reimbursement Assessments against an Owner to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration and the Governing Documents, or for any increased insurance premiums directly attributable to any such damage or any such violation.

6. **Damage Removal and Reconstruction**. In the event of damage to Common Elements by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction, or replacement of any Development Property, the Board shall promptly

cause debris to be cleared and leave the same in a neat and orderly condition. The Board shall, in its sole and absolute discretion without intervention of any Owner, determine and arrange for prompt repair, restoration, and reconstruction of the damaged portion of such Common Elements in substantial accordance with the original plans and specifications therefore. Any change or alteration must be approved by the Board. Where the insurance indemnity is insufficient to cover the cost of such repairs, restoration and reconstruction, the deficit shall be paid by all Owners directly affected by the damage or destruction in a fair proportion as determined by the Board in its sole and absolute discretion. The Board shall not be responsible for the repair, replacement or restoration of any Unit, the Private Elements or any furnishings, fixtures, appliances, equipment, decorations, or landscaping installed in or for the sole benefit of a Unit by its Owner.

7. **Non-Compulsory Reconstruction**. Reconstruction shall not be compulsory where the whole or more than two-thirds (2/3rds) of any single Building is destroyed or damaged by fire or other casualty as determined by the Board. In such case and unless otherwise unanimously agreed upon by the Owners directly affected by the casualty, the net proceeds of insurance policies shall be divided equally among such Owners and the Mortgagees of the Units directly affected by the casualty as determined in the sole discretion of the Board, after paying from the share of each affected Owner or Mortgagee, as their interests may appear: (a) the costs of removing debris and returning the site to a condition compatible with the overall appearance of the Development Property, including without limitation, landscaping, and (b) the just amount of any unpaid liens on any Unit in the order of priority of such liens. Provided, however, no such disbursement of the insurance proceeds to any Owner or Mortgagee shall occur unless simultaneously with such disbursement each affected Owner delivers to the Board a recordable deed quit claiming his interest in his Unit and the Private Elements and Limited Common Elements appurtenant thereto to the Board, as trustee for the remaining Owners, and also delivers to the Board a recordable release of any liens on his Unit.

8. **Withdrawal of Destroyed Unit and Percentage Interest Reallocation**. Upon recording of the deeds and releases referred to in the preceding paragraph as same relate to each such destroyed Unit, said Unit shall be deemed withdrawn and shall be thereafter deemed to be Common Elements. After the Board has affected any such withdrawal, the responsibility for the payment of future Common Assessments for any such withdrawn Unit shall cease.

Article VI
DECLARANT'S RIGHTS AND RESERVATIONS

1. **Applicability and Term**. Declarant shall have and hereby retains and reserves certain rights set forth in this Declaration with respect to the Association and the Development Property. Declarant's rights and reservations set forth herein shall be deemed accepted and reserved in each recorded Supplemental Declaration, in each conveyance of property by Declarant to the Association and in each deed or other instrument by which any property within the Development Property is conveyed, whether or not specifically stated therein. The rights, reservations, and easements of Declarant set forth in this Declaration during the Appointment Period may not, without Declarant's prior written consent, be modified, amended, rescinded, or affected by any amendment hereto, including any amendment of this Article. Declarant's consent to any such amendment shall not be construed as consent to any other or subsequent amendment. In the event of any conflict between the rights reserved to Declarant hereunder and any other provisions of this Declaration, then Declarant's rights shall control. In the event of Declarant default of its development loan or other financing related to the development of the Development Property that results in the transfer of ownership of the Development Property to

the lender, then all of Declarant's rights, duties, obligations, liabilities and any other responsibility set forth in this Declaration shall automatically be transferred and assigned to such lender.

2. **Additional Improvements**. Declarant shall have and hereby reserves the right, at any time and from time to time, but shall not have the obligation, to construct, at its expense, additional Improvements on Development Property which are for the betterment and enhancement thereof and for the benefit of the Association and the Owners. Declarant will convey or transfer such Improvements to the Association, which shall be obligated to accept title to, care for, and maintain the same as elsewhere provided herein.

3. **Promotion and Marketing**. Declarant shall have and hereby reserves the right to use the Development Property in connection with development, construction, promotion, marketing, sale and leasing of properties within the Development Property, by erecting and maintaining on any part of the Development Property such signs as Declarant, in its sole discretion, may deem desirable, necessary or proper in connection with the development, construction, promotion, marketing, sale and leasing of parcels of real property within the Development Property, and by permitting prospective purchasers of any of such parcels who are not Owners to enter upon Development Property; provided, however, that Declarant shall pay all costs occasioned by such use, including without limitation maintenance and repair expenses.

4. **Development Completion**. No provision of this Declaration shall be construed to limit the right of Declarant to or require Declarant to obtain approval: (a) to complete Improvements indicated on Plats, Site Plans and/or Plans filed with this Declaration, as may be amended from time to time; (b) to create, add, withdraw, modify, alter, subdivide or redefine Units, Private Elements, or Common Elements, comprising the Development Property; (c) to make the Development Property part of a larger planned community or to subject same to a master association; (d) to excavate, cut, fill, or grade any property owned by Declarant or to construct, alter, remodel, demolish, or replace any Improvements on any Development Property; or (e) to require Declarant to seek or obtain the approval of the Association for any such activity or Improvement to property by Declarant on any Development Property. Nothing in this Paragraph shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

5. **Easements**. Declarant shall have and hereby reserves the right to grant or create temporary or permanent easements and rights-of-way for access, utilities, water, drainage, and other purposes incident to development, construction, or sale within the Development Property, located in, on, under, over, and across Development Property, property owned by Declarant, provided that such easements and rights-of-way that are located within the Development Property do not unreasonably interfere with the rights of Owners.

6. **Conveyance of Additional Property**. Declarant shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon to the Association at any time and from time to time in accordance with this Declaration.

Article VII
ASSESSMENTS

1. **Covenant to Pay and Commencement**. Each Owner, by acceptance of a deed to his Unit, whether or not it shall be so expressed in such deed, is thereby deemed to covenant and agree to pay to the Association: (a) Common Assessments, (b) Working Capital Fund Assessments; (c) Special Assessments, (d) Supplemental Assessments, (e) Reimbursement Assessments, and (f) fines or charges which may be imposed against such Unit in accordance

with the provisions of this Declaration. An Owner's obligation to pay Assessments and any other duly levied charge shall commence on the first day of the first month following the transfer or conveyance of a Unit to a person or entity other than the Declarant or an affiliated company of Declarant. The Assessments for the then current Assessment Year shall be prorated on the basis of the number of months remaining in such Assessment Year.

2. **Common Assessment**. The Board shall have the power and authority to levy a "Common Assessment" to fund the annual or other periodic costs of operating the Association, including expenses incurred in connection with any Administrative Function and other expenses duly incurred by or on behalf of the Association which are to be paid by each Owner to the Association. Expenses which may be duly incurred on behalf of the Association in connection with the performance of Administrative Functions include, without limitation, the following:

a. Expenses of maintenance, operation, repair, replacement, and security of the Common Elements, including, without limitation, costs of labor, equipment, and materials incurred in connection therewith.

b. Utility charges for utilities serving the Common Elements and for the lighting of streets throughout the Common Elements, as well as charges for other common services for the Development Property.

c. Expenses related to sprinkler systems, supplemental trash disposal, recycling collection, seasonal decorative lighting, and other seasonal landscaping.

d. Principal, interest, and other charges payable with respect to: *(i)* loans to the Association to provide funds to perform any Administrative Function or to pay any other obligation of the Association, including, without limitation, loans financing the construction of Improvements for the Development Property and *(ii)* loans from Declarant made to the Association to fund Association expenses prior to the time when Common Assessments payable by Owners other than Declarant are sufficient to fund the normal operating expenses of the Association.

e. Other expenses as may be determined from time to time by the Board to be incurred for performance of Administrative Functions, including, without limitation, taxes, insurance premiums, utility charges, and government charges not separately assessed against Units.

f. The establishment and maintenance of a reasonable reserve fund or funds for *(i)* maintenance, repair, and replacement of those portions of the Development Property and Improvements thereon that are the responsibility of the Association and that must be maintained, repaired, or replaced on a periodic basis; and *(ii)* to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board.

3. **Common Assessment Calculation**. Prior to commencement of each Assessment Year, the Board shall fix the amount of the Common Assessment by preparing a Budget for the Administrative Functions to be provided by the Association in the coming Assessment Year. The proposed Budget is to show the categories of expenses and the anticipated amounts of expenses for which Common Assessments are determined by the Board to be necessary or desirable, and shall reflect any expected income and estimated sources and

amounts thereof of the Association for such Assessment Year, as well as any expected surplus from the prior Assessment Year. At the office of the Association or its agent, copies of the proposed Budget and the Budget for the current Assessment Year will be made available by the Association to any Person requesting a copy thereof upon payment of the reasonable expense of copying same. The Board shall allocate the Common Assessment equally among the Units.

4. **Assessment Notice**. Notice of any Assessment set forth herein shall be sent by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, facsimile transmission, or electronic transmission at the address or other contact information provided to the Board by the Owner for notices provided herein or in the event no separate address or other contact information has been provided, then by prepaid U.S. Mail or hand delivery to the Owner's Unit. Such notice shall state the type of Assessment being levied, the amount to be paid, payment frequency (annual, quarterly, monthly, or as otherwise set by the Board), and the payment due date(s), as well as any other required information. Notices will be given to Owners in a reasonable period of time prior to the payment or first installment due date.

5. **Delinquent Payment**. All Assessments or other duly levied charge or fine under this Declaration shall be due and payable on date set forth in the notice related thereto. Any Assessment or any portion thereof not paid when due shall be deemed delinquent. Any Assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount as may be determined by the Board from time to time and shall bear interest from the date due at 10% per annum until paid, but in no event shall the interest charged be in excess of the Delinquency Interest Rate.

6. **Failure to Establish Common Assessments**. The failure by the Board to levy Common Assessments for any Assessment Year shall not be deemed a waiver or modification of any provisions of this Declaration or a release of liability of any Owner to pay Common Assessments, or any installment thereof, for that or any subsequent Assessment Year. In the event of such failure, the amount of the Common Assessment for that Assessment Year shall be, until subsequently modified by the Board, the same as for the most recent year for which Common Assessments were levied.

7. **Exempt Property**. Development Property or any portion thereof that is dedicated to and accepted by a local public authority, that is granted to or used by a utility company, or is designated as part of the Common Elements shall be exempt from Assessments.

8. **Working Capital Fund Assessment**. *Intentionally Deleted.*

9. **Special Assessments**. The Board may levy one or more Assessments to be known as "Special Assessments" for the purpose of raising funds, not provided by Common Assessments to: (a) construct or reconstruct, repair, remodel, replace, or maintain Improvements upon Development Property, including necessary personal property related thereto, and to pay ad valorem taxes and insurance on Development Property; (b) add to the Development Property; (c) provide for necessary facilities and equipment to offer the services authorized in this Declaration; (d) repay any loan made to the Association to enable it to perform any duty or function authorized in this Declaration; or (e) pay for any other cost or expense as determined by the Board. The amount of Special Assessment to be paid by each Owner shall be calculated in the same manner as Common Assessments and may be made payable in installments over a period that may extend beyond the Assessment Year in which the resolution was adopted. In addition to the other information required to be set forth in Assessment notices, a Special Assessment notice shall state the purpose of the Special Assessment.

10. **Supplemental Assessments**. In any Assessment Year, if the Board determines that the important and essential functions of the Association may not be fully funded by the Common Assessment received or receivable for that Assessment Year, the Board may levy one or more Assessments to be known as "Supplemental Assessments," applicable to that year only, by resolution authorizing same. The amount of Supplemental Assessment to be paid by each Owner shall be calculated in the same manner as Common Assessments and may be made payable in installments over a period that may extend beyond the Assessment Year in which the resolution was adopted. In addition to other information required to be set forth in Assessment notices, a Supplemental Assessment notice shall state the deficit amount and reasons therefor.

11. **Reimbursement Assessment**. Subject to the provisions hereof, the Board may levy an Assessment, known as a "Reimbursement Assessment" against any Owner(s) to reimburse the Association for any loss sustained by reason of the willful or negligent failure of such Owner(s) to comply with this Declaration, any Supplemental Declaration the Governing Documents, which resulted in the expenditure of funds by the Association to remedy a problem or to cause such compliance. In addition to the other information required to be set forth in Assessment notices, a Reimbursement Assessment notice shall state the reason(s) therefor.

12. **Developer Responsibility**. Until the termination of the Appointment Period, the Declarant shall not be liable for payment of assessments on its unsold Units. However, Declarant may, but shall not be obligated to, elect to contribute to the Association the difference between the amount of Assessments levied on all other Units subject to assessment and the amount of the Association's actual expenditures during the fiscal year (a "Subsidy"). Any Subsidy may be treated, in Declarant's discretion, as either: (a) voluntary contribution; (b) an advance against future Assessments (if any); or (c) a loan by Declarant to the Association. A Subsidy may be evidenced by one or more promissory notes from the Association in favor of Declarant, or Declarant may cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Development Property. Any Subsidy shall be disclosed as a line item in the Budget. The payment of a Subsidy in any year shall under no circumstances obligate Declarant to continue payment of such Subsidy in future years. In the event Declarant expends any of its own funds for Administrative Functions, Declarant shall be entitled to reimbursement from the Association or a credit for such sums against any Assessment that Declarant might be required to pay by virtue of being an Owner. Declarant will not be obligated to pay any operating fund deficiencies that are due to non-payment of Assessments by Owners other than Declarant, and nothing contained in this Paragraph shall be deemed to relieve or release any Owner from the obligation of that Owner to pay Assessments. The decision of Declarant to fund any deficit provided for herein may be satisfied in the form of a cash substitute or by "in kind" contribution of materials and substances or a combination thereof. All "in kind" contributions of services and materials shall be valued at the reasonable market value of such service or materials.

13. **Enforcement: Liens and Personal Obligation**. In order to secure payment of Assessments, fines, or other duly levied charges assessed against any Unit within the Development Property pursuant to this Declaration as same become due, there shall arise a continuing lien and equitable charge ("Assessment Lien") in favor of the Association for all such sums, together with court costs, reasonable attorney's fees, late charges, any other collection costs, and interest thereon as provided herein (collectively, "Non-compliance Damages"). If any Assessment, fine, or other duly levied charge remains unpaid for sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect Noncompliance Damages, foreclose its Assessment Lien, or both. The Assessment Lien shall

be in favor of the Association and each Owner, by acceptance of a deed to a Unit vests in the Association or their agents, the right and power to sue or otherwise proceed against such Owner for the collection of Noncompliance Damages and/or to foreclose the Association's Assessment Lien. The Association shall have the power to bid on the Unit at any such foreclosure sale and to acquire, hold, lease, mortgage, and convey same except that the amount the Association may bid at any such sale may not exceed the total amount owed to the Association by the delinquent Owner. The Noncompliance Damages shall also be the personal obligation of the Person who was the Owner at the time the Assessment, fine, or other duly levied charge became due. Such personal obligation shall not pass to successors in title unless expressly assumed by them. Any sale or transfer described herein shall not relieve such Unit from liability for any Assessments accruing after such sale or transfer.

14. **Priority of Assessment Lien**. The Assessment Lien described in the preceding Paragraph shall be superior to all other liens and encumbrances on such Unit except for: (a) liens of ad valorem taxes; and (b) a lien for all sums unpaid on a first Mortgage, on any secondary purchase money Mortgage, or on any Mortgage to Declarant, and all amounts advanced pursuant to any such Mortgage and secured thereby in accordance with the terms of such instrument; provided, however, that the subordination of the Assessment Lien to the foregoing Mortgages shall apply only to Assessments that shall have become due and payable prior to a sale or transfer of such Unit pursuant to a foreclosure. Further, notwithstanding the foregoing, any Mortgage held by a party related to, affiliated with, or controlled by the Owner of the Unit on which such Mortgage exists shall not be entitled to such priority unless such Mortgagee obtains the written agreement of the Association that it will be entitled to such priority before making such Mortgage. All Persons acquiring other liens or encumbrances on any Unit after the recording of this Declaration shall be deemed to consent that such liens or encumbrances shall be inferior to such future equitable charges and liens for Assessments as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens or encumbrances.

15. **No Offsets**. All Assessments shall be payable in the amounts specified in the notice related thereto, and no offsets or reductions thereof shall be permitted for any reason, including, without limitation, any claim of non-use of Development Property or Improvements thereon or any claim that the Association, the Board, or any committee of the Board is not properly exercising its duties and powers under this Declaration.

16. **Estoppel Certificate**. Upon payment of a reasonable fee as may be determined by the Board and upon the written request of any Owner or any Mortgagee or Person intending to acquire any right, title, or interest in the Unit of such Owner, the Association shall furnish a written statement setting forth the amount of any Assessments or other amounts, if any, due and owing to the Association and then unpaid with respect to such Unit and/or the Owner thereof, as well as the amount of any Assessment levied against such Unit, which is not yet due and payable. Such statement shall, with respect to the Person to whom it is issued, be conclusive against the Association to establish that no greater or other amounts were then due or accrued and unpaid and that no other Assessments were then levied and unpaid against such Unit.

17. **Records of Assessments**. The Association shall cause to be maintained in the office of the Association or its Managing Agent a record of all Owners, their Unit(s) and the Assessments, fines, and/or other duly levied charges applicable thereto that shall be open to inspection by any Owner.

ARTICLE VIII
ALTERATIONS AND IMPROVEMENTS

1. **Common Elements**. No Owner shall make any alteration, addition, or improvement to, or place any Improvement upon the Common Elements, or any portion thereof, without the prior written approval of the Declarant and thereafter the Board. The Declarant and thereafter the Board may authorize and charge as part of the Common Assessments any such alteration, addition, or improvement.

2. **Units, Private Elements, and Limited Common Elements**. Owners are permitted to make any alteration, addition, or improvement to his Unit, its Private Elements, and Limited Common Elements attributable thereto without prior approval of the Board for so long as such alteration, addition, or improvement does not impair the structural integrity or mechanical systems thereof. However, such Owner shall be responsible for any damage to other Units, the Private Elements, and Limited Common Elements appurtenant thereto, the Common Elements, the Development Property or any part thereof resulting from such alteration, addition, or improvement.

3. **Limited Effect of Plan Approval**. The approval by the Board of any Plans for construction of any Improvement on the Development Property is not intended to be an approval of the structural stability or design of a completed improvement, the safety of any component therein, or the compliance thereof with any federal, state, or local law, regulation, or ordinance. Approval by the Board is required solely for the purpose of insuring compliance with the covenants contained herein and to insure the harmonious and orderly architectural and aesthetic development and improvement of the Development Property. As such, no liability shall accrue to the Declarant, the Board, or the Association in the event any such construction is proven to be defective or not in compliance with such requirements.

4. **Declarant / Association**. Improvements made and/or work performed by the Declarant or the Association shall not be subject to the provisions of this Article.

ARTICLE IX
USE RESTRICTIONS

1. **General**. The following use restrictions apply to all Units and Improvements constructed thereon within the Development Property.

2. **Occupancy Permit**. No Unit may be occupied prior to the issuance of a final use and occupancy permit related to same by the applicable governing authority.

3. **Residential Unit**. Each Unit shall only be used for residential purposes and purposes incidental and necessary thereto consistent with this Declaration, and not otherwise. The foregoing restriction shall not, however, be construed in such a manner as to prohibit an Owner from: (a) keeping his personal business or professional records or accounts; or (b) handling his personal business or professional calls or correspondence from his Unit. Such uses are expressly declared customarily incident to the principal residential use and not in violation of said restriction. Further, the foregoing restriction shall not preclude real estate sales offices and construction trailers from being maintained on the Development Property by or on behalf of the Declarant for purposes of construction, development and sale of the Development Property and the Units located or to be located thereon.

4. **Lease**. No Unit, or interest therein, shall be leased by an Owner except by a written lease. No lease shall be for a term of less than one year. The Lessee under such lease shall be bound by and subject to all of the terms, conditions, restrictions, rights, and obligations of this Declaration and the Governing Documents, which shall be expressly provided in the lease. Upon request by the Board, the Owner of a Unit shall deliver to the Board within ten (10) days a copy of the lease for the Unit. Failure to comply with this Declaration shall be a default under such lease. No Owner may lease less than the whole of a Unit. This restriction shall not be deemed to prohibit Mortgagee who takes title to a Unit pursuant to the terms of its security instrument from leasing same for a limited time until the Mortgagee can find a buyer for the Unit.

5. **Good Condition and Order**. Each Owner shall maintain his Unit, Private Elements, and Limited Common Elements appurtenant thereto in good condition and in good order and repair, at his own expense. Each Owner shall not do or allow anything to be done or kept within his Unit, the Private Elements, and Limited Common Elements appurtenant thereto or the Common Elements which may increase the cost or cause the cancellation of insurance on other Units, the Private Elements, and Limited Common Elements appurtenant thereto or the Common Elements.

6. **Yards and Landscaping**. Lawns shall be maintained in a neat and orderly fashion so that the grass does not become overgrown. In the event an Owner fails to maintain his lawn as provided in this Paragraph after five (5) days written notice to do so, the Association shall have the right to complete the lawn maintenance and the cost thereof shall be a lien against the Unit to secure the repayment of such amounts. Such lien may be enforced in the same manner and with the same priority that the lien for Assessments may be enforced. Yard art and water features shall not be permitted in the front yard or otherwise visible from any street.

7. **Clotheslines and Lighting**. No clotheslines, clothes hanging devices, or the like upon any Private Element shall be permitted. Outside lights at eaves and door entrances, flood lights, and spot lights shall be permitted; provided, however, these lights must be adjusted so that the rays of any beam or floodlight shall not interfere with neighboring Units and their Private Elements. Exterior flashing lights or spot/flood lights on the exterior that shine on or into adjacent Units and their Private Elements shall be prohibited. Any walkway, driveway, or landscape lighting shall be of low intensity. Seasonal decorative lighting shall be permitted only during the holiday season. Any lighting inconsistent with these restriction must be approved by Declarant during Appointment Period and thereafter the Board.

8. **Garbage Disposal**. Trash, garbage, or other waste shall be kept in sanitary containers and shall be kept inside the garage or other designated area serving the Unit in question. No garbage cans, trash containers, recycling containers, nor any other such trash receptacles shall be permitted in public view except for a twenty-four (24) hour period surrounding the designated date and time for trash pickup as set by the provider of said services.

9. **Vehicle Service**. Junk vehicles, inoperable vehicles, unlicensed vehicles not for immediate use, or vehicles of any kind in disrepair, may not be kept or parked on any street or in public view within the Development Property. Vehicles may not be assembled or serviced unless completely hidden from public view. For purposes of this Paragraph, "serviced" shall not be deemed to include the cleaning, washing, or polishing of a vehicle; the changing of oil, lubricants, anti-freeze, or other fluids; nor the replacing of air, oil, or other filters used in the vehicle.

10. **Parking and Entertainment**. All Owners shall park their vehicles first, to the extent possible, in the garage, if any, for that Unit and then in the driveway. Owners shall take all

steps necessary to keep garage doors closed except for such limited and reasonable periods of time which may be necessary for access and/or repair. Vehicles may not be parked on grass or yard areas, except when entertaining.

11. **Livestock, Poultry, and Pets**. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Unit and its Private Elements, except that dogs, cats, or other household pets may be kept, provided they are not kept, bred, or maintained for commercial purposes. At all times, when such household pet is not confined on the Unit and Private Elements of its owner, said pet shall be leashed or otherwise under the immediate control of the Person(s) with it. It is the responsibility of the pet owner to clean and dispose of any waste produced by the pet anywhere other than on the Private Elements of its owner.

12. **Codes**. Each Owner shall observe all governmental building codes, health restrictions, zoning restrictions, and other regulations applicable to his Unit. In the event of any conflict between any provision of such code, regulation, or restriction and any provision of this Declaration, the more restrictive provision shall apply.

13. **Signs**. The following restrictions shall apply to signs: (a) Declarant shall have the right to erect and to approve the erection of reasonable and appropriate signs for its own use and the use of Builders and other parties engaged in the construction and sale of Improvements within the Development Property; (b) Declarant shall have the right to remove any unapproved sign, billboard, poster, or advertising device that is placed on any Unit, Private Element, or Improvement thereon and in doing so shall not be subject to any liability for trespass or other course of action in connection therewith or arising from such removal; (c) no sign, billboard or poster of any kind of a permanent nature shall be erected, exhibited, maintained, or placed upon any Unit or Private Element; (d) temporary signs, not to exceed a maximum surface area of six (6) square feet, such as "For Sale" signs, shall be permitted so long as there are no more than two (2) signs per Unit, and no such sign shall be placed outside the boundary of the Unit's Private Elements within any right-of-way, Common Elements, or Private Elements owned by another Person; (e) all signs shall comply with regulations that may be adopted by the Board from time to time; and (f) all Owners grant to Declarant and thereafter to the Board the right to remove all signs not in compliance with the sign restrictions and in doing so shall not be subject to any liability or criminal action for trespass, destruction of property, or other tort in connection therewith or arising from such removal.

14. **Nuisances**. Each Owner shall refrain from any act or use of his Unit and Private Elements that could reasonably cause embarrassment, annoyance, or nuisance to neighboring Units. No noxious, offensive, or illegal activity shall be carried out within any Unit or upon any Private Element.

15. **Additional Prohibited Activities**. The Board may from time to time reasonably prohibit certain activities on or within the Development Property and such prohibition shall be final and binding on all Owners.

16. **Compliance and Penalty**. Failure to comply with any provision of this Article, Declarant during the Appointment Period and thereafter the Board may take such action as necessary to achieve compliance therewith, including, without limitation, assessment of fines or corrective action to bring such violation into compliance. The Owner shall, upon demand, immediately pay the fine and/or reimburse Declarant or other performing party for all costs incurred, including reasonable attorney's fees. Declarant and thereafter the Association shall have a lien on the Unit and Improvements thereon to secure payment of fines and/or

reimbursement for such costs. Such lien may be enforced in the same manner and with the same priority that the lien for Assessments may be enforced.

ARTICLE X
MORTGAGEE RIGHTS AND PROTECTIONS

1. **Actions Requiring Mortgagee Approval**. Except as otherwise provided in the Act, without the prior written consent at least fifty percent (50%) of all recorded first Mortgagees of Units or beneficiaries thereunder (based upon one vote for each Unit upon which a Mortgage is owned), who have requested such notice, the Association shall not be entitled to:

a. By act or omission, seek to abandon or terminate the Townhouse Planned Unit Development established hereby or seek to abandon or terminate these restrictions.

b. Change the formula for determining each Unit's Common Assessment liability or allocating distributions of hazard insurance proceeds or condemnation awards.

c. By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements; provided that, the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Development Property shall not be deemed to transfer within the meaning of this clause.

d. Use hazard insurance proceeds for losses to any Common Element for other than the repair, replacement, or reconstruction of such Improvements, except as provided by statute.

2. **Voting Rights**. In addition to the required Votes of the Owners necessary to approve a proposed amendment as set forth in this Declaration, unless a higher percentage Vote is required elsewhere in this Declaration or by the Act, written consent of at least fifty percent (50%) of all recorded first Mortgagees of Units or the beneficiaries thereunder (based upon one vote for each Unit upon which a Mortgage is owned), who have requested such notice, shall be required to approve any amendment to this Declaration or the By-Laws which would materially affect or change:

a. An Owners' voting rights, rights to use Common Elements, or the right to sell or transfer a Unit.

b. The method of assessment of Common Assessments or the priority of the lien of the Association for unpaid Common Assessments or other duly levied charges.

c. The requirement of a reserve fund for the repair or replacement of the Common Elements, and the responsibility for maintenance or repair of the Common Elements or Units.

d. Unit boundaries or method of determining when property will be reconstructed or repaired in the event of partial destruction or the conversion of a Unit to Common Elements or vice versa.

e. Any provision of this Declaration which expressly benefits any Mortgagee, insurer or guarantor.

3. **Insurance Policy**. Mortgagees shall have the right, upon written request, to receive notice from the Association of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

4. **Condemnation and Casualty Loss**. Mortgagees shall be entitled to timely written notice of any condemnation or casualty loss that affects either a material portion of the Common Elements or the Unit securing the Mortgagee's Mortgage, and no Owner or any other party shall have priority over any rights of Mortgagees in the case of a distribution to Owners of insurance proceeds or condemnation awards related to Units and/or Common Elements.

5. **Mortgagee Consent**. Mortgagees shall also have the right, upon written request, to receive written notice from the Association of any proposed action that requires the consent of a specified percentage of Mortgagees.

6. **Mortgagor Default**. Mortgagees, upon written request, shall be notified by the Association in writing of any default by the mortgagor of a Unit in the performance of such mortgagor's obligations under the Development Property documents which is not cured within sixty (60) days from the date of such default.

7. **Unit Disposition**. This Declaration and the Governing Documents shall not impair the rights of any Mortgagee to: (a) foreclose or take title to a Unit pursuant to remedies provided in the Mortgage; (b) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor; or (c) sell a Unit acquired by the Mortgagee.

8. **Reserve Fund**. Common Assessments shall include an adequate reserve fund for maintenance, repair and replacement of Common Elements, if any, that must be replaced on a periodic basis and shall be payable in regular installments rather than by Special Assessments.

9. **General Notice**. Mortgagees shall request notice of the matters set forth herein by making written request to the Association upon becoming a Mortgagee hereunder and requesting that the name and address of such Mortgagee and the Unit so encumbered be identified by the records of the Association to be established and maintained pursuant to the By-Laws. Any notice requesting approval of any Mortgagee as required herein shall advise said Mortgagee that failure to respond within sixty (60) days of said notice shall be deemed to be approval by said Mortgagee of the matter for which approval is being sought.

ARTICLE XI
AMENDMENTS

1. **Owners**. Except as otherwise provided herein, the provisions of this Declaration may be changed, modified, or amended by Supplemental Declaration or other written and properly recorded instrument setting forth such change, modification, or amendment, upon the affirmative Vote of a Majority of Owners at a duly called meeting of the Association or the affirmative written consent of such Majority of Owners at which a quorum is present unless a higher percentage Vote is required elsewhere in this Declaration or applicable law. In the event of a tie Vote concerning any Amendment hereto, the President of the Association shall decide same. However, any such change, modification, or amendment that would change or delete any right, remedy, benefit, or privilege afforded to the Declarant under this Declaration shall require the verified written consent of the Declarant upon such instrument in order to be effective. Unless a higher percentage is required by law, revocation of this Declaration shall require the affirmative

Vote of not less than sixty-seven percent (67%) of the all the Members of the Association entitled to Vote at a duly called meeting of the Association or the affirmative written consent of such percentage of the Members at which a quorum is present. Any such change, modification, amendment, or revocation shall not become effective until the Recording of the instrument evidencing such change.

2. **Declarant**. The Declarant hereby reserves and shall have the right, power, privilege, and authority, in its sole discretion, to amend this Declaration and any exhibit hereto without the consent, joinder, or approval of the Association, the Board, Owner, any Person having a contractual right to purchase a Unit, any Mortgagee or beneficiary of any Mortgage or deed of trust on any Unit, or any other Person. Such right, power, privilege, and authority of Declarant shall expire two (2) years after the expiration of the Appointment Period. Declarant shall be in no way obligated to amend this Declaration or any Exhibit hereto pursuant to this Paragraph.

3. **Discrimination**. No amendment shall discriminate against any Owner or against any group of Owners, unless the Owner(s) so affected shall consent. No amendment shall change the Voting rights provided herein unless the Owner(s) so affected shall consent.

ARTICLE XII
MISCELLANEOUS PROVISIONS

1. **Duration**. The covenants and restrictions of this Declaration shall run with and bind title to the Development Property, shall be binding upon and inure to the benefit of Declarant, the Association, and all Owners and Mortgagees, and their respective heirs, executors, legal representatives, successors, and assigns, and shall be and remain in effect until the tenth (10^{th}) anniversary of the date of the recording of this Declaration, whereupon this Declaration shall be automatically renewed for successive terms of five (5) years unless Owners holding at least two-thirds of the Vote of all Owners entitled to cast a Vote elect to terminate the Declaration by vote taken prior to the end of the current term. Notwithstanding the foregoing, any easements granted pursuant hereto or in any Supplemental Declaration are and shall be perpetual, except to the extent, if any, otherwise provided in the creation of any such easement, and except that any dedication to and acceptance by an appropriate governmental authority or any conveyance or grant to any appropriate public utility of the facilities that are the subject of any such easements shall terminate those easements if such dedication, conveyance, or grant so provides.

2. **Notice to Owners**. Notice to any Owner set forth herein shall be sent by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, facsimile transmission, or electronic transmission at the address or other contact information provided to the Board by the Owner or in the event no separate address or other contact information has been provided, then by prepaid U.S. Mail or hand delivery to the Owner's Unit. It shall be the obligation of every Owner to notify the Association in writing of any change in address. Any Person who becomes the Owner after the date on which notice was made upon such Owner's predecessor in title to the Unit shall be deemed to have received such notice.

3. **Notice to Declarant or Association**. The address of the Declarant or the Association for the purposes of furnishing notice(s) as provided in this Declaration or the By-Laws shall be the Declarant's and/or the Association's principal office of record in the Office of the Secretary of State for the State of Tennessee, unless and until notice of an alternative address is given in writing to all Owners. Notices addressed as above shall be delivered by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, receipt signature required.

4. **Statute of Limitation**. No action in contract, tort, or otherwise against the Association, the Board, or the Declarant for any action or inaction by the same or to challenge the validity of this Declaration, any Supplemental Declaration or other duly adopted amendment may be brought more than one (1) year after the occurrence of such action or inaction or the date this Declaration, the Supplemental Declaration, or other instrument is recorded.

5. **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 former President of the United States, George H. W. Bush.

6. **Books and Records**. Except for confidential, non-public information of the Association or that affecting the privacy rights of third parties or otherwise subject to confidentiality or non-disclosure protections or objections under any basis, the books and records of the Association is subject to inspection at the principal office of the Association by any Owner during reasonable business hours and upon ten (10) days prior written notice. Copies of such records may be purchased at a reasonable cost.

7. **Right to Mortgage Information**. Each Owner hereby authorizes any Mortgagee holding a Mortgage on such Owner's Unit to furnish information to the Board concerning the status of such Mortgage and the loan which it secures, to the extent such information is appropriate to assist the Association in determining if such loan is a valid first Mortgage or secondary purchase money Mortgage.

8. **Limitation on Liability**. The Association, the Board, any other committee established by the Board, the Declarant, and any member of the Board or any committee, officer, agent, or employee of any of them (collectively the "Indemnitees") shall not be liable to any Person for any mistake of judgment, whether negligent or otherwise, or for any action or any failure to act under this Declaration or any Supplemental Declaration. In addition, the Board and the officers of the Association shall have no personal liability with respect to any contract or other commitment made by them, on behalf of the Association (except to the extent that such directors or officers may also be Owners) and the Association, as an Administrative Function, shall indemnify, hold harmless, and defend the Board and such officers from any and all expense, loss, or liability to others on account of any such contract or commitment. In addition, the Indemnitees shall be indemnified and held harmless by the Association, as an Administrative Function, from any expense, loss, or liability to others by reason of having served in such capacity, against all expenses, losses, and liabilities, including court costs and reasonable attorney's fees incurred by or imposed upon such Person in connection with any proceeding to which he may be a party or may have become involved by reason of holding such position, whether or not he holds such position at the time such expenses are incurred, except in cases in which the expenses, losses, and liabilities arise from a proceeding in which such Person is adjudicated guilty of willful misfeasance, gross negligence, or bad faith in the performance of his duties and for which indemnification is prohibited by law under the Tennessee Not For Profit Corporation Act. In the event of a settlement of any such proceedings, the indemnification provided hereby shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association. Any right of indemnification provided in this Paragraph shall not be exclusive of any other rights to which an Indemnitee may be entitled.

9. **Land Outside Development Property**. The restrictions created by this Declaration benefit and burden only the Development Property and no other land whatsoever.

Notwithstanding any possible sharing of present or future facilities by other land, whether developed by Declarant or others, the general plan created by the restrictions of this Declaration extends only to the Development Property, and such restrictions are not intended to benefit any Persons other than those having an interest in the Development Property. No Person owning land or having an interest in land outside of the Development Property shall have any right whatsoever to enforce this Declaration for the benefit of such land, and neither the Association nor any Owner shall have the right to extend the enforcement of this Declaration to any real property not within the Development Property, whether or not such other real property is Future Phase Property. Provided, however, nothing contained herein shall in any way preclude or limit the applicable governing bodies from enforcing the terms of this Declaration.

10. **General Development Information**. Any brochures, maps, models, handouts, schematics, plans, and facilities provided or available in connection with the Development Property or the development, construction, promotion, sale, marketing, or leasing of Development Property or Improvements thereon: (a) are provided for general information purposes only; (b) are subject to change and deletion without notice by Declarant or by public or governmental authorities; and (c) shall not obligate Declarant to develop, construct, promote, market, sell, or lease any such property or Improvements whatsoever or in any particular manner, or to add to the Development Property any Future Phase Property.

11. **Governing Law**. This Declaration shall be construed, governed, and enforced under and in accordance with the laws of the State of Tennessee.

12. **Interpretation**. The Board shall have the right, power, and authority to determine all questions concerning this Declaration and to construe and interpret its provisions, and any determination or interpretation made in good faith by the Board shall be binding on all Owners. In all cases, the provisions set forth in this Declaration shall be construed, in the opinion of the Board, to best effect the intent of the general purposes of this Declaration. The provisions hereof shall be liberally interpreted to effectuate the purposes set forth herein, and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective.

13. **Remedies Cumulative**. The rights, powers, and remedies provided in this Declaration shall be cumulative and not restrictive of other remedies at law or in equity, and the exercise by a Person of any particular right, power, or remedy shall not be deemed an election of remedies or to preclude such Person's resort to other rights, powers, or remedies available to it.

14. **Partial Invalidity**. Invalidation of any one or more of the provisions of this Declaration by judgment or court order shall not affect any other provision not expressly held to be void or the provisions so void in circumstances or applications other than those expressly invalidated, and all such remaining provisions shall remain in full force and effect together with the provisions ruled upon as they apply to circumstances other than those expressly invalidated.

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

16. **Captions and Gender**. The captions herein are inserted only as a matter of convenience, and in no way define, limit or describe the scope of these provisions or the intent of

any provision hereof. The use of the masculine gender in this Declaration and in the Governing Documents shall be deemed to include the feminine and neuter references, and the use of the singular shall be deemed to include the plural whenever the context so requires.

17. **Exoneration of Declarant**. Each Owner or any other party having an interest in any portion of the Development Property expressly agree that no duty or obligation is imposed upon the Declarant to enforce or attempt to enforce any of the covenants or restrictions contained herein, nor shall the Declarant be subject to any liability of any kind or nature whatsoever in respect to any claim that the Declarant has failed to enforce same.

18. **Conflicts in Legal Documents**. In case of conflicts between the provisions in this Declaration and the Governing Documents this Declaration shall control.

19. **Effective Date of Declaration**. The effective date of this Declaration shall be the date of its recording in the Register's Office for **Davidson County**, Tennessee.

[*Notarized Signatures on Following Pages*]

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed this the 14 day of June, 2016.

DECLARANT:

Legacy Homes, Inc.,
a Tennessee For-Profit Corporation

By: _____
Edward P. Brady

Its: President

STATE OF TENNESSEE)
)
COUNTY OF Davidson)

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, the within named **Edward P. Brady**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the **President** of **Legacy Homes, Inc.**, (the "Corporation"), a Tennessee for-profit corporation, the bargainor, and that he as such Officer, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of the Company by himself as such Officer.

Witness my hand and seal the 14 day of June, 2016.

ERIN KERSHAW GUY
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires AUG. 20, 2019

_____
Notary Public

My Commission Expires: _____

II

EXHIBIT A

Legal Description of Development Property

Land in Davidson County, Tennessee, being Lot No. 232 on the Plan of Grandview Heights of record in Plat Book 161, Page 14 and 15, in the Register's Office for Davidson County, Tennessee, to which Plan reference is hereby made for a more complete description of the property.

Being the same property conveyed to Legacy Homes, Inc., a Tennessee for-profit Corporation, by Deed of record in the Register's Office of Davidson County, Tennessee at Instrument Number 20160617-0061952.

OWNER:
LEGACY HOMES, INC

ADDRESS: 2228 CRUZEN STREET – LOT 233

NASHVILLE, DAVIDSON CO, TN 37211

LOTS 231,232,233 GRANDVIEW HGTS

20160607-0057148

PART OF PARCEL 261 TAX MAP 118-04

DATE: 6-23-2016

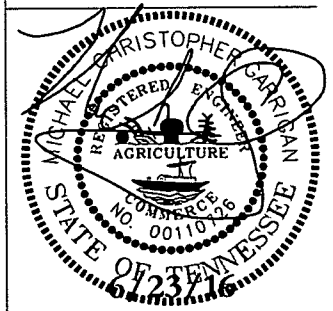
DA JOB NUMBER: 16086

THIS DRAWING SHOULD NOT BE REPRESENTED TO BE A LAND SURVEY. IT SHOULD NOT BE RELIED UPON FOR THE CONSTRUCTION OF FENCES OR ESTABLISHING THE EXACT LOCATION OF PROPERTY LINES.

NO CORNERS WERE SET OR RESET AT THE TIME OF THIS INSPECTION.

THIS SITE HAS NOT BEEN FIELD RAN BY A SURVEY CREW. BOUNDARIES ARE APPROXIMATE.

"EXHIBIT B"



6/23/16

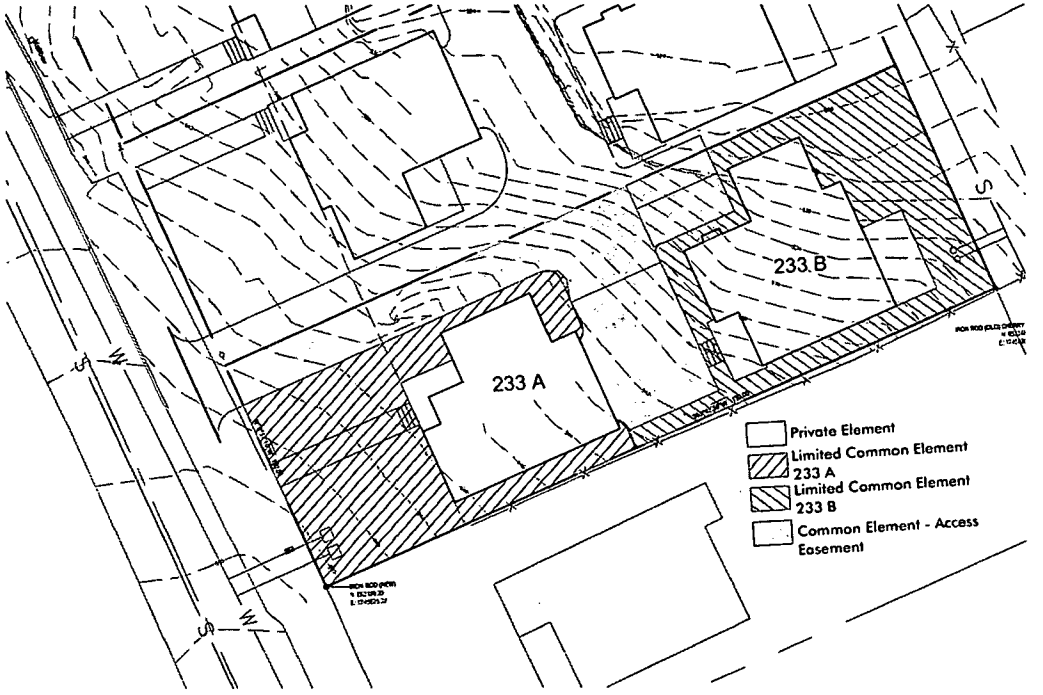


EXHIBIT B (1 of 6 pgs)

2228 CRUZEN STREET – LOT 233
A HORIZONTAL PROPERTY REGIME
WITH PRIVATE ELEMENTS

30 0 30

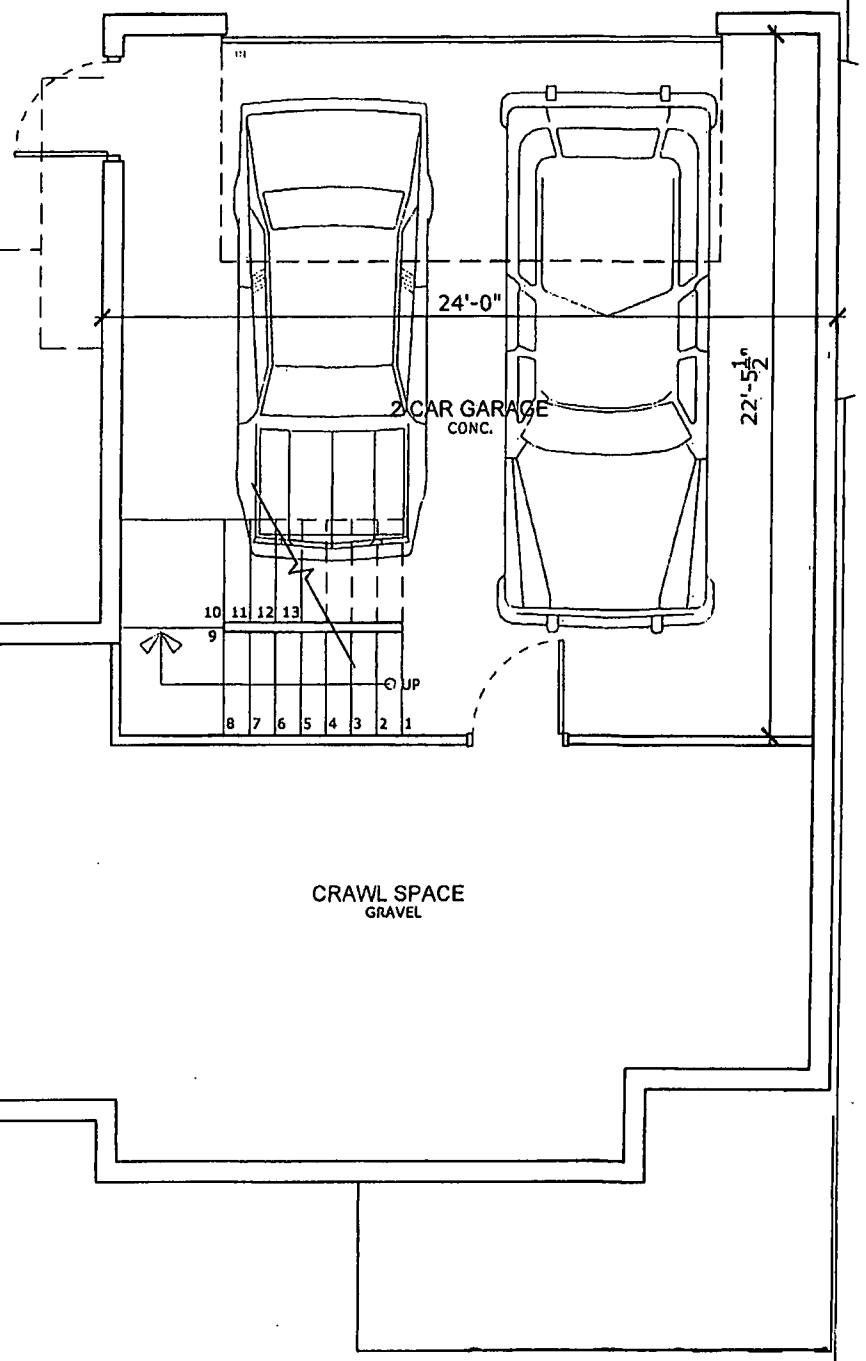
Scale 1" = 30'

Dale & Associates

Consulting Civil Engineering/Land Planning & Zoning
Landscape Architecture/Surveying

516 Heather Place Nashville, Tn 37204 (615) 297-5166

#16271



THESE DRAWINGS SHALL NOT BE REPRODUCED OR REUSED WITHOUT THE EXPRESS WRITTEN PERMISSION OF THE ARCHITECT. ALL DESIGNS AND INTELLECTUAL PROPERTY SHALL REMAIN EXCLUSIVELY OWNED BY THE ARCHITECT.

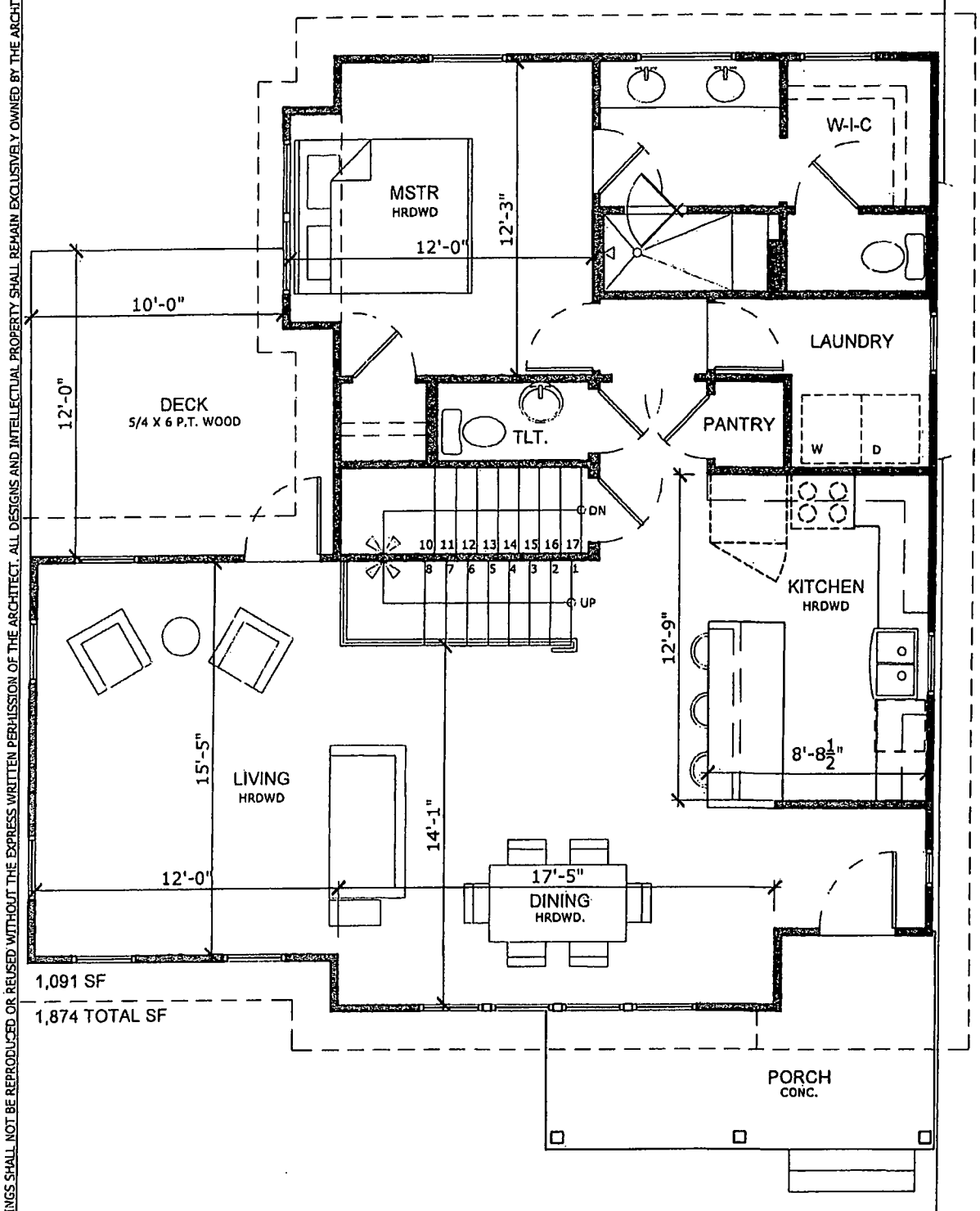
©rootARCH
753 ALLOWAY STREET, NASHVILLE, TN 37203 | t: 615.292.2142

CRUZEN COTTAGES, 2228 CRUZEN AVE, NASHVILLE, TN 37211

05.23.16

UNIT 233-A Ground Level
(Plans may in Reverse)

#16271



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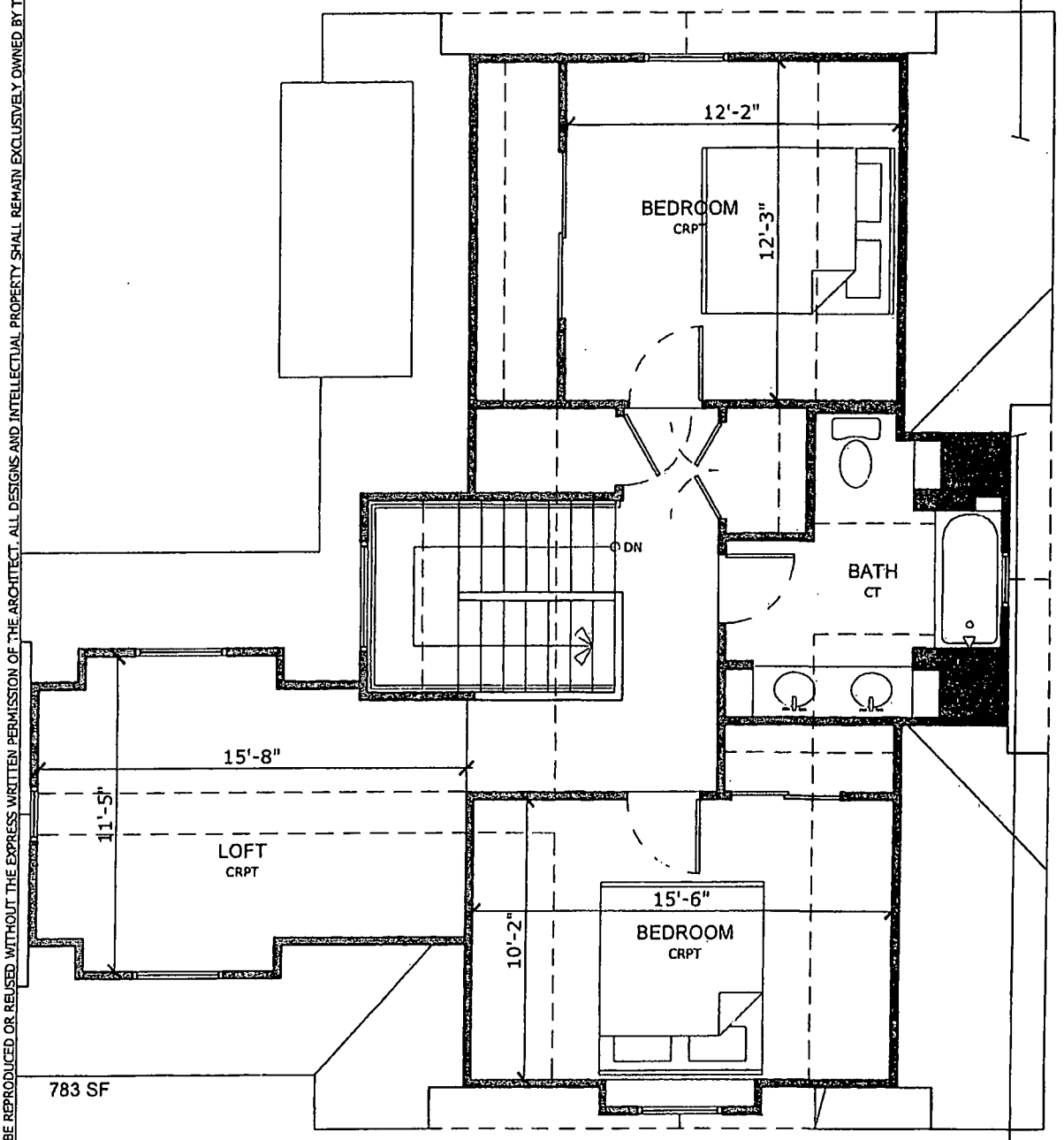
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CRUZEN COTTAGES, 2228 CRUZEN AVE, NASHVILLE, TN 37211

05.23.16

UNIT 233-A First Floor

#16271



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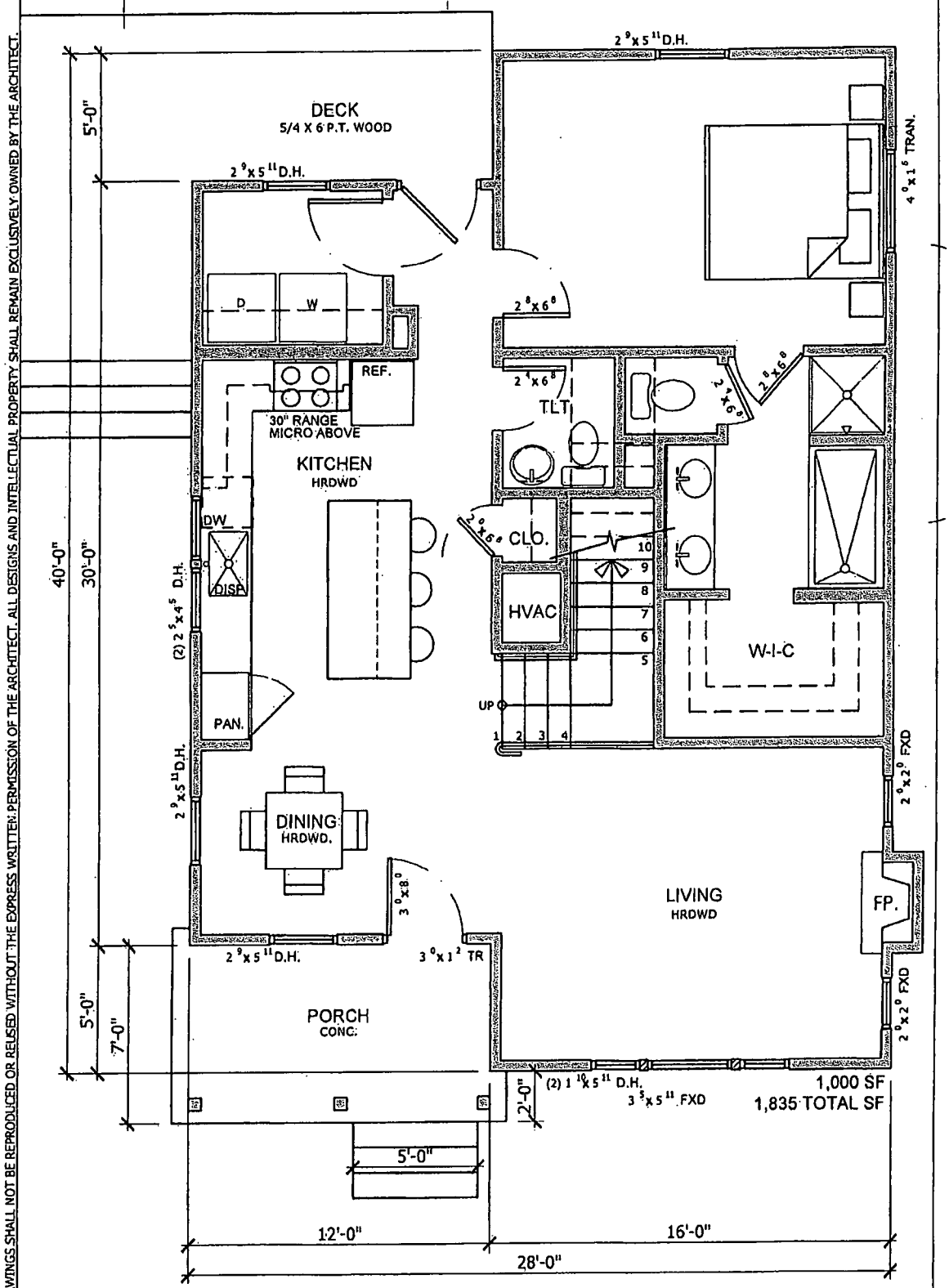
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CRUZEN COTTAGES, 2228 CRUZEN AVE, NASHVILLE, TN 37211

05.23.16

UNIT 233-A Second Floor

#16271



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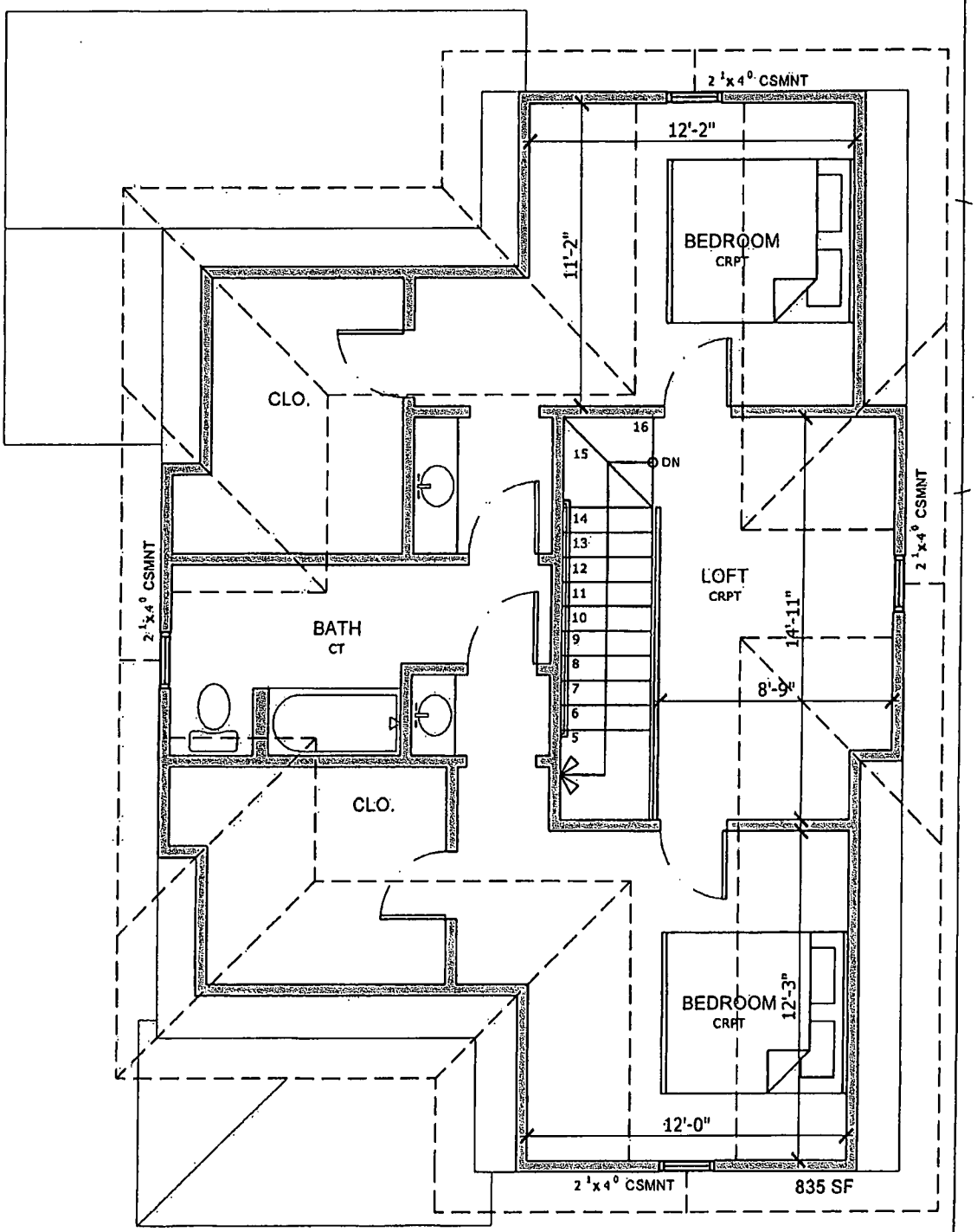
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CRUZEN COTTAGES, 2228 CRUZEN AVE, NASHVILLE, TN 37211

05.23.16

UNIT 233-B First Floor
(Plans may in Reverse)

#16271



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CRUZEN COTTAGES, 2228 CRUZEN AVE, NASHVILLE, TN 37211

05.23.16

UNIT 233-B Second Floor

EXHIBIT C

Unit Identification & Assessment Allocation:

The Assessment percentage allocation, upon which percentage Assessments are to be paid, are as listed below. In the event, the number and or types of Units are to be increased or decreased or otherwise altered by Supplemental Instrument(s), declaration(s) or amendment(s) to the Declaration, the percentages listed herein may also change.

Bldg. No.	Unit No.	FLOOR PLAN	STREET ADDRESS	Common Assessment Allocation
N/A	A	As Shown on Exh. B	_____ Cruzen Street	1/2
N/A	B	As Shown on Exh. B	_____ Cruzen Street	1/2

EXHIBIT D

BY-LAWS OF CRUZEN STREET TOWNHOUSES III OWNERS ASSOCIATION, INC.

Article I - Definitions

The words defined in the Declaration of Covenants, Conditions, and Restrictions for Cruzen Street Townhouses III of Record in the Register's Office for **Davidson County**, Tennessee shall have the same meaning in these By-Laws.

Article II - Name And Offices

1. **Name**. The name of the Association for all Owners within the Development Property shall be **Cruzen Street Townhouses III Owners Association, Inc**.

2. **Registered Office and Agent**. The initial registered office of the Association is Cruzen Street Townhouses III Owners Association, 2101 Sherbrooke Lane, Nashville, Davidson County, TN 37211, Attn: Edward P. Brady, as may be relocated by the Board from time to time. The name of the initial registered agent of the Association is Edward P. Brady, who may be located at the registered office.

3. **Other Offices**. The Association may also have offices at such other places both within and outside the State of Tennessee as the Board may from time to time determine or the business of the Association may require.

Article III - Members And Membership Privileges

1. **Eligibility and Membership**. The Members of the Association shall consist of the Owners of a Unit within the Development Property. If an Owner is a trust, then the Member shall be a beneficiary of such trust; and if an Owner or such a beneficiary is a corporation or partnership, the Member may be an officer, partner, or employee of such Owner or beneficiary. No Member shall be required to pay any consideration whatsoever solely for membership in the Association.

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

Article IV - Meetings Of Members

1. **Annual Meetings**. The first regular annual meeting of the Members may be held, subject to the terms hereof on any day, at the option of the Board; provided, however, that the first meeting may (if necessary to comply with Federal Regulations) be held no later than the earlier of the following events: (a) four (4) months after all the Units within the Development

Property have been sold by the Declarant or (b) three (3) years following conveyance of the first Unit within the Development Property by the Declarant. Each subsequent regular annual meeting of the Members shall be held within twenty-five (25) days of the anniversary of the first regular annual meeting each year thereafter at such time as set by the Board.

2. **Special Meeting**. Following the Appointment Period, special meetings of the Members, for any purpose or purposes, may be called by the president, a majority of the Board, or by Members having not less than sixty-seven percent (67%) of the total Vote entitled to be cast at such meeting, except as otherwise required by Tennessee statute, the Declaration, or these By-Laws. Business transacted at all special meetings shall be confined to the business stated in the notice of such meeting. During the Appointment Period, special meetings of the Members, for any purpose or purposes, may only be called by the Declarant.

3. **Place and Time of Meetings**. Meetings of the Members of the Association may be held at a place and at such time to be determined by the Board within **Davidson County**, Tennessee as specified in the written notice of such meeting.

4. **Notice**. By or at the direction of the Declarant, the president, the secretary, or the officer or Person authorized to call the meeting, written notice shall be sent to every Member of the Association entitled to Vote at such meeting by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, or facsimile or electronic transmission to the address or other contact information provided to the Board by the Owner or in the event no separate address or other contact information has been provided, then by prepaid U.S. Mail or hand delivery to the Owner's Unit not less than ten (10) nor more than sixty (60) days prior to the date of such meeting. Said notice shall state the place, day, and hour of the meeting and in the case of a special meeting, the purpose(s) for which the meeting is called.

5. **Quorum**. The presence in person or by proxy of at least fifty percent (50%) of the Votes entitled to be cast at a meeting of the Members shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, the Members entitled to Vote in person or represented by proxy present at a meeting fail to satisfy a quorum, the Members present shall have the power to adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. Further, if a quorum is not present, a subsequent meeting may be called, and the required quorum shall be reduced by half at such meeting.

6. **Majority Vote; Withdrawal of Quorum**. When a quorum is present at any meeting, the majority Vote of Members present, in person or by proxy, and entitled to Vote shall decide any question brought before such meeting, unless the question is one upon which by express provision of an applicable Tennessee statute, the Declaration, or these By-Laws, a different Vote is required, in which case such express provision shall govern and control the decision of such question. In the event of a tie Vote concerning any matter coming before the Members, the President of the Association shall decide same. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding withdrawal of enough Members to leave less than a quorum.

7. **Method of Voting; Proxies**. Each Member shall be entitled to cast one (1) Vote each Unit owned by such Member as further provided in the Declaration. The Vote of each Member may only be cast by such Member or by a proxy duly executed and given by such Member to his authorized representative as set forth on such proxy. No proxy shall be valid for more than one meeting and shall bear the signature of the Member making the proxy, the date of the meeting to which the proxy relates, and the name of the authorized representative to Vote on behalf of the Member. Such proxy may not be revoked except by actual notice to the Person presiding over the meeting for which the proxy relates; and such proxy is void, if it is not dated or purports to be revocable without notice. Such proxy shall be filed with the secretary prior to or at the time of the meeting. If title to any property ownership interest in a Unit of the Development Property entitling the Member to Voting rights as provided in the Declaration is in the name of two or more Persons as co-owners, all such Persons shall be Members of the Association referred to herein as a "Joint Member." Any such Joint Member is entitled to one unanimous Vote per entitled Member as provided in the Declaration at any meeting of the Members of the Association, and such Vote shall be binding upon the Joint Member until written notice to the contrary has been received by the Board identifying the authorized manner in which the Joint Member's unanimous Vote is to be cast (in person or by proxy). In the event of disagreement among such Joint Member to cast a Vote, such Joint Member shall not be recognized, and such Vote shall not be counted.

8. **Assessment Default**. No Owner who is in default in the payment of any Assessment or other duly levied charge shall be entitled to exercise his right to Vote until he has cured such default. An Owner may protest the amount of any Assessment or other duly levied charge, but it still must be paid during the pendency of his protest to the Association or its agent.

9. **Action Taken Without a Meeting**. The Members 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 consent of the number of members which would otherwise be required to approve such action. For instance, if an action required the approval of Members holding a majority of the total Voting rights of the members, then a writing signed by Members holding a majority of the total Voting rights of the Members would be effective as if such approval was given at a meeting duly called for such purpose. Any action so approved shall have the same effect as though taken at a properly called meeting of the Members.

Article V - Board Of Directors

1. **Board Authority and Number**. The affairs of the Association shall be managed by a Board of Directors. During the Appointment Period, the members of the Board, who need not be Members of the Association shall be appointed by the Declarant and shall serve at the pleasure of the Declarant. After the Appointment Period, the Board shall consist of three (3) directors each of whom must individually be a member of the Association or the Declarant, its assignee or officer, agent, or representative thereof.

2. **Election**. After the Appointment Period, the election of the members of the Board to be elected for a particular year shall occur at the annual meeting of the Members. The election of the Board by the Owners shall be based on the number of Persons receiving the highest

number of Votes for as many candidates as there are Directors being elected at a meeting of the Owners at which a quorum is present. Cumulative Voting is not permitted.

3. **Nomination**. Nomination for election to the Board shall be made by the Owners of Units. Nomination may also be made from the floor at the annual meeting. The Owners shall make as many nominations for election to the Board as desired, but not less than the number of vacancies that are to be filled.

4. **Term of Office**. Directors shall be elected for terms of two (2) years or until their successor is elected. Provided, however, the initial Directors elected by the Members after the Appointment Period shall be grouped into two (2) separate classes so that approximately one-half of total number of initially elected Directors are up for re-election each year. Thus, as to such initial Directors elected by the Members, the one-half of the Directors (or the minority if there is an odd number of Directors) receiving the fewest number of Votes will serve for a one (1) year term, and the other one-half of the Directors (or the majority if there is an odd number of Directors) receiving the highest number of Votes will serve for a two (2) year term.

5. **Vacancies**. If any vacancy occurs in the Board, caused by death, removal from office, retirement, resignation or disqualification, a successor(s) shall be elected by majority vote of the remaining Directors for the unexpired term of his predecessor in office. Any Director who ceases to be a Member of the Association during such Director's term in office shall cease being a Director effective with such change, and such Director's successor shall be selected by the remaining Members of the Board.

6. **Director Removal by Board Members**. Any Director may be removed from office with or without cause by the majority vote of the Directors, who shall elect a successor Director for the unexpired term of his predecessor in office by majority vote.

7. **Director Removal by Members**. Notwithstanding any provision to the contrary in the Declaration or these By-Laws, any member of the Board other than a member appointed by the Declarant may be removed with or without cause by majority Vote of all the Members of the Association.

8. **Place of Meetings**. The Board shall hold their meetings, both regular and special, in **Davidson County**, Tennessee or such other location as may be selected by unanimous consent of the Directors then elected and serving. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board. Special meetings of the Board may be called by the president or a majority of the Directors upon three (3) days written notice to each Director, either personally, by mail, by facsimile, or by other electronic transmittal. Except as may be otherwise expressly provided by Tennessee statute, the Declaration, or these By-Laws, neither the business to be transacted nor the purpose of any special meeting need be specified in a notice or waiver of notice.

9. **Quorum**. At all meetings of the Board, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the Directors present at any such meeting at which there is a quorum shall be the

act of the Board. If a quorum shall not be present at any meeting of the Directors, the Directors present may adjourn the meeting by announcement at the meeting without notice until a quorum shall be present.

10. **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.

11. **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.

12. **Agents and Delegation of Powers**. Except as otherwise prohibited by statute, the Declaration, or these By-Laws, the Board may delegate any of its powers to other Persons or Management Agent. Any such delegated powers shall be identified in writing maintained in the records of the Association.

Article VI - Board Powers And Duties

1. **Powers**. The Board shall have the following powers subject to the provisions of the Declaration of the Association:

a. Enforce the Declaration; and adopt, enforce, and amend Rules and Regulations and/or other Governing Documents governing the use of the Development Property and facilities and the personal conduct of Owners and their guests thereon; and establish penalties for the infraction thereof.

b. Elect and remove the officers of the Association and declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.

c. Suspend the Voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment or other duly levied charge by the Association.

d. Make contracts and incur liabilities and borrow money for the purpose of repair or restoration of Common Elements that are the responsibility of the Association to repair or restore.

e. Regulate the use, maintenance, repair, replacement, or modification of Common Elements and formulate policies for administration, management, and operation of the Development Property and the Common Elements.

f. Cause additional Improvements to be made part of the Common Elements.

g. Grant easements, leases, licenses, and concessions through or over the Common Elements.

h. Appoint desired committee of the Board and delegate to such committees the Board's authority to carry out certain duties of the Board or other such directives of the Board.

i. Assign the Association's right to future income, including the right to receive Assessments.

j. Exercise any other powers conferred by the Declaration and these By-Laws and exercise any other powers necessary and proper for the governance and operation of the Association and the administration of the affairs of the Association and Development Property.

k. Exercise all other powers that may be exercised in this State by legal entities of the same type as this Association.

2. **Duties**. The Board shall have the following Duties subject to the provisions of the Declaration of the Association.

a. Adopt and amend budgets for revenues, expenditures, and reserves; send notice of Assessments and any other duly levied charges to Owners; collect Assessments and any other duly levied charges from Owners; and impose charges for late payment of Assessments or other duly levied charges.

b. Determine the fiscal year of the Association and change said fiscal year from time to time as the Board deems necessary or appropriate.

c. Hire and discharge managing agents and independent contractors, other employees, and agents; and supervise all officers, agents, and employees of the Association to see that their duties are properly performed.

d. Comply with the instructions expressed in resolutions duly adopted at any regular or special meeting of Owners at such meeting.

e. Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property.

f. Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Owners.

g. Impose reasonable charges for the preparation and recordation of amendments to the Declaration or the production of Association information and/or documents.

h. Impose reasonable charges for services rendered in connection with the transfer of a Unit.

i. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or any two (2) or more Owners on matters affecting the Development Property.

j. Foreclose the lien against any property for which Assessments or other duly levied charges are not paid or to bring an action at law against the Owner personally obligated to pay such amounts.

k. Provide for the indemnification of the Association's Officers and members of the Board and maintain liability insurance on such Directors and Officers

l. Secure insurance policies as required or allowed by the Declaration, and in this regard, review the amounts of coverage afforded under such policies.

3. **Non-Delegation**. Nothing in these By-Laws shall be considered to grant to the Association, the Board or the officers of the Association any powers or duties which, by law, have been delegated to the Owners.

Article VII - Officers

1. **Enumeration of Offices**. The officers of the Association shall be a president, a secretary, and such other officers as the Board may from time to time create.

2. **Election of Officers**. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members. The officers shall be elected by the Directors from among the members of the Board.

3. **Term**. The officers of the Association shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

5. **Resignation and Removal**. Any officer may be removed from office with or without cause by the affirmative vote of a majority of the Board. Any officer may resign at any time by 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 in the notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6. **Vacancies**. Vacancy in any office may be filled by appointment by the Board, and such officer so appointed shall serve for the remainder of the term of the officer he replaces.

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

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

9. **President**. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Members and the Board. The president shall have general and active management of the affairs of the Association, shall see that all orders and resolutions of the Board are carried into effect and shall perform such other duties as the Board shall prescribe. The president may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

10. **Vice-President**. The vice-president, if applicable, 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.

11. **Secretary**. The secretary shall attend all sessions of the Board and all meetings of the Members and shall record all votes and the minutes of all proceedings. The secretary shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board and shall perform such other duties as may be prescribed by the Board or president. If the secretary is not able to perform any duty as herein or otherwise provided, it is the sole responsibility of the secretary to delegate such duties until such time that the secretary resumes these duties. The secretary may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

12. **Treasurer**. The treasurer, if applicable, shall have the custody of the corporate funds and securities, shall keep full and accurate accounts of receipts and disbursements of the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The treasurer shall disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements. At the regular meetings of the Board or whenever they may require it, the treasurer shall render to the president and Board an account of all transactions of the treasurer and of the financial condition of the Association. The treasurer shall perform such other duties as the Board may prescribe.

Article VIII - Miscellaneous Provisions

1. **Reserves**. The Board shall provide for such reserves as the Directors, in their discretion, determine proper to provide for contingencies, to repair or maintain any portion of the Development Property, or for such other purpose determined to be beneficial to the Association.

2. **Checks**. All checks or notes of the Association shall be signed by such officer or officers or such other Person(s) as the Board may designate.

3. **Books and Records**. Except for confidential, non-public information of the Association or that affecting the privacy rights of third parties or otherwise subject to confidentiality or non-disclosure protections or objections under any basis, the books and records of the Association are subject to inspection at the principal office of the Association by any Owner during reasonable business hours and upon ten (10) days prior written notice. Copies of such records may be purchased at a reasonable cost.

4. **Amendment**. Except as otherwise provided herein, the provisions of these By-Laws may be changed, modified, or amended upon the affirmative Vote of not less than fifty percent (50%) of the Owners or the affirmative written consent of such percentage of the Members at which a quorum is present unless a higher percentage Vote is required elsewhere herein, the Declaration, or by Tennessee statute. However, any such change, modification, or amendment that would change or delete any right, remedy, benefit, or privilege afforded to the Declarant under these By-Laws shall require the written consent of the Declarant in order to be effective.

5. **Indemnification**. The Association shall indemnify any current or former Director, officer, or employee of the Association against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments, in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer or employee (whether or not a Director, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters in which he shall have been adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of his duty. The Association may also reimburse to any Directors, officer, or employee the reasonable costs of settlement of any such action, suit, or proceedings; if it shall be found by a majority of the Directors not involved in the matter of controversy, whether or not a quorum, that it was in the interest of the Association that such settlement be made and that such Director, officer, or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer, or employee may be entitled by law or under by-law, agreement, Vote of Members, or otherwise.

6. **Inconsistencies**. In the event, these By-Laws shall be inconsistent with the Declaration, then the Declaration shall be controlling.

7. **Headings**. The headings used in these By-Laws have been inserted for administrative convenience only and do not constitute matters to be construed in interpretation.

[*Signature on Next Page*]

CERTIFICATION

The undersigned hereby certifies that the foregoing By-Laws were duly executed and adopted by Declarant on this the 14th day of June, 20 16.

DECLARANT:

Legacy Homes, Inc.,
a Tennessee For-Profit Corporation

By: _____
Edward P. Brady

Its: President

II

EXHIBIT E

ARTICLES OF INCORPORATION
OF
CRUZEN STREET TOWNHOUSES III OWNERS ASSOCIATION, INC.

In compliance with requirements of the Tennessee Nonprofit Corporation Act (the "Act"), the undersigned, having the capacity to contract and acting as the incorporator of a non-profit property owners association under the Act, adopts the following Charter for such association:

Article I - Name

The name of the corporation is **Cruzen Street Townhouses III Owners Association, Inc.**, hereunder called the "Association".

Article II - Mutual Benefit Corporation

The Association is a mutual benefit corporation.

Article III - Initial Registered Office

The street address, county, and zip code of the Association's initial registered office is: Cruzen Street Townhouses III Owners Association, Inc., 2101 Sherbrooke Lane, Nashville, Davidson County, TN 37211, Attn: Edward P. Brady, as may be relocated from time to time. The name of the initial registered agent of the Association is Edward P. Brady, who may be located at the registered office.

Article IV - Incorporator

The name, address, county, and zip code of each incorporator is: Legacy Homes, Inc., 2101 Sherbrooke Lane, Nashville, Davidson County, TN 37211, Attn: Edward P. Brady.

Article V - Principal Office

The street address, county, and zip code of the principal office of the Association is: Cruzen Street Townhouses III Owners Association, 2112 Sheridan Road, Nashville, Davidson County, TN 37206, Attn: Edward P. Brady, as may be relocated from time to time.

Article VI - Non-Profit Corporation

The Association is non-profit.

Article VII - Purpose And Powers

This Association does not contemplate pecuniary gain or profit to the members thereof. The purpose for which the Association is organized is to maintain the common facilities of the **Cruzen Street Townhouses III**, a Townhouse Planned Unit Development (a horizontal property regime with private elements), in **Davidson County**, Tennessee and perform all duties and functions of the **Cruzen Street Townhouses III Owners Association**, as described in the Declaration of Protective Covenants, Conditions, and Restrictions for **Cruzen Street Townhouses III** recorded in the Register's Office for **Davidson County**, Tennessee, hereinafter called the "Declaration" and any additions and amendments thereto as may hereafter be brought within the jurisdiction of the Association, and for this purpose to:

1. Exercise all of the powers, rights, and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, as the same may be amended from time to time as therein provided.

2. Fix, levy, collect, and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

3. Acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association.

4. Borrow money, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

5. Have and to exercise any and all powers, rights, and privileges which a corporation organized under the Act by law may now or hereafter have or exercise.

6. Except for those amendments which the Tennessee Non-Profit Corporation Act expressly permits to be made by the Directors of the Association, any amendment to these Articles of Incorporation of the Association to be adopted must be approved by the affirmative Vote of not less than fifty percent (50%) of the members present at a duly called meeting of the Association or the affirmative written consent of such percentage of the members at which a quorum is present unless a higher percentage vote is required elsewhere in the Declaration or the Act. In the event of a tie Vote concerning any amendment hereto, the President of the Association shall decide same.

Article VIII - Membership

The Association will have members. Every person or entity who is a record owner of a fee or undivided fee interest in any Unit which is subject to assessment by the Association, shall be a member of the Association. The foregoing is not intended to include persons or entities who

hold an interest merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit which is subject to assessment by the Association.

Article IX - Board Of Directors

The affairs of the Association shall be managed by a Board of Directors. The number of directors and method of electing the same shall be provided in the By-Laws of the Association.

As provided in Tennessee Code Annotated Section 48-58-501 *et seq.*, all directors and officers of the Association shall be immune from suit and no present or former director or officer of the Association shall have any personal liability to the Association or its members for monetary damages arising from the conduct of the affairs of the Association, except when such conduct amounts to willful, wanton, or gross negligence. The Association shall indemnify all current and former directors and officers of the Association to the maximum extent allowed by law, including, without limitation, advancing expenses pursuant to Tennessee Code Annotated Section 48-58-504, for any and all claims brought against such persons in connection with their actions or inactions in their official capacity as directors and officers of the Association.

Article X - Dissolution

The Association may be dissolved with the assent given in writing and signed by not less than sixty-seven (67%) of all the members of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be distributed to the Members.

[*Signature on Next Page*]

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Tennessee, the undersigned Incorporator of this Corporation, has executed these Articles of Incorporation the 14 day of June, 2016.

INCORPORATOR:

Legacy Homes, Inc.,
a Tennessee For-Profit Corporation

By: _____
Edward P. Brady

Its: President

II

EXHIBIT F

TUNE, ENTREKIN & WHITE, P.C.

ATTORNEYS AT LAW

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SHAWN R. HENRY
T. CHAD WHITE
BRANDT M. MCMILLAN *
CHRISTOPHER B. FOWLER

JOHN C. TUNE
1931-1983

ERVIN M. ENTREKIN
1927-1990

*Rule 31 listed General Civil Mediator

Legacy Homes, Inc.
2101 Sherbrooke Lane
Nashville, TN 37211
Attn: Edward P. Brady

RE: Attorney Opinion Related To the Townhouse Planned Unit Development Commonly Known As Cruzen Street Townhouses III

Dear Mr. Brady:

It is our opinion that all legal documents required by the Horizontal Property Act as codified at Tennessee Code Annotated § 66-37-101 - 123 (the "Act") for the creation of a Planned Unit Development have been prepared in connection with the above-referenced development and substantially comply with said provisions of the Act. As such, a Townhouse Planned Unit Development, a horizontal property regime with private elements, has been created under the Act.

Sincerely,

TUNE, ENTREKIN & WHITE, P.C.

By: _____
T. Chad White