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This instrument prepared by:
Burr & Forman LLP (CTH)
511 Union Street, Suite 2300
Nashville, Tennessee 37219

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF 1212 PENNOCK AVENUE TOWNHOMES

ARTICLE I
SUBMISSION; DEFINED TERMS

Section 1.1 Submission of Real Estate. Regal Homes, Co., a Tennessee corporation (the "Declarant"), owner in fee simple of the real estate described in Section 2.02 located in Davidson County, Tennessee, hereby submits the real estate, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the "Property") to the provisions of T.C.A. § 66-27-101 through 123, known as the Horizontal Property Act of the State of Tennessee (the "Act") for the purpose of creating a Planned Unit Development.

Section 1.2 Section 1.2. Defined Terms. Each capitalized term not otherwise defined in this Declaration or in the Plats and Plans shall have the meanings specified or used in the Act.

Section 1.3 Attorney's Opinion. "Attorneys Opinion" shall mean the certificate, attached hereto as Exhibit E, prepared by C. Tucker Herndon, an attorney licensed to practice law in the State of Tennessee, which states that all legal documents required by Tennessee Code Annotated, Section 66-27-101, et seq., for the creation of a Planned Townhome Development, are of record and therefore, a Planned Unit Development is created, as recited in the Act.

ARTICLE II
DEFINITIONS

Association. "Association" shall mean the townhouse corporation organized pursuant to the Tennessee Nonprofit Corporation Act, of which all co-owners shall be members. The name of the Association is 1212 Pennock Avenue Townhouses Homeowner's Association, Inc.

Bylaws. "Bylaws" shall mean the bylaws of the Association attached hereto as Exhibit D.

Charter. "Charter" shall mean the Charter of the Association recorded in Instrument No. 20160720-0074568, Register's Office for Davidson County, Tennessee.

Common Expense Assessments. "Common Expense Assessments" shall mean those certain expenses and/or assessments incurred by the Association and approved by the Board of Directors.

Development or Townhome Development. "Development" or "Townhome Development" shall mean the Planned Unit Development created by this Declaration and known as 1212 Pennock Avenue Townhomes.

Land. "Land" shall mean the real property described in Exhibit A attached hereto.

Limited Common Elements. A "Limited Common Element" means a portion of the Common Elements, designated in this Declaration, or on the Plat, or by the Act, for the exclusive use of one or more but fewer than all of the Townhomes including, but not limited to the parking areas, driveways and yards as shown on the Plat and designated as Limited Common Elements.

Owner. "Owner" shall mean the record owner of a Townhome.

Plat. "Plat" shall mean the Plat attached hereto as Exhibit B.

Townhome. "Townhome" shall mean the unit and private elements identified on the Plat attached hereto as Exhibit B including the real property and improvements located thereon and intended for separate ownership and use.

ARTICLE III
THE ASSOCIATION

Section 3.1 Authority. The business affairs of the Townhome Development shall be managed by the Association. The Association shall be governed in accordance with its Charter and Bylaws (a copy attached hereto as Exhibit D), as amended from time to time.

Section 3.2 Powers.

(a) The Association shall have all of the powers, authority and duties permitted pursuant to the Act and the Tennessee Nonprofit Corporation Act necessary and proper to manage the business and affairs of the Townhomes.

(b) The Association may assign its future income, including its rights to receive Common Expense assessments, to finance Common Expenses.

Section 3.3 Declarant Control Period. The Declarant shall have the right to appoint and remove officers and members of the Board of Directors until 120 days after the date by which 75% of the Townhomes have been conveyed to Owners other than the Declarant (the "Declarant Control Period").

ARTICLE IV
TOWNHOMES

Section 4.1 Identification of Townhomes. The identifying number and/or letter of each Townhome is shown on the Plat. The legal description of each Townhome shall consist of the identifying number or letter of such Townhome as shown on the Plat. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe a Townhome by its identifying number or letter as shown on the Plat, and every such description shall be deemed good and sufficient for all purposes, as provided in the Act.

Section 4.2 Townhome Boundaries. The boundaries of each Townhome are located as shown on the Plat. Each Townhome shall include the heating and air conditioning apparatus and any utility meter serving a particular Townhome whether or not located within the boundaries of the Townhome and the Owner shall have an easement in the location of such heating and air conditioning apparatus and ingress and egress thereto for maintenance, repair and replacement of the same.

Section 4.3 Alterations of Townhomes. Subject to the approval of the Board of Directors, a Townhome may be improved or altered if the Owner of the Townhome and any affected mortgagee shall submit to the Board of Directors such application as shall be reasonably required.

Section 4.4 Relocation of Boundaries Between Adjoining Townhomes. Subject to the approval of the Board of Directors, the boundaries between adjoining Townhomes may be relocated by an amendment to the Declaration as provided in Section 66-27-312 of the Act if the Owners of those Townhomes and their respective mortgagees submit to the Board of Directors such application as shall

reasonably be required. If approved, the Association shall prepare, execute and record an amendment to the Declaration at the expense of the Owners of the affected Townhomes.

Section 4.5 Subdivision of Townhomes. Upon approval of the Board of Directors, a Townhome may be subdivided into two or more Townhomes if the Owner of the Townhome to be subdivided and any affected mortgagee shall submit to the Board of Directors such application as shall be reasonably required. If approved, the Association shall prepare, execute and record an amendment to the Declaration at the expense of the Owner of the subdivided Townhome.

Section 4.6 Requirements for Approval. The Board of Directors may condition its approval of any application submitted pursuant to Sections 4.3, 4.4, and 4.5 hereof upon additional requirements related to preservation of the structural integrity, aesthetics, operating efficiency, and protection of the Townhome and other Owners including, without limitation, minimum Townhome size requirements, acceptable architectural and engineering plans, maintenance of liability, builder's risk, and workman's compensation insurance during construction, performance and payment bonds, or otherwise. the expense of which shall be borne by the affected Owners of the affected Townhomes.

ARTICLE V
LIMITED COMMON ELEMENTS

Section 5.1 Parking Areas. The Parking Spaces are allocated to a particular Townhome as Limited Common Elements for the exclusive use of the Owner of the Townhome, as further evidenced on Exhibit B, to which these specified parking spaces shall become appurtenant.

ARTICLE VI
MAINTENANCE, REPAIR AND REPLACEMENT; INSURANCE

Section 6.1 Maintenance and Services Provided by the Association. The Association is responsible for maintenance, repair, and replacement of the Common Elements. The owner of each Townhome shall pay its prorated share of the Associations' insurance premium on an annual basis thirty (30) days prior to said insurance premium payment date and without written demand for such payment.

Section 6.2 Expense Allocation. Common Expenses shall be assessed to the Townhomes in accordance with their allocated interests as provided in Article VIII hereof.

Section 6.3 Townhome Owner Maintenance. Each Owner is responsible for maintenance, repair and replacement of his or her Townhome and any Limited Common Elements assigned to the Townhome. In addition, the Owner of each Townhome shall maintain any part of such Townhome that is visible from other Townhomes in accordance with standards established by the Board of Directors.

Section 6.4 Reserves. The Association shall establish and maintain an adequate reserve for the replacement of improvements to the Common Elements and Limited Common Elements that shall be funded from the regular assessments on the Townhomes.

Section 6.5 Reserve Fund Contribution. Upon the first conveyance of each Townhome to a person or entity other than the Declarant, the Association shall specifically assess and collect with respect to each such Townhome a transfer fee of $350.00 for such Townhome to be used by the Association as working capital during the initial months of operation of the Development (the "Working Capital Fund").

Section 6.6 Insurance.

(a) The Owners shall maintain the property and liability insurance on their Townhomes, subject to the following additional requirements:

(i) Such property insurance on improved Townhomes shall be equal to the full insurable replacement value of the insured property, without deduction for depreciation (i.e., one hundred percent (100%) of current "replacement cost" exclusive of land, foundations, excavation and other items normally excluded from coverages, but including all building service equipment), with a standard extended coverage endorsement, standard all-risk endorsement, an "agreed amount endorsement" or its equivalent, if available, or an "inflation guard endorsement", if available, a construction code endorsements, if applicable and to the extent required by the Federal National Mortgage Association, and steam boiler coverage, if applicable. Notwithstanding the foregoing, in no event shall the aggregate amount of the insurance obtained be less than the amount of the initial principal sum of all Eligible Mortgages in effect from time to time. Such insurance shall, if so required by the Federal National Mortgage Association and if and to the extent reasonably available, also cover fixtures, equipment and other personal properly inside a Townhome if such fixtures, equipment or personal property are financed by a mortgage purchased by the Federal National Mortgage Association.

(ii) Such comprehensive liability insurance shall have limits of liability that shall be at least Two Million Dollars ($2,000,000.00) for personal injury or death and One Million Dollars ($1,000,000) for property damage arising out of a single occurrence.

(b) The Association shall maintain fidelity bonds or insurance coverage against dishonest acts on the part of such persons (including by way of illustration and not limitation, Association members, officers, directors, trustees, managers, agents, employees and volunteers) handling or responsible for funds belonging to or administered by the Association. In the event the Association has delegated some or all or the responsibility for the handling of funds to a management agent, such bonds or insurance coverage shall include officers, employees and agents of such management agent. Such fidelity bond or insurance shall name the Association as the named insured and shall be written in an amount sufficient to cover the maximum funds that will be in the custody of the Association or its managing agent at any time while the bond is in force which is in no event less than one and one-half (1-1/2) times the Association's estimated annual operating expenses, including reserves. In connection with such coverage, an appropriate endorsement to such policy or bond in order to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. Such fidelity bond or insurance shall also: (i) name the Association as an obligee; (ii) contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions; and (iii) provide that same may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association and all Eligible Mortgagees and the Federal National Mortgage Association, its successors or assigns. A management agent that handles funds for the Association should also obtain its own fidelity bond, which must provide the same coverage required of the Association. The Association should be named as an additional obligee in the management agent's bond.

(c) The Association shall maintain worker's compensation and other mandatory insurance, when applicable, to meet the requirements of the State of Tennessee.

(d) The Association shall maintain flood insurance covering loss or damage to the Common Elements and property of the Association to flood if any of the insured property is located in Flood Zone A or V as defined by the Federal Emergency Management Agency (FEMA). The Association may obtain such insurance through any available governmental programs providing for such coverage

(e) The named insured on all insurance policies purchased by the Association shall be the Association, individually, and as agent for the owners of the Townhomes covered by the policy, without naming them, and as agent for the mortgagees without naming them. The Townhome owners and their mortgagees shall be named as additional insured. All policies of insurance must be consistent with slate and local insurance laws and equal such coverage as is commonly required by prudent institutional mortgage investors.

(f) All policies of insurance shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to all of the named insureds and all mortgagees of Townhomes.

Section 6.7 Repair or Replacement after Casualty or Condemnation. Any portion of the Townhome which is damaged or destroyed or condemned, shall be repaired or replaced promptly by the Owner. Any reconstruction or repair of the Townhome or any Townhome located therein shall be substantially in accordance with the Declaration and the original plans and specifications for the Townhome unless modified by the vote of Owners possessing at least sixty-seven percent (67%) of the total percentage of ownership in the Association and mortgagees that represent at least fifty-one percent (51%) of the votes of Townhomes that are subject to mortgages held by eligible mortgagees.

ARTICLE VII
DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 7.1 Development Rights. The Declarant reserves the following Development Rights:

(a) The right to amend this Declaration, the Plat, and the Plans for the purpose of altering the boundaries between adjoining Townhomes, and changing the allocated percentage of ownership allocated to such Townhomes owned by the Declarant prior to the first conveyance of any such Townhomes to a person other than the Declarant.

(b) The right to allocate specified areas which constitute a part of the Common Elements as Limited Common Elements for the exclusive use of the Owners of Townhomes to which these specified areas shall become appurtenant Limited Common Elements.

(c) The right to establish one or more exterior audio, television, microwave or other antennae or antennae dish or signal capture and distribution device as a Common Element for the Development as set forth in Section 9.1(d) of this Declaration.

(d) The right to pursue any zoning or construction as deemed reasonably necessary in Declarant's sole opinion. All owners of the Townhomes acknowledge and agree that said owner of any Townhome shall not interfere with Declarant relative to any zoning and/or construction of any additional Townhome(s).

Section 7.2 Special Declarant Rights. The Declarant reserves the following Special Declarant Rights:

(a) The right to complete or make improvements indicated on the Plat and Plans;

(b) The right to exercise any Development Right;

(c) The right to maintain sales offices, management offices, signs advertising the Development, and models in Townhomes or on the Common Elements during the Declarant Control Period;

(d) The right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the right;

(e) The right to appoint or remove any officer of the Association or any Director during the Declarant Control Period.

(f) The right to exercise any other rights reserved to the Declarant in this Declaration; and

(g) The right, during the Declarant Control Period, to amend this Declaration to comply with the requirements of the Federal National Mortgage Association ("FNMA"), the Federal Housing Authority ("FHA"), The Federal Home Loan Mortgage Corporation ("FHLMC"), the Veteran's Administration ("VA"), or other mortgage lending programs that can afford financing for the purchase of Townhomes.

(h) Declarant shall not be subject to any monthly or special assessments during the Declarant Control Period.

Section 7.3 Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant for a period of ten (10) years from the recording of this Declaration.

ARTICLE VIII
ALLOCATED INTERESTS

Section 8.1 Common Elements. If any, the Common Element ownership interest allocated to each Townhome is set forth on Exhibit C. Such allocation is based on the number of Townhomes in the Development and ownership of the Townhome.

Section 8.2 Common Expenses. The Common Expenses are allocated equally among the Townhomes and subject to approval of the Board of Directors.

Section 8.3 Votes. Votes are allocated equally to the Townhomes as set forth on Exhibit C.

Section 8.4 Limited Common Element Parking Spaces. Limited Common Element Parking Spaces are allocated to the Townhomes as set forth on Exhibit B and Exhibit C, and maintenance and repair of such parking spaces shall be the responsibility of the Owners of the Townhomes to which such parking spaces are appurtenant.

Section 8.5 Allocations for Additional or Withdrawn Townhomes. If Townhomes are added to or withdrawn from the Development, the Common Element ownership interest allocable to all Townhomes will be re- determined by dividing the square feel in each resulting Townhome by the number of square feet of all Townhomes in the Townhome. The Common Expenses and votes shall be reallocated equally among all resulting Townhomes except as otherwise expressly provided in Sections 8.2 and 8.4 above.

ARTICLE IX
RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY

Section 9.1 Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved by the Declarant, the following use restrictions apply to all Townhomes and to the Common Elements:

(a) Residential Use. No part of the Townhomes or the Common Elements may be used for purposes other than housing and the related common purposes for which the Townhome was designed and as allowed by municipal zoning laws. Each Townhome, or any two or more adjoining Townhomes used together, shall be used as a residence or such other use permitted by this Declaration, and for no other purpose, except that professional and quasi-professional people may use their residence (not in violation of municipal zoning laws) as an ancillary or secondary facility to an office established elsewhere. The foregoing restrictions as to residence shall not, however, be constructed in such manner as to prohibit the Owner of a Townhome from: (i) maintaining a personal professional library; (ii) keeping his personal business or professional records or accounts; (iii) handling his personal business or professional telephone calls or correspondence. Such uses are expressly declared customarily incident to the principal residential use and not in violation of the foregoing restriction.

(b) General. No unlawful, noxious or offensive activities shall be carried on in any Townhome or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board cause unreasonable noise or disturbance to others, including noisy and barking dogs. No farm animals permitted. Each Owner shall maintain his Townhome in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Townhome which may increase the cost or cause the cancellation of insurance on other Townhomes or on the Common Elements. No Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside of his Townhome, or which may be visible from the outside of his Townhome (other than draperies, curtains, or shades of a customary nature and appearance, subject to the Rules and Regulations of the Association), or paint or decorate or adorn the outside of his/her Townhome, or install outside his Townhome any canopy or awning, or outside radio or television antenna, or C.B. radio transmitters, or other equipment, fixtures or items of any kind, written permission of the Managing Agent, acting in accordance with the Board's direction. No Owner shall display, hang, store, or use any sign outside his Townhome, in a hallway, or elsewhere, which may be visible from the outside of his Townhome, without the prior written permission of the Managing Agent, acting in accordance with the Board's direction. No structure of a temporary character, trailer, tent, shack, garage, barn, or other out-buildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof. No boats, RVs, campers or inoperable vehicles shall be parked on premises. No swing sets or lawn statutes shall be permitted in the front yard. No metal fences are permitted. Any storm doors installed must be all glass. No retail business is permitted. No hanging objects from house. No Owner or guest of Owner shall park any vehicle on the grass or any other area not specifically designed as Limited Common Area for parking vehicles. At the cost of the Association, all flowerbeds are to be weeded and mulched not less than once a quarter. Shrubs that need to be updated and/or trimmed, shall be updated and/or trimmed at this time also. The Common Elements and all lawns shall be mowed by a professional lawn mowing service and/or by agreement of the Board and the Owners of the Townhomes. Should the Developer see that the lawn is not being managed, it can employ a lawn mowing service at the expense of the Association. Exterior of the Townhomes are to be inspected and caulked not less than once a year by a qualified contractor. The exterior of the Townhomes shall be painted no less than one (1) time every seven (7) years.

(c) Signs. No signs or other advertising devices shall be displayed which are visible from the exterior of any Townhome or on the Common Elements, including "For Sale" signs, except in conformity with Rules and Regulations promulgated by the Board of Directors.

(d) Antennae. No exterior radio, television, microwave, or other antennae or antennae dish or signal capture of distribution device shall be permitted outside any Townhome except as expressly permitted by applicable law. The Declaration or the Association may establish one or more

exterior audio, television, microwave or other antennae or antennae dish or signal capture and distribution device as a Common Element for the Development.

(e) Trash. Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time by Rules and Regulations of the Association.

(f) Storage. Articles of personal property belonging to any Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing, and other articles, shall not be stored or kept in the Common Elements, but shall be confined to the Townhomes or storage areas within the Townhomes and/or its Private Elements. Storage of boats, trailers, campers, and motor homes on the Property shall be subject to the Rules and Regulations of the Association applicable thereto.

(g) Wiring. No Owner shall overload the electrical wiring in the Building, or operate any machines, appliances, accessories, or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories, or equipment to the heating or plumbing system without the prior written consent of the Board or the prior written consent of the Managing Agent, given in accordance with the Board's direction.

Section 9.2 Restrictions on Alienation. A Townhome shall be subject to the following restrictions on alienation:

(a) A Townhome may not be conveyed pursuant to a time-sharing arrangement.

(b) Only Townhome 1 (A) may be leased or rented subject to the reasonable requirements of the Board of Directors in regard to leases and rental agreements. Townhome 2 (B) shall not be leased without the written approval of the Owner of Townhome 1(A) which approval may be withheld in the sole discretion of the Owner of Townhome 1(A). All leases must be in writing and shall be subject to this Declaration and the Bylaws. All leases shall not be limited to a specific duration or time period.

ARTICLE X
EASEMENTS AND LICENSES

Section 10.1 Recording Data. All easements and licenses to which the Townhome is presently subject are shown on the Plat. In addition, the Townhome may be subject to other easements or licenses granted by the Declarant pursuant to Section 7.1 or 7.2 of this Declaration.

ARTICLE XI
ASSESSMENT LIENS

Section 11.1 Interest on Assessments. Any past due Common Expense Assessment shall bear interest at the maximum effective annual rate of interest as determined by the Department of Financial Institutions.

Section 11.2 Power of Sale. The Association's lien for assessments may be enforced in like manner as a deed of trust with power of sale in accordance with T.C.A. §35-5-101, et. seq., provided that the Association shall give notice to the Townhome Owner and to all lienholders of record prior to the first publication of notice. Subject to compliance with such requirements, the Association may sell the Townhome at public auction for cash and in bar of the statutory right and any entity of redemption, homestead, dower and all other rights and exemptions of every kind, all of which are hereby waived; and the Association shall apply the proceeds from such sale first, to the payment of all costs and expenses of

such sale, including attorneys' and trustees' fees and expenses incurred in connection with the sale and Owner's failure to pay assessments; second, to the payment of the assessment and interest thereon; third, the surplus, if any, to the parties legally entitled thereto.

Section 11.3 Personal Liability. Each Owner of a Townhome (whether one or more persons and including all of the shareholders of any corporation) shall be and remain personally liable for the payment of all assessments which may be levied against such Townhome by the Association in accordance with this Declaration and any applicable late charge and accrued interest thereon owed.

ARTICLE XII
RIGHTS OF MORTGAGEES

Section 12.1 Definitions.

(a) "Mortgage" shall refer to a first mortgage, deed to secure debt, deed of trust, or other transfer or conveyance of a Townhome for the purpose of securing the performance of an obligation including, but not limited to, a transfer or conveyance of fee title for such purpose that has been duly recorded in the Register of Deeds Office for Davidson County, Tennessee and that has given written notice to the Association that is a Mortgagee including a current address for notices.

(b) "Mortgagee" or "Mortgage Holder" shall mean the holder of any Mortgage.

Section 12.2 Additional Rights of Mortgagees and Other Parties. The following provisions are intended for the benefit of each Mortgagee, and to the extent that any other provisions of this Declaration conflict with the following provisions, the following provisions shall control:

(a) Consent of Mortgagees Required for Certain Material Changes. In addition to any other provisions of this Declaration that set forth particular requirements for amendment of this Declaration, the consent of Mortgagees that represent at least fifty-one percent (51%) of the votes of Townhomes that are subject to Mortgages held by Mortgagees shall be required (i) for any amendment to this Declaration which is of a material adverse nature to the rights of Mortgagees or (ii) to otherwise add or amend any provisions of this Declaration which establish, provide for, govern or regulate any of the following changes that do not involve the exercise of Development Rights or Special Declarant Rights expressly reserved under Article VII hereof:

(i) Reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use;

(ii) Redefinition of any Townhome boundaries;

(iii) Convertibility of Townhomes into Common Elements or vice versa;

(iv) Any provisions that expressly benefit mortgage holders, insurers or guarantors;

(v) Voting rights;

(vi) Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessments;

(vii) Reduction in reserves for maintenance, repair and replacement of Common Elements;

(viii) Insurance or fidelity bonds;

(ix) Responsibility for maintenance and repair of the Townhome.

(x) Leasing of Townhomes (including, without limitation, modifying or imposing restrictions on leasing of Townhomes); and

(xi) Imposition of any restrictions on the transfer of a Townhome.

(xii) Restoration or repair of the Townhome (after damage or partial condemnation) in a manner other than that specified in the Declaration;

(xiii) Any provisions that expressly benefit mortgage holders, insurers or guarantors; and

(xiv) Termination of the legal status of the Development after substantial destruction or condemnation.

Notwithstanding the foregoing, the Development may not be terminated except with the written approval of Mortgagees that represent at least sixty-seven percent (67%) of the votes of Townhomes that are subject to Mortgages.

(b) Notice to Mortgagees and Guarantors. Each Mortgagee, insurer or guarantor of a Mortgage on a Townhome, shall be furnished written notice by the Association in the event of the occurrence of:

(i) any material damage to or destruction of the Townhomes or Common Elements (for such purposes, any damage or destruction affecting any portion of the Common Element to the extent of Ten Thousand Dollars ($10,000.00) or more of their value, or, if damage, destruction or taking shall occur to a Townhome, to the extent of One Thousand Dollars ($1,000.00) of its value or more, shall be deemed material);

(ii) any condemnation proceeding affecting the Townhome or any material portion of the Townhome;

(iii) any delinquency of sixty (60) days or more in the payment of Assessments or other charges owed by the Owner of any Townhome on which such Mortgagee holds a Mortgage;

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

(v) any proposed action which would require the consent of a specified number of Mortgagees pursuant to the terms of this Declaration.

(c) First Mortgagee's Rights Confirmed. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, first Mortgagees shall have the following additional rights;

(i) The distribution to a Townhome Owner of insurance proceeds of any condemnation award for losses to or a taking of a Townhome or Common Elements shall at all times be subject to the terms of the first Mortgage Holder's mortgage, and no provision hereof shall be deemed to give a Townhome Owner or any other party priority over any rights of the first

Mortgagees of Townhomes pursuant to their mortgages in respect to the distribution of such awards or proceeds,

(ii) Any first Mortgagee who obtains title to a Townhome through foreclosure or pursuant to the remedies under its first on such Townhome shall not be liable for any Assessments other than six (6) months (or less) of the Townhome's unpaid general Assessments, together with the costs of collecting such unpaid general Assessments as is permitted hereunder.

(iii) The right to examine current copies of this Declaration, the Bylaws, the Charter, rules and regulations and the books, records and financial statements of the Association during normal business hours.

(iv) The right to receive without any charge and within a reasonable time after such request, the annual financial statement which is prepared and distributed by the Association to the Townhome Owners at the end of its fiscal year, and if expressly requested by any of the agencies or corporations which has an interest or prospective interest in the Townhome (HUD, FNMA, FHLMC, or VA) an audited financial statement for the immediately preceding fiscal year.

(d) Deemed Approval by Mortgagees. Any Mortgagee who receives a written proposal to approve amendments or other actions requiring the consent of Mortgagees and fails to deliver or mail to the requesting party a negative response within sixty (60) days following receipt of notice of such proposal shall be deemed to have approved such request, provided that the notice was delivered by certified or registered mail, "return receipt requested."

(e) No Impairment of Mortgagees' Rights. Notwithstanding anything to the contrary herein contained, the provisions of Section 9.2(b) governing leases of Townhomes shall not apply to impair the right of any Mortgagee to:

(i) foreclose or take title to a Townhome pursuant to remedies contained in its Mortgage; or

(ii) take a deed or assignment in lieu of foreclosure in the event of default by a mortgagor; or

(iii) sell, lease, or otherwise dispose of a Townhome acquired by the Mortgagee.

Section 12.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of any mortgagee encumbering such Owner's Townhome.

ARTICLE XIII
LIABILITY AND ENFORCEMENT ACTIONS

Except as stated in the Bylaws, the Association or any Owner shall have the right to prosecute any proceedings at law or in equity against any person or persons violating any of the provisions of this Declaration, the Bylaws, or any rules and regulations of the Association, and to obtain relief by way of injunction, money damages, or both. No delay or omission on the part of the Association or an Owner in exercising any right, power or remedy herein provided in the event of any breach of the foregoing covenants shall be construed as a waiver thereof or acquiescence therein. In the event any provision of the foregoing covenants shall be held invalid by judgment or court order, it shall not be deemed to affect

any of the other covenants contained herein, which shall continue and remain in full force and effect. In the event that any of the foregoing covenants shall be declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then the term of such covenant shall be reduced to the maximum period of time allowed by the laws of the State of Tennessee. Should the Developer and/or Association or an aggrieved co-owner employ counsel to enforce any of the foregoing covenants, the Developer and/ or Association or such co-owner, as the case may be, shall be entitled to recover from the breaching co-owner, the attorney's fees and expenses incurred in such action, provided the Association or such co-owner ultimately prevails in such action. Any such actions shall be in compliance with the dispute resolution requirements stated in Article XII of the Bylaws.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by a general partner and duly authorized agent this 30 day of July, 2016.

REGAL HOMES, CO.

By: _____
Steve Reigle, Vice 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 Steve Reigle, 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 Vice President of Regal Homes Co., the within named bargainor, and that he, as such officer, executed the within instrument for the purposes therein contained on behalf of such corporation.

Witness my hand and official seal at Nashville, Tennessee, this 30 day of July, 2016.

_____
Notary Public

My commission expires: 12/6/2016

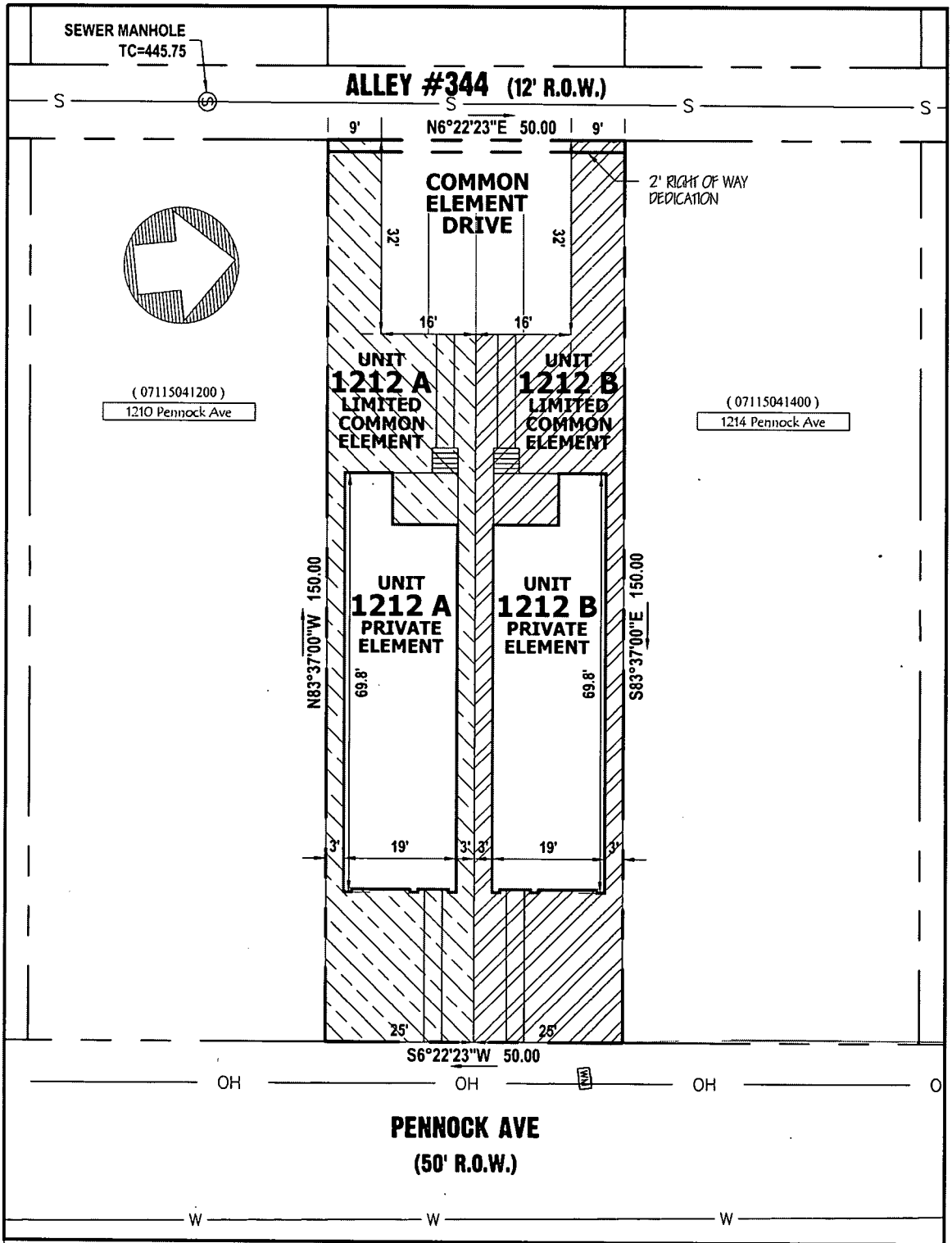
JAMES CHRISTOPHER ESTES
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
MY COMMISSION EXPIRES DECEMBER 6, 2016

EXHIBIT A

Description of Land

Land in Davidson County, Tennessee, being Lot No. 18 on the Plan of Crutcher's Subdivision of part of the Lucy H. Lindsley Tract, of record in Plat Book 161, page 129, 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 Regal Homes Co., a Tennessee corporation, from Derik S. Pell, unmarried, by Warranty Deed dated April 22, 2016, as Instrument No. 20160425-0040066, in the Register's Office for Davidson County, Tennessee.



THIS SURVEY WAS DONE UNDER THE AUTHORITY OF TCA 62-18-126 AND IS NOT A "GENERAL PROPERTY SURVEY" AS DEFINED UNDER RULE 0820-3-07. THE INFORMATION SHOWN ON THIS EXHIBIT WAS DERIVED FROM RECORDED DEEDS, PLATS, AND FIELD MEASUREMENTS. SAID PROPERTY IS SUBJECT TO ANY FINDINGS OF AN ACCURATE TITLE SEARCH. NO TITLE WORK WAS FURNISHED TO THE SURVEYOR PRIOR TO THIS EXHIBIT. THIS EXHIBIT IS NOT INTENDED TO BE A BOUNDARY SURVEY OF THE PROPERTY SHOWN HEREON.

CLINT T. ELLIOTT REGISTERED LAND SURVEYOR TENNESSEE NO. 2347
8-18-2016

GRAPHIC SCALE (IN FEET)
20 0 10 20 40
1 inch = 20 ft.

EXHIBIT 'B' - Units 1212A & 1212B PENNOCK AVENUE

NASHVILLE, TENNESSEE 37207

Zoning: SP | Metro Parcel ID: (07115041300) | DATE: 8-18-16

CLINT T. ELLIOTT
REGISTERED LAND SURVEYOR
7930 Hwy 70 South, Nashville Tn, 37221
p| (615) 533-2054
e| clintelliott@comcast.net

EXHIBIT C

ALLOCATED INTERESTS

Townhome No.	Percentage Interest in Common Elements	Votes	Parking Spaces
1 (A)	50%	1	2
2 (B)	50%	1	2
TOTAL	100.0%	2	

EXHIBIT D

BYLAWS OF

1212 PENNOCK AVENUE TOWNHOUSES HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

Members (Owners)

Section 1. Eligibility. The members of 1212 Pennock Avenue Townhouses Homeowner's Association, Inc., a Tennessee not for-profit corporation, shall consist of the Owners of the Townhomes in the Planned Unit Development known as 1212 Pennock Avenue Townhomes located in Nashville, Davidson County, Tennessee (the "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.

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

Section 3. Regular Meetings. The first regular meeting of the Owners (the "First Meeting") may be held, subject to the terms hereof on any date, at the option of the Board; provided, however, that the First Meeting shall be held not less than ten (10) days, nor more than one hundred twenty (120) days after Regal Homes, Co. ("Developer") has sold and delivered deeds for all of the Townhomes. Subsequent to the First Meeting there shall be a regular annual meeting of Owners held each year within fifteen (15) days of the anniversary of the First Meeting. All such meetings of Owners shall be held at such place in Davidson County, Tennessee, and at such time as specified in the written notice of such meeting which shall be delivered to all Owners at least ten (10) days prior to the date of such meeting.

Section 4. Special Meetings. Special meetings of Owners may be called by the President or by a majority of the Directors of the Association, or by all Owners entitled to vote at such meeting. Special meetings shall be called by delivering written notice to all Owners not less than ten (10) days prior to the date of the meeting, stating the date, time and place of the special meeting and the matters to be considered.

Section 5. Delivery of Notice of Meeting. Notices of meetings shall be delivered either personally or by mail to Owners at the addresses given to the Board by Owners for such purpose, or to an Owner's Townhome if no separate address for such purpose has been given to the Board.

Section 6. Voting. Each Townhome shall have one (1) vote. If any Owner consists of more than one (1) person the voting rights of such Owner shall not be divided, but shall be exercised as if the Owner consisted of only one (1) person in accordance with the proxy or other designation made by the persons constituting such Owner. In the event of disagreement among such persons and an attempt by two (2) or more of them to cast such vote such persons shall not be recognized, and such vote shall not be counted. Developer may exercise the voting rights with respect to Townhomes owned by it.

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

In the event that the Owners in their capacity as Owners or in their capacity as members of the Board, if applicable, disagree on a course of action for the Association, then the Owners agree to work in good faith for five (5) days to agree on a third party to resolve the dispute. If, after five (5) days, the Owners do not agree on a third party, then each shall select a third party in the State of Alabama with reasonable expertise or knowledge about the issue at hand, and the two third parties shall confer and prepare a resolution and/or solution report setting forth the proposed course of action or resolution of the issue at hand, and the Owners shall adopt and implement the course of action or resolution set forth in such joint

report. If the two third parties cannot agree on a proposed course of action or resolution, each third party shall prepare a separate report. If after receiving the two separate reports the Owners do not agree on a course of action, then the two third parties shall select a third individual who will review the first two reports, perform an analysis of the issue at hand and provide a report within a reasonable amount of time not to exceed fifteen (15) days following the date of engagement. The Owners shall adopt and implement the course of action or resolution of the issue as set forth in the third individual's report. The parties shall pay their own costs of third parties selected by them, provided that they shall split the costs evenly for the third party agreed upon by the Owners or for a third individual selected by the two third parties pursuant to this Section if needed.

Section 7. Quorum. Owners represented in person or by proxy and holding all votes entitled to be cast at such meeting shall constitute a quorum for any meeting of the Association.

ARTICLE II

Board of Directors

Section 1. Number, Election and Term of Office. The Board of Directors of the Association (referred to in the Horizontal Property Act as the "board of administrators" and sometimes referred to herein as the "Board") shall consist of three (3) members (hereinafter referred to as "Directors"). Directors shall be elected at the regular annual meeting of Association members by the vote of Owners, except that until such time as the First Meeting of members is held, the Directors (hereinafter called "members of the First Board") shall be appointed by Developer. Those candidates for election as Director receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected. Every Director, except for members of the First Board, shall hold office for the term of three (3) years and until his successor shall be elected and qualified. At the first regular annual meeting the members shall elect one (1) Director for a term of one (1) year; and one (1) Director for the term of three (3) years. At each annual meeting thereafter the members shall elect replacement Directors for a term of three (3) years.

Section 2. Qualification. Directors need not be an Owner or the spouse of an Owner (or, if an Owner is a trustee of a trust, a Director may be a beneficiary of such trust; and if an Owner or such a beneficiary is a corporation or partnership, a Director may be an officer, partner or employee of such Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant.

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

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

Section 5. Removal. Any Director may be removed from office with or without cause by the vote of all Owners.

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

Section 7. Quorum. A simple majority of Directors shall constitute a quorum.

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

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

(b) to administer the affairs of the Association and the Property;

(c) to engage the services of an agent (hereinafter sometimes called the "Managing Agent")

to maintain, repair, replace, administer, and operate the Property or any part thereof for all Owners, upon such terms and for such compensation and with such authority as the Board may approve;

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

(e) to adopt rules and regulations, with written notice thereof to all Owners, governing the administration, management, operation and use of the Property and the Common Elements, and to amend such rules and regulations from time to time and to establish reasonable financial assessments for infractions thereof;

(f) to provide for the maintenance, repair and replacement of the Common Elements and payments therefore, and to approve payment vouchers or to delegate such approval to the officers or the manager or Managing Agent;

(g) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Property and the Common Elements, and to delegate any such powers to the Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

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

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

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

(k) to borrow money for the purpose of repair or restoration of Common Elements without the approval of the members of the Association;

(1) to secure insurance policies as required by the Declaration, and in this regard annually to review the amounts of coverage afforded by such policies;

(m) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of Owners as expressed in resolutions duly adopted at any annual or special meeting of Owners;

(n) to be responsible for and maintain all streets, roads, utilities, and any other services of a public nature that are classified as Common Elements in the Declaration;

(o) to exercise all other powers and duties of Owners as a group referred to in the Horizontal Property Act or in the Declaration or these Bylaws.

Section 10. Authority of Board to Act for Association. Whenever in these Bylaws the Association is given the power to take any action, it is the intention of these Bylaws that the Board shall act for the Association in all cases, except and to the extent that it is expressly provided that action be taken upon vote of the Owners.

Section 11. Non-Delegation. Nothing in these Bylaws shall be considered to grant to the Board, the Association, or to the officers of the Association, any powers or duties which, by law, have been delegated to Owners.

ARTICLE III

Officers

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

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

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

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

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

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

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

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

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

ARTICLE IV

Assessments

Section 1. Annual Budget. The Board shall establish an annual budget to provide for the needs of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year, including, but not limited to, salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other common expenses. To the extent that the assessments and other cash income collected from Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also take into account the estimated net available cash income for the year from the lease, operation or use of the Common Elements. The annual budget shall provide for a reserve for contingencies for the year and replacements, in reasonable amounts as determined by the Board.

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

Section 3. Partial Year or Month. Commencing with the date of occupancy of his Townhome, each Owner shall pay his assessment for the following month or fraction of a month, which assessment shall be in proportion to his respective ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be computed by the Board.

Section 4. Annual Report. Within ninety (90) days of adopting the annual budget, or as soon thereafter as practicable, the Board shall cause to be furnished to each Owner a statement for such year, showing the receipts and expenditures and such other information as the Board may deem desirable.

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

Section 6. Expenditures. Except for the Management Agreement described in Article II, Section 9(c) hereof and expenditures and contracts specifically authorized by the Declaration and Bylaws, the Board shall not approve any expenditures in an amount in excess of ten (10%) percent of the annual budget for the then current year, unless required for emergency repair, protection or operation of the Common Elements or Limited Common Elements, nor enter into any contract for more than three (3) years, without the prior approval of all Townhomes.

Section 7. Lien. It shall be the duty of every Owner to pay his equal share of the common expenses as provided in the Declaration, and as assessed in the manner herein provided.

If any Owner shall fail or refuse to make any such payment of assessments when due, such delinquent payment shall be subject to a late charge in an amount established by the Board, and such delinquent payment together with interest at the rate of Fifteen (15%) per cent per annum. Such delinquent payment, together with penalty and interest, shall constitute a lien enforceable by the Board, on the interest of such Owner in the Property.

The Association, or its successors and assigns, acting through the Board or its agents, shall have the right to maintain a suit to foreclose any such lien, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with legal interest and reasonable attorney's fees to be fixed by the court. Furthermore, if any Owner shall fail or refuse to pay when due his proportionate share of the common expenses, and such Owner withholds payment thereof after demand by the Association in writing setting forth the amount claimed, the Association shall have the right to possession of such Townhome. The Association, acting through its Board, shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Horizontal Property Act, the Declaration, or these Bylaws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 8. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of its receipts and expenditures affecting the Common Elements, specifying and itemizing the common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine. The Board shall, upon receipt of fifteen (15) days written notice to the Association and upon payment of a reasonable fee, furnish to any Owner a statement of his account setting forth the amount of any unpaid assessment(s) or other charges due and owing from said Owner.

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

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

ARTICLE V

Contractual Powers

No contract or other transaction between this Association and one (1) or more of its Directors, or between the Association and any corporation, firm or association in which one (1) or more of the Directors of the Association are Directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

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

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

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

ARTICLE VI

Amendments

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of all members present in person or by proxy subject to Section 2 below.

Any proposed amendment in these Bylaws shall require written notice of the proposed amendment to be delivered to members of the Association in writing at least fifteen (15) days prior to any meeting at which the subject amendment will be considered.

Section 2. Mortgagee Approvals. Any and all amendments eligible for approval in Section 1 of this Article shall be subject to the following conditions and restrictions:

Amendments of a material nature must be agreed to by members who represent all votes in the Association. In addition thereto, approval must be obtained from Eligible Mortgagees who represent all of the Townhomes that are subject to Mortgages held by Eligible Mortgagee. A change to any of the following shall be considered under this Section, as material:

1. Voting Rights.
2. Assessments, assessment liens, or the priority of assessment liens.
3. Reserves for maintenance, repair and replacement of common areas.
4. Responsibility for maintenance and repairs.
5. Reallocation of interests in the common areas or right to their use.
6. Redefinition of Townhome boundaries.
7. Conversion of Townhomes into Common Elements or vice versa.
8. Expansion or contraction of the Development or the addition, annexation or withdrawal of property to or from the Development.
9. Insurance or fidelity bond changes.
10. Leasing Restrictions.
11. Imposition of any restriction on a Owners right to sale or transfer his or her property.
12. A decision by the Association to establish self-management when professional management has been required previously by the projects documents or by an Eligible Mortgagee.

13. Restoration and repair of the Development (after a hazard damage or partial condemnation, in a manner other than specified in the Declaration.

14. Any action to terminate the legal status of the Development after substantial destruction or condemnation occurs.

15. Any provisions that expressly benefit mortgage holders, insurers or guarantors.

Section 4. Condemnation. Should the Owners consider termination of the legal status of 1212 Pennock Avenue Townhouses Homeowner's Association, Inc., for any reason other than the substantial destruction or condemnation of the Association property, Eligible Mortgagee, as heretofore defined, that represent all of the mortgaged Townhomes must agree to said termination of said legal status. Each Eligible Mortgagee shall be given written notification of said intent to terminate the legal status of the Association and shall have thirty (30) days in which to respond to said notice. An Eligible Mortgagee who fails to submit a response to said written proposal for amendment within thirty (30) days after it receives proper notice of the proposal shall be deemed to assent to said amendment, providing that said notice was delivered by certified or registered mail, with a return receipt requested.

These Bylaws may be amended or modified from time to time by action or approval of all of the Owners. Such amendments shall be recorded in the Office of the Register's Office of Davidson County, Tennessee.

ARTICLE VII

Indemnification

Section 1. General. To the extent permitted by law, the Association shall indemnify and hold harmless each of its Directors and officers, each member of any committee appointed pursuant to these Bylaws, against all contractual and other liabilities to others arising out of contracts made by, or other acts of such Directors, officers, or committee members on behalf of Owners, or arising out of their status as Directors, officers, or committee members, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or otherwise, in which any such Director, officer or committee member may be involved by virtue of such person's being or having been such Director, officer, or committee member, provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such Director, officer, or committee member, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person's being adjudged liable for gross negligence or fraud in the performance of his duties as such Director, officer or committee member.

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

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

Section 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of any Owner arising out of any

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

ARTICLE VIII

Mortgages

Section 1. Notice to Board. A Owner who mortgages his Townhome shall notify the Board of the name and address of his mortgagee and shall file a conformed copy of the note and deed of trust or mortgage with the Board; and the Board shall maintain such information in a book entitled "Mortgages of Townhomes".

Section 2. Notice of Unpaid Assessments. The Board, whenever so requested in writing by a Mortgagee of a Townhome, shall promptly report any then unpaid assessments due from, or any other default by, the Owner of the mortgaged Townhome.

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

Section 4. Examination of Books. Each Owner and each mortgagee of a Townhome shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more often than once a month.

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

ARTICLE IX

Definition of Terms

The terms used in these Bylaws, to the extent they are defined therein, shall have the same meaning as set forth in the Declaration for 1212 Pennock Avenue Townhomes, of record in the Office of the Register of Deeds for Davidson County, Tennessee.

The term "Member or member" as used in these Bylaws, means "Owner" as defined in the Declaration.

ARTICLE X

Conflicts

These Bylaws are set forth to comply with the requirements of the Horizontal Property Act, and to allow the Bylaws to control in specific situations where such law allows. In the event any of the Bylaws conflict

with the provisions of the Act or of the Declaration, the provisions of the Act or of the Declaration, as the case may be, shall control.

ARTICLE XI

Dispute Resolution

If a dispute arises, the Members, the Board and the Developer, if applicable, shall follow the dispute resolution process set forth in this section in connection with all disputes, controversies or claims, whether based on contract, tort, statute, fraud, misrepresentation or any other legal theory arising out of or relating to this Agreement or breach of alleged breach of this Agreement, including the validity or enforceability of this dispute resolution process, or any part thereof (collectively "Disputes").

The Members will use all reasonable efforts to settle all Disputes through good faith negotiations, to be commenced by giving written notice to all parties ("Notice of Disputes").

The Members shall attempt to resolve any dispute arising out of or relating to the Bylaws or the Declaration through negotiations between the Members and/or Developer, by giving written notice to all parties ("Notice of Disputes") who have authority to settle the same. One Member shall send the other party an "invitation to negotiate" to document the dispute in writing. At all times except for arbitration, no Member is allowed to have legal counsel present during meetings, negotiations, mediation and the like without prior notification to all other Members and obtaining all Members' written consent, which consent shall not be unreasonably withheld. Each Member shall be responsible for its own legal fees during disputes unless otherwise decided in writing by all Members.

If the matter is not resolved by negotiations within thirty (30) days of receipt of a written "invitation to negotiate," the Member will proceed to resolve the dispute by the appointment of a Mediator from Nashville, Tennessee who is a member of The Tennessee Academy of Mediators and Arbitrators (http://www.tennesseemediators.org/nashville-mediators). All Members agree to mediation prior to instituting arbitration. Each Member will bear an equal percentage in paying the mediator's fees. Should the Members be unable to resolve the "invitation to negotiate" by mediation, the Members agree to then arbitrate the dispute.

In the event the Members are unable to resolve a dispute pursuant Article XII herein, the Members agree that, upon written notice by any Member to the other, the dispute shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered with a court of law. Each Member has a right to be represented by an attorney at any arbitration proceeding or hearing. The arbitrator(s) decision shall be final and binding and judgment may be entered thereon. The arbitrators' expenses and fees, together with other expenses, not including counsel fees, incurred in the conduct of the arbitration, shall be paid as provided in the award. Except where the Commercial Arbitration Rules provide otherwise, Tennessee law shall govern the arbitration proceeding. The place of arbitration shall be Nashville, Tennessee.

Should a Member breach Article XII of the Bylaws by pursing a legal remedy through the court system, that Member shall be 100% responsible for all legal fees and court costs incurred by all parties to the action and these legal fees and court costs shall be paid by the breaching Member within thirty (30) days of presentation of the bills for such legal fees and court costs. The other Members and/or Developer are entitled to costs of suit including reasonable attorney's fees and court costs for having to compel a Member for payment for legal fees.

Except for privileged conversations with legal counsel and as may occur in private between the respective Members, the Members agree that immediately following the giving of a Notice of Disputes, Members and their agents shall not make any statement, orally or in writing, that is detrimental to, disparaging of, or reflects adversely upon the Association and/or Developer, or indulge in any conduct that is intended to, or is reasonably foreseeable as likely to, reflect adversely upon the Association and/or Developer. Because of the difficulty of measuring economic losses and the immediate and irreparable damage to the Company as a result of breach of this Article XII, each Member agrees that the terms stated herein may be enforced against the breaching Member by injunctions and restraining orders, in the event

of breach or threatened breach of Article XII, without the necessity of posting a bond. Nothing in this Article XII shall be construed as prohibiting the Association and/or Developer from seeking and pursuing any other remedies available to it for any breach or threatened breach of this Article XII, including, without limitation, the recovery of damages from the breaching Member or any other person or entity acting in concert with the Member; provided that any party seeking damages under Article XII bears the burden of proving that the statement violates this Article XII based upon an objective standard. The Members further agree that in the event of breach or threatened breach by a Member or agent of this Article XII, the breaching Member will pay reasonable attorney's fees and expenses incurred by the Company in enforcing this Article XII.

Except for court costs and any costs stated above, all costs of resolution of Disputes shall be borne by the party incurring the costs, including reasonable accounting and legal fees. The Dispute resolution process set forth in this Article XII shall survive the termination or expiration of the Declaration and/or Bylaws.

EXHIBIT E

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July 25, 2016

Mr. Steve Reigle
Regal Homes
290 Ed Harris Road
Ashland City TN 37015

Re: CCR Letter for 1212 Pennock Avenue Townhomes

Dear Mr. Reigle:

I am an attorney licensed to practice in the State of Tennessee. As required under Tenn. Code Ann. § 66-27-103, I hereby certify that all the requisite documents for purposes of forming a horizontal property regime with respect to the above-referenced development are ready for recordation with the Register's Office for Davidson County, Tennessee.

Please do not hesitate to call if you have any questions.

Sincerely,

C. Tucker Herndon

CTH/kh
Enclosures