Karen Johnson Davidson County
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This instrument prepared by
and upon recording return to:

Tune, Entrekin & White, P.C. (SJB)
500 11th Ave., N., Suite 600
Nashville, TN 37203

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

R-SQUARED TOWNHOMES

A HORIZONTAL PROPERTY REGIME WITH PRIVATE ELEMENTS

This Declaration of Covenants, Conditions, and Restrictions for R-Squared Townhomes (this "Declaration"), a Horizontal Property Regime with Private Elements, is made and entered into by **YHYS, LLC**, a Tennessee limited liability company, and **Frank Gongyu Hsu** (collectively the "Declarant") and all other persons or entities, presently owning or hereafter acquiring any of the Development Property.

RECITALS

WHEREAS, Declarant, being the owner and legal title holder of the Development Property, more particularly described on **Exhibit A** attached hereto, desires to develop, or has already developed, the Development Property as 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 (the "Development"); 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 horizontal property regime with Private Elements to be known as "R-Squared Townhomes", 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 may purchase additional property adjacent to or in the vicinity of the Development Property and annex same to the Development Property as future phases of the proposed development thereon (the "Future Phase Property") and subject the Future Phase Property to this

Declaration; and

WHEREAS, Declarant presently contemplates Units each having their own Private Elements, Limited Common Elements, and 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
DEFINITIONS

The terms in this Declaration and the attached exhibits and other Governing Documents shall generally be given their commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1. "Act" shall mean and refer to the "Horizontal Property Act" of the State of Tennessee codified at Tennessee Code Annotated, Section 66-27-101 through 123. As used in the Declaration, the term "Declaration" shall be synonymous with "Master Deed" as defined in the Act.

2. "Administrative Functions" shall mean and refer to all functions of, for, and on behalf of the Association, respectively, 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. "Applicable Law" means all statutes, public laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments or their agencies having jurisdiction and control over the Development Property in effect at the time a provision of this Declaration, as may be amended from time to time, is applied and pertains to the subject matter of the provision of this Declaration, and all other ordinances and any other applicable building codes, zoning restrictions and permits, or other applicable regulations.

4. "Appointment Period" shall mean and refer to the period of time commencing as of the date of the recordation of this Declaration and, except as may otherwise be prohibited by law, continuing until the earlier of: (a) ten (10) years from the date of the recording of this Declaration; (b) the date that is nine (9) months after 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 written notice to the Association of such termination.

5. "Assessment" shall mean and refer to: (a) Common Assessments, (b) Special Assessments, (c) Working Capital Fund Assessments, and (d) 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.

6. "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.

7. "Association" shall mean and refer to R-Squared Townhomes Owners Association, Inc., a Tennessee non-profit corporation, its successors and assigns. Each Owner of a Unit shall be a Member of the Association.

8. "Board" or "Board of Directors" shall mean and refer to the governing body of the Association having its normal meaning under Tennessee corporate law and designated to act on behalf of the Association.

9. "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 for each Assessment Year prior to the commencement thereof as further provided herein.

10. "Builder" shall mean and refer to any Person who is in the business of constructing single family and/or multi-family residences and who acquires a Unit Pad(s) (defined below) within the Development Property for the purpose of constructing homes upon any such Unit Pad(s) for sale to a third party customer of the Builder.

11. "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 the 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" shall mean and refer to all of the Development Property, except for the Units and the Private Elements and Limited Common Elements, if any, appurtenant thereto. All Common Elements shall be exclusively owned by the Association for the use and benefit of every Owner of a Unit, 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. The land, devices, improvements, structures, installations or any other elements or part of the Development Property that are rationally for the common use and benefit of all Owners of Units or necessary to the existence, upkeep and safety of the Development.

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 compartments or 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 to or service two (2) or more Units.

e. All improvements, devices, or installations existing for the common use and benefit of the Owners of Units.

13. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Development Property. Such standard may be more specifically determined by the Board and the Improvement Review Committee of the Association.

14. "Declarant" shall mean and refer to **YHYS, LLC, a Tennessee limited liability company,** and **Frank Gongyu Hsu**, their successors and assigns, provided such successors and assigns are expressly designated by Declarant in a written and recorded instrument as a successor or assign of the rights of Declarant set forth herein. Declarant may and shall have the right to assign all or a portion of its rights, powers, easements and privileges under this Declaration and, as applicable, the Act, as further set forth and reserved to Declarant. In the event of a partial assignment, the assignee shall not be deemed 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. From and after any such assignment, the assigning Declarant shall thereafter automatically be relieved from any and all obligations and liability associated with the assignee's exercise of the Declarant's rights so assigned.

15. "Declaration" shall mean and refer to this **Declaration of Covenants, Conditions and Restrictions for R-Squared Townhomes** applicable to the Development Property and all subsections thereof and recorded in the Register's Office for **Davidson County**, Tennessee, as may be amended from time to time.

16. "Delinquency Interest Rate" shall mean and refer to an annual interest rate established by the Board from time to time; provided, however, 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.

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

18. "Governing Documents" shall collectively mean and refer to this Declaration and any applicable Supplemental Declaration, amendment, the Bylaws and Charter of the Association, any architectural or design standards, fine schedule, and any use restrictions and/or Rules & Regulations, each as may be adopted, amended, and/or supplemented from time to time.

19. "Improvement" shall mean and refer to any infrastructure, building, building addition, outbuilding, garage, barn, running shed, detached structure, landscaping, fence, wall, swimming pool, recreational facility, driveway, parking area, walkway, satellite dish, mailbox, utility service, exterior alterations (e.g. shutters, awnings, window boxes, planters, alternative exterior material or color), or such other improvement, alteration, or structure constructed or located upon all or any portion of the Development Property or the exterior of any structure located thereon. 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.

20. "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(s) to the exclusion of other Units, the enjoyment, benefit and use of which is reserved exclusively to the Owner(s) of such Unit(s) pursuant to this Declaration, any Plat or Site Plan or otherwise designated as such by the Board of Directors. 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.

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

22. "Mortgage" shall mean and refer to any a first priority mortgage or deed of trust encumbering a Unit held by a Mortgagee.

23. "Mortgagee" shall mean and refer to any bank, mortgage banker, savings and loan association 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" shall mean and refer to any Person in possession of a Unit, regardless of whether said Person is an Owner.

25. "Owner" shall mean and refer to the Person(s) whose estates or interests, individually, or collectively, aggregate fee simple ownership of a Unit, together with the Private Elements and Limited Common Elements appurtenant to such Unit. "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" 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" 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. "Plat" shall mean and refer to the plat(s) recorded or to be recorded in the Register's Office for the County in which the Development Property, or portion thereof, is located reflecting thereon the streets, common areas, utility easements, and other matters normally shown on subdivision plats.

29. "Private Element" shall mean and refer to the lot area upon which a Unit is located and the improvements located thereon as bound by the exterior finished surfaces of each Unit and the center of any foundation, wall or roof that is common to two Units, as further 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.

30. "Record" and/or "Recording" shall mean and refer to the recording of an instrument in the Register's Office for the County in the State of Tennessee in which the Development Property, or portion thereof, is located.

31. "Rules and Regulations" shall mean and refer to the rules and regulations concerning the use of the Units, its Private Elements and Common Elements appurtenant thereto, as may be adopted by the Board in accordance with this Declaration and/or the By-Laws from time to time.

32. "Site Plan" shall mean and refer to the diagram, plan, survey, or plat of the Development Property presently submitted as well as any other diagrams, plans, surveys, or plats 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 R-Squared Townhomes, 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.

33. "Supplemental Declaration" shall mean and refer to any amendment to the Declaration whereby Declarant submits additional property to the terms of the Declaration or otherwise amends the Declaration as provided herein.

34. "Townhouse Building" shall mean and refer to any one or all of the building(s) located on the Development Property as further set forth and described on the Site Plan for the Development Property attached hereto as **Exhibit B** and forming a part of the Development Property and each containing Units.

35. "Transfer of Control" shall mean and refer to the end of the Appointment Period as set forth herein.

36. "Unit" shall mean and refer to the individually numbered portion of any Townhouse 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 Unit Owner. The boundaries of each Unit shall be the interior unfinished surfaces of the structural materials and Improvements (e.g. flooring, ceiling, and walls) enclosing such living space on the Development Property. Any Unit may be jointly or commonly owned by more than one Person.

37. "Unit Pad" shall mean and refer to the area of the Development Property upon which a Unit comprising a Building is shown on the 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 in and co-ownership of the Association, Voting rights, and Assessment obligations.

38. "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 II
PROPERTY SUBJECT TO DECLARATION

1. **Establishment**. Declarant hereby 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 hereby establishes a Horizontal Property Regime to be known as **R-Squared Townhomes** pursuant to Tenn. Code Ann. § 66-27-103(b), and hereby declares that the

Development Property shall be held, sold and enjoyed subject to the easements, restrictions, covenants, and conditions of this Declaration, which are for the purpose of protecting the value and desirability of the Development Property, which is within and part 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 any part thereof.

2. **Purpose of Declaration**. This Declaration is executed: (a) in furtherance of a common and general plan for the Development Property and for those other parcels of land which may hereafter become part of the Development Property; (b) to protect and enhance the quality, value, desirability, and attractiveness of all land which is or becomes part 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 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 attached hereto as **Exhibit B**. Every deed, lease, Mortgage, deed of trust, or other instrument shall legally describe a Unit by its identifying number as shown on the Site Plan and every 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 different from the whole Unit and its Private Elements as shown on the Site Plan. The total number of Units contained within the horizontal property regime established hereby may be increased or decreased as a result of the exercise by Declarant of its right to do so; provided, however, that nothing contained herein shall be deemed to obligate the Declarant to so increase or decrease the total number of Units, or be a warranty or representation that Declarant shall do so, such right being at Declarant's sole and absolute discretion.

5. **Acceptance of Development**. Except for Declarant, the acceptance of a deed to any Unit within the Development Property, or any portion thereof, such purchaser shall be deemed to have accepted and approved the entire plans for the Development Property and all Improvements constructed thereon by that date including, without limitation, the utilities, drains, roads, landscaping, fences, entrance, decorative masonry, and all other infrastructure and improvements of **R-Squared Townhomes**. Declarant reserves all rights, warranties, claims or other causes of actions related to or arising out of the development and construction of the Development Property. With respect to the conveyance of any Unit by Declarant to a subsequent Owner, **all such Development Property and all Improvements constructed thereon shall be accepted by such 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**.

6. Declarant reserves the right to amend this Declaration unilaterally at any time, without prior notice and without the consent of any Person, for the purpose of removing certain portions of property within the Development Property then owned by Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes of any nature whatsoever in the plans for R-Squared Townhomes community desired to be effectuated by the

Declarant. To the extent that any property to be removed from the Development Property is owned by a Person other than Declarant, such Person's consent must be obtained for such removal, as evidenced by such Person's signature affixed to the Declaration amendment.

NOTICE

The restrictions and other matters set forth in this Declaration are subject to change from time to time. By owning or occupying a Unit, you agree to remain in compliance with the provisions of this Declaration and Governing Documents, as they may change from time to time.

Article III
MEMBERSHIP AND VOTING RIGHTS

1. **Owners Association**. There has been or will be formed an Association having the name "**R-Squared Townhomes Owners Association, Inc.**", a Tennessee non-profit 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 this Declaration and the Governing Documents. The Articles of Incorporation for the Association are attached hereto as **Exhibit C**. All of the Common Elements shall be owned by the Association for the use and benefit of the Owners of the Units and their family members, invitees, agents, representatives, tenants, and licensees for such purposes incidental to the use of the Units. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association and 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 Governing Documents.

2. **Board**. The affairs of the Association shall be managed by the Board, which shall consist of four (4) Directors. The Board shall be elected and serve in accordance with the provisions of the By-Laws. The By-Laws for the Association shall be the By-Laws attached to this Declaration as **Exhibit D** and made a part hereof. The fiscal year of the Association shall be determined by the Board, as may be changed from time to time by the Board. 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 to serve on the Board, and Declarant shall have the right to appoint all of such Directors to serve on the Board.

a. By resolution, the Board may delegate portions of their authority to an executive committee or to other committees, tribunals, officers of the Association or to agents and employees thereof, 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 executive committee, officer, agent, or employee without a Vote of 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 respective Unit Owner allowed one (1) Vote per Unit owned for as many candidates as 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 of the Association and a 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 and co-ownership in the Association shall automatically terminate when such Person 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.

NOTICE

If you acquire a Unit you automatically become a Member of the Association. Membership is mandatory and is compelled by state law.

4. **Voting**. The voting rights of the Members shall be appurtenant to their ownership of a Unit. 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 a Vote by such Person as conclusive evidence of such Member's authority to cast the Vote for such Unit.

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 delinquent Owner to use certain 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 specifically 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 and any regulation of the solicitation of Votes or proxies.

7. **Non-Liability of Declarant, Board, and Officers**. To the 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, as set forth herein.

8. **Binding Determination**. In the event of any dispute or disagreement between any Owners relating to the Development Property or the use, right to use, or maintenance of any Common Element or Private Element, or any other questions of interpretation or application of the provisions of this Declaration or 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 has been or will be 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 such 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 the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a Vote of the membership.

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 real and personal property taxes and governmental assessments levied upon the Development Property which is levied upon or assessed against Association and/or the property owned by the Association. Nevertheless, the Association shall have the right to contest in good faith any such taxes or assessments; provided that they are paid or a bond in an amount at least equal to the amount of such taxes and assessments is posted prior to the sale or other disposition of any property to satisfy the payment of 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 Assessment liability as shown on **Exhibit E**.

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 Assessment liability as shown on **Exhibit E**.

4. **Borrowed Money**. The Association shall have the power to borrow money.

5. **Professional Management**. The Association may, but shall not be required to, hire a professional management agent or agents, at a reasonable compensation established by the Board, to perform such duties and services as the Board shall authorize. Except for agreements entered into with the Declarant during the Appointment Period, any agreement for professional management of the Development Property and Association shall not have a term greater than three (3) years.

6. **Personal Property and Real Property for Common Use**. The Association, through action of the Board, may acquire, hold, finance, pledge, encumber, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Development Property conveyed to it by the 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.

7. **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.

8. **Development Property Use Regulation**. The Association 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.

9. **Public Use**. The Association, acting through the Board, shall have the right to allow members of the general public to use Development Property.

10. **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.

11. **Reconveyance**. Upon written request of the 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 in error or needed by Declarant to make adjustments in property lines or accommodate changes in the development plan.

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.

a. The Association shall have a lien on any Unit and any Improvement thereon to secure payment of the amounts described in this Section, 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.

b. The Association, acting through the Board, by contract or other agreement, shall have the right to enforce county ordinances or permit the governing jurisdiction in which the Development Property is located to enforce ordinances and local laws concerning the Development Property for the benefit of the Association and its Members.

17. **Implied Rights**. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege, including, but not limited to:

a. imposing monetary fines and suspending use and voting privileges;

b. granting permits and licenses, utility easements and other easements, permits or licenses under, through or over the Common Elements, as applicable; and

c. sell, transfer or convey portions of the Common Elements, but only upon approval of sixty-seven percent (67%) of the total eligible Votes of the Members of the Association.

18. **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.

19. **Safety and Security**. Each Owner and 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, 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 solely 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 designed or 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 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 OR WITHIN UNITS, RESULTING FROM ACTS OF THIRD PARTIES.

20. **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.

21. **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

Article V
DEVELOPMENT PROPERTY MANAGEMENT AND CARE

1. **Maintenance by the Association**. Except as otherwise provided herein, maintenance of repairs to and replacements of the Common Elements, including lawncare and landscaping, 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 the Unit Owners benefitted thereby. In this event, maintenance of the enclosed lawn or the installed landscaping shall no longer be the responsibility of the Association.

a. Notwithstanding the foregoing, if the need for exterior maintenance and repair by the Association is caused by the willful or negligent conduct or act a Unit Owner, his/her family, guest, invitees, or other Persons using or occupying his/her Unit with his/her express or implied permission,

the cost of such repair or maintenance shall be assessed against such Unit Owner and shall be due and payable ten (10) days from the date of notice thereof. Such Reimbursement Assessment shall not require the approval of any of the Members; provided, however, that any Unit Owner against which any such assessment is levied shall be entitled to notice and an opportunity to perform, or cause to be performed, the corrective work required prior to a Reimbursement Assessment being levied against such Unit Owner.

b. For the sole purpose of performing the exterior maintenance upon each Unit, the duly authorized employees, contractors, sub-contractors, or agents of the Association shall have the right, after reasonable notice to the Unit Owner, to enter upon any Unit and related Private Elements at reasonable hours of any day, except Sunday. In addition, the duly authorized employees, contractors, or agents of the Association shall have the right to enter in or upon any Unit and related Private Element, without notice to the Owner thereof, when, in the judgment of the Association, acting through the Board, such entrance is necessary to prevent damage to such Unit or surrounding Units or Common Elements by fire, criminal act, natural disaster, or other similar emergency. Moreover, if, during the course of performing the maintenance of a Unit or Private Elements, the Association discovers that maintenance, repair or replacement is required of an item which is the Unit Owner's responsibility, and such maintenance, repair or replacement must be performed for the Association to properly complete its maintenance project, then the Association may perform such work on behalf of the Unit Owner and at the Unit Owner's expense without prior notice to the Unit Owner.

2. **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.

3. **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.

4. **Exclusive Landscaper**. The Declarant during the Appointment Period and thereafter the Board shall have the authority to engage the services of one exclusive landscaping company ("Exclusive Landscaper") for all routine landscaping maintenance needs of the Development Property, such as lawn mowing, mulching, hedging and limb/leaf removal. The cost of such services shall be a Common Assessment incurred by the Assessment.

5. **Exclusive Waste Services Provider**. The Declarant during the Appointment Period and thereafter the Board shall have the authority to engage the services of an "Exclusive Waste Services Provider" for garbage, recycling, and any other waste or debris collection and disposal. Each Owner shall be responsible for the cost of the waste services provided to the Unit receiving such services.

Article VI
OWNER PROPERTY MANAGEMENT AND CARE

1. **Maintenance by Owner**. 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, except as otherwise provided herein.

2. **Remedies for Failure to Maintain**. If the Board determines that any Owner has failed or refused to properly maintain and keep in good repair and free of debris and rubbish the Unit, and otherwise generally perform his or her maintenance responsibility, then the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense. Unless the Board determines that an emergency exists, the Owner shall have ten (10) days within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days and diligently pursue such maintenance or repair to completion. If the Board determines that: (a) an emergency exists or (b) that an Owner has not complied with the demand given by the Association, then the Association may perform such maintenance, repair, or replacement and assess all costs and expenses incurred by the Association against the Unit and the Owner thereof, which assessment shall be a lien against said Unit and its Owner. If, during the course of performing the maintenance of an Owner's Unit, the Association discovers that maintenance, repair or replacement is required of an item which is the Owner's responsibility, and such maintenance, repair or replacement must be performed for the Association to properly complete its maintenance project, then the Association may perform such work on behalf of the Owner and at Owner's expense without prior notice to the Owner. The Board may alternatively enforce this Section through monetary fines against the Unit and its Owner and each day the maintenance, repair, or replacement is not completed shall constitute a separate violation for which fines may be assessed on a daily basis.

Article VII
INSURANCE

1. **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 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 is 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.

2. **Liability Insurance**. The Board shall also obtain a public liability policy covering the Common Elements, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents related to the Common Elements. The public liability policy shall have at least a One Million Dollar ($1,000,000) occurrence, a Two Million Dollar ($2,000,000) aggregate limit per policy. If reasonably available, a Two Million Dollar ($2,000,000) umbrella limit shall be purchased.

3. **Common Elements**. Notwithstanding any provision herein to the contrary, the Association shall, as a common expense to each of the Unit Owners, obtain and continue in effect adequate blanket all-risk casualty insurance for the Common Elements (exclusive of the Units and Private Elements appurtenant thereto), if reasonably available, and if not reasonably available, fire and extended coverage, in such form as the Board deems appropriate for one hundred percent (100%) of the replacement cost of the Common Elements. 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. The deductible shall be a maintenance expense to be paid by the Person or Persons who would be liable for the loss or repair in the absence of insurance. If the loss affects more than one Unit, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected party's

portion of the total cost of repair, or otherwise as the Board determines equitable. Notwithstanding the foregoing, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Owner shall be responsible for paying any deductible pertaining to his or her Unit. If any Owner fails to pay the deductible when required hereunder, then the Association may pay the deductible and assess the cost to the Owner. Notwithstanding anything to the contrary herein, in the event of an insured loss under the Association's policy for which the Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of any Assessment or charge owed to the Association, then the Association may retain and apply such proceeds to the delinquency. Any surplus remaining after application of the proceeds to any delinquency shall be paid by the Association to the affected Owner.

4. **Units**. Each Unit Owner shall be responsible for obtaining insurance for that Owner's Unit and Private 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 insurance replacement costs of the Unit including replacement of any fixtures, cabinets, appliances, flooring, improvements installed or supplied by the Owners, or their tenants, or personal property of the Owners, or their tenants, guests, and invitees located within said Units or upon the Unit Pads. In addition, each Unit 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 and the Private Elements. In addition, each Owner shall carry liability insurance covering the Owner's Unit for all damage or injury, including bodily injury, death, and property damage, arising from any condition or occurrence on the Owner's Unit. Such insurance shall not be the responsibility of the Association and by acceptance of a deed to a Unit, each Unit Owner acknowledges that such insurance is and shall be the sole responsibility of said Unit Owner. Upon request by the Board, a Unit Owner shall deliver to the Board within five (5) days a copy of the Certificate of Insurance covering such Owner's Unit.

5. **Builders**. In addition to the other insurance requirements set forth herein, each Builder (other than the Declarant) shall carry liability insurance with coverage limits reasonably satisfactory to Declarant and the Association for all damage or injury, including bodily injury, death and property damage, arising from the Builder's activities within the Development Property. Prior to conducting any such activities, each Builder shall deliver to Declarant and the Association a certificate of insurance (i) evidencing that the aforementioned insurance coverage has been obtained and (ii) naming the Declarant (during the Appointment Period) and the Association as Additional Insureds.

6. **Worker's Compensation**. In addition to the other insurance required by this Section, the Board shall obtain worker's compensation insurance (if and to the extent required by law), directors' and officers' liability coverage, a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if reasonably available, and flood insurance, if required. The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than three (3) months' Assessments on all Units, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation or non-renewal.

7. **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. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate.

8. **Premiums**. The premiums for insurance procured by the Association pursuant to this Declaration for the benefit of all Owners shall be a Common Assessment.

9. **Attorney-In-Fact**. Each Owner hereby irrevocably appoints the Association as attorney-in-fact for the purpose of purchasing and maintaining insurance as required in this Section, 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.

10. **General**. All insurance coverage obtained by the Board shall be written in the name of the Association as trustee for the respective benefited parties, as further identified below. Such insurance shall be governed by the following provisions:

a. All policies shall be written with a company authorized to do business in Tennessee;

b. All policies shall be for the benefit of the Association and its Members and Mortgagees, as their interests may appear.

c. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in that Association's Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

d. In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

e. The Board shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

i. a waiver of subrogation by the insurer as to any claims against the Association's Board, its respective managers, the Owners, and their respective tenants, servants, agents, and guests;

ii. that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

iii. that the Association will be given at least thirty (30) days' prior written notice of any cancellation or non-renewal.

Article VIII
CASUALTY, DAMAGE AND RECONSTRUCTION

1. Immediately after damage or destruction by fire or other casualty to all or any part of the Development Property covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent shall proceed with filing and adjusting all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed portion of the Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. In the event that it should be determined that the damage or destruction to Common Elements shall not be repaired or reconstructed, and no alternative improvements are authorized, then

and in that event, the affected portion thereof shall be restored to its natural state and maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

2. If, after a fire or other casualty causing damage to the Development Property, the proceeds of the insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the additional costs shall be assessed against the Owners of the Units damaged in proportion to the damage suffered. If there are surplus funds after repair and reconstruction is completed, such funds shall be common funds of the Association to be used as directed by the Board. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Development Property was originally constructed, except where changes are necessary to comply with current applicable building codes or where improvements not in accordance with the original plans and specifications as approved by the Board. To the extent insurance proceeds are available, the Association may reconstruct or repair Owner improvements damaged as a result of fire or other casualty.

3. Any damage or destruction to any Unit within a Townhouse Building shall be promptly repaired or reconstructed unless the Members representing one hundred (100%) percent of the total Vote of all of the Owners of the Units comprising such Townhouse Building shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. In the event of substantial damage or destruction to a Unit(s), each Mortgagee shall be entitled to written notice of the damage, and nothing in the documents provided shall be construed to afford a priority to any Owner with respect to the distribution of proceeds to any such Unit.

4. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as herein provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Elements shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made to any portion of the Common Elements, any proceeds remaining, after making such settlement as is necessary with the Mortgagee, shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made to any Unit, any proceeds remaining, after making such settlement as is necessary with the Mortgagee, shall be paid to the respective Owner(s).

5. The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from Assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair as set forth in this Article to be disbursed by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction designated by the Board.

6. 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, or the Governing Documents. The Board shall have the power, as elsewhere provided herein to levy and collect Reimbursement Assessments against a Unit Owner to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration or the Governing Documents, or for any increased insurance premiums directly attributable to any such damage or any such violation.

7. In the event of dissolution of the Association, the Development Property shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies, or to a non-profit corporation, association, trust, or other organization, to be used, in any such event, for the common benefit of Owners for purposes similar to those for which the Development Property was held by the Association. To the extent the foregoing is not possible, the Development Property and the proceeds from the sale or disposition shall be distributed equally to the Owners.

Article IX
EASEMENTS

1. **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.

2. **Public and Private Utilities**. There is hereby reserved unto Declarant and any Builder, so long as the Declarant and such Builder(s) owns any portion of Development Property, the Association, and the designees or grantees of each of them (which may include, without limitation, the municipality and county, and any other public or private utility), blanket easements upon, across, over, and under all, or a portion, of the Common Elements, Limited Common Elements, Private Elements, and the Units, for ingress, egress, installation, replacing, altering, repairing, and maintaining cable television systems, master television antenna systems, security, and similar systems, roads, walkways, bicycle pathways, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, HVAC systems, gas, and electricity. Notwithstanding anything to the contrary contained in this Article, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Development Property except as may be approved by the Board or as provided by Declarant during the Appointment Period. Within these easements, no structure, planting, or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Should any entity furnishing a service covered by the general easements herein provided request a specific easement by separate recordable document, the Board shall have the right to grant such easement on said Development Property without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Development Property.

3. **Federal, State, Local Entity and Service Providers**. An easement is hereby established for the benefit of any applicable federal, state, or local entity and utility service providers over all portions of the Development Property for the setting, removing, and reading of water or gas meters; for maintaining and replacing water, sewage, and drainage facilities; for police protection, fire-fighting, and garbage collection, cable/satellite television installation and repair; and rendering of such other services as are appropriate and necessary for the use and enjoyment of the Development Property.

4. **Declarant / Builder**. Until completion of Declarant's intended development of the Property, an easement is reserved to the Declarant to enter the Common Elements and to maintain

thereon such facilities and perform such operations as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the intended development of the Development Property by the Declarant. Until completion of Declarant's intended development of the Development Property, an easement is reserved to Declarant for signage and ingress and egress generally across the Development Property, including any Private Element, at reasonable places, for the purpose of completing Declarant's intended development of the Development Property, provided that said easement shall be reasonable and shall not interfere with the construction of Units, nor the use and enjoyment of a Unit by an Owner. Declarant, any Builder, and the Association also reserve any and all easements reasonably required to allow completion, repair, and maintenance of any and all utility areas or improvements. Declarant, as may be so authorized, hereby grants and conveys to any Builder an easement for ingress and egress generally across the Development Property reasonably required to allow completion, repair, and maintenance of any and all utility areas or Improvements upon any Unit Pads owned by a Builder. In addition, Declarant, as may be so authorized, hereby grants and conveys to any Builder a temporary construction easement, five feet (5') in width along the side yard boundary lines of any Unit Pad for the purpose of facilitating home construction on an adjacent Unit Pad owned by such Builder (the "Builder Construction Easement"), which temporary construction easement shall automatically terminate upon the issuance of a certificate of occupancy for the Unit. As evidenced by the use of the Builder Construction Easement, each Builder agrees to indemnify, defend, and hold harmless the Declarant, the Association, and the Owner upon whose Unit Pad the Builder Construction Easement is located from and against any and all claims, damages, demands, penalties, costs, liabilities, losses, and expenses (including reasonable attorneys' fees and expenses at the trial and appellate levels) that may result from Builder's use of the Builder Construction Easement.

5. **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. This reserved easement shall include an easement for such facilities and activities which, in the sole opinion of Declarant, may be required, convenient or incidental to the development, construction and sales activities related to property within or near the Development Property. This easement shall include, without limitation: (a) the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, or in any portion of the Development Property as well as any Unit therein; (b) the right to tie into any portion of the Development Property with driveways, parking areas and walkways; (c); the right to tie into or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain, and repair any device which provides utility or similar services; (d) the right (but not the obligation) to construct recreational facilities on Common Elements; (e) the right to carry on sales and promotional activities in the Development Property; (f) the right to place direction and marketing signs on any portion of the Development Property, including any Unit or Common Element; (g) the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices incidental to the construction, development and sales activities; and (h) Declarant may use residences, offices, or other building owned or leased by Declarant or such builder or developer as model residences and sales offices, and may also use recreational facilities available for use by the Development Property as a sales office or for marketing purposes without charge. 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.

6. **Association**. There is hereby reserved unto the Association, the Board, Managing Agent, or their respective agents or employees a blanket, perpetual, and non-exclusive easement of

unobstructed ingress and egress in, upon, over, across, and through the Common Elements 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 and its Private Elements 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.

7. **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, including Units, 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 Unit shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the consent of the Owner. The Person exercising this easement shall promptly repair, at such Person's own expense, any damage resulting from such exercise.

8. **Encroachment**. 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 Unit 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 a Unit Owner, if said encroachment occurred due to the willful act of said Unit Owner.

9. **Fence Easement**. Declarant during the Appointment Period and thereafter the Board reserves an easement across any Private Element which borders upon or contains a portion of any pond, lake, dam, water facility, detention pond or retention pond for the purpose of access to such facility or pond, and for the purpose of erecting any fence which is either required by the subdivision development and construction plans or governmental regulation, rule, ordinance or plan approval requirement.

Article X
CONDEMNATION

1. **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 Unit Owners in such proceedings. Each Unit Owner hereby irrevocably appoints the Association, by and through the Board and any such duly appointed trustee as such Unit 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 Unit 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.

2. **Units**. If a Unit(s) are acquired by a taking in condemnation or by eminent domain so as to leave the Unit 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 Assessment related thereto shall be automatically reallocated to the remaining number of Units.

Article XI
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) Special Assessments, (c) Working Capital Fund Assessments, (d) Reimbursement Assessments, and (e) 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 an in improved Unit for which a certificate of occupancy for residential use has been issued. 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 necessarily or appropriately for the 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 ten percent (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 of the 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 shall have been 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. **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.

9. **Working Capital Fund Assessment**. Each Owner of a Unit shall pay a "Working Capital Fund Assessment" in such amount as set by the Board at the closing of the sale of the Unit. The Working Capital Fund Assessment shall not apply to the conveyance of a Unit Pad to a Builder, but will apply to the first sale of the completed Unit and to every subsequent sale of such Unit. The Working Capital Fund Assessment shall not be considered as advance payment of any Assessment or other duly levied charge. The amount of the Working Capital Fund Assessment may be increased in the discretion of the Board. The Working Capital Fund Assessment shall be held and disbursed for the following purposes in the order of priority:

a. To fund costs of maintenance of the Common Elements and the Administrative Functions of the Association that cannot be funded by Assessments.

b. To assure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Board.

10. **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.

11. **Transfer Fees**. In conjunction with the acquisition of record title to a Unit by the purchaser thereof, other than by the Declarant or a Builder, a reasonable contribution shall be made by or on behalf of the purchaser at the closing of the purchase of the Unit to the management company or Association to cover certain administrative costs related to establishing the new Owner's account with the Association.

12. **Declarant 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.** For and in consideration of the privileges, protections, mutual enjoyment and use of the Common Elements and the Limited Common Elements and the assumption of the obligations of Owners set forth in this Declaration, the receipt of which is hereby acknowledged, and to secure the payment of Assessments, fines, interest, late charges, attorneys' fees and any other cost of collection as provided herein (collectively, the "Secured Charges"), a lien (an "Assessment Lien"), subject to any limitations of Tennessee law, is expressly retained in favor of the Association on each and every Owner's Unit and interests appurtenant thereto.

a. For the purpose of better and more effectually securing the Secured Charges, rendering unnecessary court proceedings for the enforcement of said lien in the event of the proceedings for the enforcement of said lien in the event of the nonpayment of the Secured Charges, and for the consideration of One Dollar ($1.00) paid in cash, receipt of which is acknowledged, the Owners jointly and severally, their respective heirs, successors, administrators, and assigns (collectively, "Trustors" and individually as "Trustor") by their acceptance of a deed to their Unit, are deemed to have transferred and conveyed unto the **Association as Trustee**, its successors and assigns, their respective Unit(s) with the appurtenances, estates, titles and interests thereto belonging, for the purpose of securing payment of their share of the common expenses and all other assessments thereon, whether common, annual, special, or otherwise, when due.

b. Each Trustor agrees (i) to pay the Secured Charges attributable to such Trustor's Unit when due, as provided in this Declaration; (ii) to pay, discharge, or remove, any and all liens (except for liens of ad valorem taxes, a lien for all sums unpaid under a first Mortgage or on a secondary purchase money Mortgage) which may be hereafter placed against its Unit and which shall adversely affect the lien of this instrument or enforcement of the terms and provisions hereof; (iii) to comply with all of the terms and conditions of the Governing Documents; and (iv) to pay upon demand of Trustee or the Association, all the costs and expenses, together with reasonable attorneys' fees, of any court appearance or other proceedings required by Trustee, his successors or the Association to enforce any provision of this Declaration and Governing Documents of the Association. If any Trustor fails to do any of these things, then Trustee or the Association may do any or all of those things, and the amounts so paid shall bear interest at the highest rate allowed under applicable law in effect from time to time from the date of payment and shall become a part of the Secured Charges secured hereby.

c. If the Secured Charges with respect to any Unit are not paid promptly when due, then the Trustee, or his successor in trust, is hereby authorized and empowered, upon giving twenty (20) days' notice by three (3) publications in any newspaper, daily or weekly, published in **Davidson County**, Tennessee, to sell said Unit at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from the equity of redemption, the statutory right of redemption, homestead, dower and all exemptions of every kind, all of which are hereby expressly waived; and the Trustee, or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser. It is further agreed that the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the Trustee of a deed for said property. In case of sale hereunder, the proceeds shall be applied by the Trustee as follows:

i. First, to the payment of all costs, charges and expenses of executing this conveyance and enforcing the lien herein provided, including reasonable attorneys' fees

and expenses incurred for instituting or defending any litigation which may arise on account of the execution of this conveyance, or the enforcement of said lien;

ii. Second, to the payment of all taxes which are due but unpaid with respect to such Unit;

iii. Third, to the payment of all unpaid Secured Charges with respect to such Unit; and

iv. Fourth, the residue, if any, will be paid to the Owner of such Unit, its order, representatives or assigns.

d. The Association acting on behalf of the Owners, shall have the power to bid for the Unit at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Unit is owned by the Association following foreclosure: (i) no right to Vote shall be exercised on its behalf; (ii) no Assessment shall be assessed or levied on it; and (iii) each other Unit shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosure.

e. Any sale or transfer described herein shall not relieve such Unit from liability for any Assessments accruing after such sale or transfer.

f. Suit to recover a money judgment for unpaid Secured Charges shall be maintainable without foreclosing or waiving the lien securing the same.

g. In the case of the death, absence, inability, or refusal to act of the Trustee, or if the Board so decides in its sole discretion, at any time when action under the foregoing power and trusts may be required or for any other reason, the Association are hereby authorized and empowered to name and appoint a successor to the Trustee by an instrument in writing to be recorded in the Register's Office for Davidson County, Tennessee, and the title and rights herein conveyed to the above named Trustee shall be vested in said successor.

h. The Secured Charges 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.

14. **Priority of Assessment Lien**. The Assessment Lien 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, Board, or any committee of the Board is not properly exercising its duties and powers under this Declaration.

16. **Estoppel Certificate**. Upon the payment of such reasonable fee as may be determined from time to time by the Board, not to exceed $75.00 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 XII
IMPROVEMENTS AND ARCHITECTURAL STANDARDS

1. **General**. No structure shall be placed, erected or installed upon any Unit Pad, Unit or its Private Elements, and no Improvements (including staking, clearing, other site work, exterior alteration of existing improvements, painting or modifying fences, and planting or removal of landscaping materials) shall take place except in compliance with this Article and approval by the appropriate entity. Notwithstanding this, the Board may, by resolution, exempt certain activities from the application and approval requirements of this Article provided such activities are undertaken in strict compliance with the requirements of such resolution. Any Owner may remodel, paint, or redecorate the interior of structures on his Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the Unit shall be subject to approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. This Article shall not apply to the activities of Declarant or the Association.

2. **Designation of Committee**. The Association may have an Improvement Review Committee ("IRC"), which shall consist of no more than four (4) members. During the Appointment Period, the Declarant shall appoint the members of the IRC, who shall be subject to removal at any time by Declarant. Declarant in its sole discretion, may alone constitute the IRC and until the IRC is so appointed, all references herein to the IRC shall mean the Declarant. After the termination of the Appointment Period, the members of the IRC shall be appointed and shall be subject to removal at any time by the Board. After the termination of the Appointment Period, the Board alone may constitute the IRC and until the IRC is so appointed, all references herein to the IRC following the termination of the Appointment Period shall mean the Board. The IRC shall designate an individual as its secretary, and all communications with the IRC shall be conducted through the secretary.

3. **Function of IRC**. No Improvement shall be erected, constructed, placed, maintained, or permitted to remain on any portion of the Development Property until the Plans and specifications therefor showing the nature, kind, shape, height, materials, color, location, and any other information required by

the IRC have been submitted to and approved in writing by the IRC. The IRC shall determine in its sole discretion whether or not the proposed Improvement, and all features thereof, is consistent with the overall development scheme for **R-Squared Townhomes** and otherwise compatible with other Improvements constructed within the Development Property and consistent with the Community-Wide Standard. The IRC shall be the sole judge and arbiter of such consistency and compatibility. As a prerequisite to consideration for such approval, and prior to commencement of proposed work, the Owner, Builder, or any agent thereof shall make the necessary submissions as required by the IRC, together with the applicable fee(s), if any, to be charged by the IRC to defray its costs incurred in considering and acting upon any proposed Plans that may require changes for approval, including costs incurred in relation to an architect's review of the proposed Plans, if necessary. The IRC may refuse approval of any Plans that in its sole judgment are inconsistent with the overall purpose and aesthetic values of the Development Property or the architectural standards described herein and in the Design Guidelines, if any. The IRC shall be the sole arbiter of submitted Plans and may withhold its approval for any reason, including purely aesthetic reasons. The IRC has the authority to waive the requirements set forth in this Article or any portion thereof, as well as to pre-approve Plans and specifications for Builders constructing Improvements upon multiple Units.

4. **Design Guidelines**. The IRC may, in its discretion, promulgate Design Guidelines specifying acceptable architectural styles, permissible materials, and acceptable locations for the construction of all Improvements within the Development Property. All Plans for Improvements must be consistent with such Design Guidelines, which may be amended from time to time by the Declarant during the Appointment Period and thereafter the Board. Copies of the current Design Guidelines, if any, may be purchased at a reasonable cost.

5. **Submission of Plans**. Any Owner, Builder, or any agent thereof desiring to construct an Improvement upon any Unit Pad or Unit shall first have detailed Plans prepared for such Improvement, which shall be prepared by a licensed architect or approved home designer acceptable to the IRC. The scaled Plans to be submitted for IRC review shall include at a minimum the following: (a) plot plan, survey or copy of the recorded plat showing the dimensions of the site, the proposed location of all Improvements to be placed thereon, including but not limited to any detached structures such as sheds, garages, swimming pools, pool houses, guest houses, walls and/or fences; and the relationship of all such Improvements to the front, rear, and side property lines; (b) elevation drawings of the front, sides, and rear of any new structure included within the Improvements, together with all exterior color selections / schemes and building materials to be used; (c) a landscaping plan, including all driveways, sidewalks, and terraces; and (d) such other information as may be necessary or otherwise requested by the IRC.

6. **Approval of Plans**. The IRC will certify its approval or disapproval of the Plans within thirty (30) days of the IRC's acknowledged receipt of the Plans, specifications, review fee, and/or other requested information and/or materials. In its sole and uncontrolled discretion, the IRC may grant or withhold its approval of the Plans. By the purchase of property within the Development Property, every Owner shall be conclusively presumed to have consented to the exercise of discretion by the IRC. The IRC's approval of Plans for any Improvement shall be effective for a period of six (6) months only; and if construction of the proposed Improvements shall not have commenced within that time period, the approval shall no longer be valid. In the event written approval is not received within thirty (30) days after the Plans, specifications, review fee, and all requested additional information have been submitted and acknowledged as received by the IRC, then the request for approval shall be deemed DENIED.

7. **Variance**. The IRC may authorize variances from compliance with any of the provisions of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require. Such variances may only be granted, however, when unique circumstances dictate, and no variance shall (a) be effective unless in writing, (b) be contrary to the

restrictions set forth in the body of this Declaration, or (c) estop the IRC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

8. **No Waiver of Future Approvals**. The approval of the IRC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatsoever subsequently or additionally submitted for approval or consent.

9. **Approval of Contractors**. In order to minimize confusion and the complications which may result from the construction of a number of Improvements upon different Unit Pads or Units within the Development Property at the same time and in order to insure performance of high quality of construction, no construction shall be commenced upon any Unit Pad or Unit until the Declarant during the Appointment Period and thereafter the Board has given written approval of the Owner's contractor(s); provided, however, no liability shall accrue to the Declarant or the Board on account of such approval. Such contractors shall be licensed under the laws of the State of Tennessee and shall be sufficiently insured for the construction to be undertaken by such contractor.

10. **Construction Compliance**. If the IRC approves Improvement Plans, the Owner shall make a construction compliance security deposit or post a bond, letter of credit, or other acceptable collateral in such amount in the sole discretion of the IRC ("Construction Deposit") in order to insure compliance with the Plans by the Owner, his representatives and/or agents. Upon Owner's completion of construction, including the removal of all trash and debris, Owner shall notify the Board of same so that the completed construction and clean-up may be inspected, confirmed, and approved. Once the completed construction and clean-up have been inspected and approved, the Construction Deposit shall be refunded or released to the Owner; provided, however, the Board shall be entitled to deduct from the Construction Deposit any costs incurred by the Declarant or the Association to repair any damage to Common Elements or other Improvements within the Development Property and otherwise to maintain same in a clean and orderly fashion free of mud, dirt, or other debris. Further, the Board shall be entitled to deduct from the Construction Deposit the full amount of any fine assessed against the Owner by the Board for non-compliance with the approved Plans and/or covenants set forth herein.

11. **Construction of Improvements**. Once the IRC approves the Plans and the Owner has made the Construction Deposit, the Owner, Builder, or any agent thereof shall construct the Improvements in substantial conformity with the approved Plans. Actual construction shall be the responsibility of the Owner and shall commence before the expiration of the IRC's approval as provided herein above. At all times during the construction of any Improvement, the Declarant during the Appointment Period and thereafter the Board or an authorized agent thereof shall have access to same for the purpose of inspection and confirmation that the construction is in substantial accordance with the Plans as approved by the IRC and in compliance with this Declaration, any Supplemental Declaration or other Governing Documents. If the construction is found not to be in substantial accordance with the Plans as approved by the IRC and/or in compliance with this Declaration, then the Declarant during the Appointment Period and thereafter the Board or an authorized agent thereof shall give written notice to the Owner of such non-compliance and the basis therefor. If the violation is not brought into compliance or a satisfactory resolution is presented in writing by the Owner and accepted by the Declarant during the Appointment Period and thereafter the Board within five (5) business days of the delivery of such written notice, then the Declarant during the Appointment Period and thereafter the Board shall be authorized: (a) to stop construction and all activities related thereto concerning any Improvement until same is made compliant; (b) to assess reasonable fines related to the non-compliance; and (c) to make

the necessary corrections or to take necessary action to make the Improvements compliant at the Owner's expense.

12. **Limited Effect of Plan Approval**. The approval by the IRC of an Owner's Plans for the construction of an Improvement is not intended to be an approval of the structural stability, integrity, or design of a completed Improvement, the safety of any component therein, or the compliance thereof with the regulatory requirements or any federal, state, or local law, regulation, or ordinance. This approval by the IRC is required solely for the purpose of insuring compliance with the covenants contained herein and further to insure the harmonious and orderly architectural and aesthetic development and improvement of the Development Property. Notice is hereby given to any future Owner and/or occupant of any completed Improvement and all invitees and other persons who may from time to time enter or go on or about such completed Improvement that no permission or approval granted by the IRC, the Declarant, or the Association with respect to the construction of any Improvement pursuant to this Declaration shall constitute or be construed as an approval of the structural stability, integrity, or design of a completed Improvement, the safety of any component therein or the compliance thereof with the regulatory requirements or any federal, state, or local law, regulation, or ordinance. As such, no liability shall accrue to the Declarant, the IRC, or to the Association in the event that any such construction shall subsequently prove to be defective or not in compliance with such requirements.

13. **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 that may be debited against the Construction Deposit. The Owner shall, upon demand, immediately reimburse Declarant or other performing party for all expenses incurred in so doing, including reasonable attorney's fees. Declarant and thereafter the Association shall have a lien on the Unit and the Improvements thereon 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.

Article XIII
IMPROVEMENT RESTRICTIONS

1. **General**. The construction or installation of Improvements upon Development Property shall comply with Notes on any Plat or Site Plan, as may be amended from time to time; shall comply with all requirements set forth on the overall development plan for the Development Property, if any and as may be amended from time to time; and shall comply with all other applicable laws, ordinances, and regulations of governmental agencies (federal, state and local). In addition, the following provisions shall govern the construction and installation of all Improvements upon the single family residential Unit Pads, Units or Private Elements within the Development Property.

2. **Roofs**. The roof of the dwelling or other approved structure shall be constructed or covered with asphalt or composition type shingles unless otherwise approved by the IRC. To the greatest extent possible, all roof stacks and plumbing vents shall be located on the rear slopes of the roof, and any alternative placement must be approved by the IRC.

3. **Driveways and Walkways**. The IRC shall approve the location, construction, design, and types of materials for all driveways and walkways. Except as otherwise approved by the IRC, all driveways shall be finished with a hard surface of an approved material that is compatible with the Improvements located on the Private Elements and the overall Development Property.

4. **Curb Cuts and Damage**. Any Owner or Builder who makes a curb cut or damages any Common Element shall be responsible for repairing same at his sole expense and at the direction and to

the satisfaction of Declarant during the Appointment Period and thereafter the Board. Any such Owner or Builder shall reimburse Declarant or the Association for the cost of any such repairs, if Declarant or the Board repairs the damages.

5. **Mailboxes**. The IRC shall have the power to designate a specific, uniform type of mailbox for the Development Property or any subsection thereof. In the event that the specific, uniform mailbox required herein is not reasonably available, the IRC shall select the replacement mailbox to be used.

6. **Fencing, Walls, and Hedges**. Location, style, type, and materials of fencing, walls, and/or hedges must be approved by the IRC. No fence, wall, or hedge shall be allowed in any drainage easements. No fence, wall or hedge shall be more than six (6) feet in height, unless otherwise approved. Chain link and wire fences are specifically prohibited.

7. **Yards**. Private Elements are to be landscaped and maintained in an attractive manner that is compatible with neighboring Private Elements and respectful of views and privacy of adjacent Owners and consistent with the Community-Wide Standard. Flowers, hedges, shrubs, trees, and other vegetation may be planted in the rear yard without IRC approval; however, Owners shall replace in a diligent manner any vegetation on their Private Elements that should die. If approved by the IRC, once a Unit Owner encloses his Private Elements with a fence, the maintenance of such enclosed area shall be the responsibility of such Unit Owner.

8. **View Impairment**. Neither Declarant nor the Association guarantee or represent that any view over and across Private Elements, or any open space or Common Element within the Development Property will be preserved without impairment. Neither the Declarant, the IRC, nor the Association shall have any obligation to relocate, prune, or thin trees or perform other landscaping. The Association will have the right to add trees and other landscaping from time to time, subject to applicable law. There shall be no express or implied easements for view purposes or for the passage of light and air.

9. **Grading and Drainage**. No Owner shall excavate earth from any Private Element for any business purpose, except for the construction of the approved Improvements thereon, and no elevation changes will be permitted that could materially affect the surface grade of the Private Element without the consent of the IRC, which must also approve the nature, manner, and methods of the earthwork. Drainage of each Private Element shall conform to the general drainage plans for the Development Property. No storm water drain, roof down-spout, or ground water shall be introduced into the sanitary sewage system.

10. **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 XIV
USE RESTRICTIONS

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

2. **Residential Use**. No Unit or Private Element shall be used for any purpose other than private, single family residential purposes and purposes incidental and necessary thereto. **The foregoing restriction shall not be interpreted to limit or restrict Short-Term Renting, as provided in Section XIV.4 below, as Short-Term Renting is expressly deemed a permitted residential use hereunder.** The foregoing restriction shall not 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 or Private Element. Such uses are expressly declared customarily incidental 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 Units or Private Elements by or on behalf of Declarant for purposes of construction, development, and sale of same.

3. **Occupancy Permit**. No dwelling upon any Unit Pad or Private Element may be occupied prior to the issuance of a final use and occupancy permit related to same by the applicable governing authority and approval of the IRC.

4. **Leases and Short-Term Renting**. Subject to any Federal, State, or local laws, all Units within the Development Property may be leased to residential tenants. All leases shall be in writing, and no lease shall be for a term of less than twelve (12) months. Notwithstanding the foregoing, an Owner may rent their property (in whole or in part) on a short-term basis so long as said short-term rental is not for greater than thirty (30) consecutive days ("**Short-Term Renting**"). Owners are responsible for the behavior of their renters and shall ensure that renters comply with all HOA rules and regulations. The HOA reserves the right to impose additional fees or restrictions on Short-Term Renting if necessary to protect the interests of the Development. Regarding leases, Owners may Within ten (10) days of the full execution of any lease or amendment thereto or extension or renewal thereof, the Owner must deliver a copy of the same to the Board or the management agent. The Association shall have the right to implement a system and procedures for the administration, tracking, oversight, and management of leases and Short-Term Renting within the Development Property, and all cost of such system and procedures will be assessed equally against the Owners who lease their Unit(s). The Lessee under each 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. Failure to comply with this Declaration shall be a default under each such lease. 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. Further, the restrictions set forth in this Section do not apply to the Declarant.

5. **Signs and Flags/Flagpoles**. 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 or Private Element, and no such sign shall be placed outside the boundary of the Unit or Private Element, within any right-of-way, Common Element, Unit or Private Element 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. No flagpoles shall be erected on any Private Element, except for Units owned by the Declarant or any Builder where Units or Improvements located thereon are used as models and sales offices or trailers. Subject to limitations as to size, location, and manner of display as may be promulgated by the Board, no Owner shall be prohibited from displaying the flag of the United States of America, the State of Tennessee, or any branch of the United States armed forces. To the extent that any of the foregoing provisions of this Section, provisions of the Architectural Guidelines adopted by the IRC, or rules and regulations adopted by the Board with respect to flags or flagpoles is not permitted under the "Freedom to Display the American Flag Act of 2005" as codified under 4 U.S.C. § 5 (Executive Order 10834, Section 3), as amended, or Tenn. Code Ann. § 66-27-602, or any other applicable federal, state, or local laws, such provisions of the applicable Documents shall be interpreted so as to be in compliance with such applicable laws.

6. **Antennae**. No transmitting or receiving equipment (antennas, dishes, etc.) in excess of eighteen (18) inches in diameter (or such larger size as shall be expressly authorized by the regulations of the Federal Communications Commission) for radio, television, or communications may be located on the exterior of any Improvement or on the Private Element without the approval of the IRC as to location and screening, if necessary. In no event, may such equipment be in the front of any Private Element or be visible from the roads.

7. **Yards and Yard Art**. Lawns shall be maintained in a neat and orderly fashion so that the grass does not become overgrown. Yard art and water features shall not be permitted in the front yard or otherwise visible from any street.

8. **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 Private Elements. Exterior flashing lights or spot/flood lights on the exterior that shine on or into adjacent 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.

9. **Screening**. Excepting the initial construction period, any and all equipment, air conditioner condensers, garbage cans, woodpiles, or storage piles on any Private Element, whether temporary or permanent, shall be screened to conceal same from the view of neighboring Private Elements, streets, or Common Elements with the Plans for any screening, fences, and/or landscaping being approved by the IRC.

10. **Outside Recreation Equipment**. All playground and recreational equipment (e.g. swings, slides, trampolines, playhouses, basketball hoops / backboards) shall be approved by the IRC prior to installation and must be used, erected, placed, or maintained to the rear of the Private Element. The Board shall have the authority to govern the location, any required screening, materials, and types of various recreational equipment.

11. **Solar Panels**. Solar panels, if approved by the IRC, shall not face the street and shall be compatible with the adjoining surface upon which they are mounted. The type, size, and location of any such solar panels shall be shown on Plans related to such Improvement and shall be subject to approval of the IRC, in its sole discretion.

12. **Non-Residential and Detached Structures**. No trailer, camper, garage, tent, shack, barn, shed, carport, or other outbuilding shall be erected, moved onto, stored or used on any Private

Element as a residence, temporarily or permanently. Any detached structure must be located in the rear yard, except as otherwise approved by the IRC.

13. **Detention Pond.** [Intentionally Deleted].

14. **Garage / Yard Sales.** Garage sales or any other similar private or public sale of goods, personal property, or services shall not be allowed except for Association sponsored sales to be authorized by the Board and held only on specified days and at specified times on a community wide basis and in accordance with any Rules and Regulations to be established by the Board in connection therewith.

15. **Garbage Disposal.** Trash, garbage, or other waste shall be kept in sanitary containers and shall be disposed of in a clean and sanitary manner. All equipment for storage or disposal of such materials shall be kept in a clean and sanitary condition 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.

16. **Vehicle Storage.** No mobile home, bus, camper, boat, trailer, truck, ATVs or similar recreational vehicles or vehicles having a load capacity in excess of one ton may be parked or stored on any street or in public view on or within the Development Property, except for vehicles and equipment necessary for and being used in the development, construction, repair, or service of same.

17. **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.

18. **Parking and Entertainment.** All Owners shall park their vehicles first, to the extent possible, in the garage for that Unit, if applicable, 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.

19. **Unsightly or Unkempt Conditions.** It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Unit or Private Element.

20. **Livestock, Poultry, and Pets.** No animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or on any Private Element, 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 or Private Element 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 Element of its owner.

21. **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.

22. **Hobbies**. The pursuit of hobbies that are inherently dangerous shall be conducted only in garages and such activities must not be visible from streets, Common Elements, or neighboring Units. Activities such as the shooting of firearms, fireworks, or pyrotechnic devices of any type or size and other such activities shall not be pursued or undertaken on any part of any Unit, Private Element or upon the Common Elements without the consent of the Board, which may be granted in the sole discretion of the Board.

23. **Noise**. No Owner shall cause or allow any use of his Unit that results in noise which disturbs the peace and quiet of the Development Property. This restriction includes, without limitation, dogs whose loud and frequent barking, whining, or howling disturbs other Owners, exterior music systems, public address systems, or other noise sources which disturb other Owners' ability to peacefully possess and enjoy their Unit.

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

25. **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.

26. **Occupants Bound**. All provisions of this Declaration and the Governing Documents which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests, and invitees of any Owner. Every Owner shall cause all occupants of his or her residence to comply with This Declaration and the Governing Documents, and shall be responsible for all violations and losses to the Common Elements caused by such occupants, notwithstanding the fact that such occupants of a residence are fully liable and may be sanctioned for any violation of the Documents.

27. **Amenities**. Any amenities and Common Elements provided by the Association or erected within the Development Property, if any, shall be used at the risk of the user, and the Association shall not be held liable to any person for any claim, damage, or injury occurring thereon or related to use thereof. The Board may promulgate additional rules and regulations governing the use of such amenities and areas.

28. **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 XV
MORTGAGEE PROVISIONS

1. **General**. In addition to any other rights granted to Mortgagees elsewhere in this Declaration, the rights and protections of this Article are hereby granted to and for the benefit of any Mortgagee.

2. **Actions Requiring Mortgagee Approval**. Except as otherwise provided in the Act, without the prior written consent at least fifty-one percent (51%) 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 Development established hereby or to seek to abandon or terminate the restrictions herein.

b. Change the formula for determining each Unit's Common Assessment liability or allocating distributions of hazard insurance proceeds or condemnation awards or change the method of assessment of Common Assessments or the priority of the lien of the Association for unpaid Assessments or other duly levied charges.

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.

e. Approve any amendment to this Declaration or the Governing Documents which would materially affect or change a Unit Owners' voting rights, rights to use Common Elements, or the right to sell or transfer a Unit.

f. Approve any amendment removing 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.

g. Approve any amendment that would alter the boundaries of a Unit or method of determining when Development Property will be reconstructed or repaired in the event of partial destruction or the conversion of a Unit to Common Elements or vice versa.

h. Approve any amendment that would alter a provision of this Declaration which expressly benefits any Mortgagee, insurer or guarantor.

3. **Notices of Action**. 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, will be entitled to timely written notice of:

a. Any condemnation loss or any casualty loss which affects a material portion of the Development Property or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Mortgagee.

b. Any delinquency in the payment of Assessments or other duly levied charges owed by the Owner of the Unit subject to the Mortgage of such Mortgagee, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Declaration or Governing Documents relating to such Unit or the Owner or occupant which is not cured within sixty (60) days.

c. Any lapse, cancellation or material modification of any insurance policy maintained by the Association in connection with the Development Property.

d. No provision of this Declaration or Governing Documents gives or shall be construed as giving any Unit Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements.

4. **Records Examination**. Mortgagees shall have the right to examine the books, records, and financial statements of the Association, as well as this Declaration and the Governing Documents at reasonable times and upon reasonable notice.

5. **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 maintained by the Association.

6. **Insurance Proceeds**. No Owner or any other party shall have priority over any rights of the Mortgagees pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or a taking of Common Elements.

7. **Owner Notice to Board**. Upon request, each Owner shall be obligated to furnish to the Board the name and address of the holder of any Mortgage encumbering an Owner's Unit.

8. **Mortgagee Notice to Board**. Mortgagees shall request notice of the matters set forth herein by making written request to the Board upon becoming a Mortgagee hereunder and requesting that the name and address of such Mortgagee and the Unit so encumbered be identified by the Board in the records for the Association. 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.

9. **Disposition by Mortgagee**. Any Mortgagee who obtains title to a Unit pursuant to remedies provided in the Mortgage or deed of trust, or upon foreclosure of the mortgage or deed of trust, or upon receiving a deed (or assignment) in lieu of foreclosure, shall take the Unit free of any claims for unpaid Assessments and charges against the mortgaged Unit, which accrue prior to the time such holder comes into possession of same. Specifically, and without limitation, the provisions of this Declaration, Supplemental Declarations, or 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.

Article XVI
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 not less than fifty-one percent (51%) of the Unit Owners 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 this Declaration or applicable law. 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 or the self-management of the Association 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. Notwithstanding anything to the contrary herein, no amendment relating to leasing of Units shall be enforceable against Owners who did not consent in writing to such amendment. Any such change, modification, amendment, or revocation shall not become effective until the instrument evidencing such change has been recorded in the Register's Office for **Davidson County**, Tennessee.

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 termination 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 XVII
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 excepted 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 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. **Declarant's Rights and Assignment**. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Governing Documents may be transferred or assigned in whole or in part to any other Person, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Register's Office of **Davidson County**, Tennessee.

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, or redefine Units or Common Elements comprising the Development Property, or to convert Units into Common Elements; and to allocate Limited Common Elements to specific Units; (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. **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.

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.

7. **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.

8. **Notice and Opportunity to Cure**. No Person shall (a) institute legal or equitable proceedings involving the alleged defective design or construction of any Unit, structure, or improvement within the Development Property or (b) retain an expert for the purpose of inspecting the design or construction of any Unit, structure, or improvement within the Development Property in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction, unless Declarant and the respective Builder have been first notified in writing and given an opportunity to meet with the Owner of the Unit to discuss the Owner's concerns and conduct their own inspection(s). Declarant and the respective Builder(s) reserve the right for themselves and others designated to inspect, monitor, test, redesign and correct any Unit, improvement or condition which may exist on any portion of the Development Property, including the Units and Common Elements, and a perpetual easement of access through the Development Property for such purposes.

9. **Instrument Recording Prohibition**. During the Appointment Period, no Person shall record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of the Development Property without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants,

conditions and restrictions, or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

Article XVIII
ANNEXATION AND WITHDRAWAL OF PROPERTY

1. **Annexation by Declarant**. From time to time during the Appointment Period, Declarant may unilaterally add to the Development Property additional real property adjacent to the Development Property and subject same to the Development Property as Future Phase Property. Declarant may transfer or assign this right to annex property, provided that such transfer is memorialized in a written, recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require Declarant to annex or develop any additional property in any manner whatsoever.

2. **Annexation by Members – Post Appointment Period**. Following the termination of the Appointment Period, the Members may annex additional real property adjacent to the Development Property and subject same to the Development Property as future phase property, upon the affirmative Vote of Members representing not less than two-thirds (2/3) of the total collective Votes in the Association present in person or by proxy at a meeting duly called for such purpose.

3. **Manner of Annexation**. Any parcel of real property to become part of the Development Property and to be made subject to this Declaration (the "Annexed Property") shall be effective upon Recording of a Supplemental Declaration that meets the following requirements: each Supplemental Declaration shall (a) be executed by the then Owner(s) of the Annexed Property described therein; (b) contain an adequate legal description of the Annexed Property; (c) contain a reference to this Declaration stating its Recording date and the book and page or instrument number; and (d) contain a statement that the Annexed Property is declared to be part of the Development Property under this Declaration and that the Annexed Property shall be subject to this Declaration.

4. **Withdrawal Annexed Property by Declarant**. Annexed Property or any portion thereof for which a Supplemental Declaration has been recorded may be withdrawn by the Declarant from the Development Property, from this Declaration, and/or from such Supplemental Declaration related thereto. The withdrawal of such Annexed Property or portion thereof may be accomplished by Declarant's execution and Recording of a written notice of such withdrawal ("Declaration of Withdrawal").

Article XIX
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 at least six (6) months prior to the end of the current term and unless such termination is approved by the applicable governing authority with jurisdiction over the Development Property. 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, 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 Board 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 Association for the purposes of furnishing notice(s) as provided in this Declaration or the Governing Documents shall be the principal office of the Declarant or Association 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 by Declarant or the Association in writing to all Owners. Notices addressed as above shall be delivered in person with written acknowledgment of the receipt thereof or sent 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. **Litigation**. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a Vote of not less than seventy-five (75%) percent of the Members Association. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of Assessments, fines, or any other amount or charge collectable by the Association, (c) proceedings involving challenges to *ad valorem* taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant during the Appointment Period or is approved by the percentage Votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

6. **No Partition**. Except as is permitted in the Declaration or amendments thereto, there shall be no partition of the Common Elements or any part thereof, nor shall any Person acquiring any interest in the Development Property or any part thereof seek any judicial partition unless the Development Property has been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

7. **Books and Records**. Except for confidential, non-public information of the Association or that affect 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.

8. **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 Board in determining if such loan is a valid first Mortgage or secondary purchase money Mortgage.

9. **Limitation on Liability**. The Association, Board, IRC, any other committee established by the Board, 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). 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 Section shall not be exclusive of any other rights to which an Indemnitee may be entitled.

10. **Perpetuities and Restraints on Alienation**. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States in office as of the date of the Recording of this Declaration.

11. **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. Provided, however, nothing contained herein shall in any way preclude or limit the applicable governing bodies from enforcing the terms of this Declaration and the Governing Documents.

12. **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.

13. **Community Name**. No Person, other than Declarant, and Builder(s), shall use the words "R-Squared" or any derivative thereof in any printed or promotional material without the prior written

consent of the Declarant. However, Owners may use the term, "R-Squared" in printed or promotional matter where such term is used solely to specify that particular property is located within the Development Property.

14. **Disclosures**. Each Owner acknowledges the following:

a. The Development Property is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future.

b. The views from an Owner's Unit may change over time due to, among other circumstances, additional development and the removal or addition of landscaping.

c. No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future.

d. No representations are made regarding the schools that currently or may in the future serve the Development Property.

e. Since in every neighborhood, there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Development Property that an Owner may find objectionable and that it shall be the sole responsibility of the Owner to become acquainted with neighborhood conditions that could affect such Owner's Unit before purchasing said Unit.

15. **Construction Activity**. All Owners acknowledge and understand that Declarant and Builders will be constructing/renovating portions of the Development Property and engaging in other construction activities related to the construction of Improvements, Units, and related Common Elements, Limited Common Elements and Private Elements. Such construction activities may, from time to time, produce certain conditions on the Development Property, including, without limitation: noise or sound that is objectionable because of its volume, duration, frequency or shrillness; smoke; noxious, toxic, or corrosive fumes or gases; obnoxious odors; dust, dirt or flying ash; unusual fire or explosion hazards; temporary interruption of utilities; and/or other conditions that may threaten the security or safety of persons on the Development Property. Notwithstanding the foregoing, all Owners agree that such conditions on the Development Property resulting from renovation and construction activities shall not be deemed a nuisance and shall not cause Declarant or Builder(s) and their agents to be deemed in violation of any provision of the Declaration.

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

17. **Interpretation**. The Board shall have the right, power, and authority to determine all questions arising under or in connection with this Declaration and the Governing Documents and to construe and interpret its provisions, and any determination, construction, 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.

18. **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.

19. **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.

20. **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 the Governing Documents shall be construed as if such invalid part was never included therein.

21. **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.

22. **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.

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

24. **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.

25. **Attorney's Certificate**. The attorney's opinion as required under the terms of Tennessee Code Annotated § 66-27-103 is attached hereto as **Exhibit E** and made a part hereof.

[*Signature on Next Page*]

IN WITNESS WHEREOF, the undersigned, being the owner of the Development Property to be subject hereto, has caused this Declaration to be duly executed as of the date set forth below.

DECLARANT:

YHYS, LLC,
a Tennessee Limited Liability Company

By: Haoquan Wu

Print Name: Haoquan Wu

Its: CEO

Frank Gongyu Hsu

WEI JOHN WANG
STATE OF TENNESSEE
NOTARY PUBLIC
My Commission Expires on 01/08/2024
DAVIDSON COUNTY

State of TN County of Davidson

Subscribed and sworn to (or affirmed) before me on this 10th day of March 2023 by _____ proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Notary Signature _____

STATE OF TENNESSEE)
COUNTY OF Davidson)

Before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Haogeng Wu, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged him/herself to be the CEO ("Officer") of **YHYS, LLC**, the within named bargainor and that he/she as such Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing him/herself as such Officer.

Witness my hand and seal the 10th day of March, 2023.

WEI JOHN WANG
STATE OF TENNESSEE
NOTARY PUBLIC
My Commission Expires on
01/08/2024
DAVIDSON COUNTY

Notary Public

My Commission Expires:

STATE OF TENNESSEE)
COUNTY OF Davidson)

Before me, the undersigned, a Notary Public in and for the County and State aforesaid, personally appeared Frank Gongyu Hsu, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged him/herself to be the within named bargainor and that he executed the foregoing instrument for the purposes therein contained.

Witness my hand and seal the 14th day of March, 2023.

Notary Public

My Commission Expires: 11/2/2026

ZACHARIAH SANDERS
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY

My Commission Expires Nov. 2, 2026

INDEX OF EXHIBITS

Exhibit A	Legal Description for Development Property
Exhibit B	Site Plan for Development Property
Exhibit C	Charter of R-Squared Townhomes Owners Association, Inc.
Exhibit D	Bylaws of R-Squared Townhomes Owners Association, Inc.
Exhibit E	Attorney's Legal Opinion Letter

Exhibit A

LEGAL DESCRIPTION OF DEVELOPMENT PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF DAVIDSON, STATE OF TENNESSEE, AND IS DESCRIBED AS FOLLOWS:

Land in Davidson County, Tennessee, being Lot No. 318 and the West 10 feet of Lot No. 316, on the Plan of Sunrise Heights Addition, as of record in Book 421, Page 2, Register's Office for Davidson County, Tennessee, to which plat reference is hereby made for a more particular description.

Being the same property conveyed to Omar G. Aguilar, married by Warranty Deed from Advisory Board Tennessee Church of the Nazarene, Inc. Successor to Radner Church of the Nazarene, Inc. which is now dissolved of record in Instrument No. 20120629-0057123 Register's Office for Davidson County, Tennessee, dated June 27, 2012 and recorded on June 29, 2012.

Being the same property conveyed to Anytime Offer, LLC by Warranty Deed from Omar G. Aguilar, married, of record in Instrument No. 20220622-0071104, Register's Office for Davidson County, Tennessee.

Being the same property conveyed to YHYS, LLC, a Tennessee Limited Liability Company by Warranty Deed from Anytime Offer, LLC of record in Instrument No. 20220622-0071105, Register's Office for Davidson County, Tennessee.

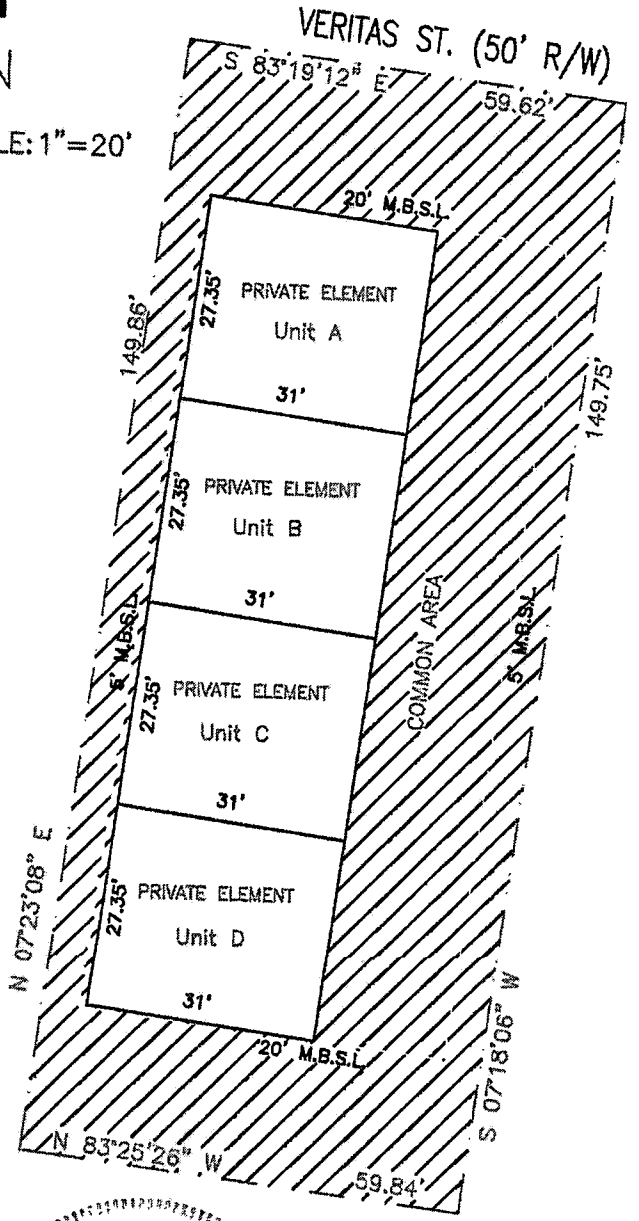
Being the same property conveyed by Quitclaim Deed from YHYS, LLC to YHYS, LLC as to a 75% undivided interest and to Frank Gongyu Hsu as to a 25% undivided interest, as tenants in common, which was recorded on the 9th day of February, 2023 at instrument number 20230209-0009526 in the Register's Office of Davidson County, Tennessee.

EXHIBIT B

THIS DRAWING SHOULD NOT BE REPRESENTED TO BE A LAND SURVEY. IT SHOULD NOT BE RELIED UPON FOR THE CONSTRUCTION OF FENCES OR LOCATION OF PROPERTY LINES.
THE BOUNDARY INFORMATION WAS TAKEN FROM THE SURVEY DONE BY DALE & ASSOCIATES.

N

SCALE: 1"=20'



2/14/23

ACCORDING TO METRO GIS MAPS
PROPERTY IS ZONED OR20
SETBACKS FOR OR20 ZONING TAKEN FROM DISTRICT BULK TABLES TITLE 17 'ZONING' CHAPTER 17.12
FRONT = 20' (Shown on a survey by Dale & Associates)
SIDES = 5'
REAR = 20'
VERIFY SETBACKS WITH CODES BEFORE DESIGN OR CONSTRUCTION DECISIONS ARE MADE.

THIS EXHIBIT WAS PREPARED FROM THE LATEST RECORDED DEED DESCRIPTION & METRO GIS MAP.
THIS EXHIBIT IS SUBJECT TO THE FINDINGS OF A CURRENT TITLE EXAMINATION.
NO TITLE REPORT WAS FURNISHED PRIOR TO THE PREPARATION OF EXHIBIT.
THIS EXHIBIT IS NOT INTENDED TO REPRESENT A FULL BOUNDARY SURVEY.

UTILITIES SHOWN WERE TAKEN FROM PUBLIC AS-BUILT RECORDS & FIELD LOCATION. THERE MAY BE UTILITIES OR EASEMENT PRESENT THAT ARE NOT SHOWN ON THIS EXHIBIT.
CONTACT THE TENNESSEE ONE CALL SYSTEM PRIOR TO ANY CONSTRUCTION OR DIGGING.

DEED REFERENCE
INSTRUMENT # 20220622-0071105, R.O.D.C., TN
ORIGINAL PROPERTY MAP/PARCEL
133-06 PARCEL 25 R.O.D.C., TN
DATE: 02-04-1969

EXHIBIT MAP
R-SQUARED TOWNHOMES
LOT 318
SUBDIVISION OF SEC. 1 SUNRISE HGTS
BOOK 421, PAGE 2
R.O.D.C., TN
PROPERTY LOCATED IN THE 16TH COUNCIL DISTRICT OF NASHVILLE, DAVIDSON COUNTY, TENNESSEE
ON VERITAS ST. BETWEEN KEYSTONE AVE & NOLANSVILLE PIKE

PROPERTY ADDRESS:
UNIT A
417 VERITAS ST. NASHVILLE, TN 37211
UNIT B
417 VERITAS ST. NASHVILLE, TN 37211
UNIT C
417 VERITAS ST. NASHVILLE, TN 37211
UNIT D
417 VERITAS ST. NASHVILLE, TN 37211

PREPARED BY: THE WINNERS GROUP, INC.
1016 9TH AVE. NORTH, NASHVILLE, TN 37208
PH 615-397-5911
E-MAIL GONGENG@YAHOO.COM

Exhibit C

ARTICLES OF INCORPORATION
OF
R-SQUARED TOWNHOMES OWNERS ASSOCIATION, INC.

In compliance with the 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 R-Squared Townhomes 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: R-Squared Townhomes Owners Association, Inc. c/o 417 Veritas Street, Unit A, Nashville, TN 37211 as may be relocated from time to time. The name of the initial registered agent of the Association is Frank Gongyu Hsu, who may be located at the registered office.

Article IV
INCORPORATOR

The name, address, and zip code of each incorporator is: Tune, Entrekin & White, PC, 500 11th Ave. N., Suite 600, Nashville, TN 37203, Attn: Samuel J. Blanton.

Article V
PRINCIPAL OFFICE

The street address and zip code of the principal office of the Association is: R-Squared Townhomes Owners Association, Inc. c/o 417 Veritas Street, Unit A, Nashville, TN 37211, Attn: Frank Gongyu Hsu.

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 R-Squared Townhomes Horizontal Property Regime in Davidson County, Tennessee and perform all duties and functions of the R-Squared Townhomes Owners Association, as described in the Declaration of Protective Covenants, Conditions, and Restrictions for R-Squared Townhomes 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-one percent (51%) of the Owners 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.

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 this Association shall be managed by a Board of Directors. The number of directors and the 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.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Tennessee, the undersigned, being the incorporator of this non-profit, mutual benefit Corporation, has executed these Articles of Incorporation the 12 day of April, 2023.

INCORPORATOR:

Tune, Entrekin & White, PC

By: Samuel J. Blanton

Print Name: Samuel J. Blanton

Its: Authorized Attorney

Exhibit D

BY-LAWS OF R-SQUARED TOWNHOMES OWNERS ASSOCIATION, INC.

Article I
DEFINITIONS

The words defined in the Declaration of Covenants, Conditions, and Restrictions for R-Squared Townhomes of Record in the Register's Office for Davidson County, Tennessee shall have the same meaning herein.

Article II
NAME AND OFFICES

1. **Name**. The name of the Association for all of the Owners of a Unit or Units within the Development Property shall be R-Squared Townhomes Owners Association, Inc.

2. **Registered Office and Agent**. The street address, county, and zip code of the Association's initial registered office is: c/o 417 Veritas Street, Unit A, Nashville, TN 37211, as may be relocated from time to time. The name of the initial registered agent of the Association is Frank Gongyu Hsu, who may be located at the registered office, as may be changed or relocated from time to time.

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 the Units 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 the 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 annual meeting shall be held not later than sixty (60) after the expiration of the Appointment Period under the Declaration

or such earlier date if necessary to comply with applicable laws. 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 the County in which the Development Property is located. Meetings may be held telephonically / electronically / virtually.

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 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. **Adjournment of Meetings**. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the previously adjourned meeting shall be on the agenda for said meeting. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

6. **Quorum**. The presence in person or by proxy of at least fifty percent (50%) of the Votes of the Members shall constitute a quorum at all meetings of the Members for the transaction of business. If a quorum is not present and the meeting is adjourned as set forth herein, then at the subsequent meeting the required quorum shall be reduced to twenty-five percent (25%) of the Votes of the Members.

7. **Majority Vote; Withdrawal of Quorum**. When a quorum is present at any meeting, the majority Vote of Members present, in person or by proxy, 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.

8. **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 (unless otherwise stated on such proxy) and shall bear the signature of the Member making the proxy, the date of the meeting (or meetings) 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 written notice to the Person presiding over the meeting for which the proxy relates. Proxies 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 and 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. Votes may be cast be electronic ballot.

9. **Conduct of Meetings**. The President shall preside over all meetings of the Association. The Secretary shall keep the minutes of the meeting and record in the official records of the Association all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

10. **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. Except as may otherwise be required by applicable law, 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 four (4) directors each of whom must individually be a Member of the Association or be 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 those Persons receiving the highest number of Votes with each Owner allowed one (1) Vote per Unit owned for as many candidates as are there are Directors being elected at a meeting of the Owners for such purpose at which a quorum is present. Accordingly, Owners receiving the highest number of Votes shall be the Directors of the Board. Cumulative Voting is not permitted.

3. **Nomination**. Nomination for election to the Board may be made in writing by a Member submitted to the Board or may also be made from the floor at the annual meeting.

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, two (2) Directors receiving the fewest number of Votes will serve for a one (1) year term, and three (3) 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, 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 a majority Vote of all the Members of the Association.

8. **Place of Meetings**. The Board shall hold their meetings, both regular and special, in the county in which the Development Property is located 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. Meetings may be held electronically / virtually.

9. **Special Meetings**. 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 concerning the meeting.

10. **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 Board, the Directors present may adjourn the meeting by announcement at the meeting without notice until a quorum shall be present.

11. **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.

12. **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.

13. **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:

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. Open bank accounts on behalf of the Association and designate required signatories.

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.

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 as a part of the Common Elements.

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

h. Appoint a Nominating Committee and any other 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 the Development Property.

k. Exercise all other powers that may be exercised in the State of Tennessee 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. 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.

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

k. 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. **Offices**. The officers of the Association shall be a president, a vice-president, a secretary, a treasurer, 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**. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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 and 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 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 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.

13. **Managing Agent**. The Board shall have the authority to engage the services of an agent ("Managing Agent") to undertake any of the management duties, Administrative Functions, or specific Officer duties (the "Delegated Tasks") for the efficient operation of the Development Property, or any part thereof, to the extent deemed advisable by the Board and to manage the affairs of the Association. The Delegated Tasks shall be set forth in the Managing Agent's contract for services to be performed for the benefit or on behalf of the Association. The Managing Agent shall be required to have fidelity bond coverage on its employees handling Association, and the cost of such services shall be incurred by the Association.

Article VIII
MISCELLANEOUS PROVISIONS

1. **Fiscal Year**. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of such a resolution, the fiscal year shall be the calendar year.

2. **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 as the Directors determine beneficial to the Association.

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

4. **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 seven (7) business days prior written notice. Copies of such records may be purchased at a reasonable cost.

5. **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 sixty-seven percent (67%) 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 these By-Laws, 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 consent of the Declarant in order to be effective.

6. **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.

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

8. **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 the Declarant the 12 day of April, 2023.

DECLARANT:

YHYS, LLC,
a Tennessee Limited Liability Company

By: Haoquan Wu

Print Name: Haoquan Wu

Its: CEO

Frank Gongyu Hsu

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.

Unit No.	STREET ADDRESS	Common Assessment Allocation
1	*417 Veritas St., Unit A*	1/4
2	*417 Veritas St., Unit B*	1/4
3	*417 Veritas St., Unit C*	1/4
4	*417 Veritas St., Unit D*	1/4

EXHIBIT I

TUNE, ENTREKIN & WHITE, P.C.

THOMAS V. WHITE
PETER J. STRIANSE
HUGH W. ENTREKIN
ROBERT L. DELANEY
LESA HARTLEY SKONEY
JOSEPH P. RUSNAK
SHAWN R. HENRY
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JOHN C. TUNE (1931-1983)

ERVIN M. ENTREKIN (1927-1990)

OF COUNSEL:
JOHN W. NELLEY, JR.
THOMAS C. SCOTT
JOHN P. WILLIAMS
GEORGE A. DEAN

4/12/2023

YHYS, LLC and Frank Gongyu Hsu
Attn: Mr. Hsu
401 CARPHILLY CT
BRENTWOOD, TN 37027-2207 USA

RE: Attorney Opinion Related to the Townhome Horizontal Property Regime Commonly Known as R-Squared Townhomes

Dear YHYS, LLC and Mr. Hsu:

It is our opinion that all legal documents required by the Horizontal Property Act as codified at Tennessee Code Annotated § 66-27-101 - 123 (the "Act") for the creation of a Planned Unit Development as a Horizontal Property Regime have been prepared in connection with the above-referenced development and substantially comply with said provisions of the Act. As such, a Planned Unit Development, a horizontal property regime with private elements, has been created under the Act.

Sincerely,

TUNE, ENTREKIN & WHITE, P.C.

By: _____
Samuel J. Blanton