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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LIBERTY VILLAGE (a Horizontal Property Regime P.U.D.)

THIS INSTRUMENT ESTABLISHES A FEE-SIMPLE TOWNHOME COMMUNITY THAT IS A HORIZONTAL PROPERTY REGIME WITH PRIVATE ELEMENTS PURSUANT TO TENN. CODE ANN. § 66-27-103(b).

THIS DECLARATION, made and executed by CREATIVE HOMES, LLC, a Tennessee limited liability company, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the Owner of the Property; and

WHEREAS, Declarant agrees that the use, appearance, and maintenance of all the Property are of mutual interest and concern to all the Owners of Units in the Property; and

WHEREAS, Declarant desires for the Property to be subject to all terms, covenants, conditions, restrictions and easements set forth herein.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held and conveyed subject to the following covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value, desirability, function and attractiveness of the Property. The covenants, conditions, restrictions and easements shall run with the land and be binding on all parties holding or acquiring any right, title or interest in the Property, or any part thereof, whether or not so expressed in any deed or other conveyance, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

"Additional Maintenance Area" shall mean those portions of a Unit which the Association is responsible for maintaining, pursuant to SECTION 2.4(b) hereof, and those portions of a Unit which by contract with the Owner the Association undertakes to maintain.

"Articles Of Incorporation" shall mean and refer to the Articles of Incorporation of LIBERTY VILLAGE HOMEOWNERS' ASSOCIATION, INC., as filed with the Tennessee Secretary of State.

"Association" shall mean and refer to LIBERTY VILLAGE HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

"Board Of Managers," "Board of Directors" or "Board" shall mean the governing body of the Association as provided in this Declaration, the Articles of Incorporation and the Bylaws thereof.

"Building" shall mean those structures located on the Property and containing the Units.

"Bylaws" shall mean and refer to the Bylaws of LIBERTY VILLAGE HOMEOWNERS' ASSOCIATION, INC., attached hereto as Exhibit B and incorporated herein by reference, as they may be amended from time to time.

"Common Area" or "Common Elements" shall mean all real and personal property, including improvements thereto, but excluding Units, components thereof and easements appurtenant thereto, now or hereafter owned by the Association for the common use and enjoyment of the Owners, including but not limited to, all lawns, any and all streets, roads, bridges, parking areas, drainage facilities, ponds, waterways, fences, structures, sidewalks, curbs, signs, lights, common utilities and other improvements.

"Common Expenses" mean and include: (a) expenses of administration, operation, management, repair or replacement of the Common Area and the Additional Maintenance Area; (b) expenses declared common by the provisions of the Declaration, the Articles of Incorporation or the Bylaws; (c) all sums lawfully assessed by the Board; and (d) expenses as provided in any duly authorized management agreement.

"Declarant" shall mean and refer to CREATIVE HOMES, LLC, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Unit from the Declarant for the purposes of development. Declarant shall be synonymous with developer for the purposes of this Declaration.

"Limited Common Area" or "Limited Common Elements" means all elements contiguous to and serving exclusively a single Unit as an appurtenance thereto, the enjoyment, benefit, or use of which is reserved to the lawful Occupants of such Unit either in this Declaration, on the Plat or by the Board. Examples of Limited Common Elements are the carports, storage sheds, patios, and porches contiguous to each Unit.

"Member" shall mean and refer to every person or entity who holds membership in the Association.

"Owner" shall mean the person or persons whose estates or interests individually or collectively aggregate ownership of a Unit, together with the undivided interest in the Common Elements of the Property, and shall be deemed the same as a "co-owner" under the Act. (Unless specifically provided otherwise herein, Grantor shall be deemed an Owner until such time as Grantor is divested of legal title in all Units.)

"Property" shall mean and refer to that certain real property described in Exhibit A attached hereto, together with such additional property as is hereafter subjected to this declaration by supplemental declaration.

"Private Elements" and "Unit" mean and include the lot area upon which a unit is located and the improvements located thereon, which shall include the slab or foundation upon which the building sits, the interior finished surfaces of it perimeter walls and ceiling, and the air space so encompassed, and for which fee simple ownership and exclusive use is reserved to that Unit only. Each Unit is shown by number designation on Exhibit A. Any Unit may be jointly or commonly owned by more than one person. Mechanical equipment and appurtenances located within or adjacent to any Unit and designed to serve only that Unit, including but not limited to, heating and air conditioning equipment, appliances, plumbing, electrical wiring, fixtures, and the like shall be considered Private Elements and shall be part of said Unit. There are no Units located above or below any Private Element except the one (1) Unit located thereon.

ARTICLE II
THE ASSOCIATION

SECTION 2.1 Organization:

(a) The Association is a non-profit Tennessee corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles of Incorporation, Bylaws and this Declaration. Neither the Articles nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. In the event of any such inconsistency, the provisions of this Declaration shall prevail. The officers and directors of the Association shall be required to be either (i) members of the Association; or (ii) officers, directors, agents, representatives, or employees of Declarant, or a successor to Declarant.

(b) A Board of the Directors of the Association and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with the LIBERTY VILLAGE documents. Except to the extent membership approval shall be required by the Bylaws or by this Declaration, the Board shall act on behalf of the Association in the implementation of this Declaration.

SECTION 2.2 Membership:

(a) Qualifications: Each Owner (including Declarant) shall be a member of the Association, and shall be entitled to one (1) membership for each Unit owned. Ownership of a Unit shall be the sole qualification for membership in the Association.

(b) Members Rights and Duties: Each member shall have the rights, duties and obligations set forth in the applicable the LIBERTY VILLAGE documents.

(c) Transfer of Membership: The Association membership of each Owner (including Declarant) shall be appurtenant to the Unit giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon the transfer of title to said Unit, and only to the transferee of the title to such Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

SECTION 2.3 Voting Rights - Members, Classes of Members:

The Association shall have two (2) classes of membership, Class A and Class B, as follows:

(a) Class A Members: Class A members shall be all Owners and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast, with respect to any Unit in this class.

(b) Class B Members: Class B members shall be the Declarant and any successors thereto, and shall be entitled to five (5) votes for each Unit owned and for all future Units as indicated on the master plan for Liberty Village. The Class B membership shall cease and be converted to a Class A membership upon the happening of either of the following events, whichever occurs earlier: (i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership, including any Class B membership created by expansion of the project; (ii) on the 31st day of December, 2010; or (iii) when, in its discretion, the Class B Member so determines.

(c) Right of Veto: Declarant shall retain the sole right to veto any action of the Association until such time as the last Unit of the Property, including any annexed property, is sold.

SECTION 2.4 Duties of the Association:

The Association shall have all the powers of a non-profit corporation organized under the laws of the State of Tennessee, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws, or this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under this Declaration, the Articles and Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the express powers of the Association, including the following which are listed without intent to limit the foregoing grant:

(a) Operation and Maintenance of Common Area: To operate, maintain or otherwise manage or provide for the operation, maintenance and management of the Common Area, together with all easements for operation and maintenance purposes and for the benefit of the Association or its members over and within the Common Area and all improvements thereon.

This maintenance shall include, but need not be limited to, maintenance, repair and replacement of all landscaping and other flora, structures and improvements situated upon the Common Areas. Except as otherwise specifically provided herein, all costs associated with the maintenance, repair and replacement of Common Areas shall be a Common Expense.

(b) Additional Maintenance Areas: To maintain, care, repair and replace the following portions of the Unit: the exterior landscaping; walkways; porches; decks and balconies located upon or about each Unit. The Association also shall maintain the exterior of each Unit as follows: painting, maintenance and nonstructural repair of exterior building surfaces as the Board shall deem necessary and proper, including roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, replacement of trim, caulking, other repairs to roof covers and other miscellaneous repairs of a nonstructural nature. Such exterior maintenance shall not include glass surfaces (whether windows or sliding glass doors, storm doors, front or rear entry doors, screens, or patio covers). In the event that the need for maintenance or repair is caused by the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Unit needing such maintenance or repairs, the costs of such exterior maintenance shall be added to and become a part of the assessment to which such Unit is subject. The balance of the Unit and improvements thereon shall be maintained by the Owner of the particular Unit involved, including the interior portions of the Unit, all structural components of the Unit, entry doors, windows, glass and other improvements not maintained by the Association. Any pipes, ducts, etc. serving a Unit but not inside the Unit per se shall be the Unit Owner's responsibility.

(c) Assessments: To levy assessments on the Owners of Units, and to enforce payment of such assessments, all in accordance with the provisions of this Declaration.

(d) Right of Enforcement: To enforce in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of any LIBERTY VILLAGE documents, and to enforce, by mandatory injunction or otherwise, all the provisions thereof.

(e) Employment of Manager and Employees: To employ the services of any person or corporation as manager, together with employees, to manage, conduct and perform the business, obligations and duties of the Association as may be directed by the Board, and to enter into contracts for such purpose. Such manager and employees shall have the right of ingress and egress over such portion of the Property as is reasonably necessary for the purpose of performing such business, duties and obligations.

(f) Mortgagee Protective Agreements: To execute and cause to be recorded from time to time, agreements in favor of holders or insurers of mortgages secured upon portions of the Property. Such agreements may condition specified action relevant to this Declaration of the activities of the Association upon approval of a specified group or number of mortgage holders or insurers. Actions and activities which may be so conditioned by such agreement may include, but shall not be limited to, the following: (i) any act or omission which seeks to abandon, partition, subdivide, encumber, sell, or transfer the Common Areas, or any other real estate or improvements owned, directly or indirectly, by the Association for the benefit of any Units; (ii) any change in the method of determining the obligations, assessments, dues, or other charges which may be levied against the Owners of Units; (iii) any act or omission which may change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design, exterior appearance or exterior maintenance or improvements erected upon the Property, or the maintenance of party walls, party fences, driveways, or the upkeep of lawns or plantings located upon the Property; (iv) failure to maintain specified fire and extended coverage insurance on insurable portions of the Common Areas; (v) use of hazard insurance proceeds for losses to any improvement erected upon the Common Areas for other than the repair, replacement or reconstruction of such improvement; (vi) the failure to maintain the types of insurance, amounts, forms, and covering risks as specified by such mortgage holders or insurers; (vii) permitting holders of specified mortgages on Units to jointly or singly, pay taxes or other charges which are in default which may have become a charge against the Common Area, to pay overdue premiums on hazard insurance policies, and to secure new hazard insurance coverage on the laps the of any such policy for such property, and permitting mortgagees making any such payments to recover the amount thereof from the Association.

(g) Right of Entry: Without liability to any Owner of a Unit, to cause its agents, independent contractors, and employees, after reasonable notice or without notice in the event of an emergency, to enter upon any Unit for the purpose of enforcing any of the rights and powers granted to the Association in the documents, and for the purpose of maintaining or repairing any portion of the Property, if for any reason whatsoever the Owner thereof fails to maintain it in good condition and repair, and so as to present an attractive exterior or appearance as required by the documents, or as reasonably required to promote or protect the general health, safety and welfare of the residents and users of the Property.

(h) Maintenance and Repair Contracts: To contract and pay for or otherwise provide for maintenance, restoration and repair of all improvements, of whatsoever kind and for whatsoever purpose from time to time, located upon or within the Common Areas or Additional Maintenance Areas.

(i) Insurance: To obtain, maintain and pay for such insurance policies or bonds, whether or not required by any provision of this Declaration or any Bylaws, as the Association shall deem to be appropriate for the protection or benefit of the Association, the members of the Board, the members of any standing committee, their tenants or guests, including, but without limitation, fire and extended coverage insurance covering the Common Areas and Additional Maintenance Areas, liability insurance, workman's compensation insurance, malicious mischief insurance, automobile non-ownership insurance, and performance or fidelity bonds.

(j) Utility Service: To contract and pay for, or otherwise provide for, utility service, including, but without limitation, water, sewer, garbage, electrical, telephone, and gas service.

(k) Professional Services: To contract and pay for, or otherwise provide for, the services of architects, engineers, attorneys, certified public accountants, and such other professional and non-professional services as the Association deems necessary.

(l) Road Maintenance: To contract and pay for, or otherwise provide for the construction, reconstruction, repair, replacement, or refinishing of any roads, drives or other paved areas upon any portion of the Property not dedicated to any governmental Unit.

(m) Protective Services: To contract and pay for, or otherwise provide for, fire and such other protective services as the Association shall from time to time deem appropriate for the benefit of the Property, the Owners and their guests.

(n) General Contracts: To contract and pay for, or otherwise provide for, such materials, supplies, furniture, equipment, and labor as and to the extent the Association deems necessary.

(o) Liens: To pay and discharge any and all liens from time to time placed or imposed upon any Common Areas or Additional Maintenance Areas on account of any work done or performed by the Association, and in the fulfillment of any of its obligations and duties of maintenance, repair, operation, or administration.

ARTICLE III
PROPERTY RIGHTS

SECTION 3.1 Description of General Common Elements

(a) All Common Elements and Common Areas are subject to the joint use of enjoyment by each and all of the Unit Owners.

(b) The undivided right, title and interest of each Unit Owner as an incident and appurtenance to his Ownership of such Unit in the Common Area and in all of the improvements and facilities thereon (excepting always the individual Units, as above described and as shown on Exhibit A) and his pro-rata of share in the income, if any, and of expenses and assessments and the funds and property held by the Board of Directors of the Association, shall be on the basis of one (1) share per Unit.

(c) The Association shall have the right to permit the use of, and to charge reasonable admission and other fees for the use of, any recreational facilities situated upon the Common Area, and to limit the number of guests and adopt rules regulating the use and enjoyment of the Common Area.

(d) The Association shall have the right to suspend the voting rights and right to use of the recreational facilities by an Owner for any period in which any assessment against his Unit remains unpaid, and for a period not to exceed sixty (60) days after notice and hearing, as may be provided for in the Bylaws, for an infraction of its published rules and regulations.

SECTION 3.2 Delegation of use:

Any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Area and the facilities to the members of his family, or contract purchasers, who reside on the property.

SECTION 3.3 Parking Rights:

The use of parking areas within the Common Area, together with the terms and conditions with regard to such use, shall be subject to the Association rules as same are in effect from time to time.

SECTION 3.4 Land Use:

No Unit, unless shown on plat as a commercial area, shall be used except for residential purposes.

ARTICLE IV
ASSESSMENTS

SECTION 4.1 Creation of the Lien and Personal Obligation of Assessments:

(a) Each Owner for any Unit, by said acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (1) the initial assessment, (2) annual assessments or charges, and (3) special assessments for capital improvements or losses, or for failure to maintain and repair, such assessments to be established and collected as hereinafter provided.

(b) All assessments, together with interest, costs and reasonable attorney's fees shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such assessment is made. Each such assessment together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment fell due. The personal obligation for the delinquent assessment shall not pass to his successors in title unless expressly assumed by them, but no such assumption shall relieve any Owner personally obligated from his personal liability.

SECTION 4.2 Monthly Assessments:

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Units; the improvement, operation and maintenance of the Common Area; the duties and exercise of the powers of the Association; the payment of the proper expenses of the Association and all costs incurred in the performance by the Association of its duties, and the establishment of reasonable reserves for the maintenance repair and replacement of improvements within the Common Areas.

(b) Monthly Assessments levied by the Association for each month shall be adequate to finance the operation and activities of the Association, to satisfactorily maintain the Common Area, and maintain adequate repair and replacement reserves.

SECTION 4.3 Initial Assessment:

In addition to the above Monthly Assessments, each purchaser of a Unit shall be subject to the payment of an Initial Assessment due and payable at the closing of such Unit. This Initial Assessment shall at first be set at $400.00 per Unit per closing but shall be modifiable by the Board at any time. Each prospective purchaser shall be under a duty to have inquired about the amount of such assessment prior to closing, which if not paid shall be a lien on the Unit.

SECTION 4.4 Special Assessments for Capital Improvements:

In addition to the monthly and initial assessments authorized above, the Association may levy in any calendar year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 4.5 Notice and Quorum for any Action Authorized under Section 4.2 and 4.4:

Written notice for any meeting called for the purpose of taking any action authorized under Section 4.2 and/or 4.4 shall be sent to all members not less than thirty (30) nor more than sixty (60) days in advance of the meeting and shall state the purpose of such meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all votes of such class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. If the Association has not been organized and the Declarant is acting in lieu of such Association, the above notice requirement is waived.

SECTION 4.6 Rate of Monthly Assessment:

Monthly assessments must be fixed at a uniform rate for all Units and may be collected on a monthly or quarterly basis or otherwise at the discretion of the Board.

SECTION 4.7 Date and Commencement of Monthly Assessments:

(a) The monthly assessments provided for herein shall commence as to each Unit on the first day of the month following the Declarant's conveyance of such Unit. At least thirty (30) days prior to the end of each calendar year, the Board of Managers shall fix the amount of the monthly assessment of every Owner subject thereto for the upcoming year. Written notice of such assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of the end of the calendar year, but failure to fix or to notify shall not constitute a waiver of this right or of owner's obligation to pay. The due date shall be established by the Board of Managers.

(b) The Association shall, upon demand, and for reasonable charge, furnish a certificate signed by an officer of the Association setting forth when the assessment on a specified Unit has been paid. A properly executed certificate of the Association as to the status of the assessments on a Unit is binding upon the Association as of the date of its issuance.

SECTION 4.8 Effect of Non-payment of Assessments, Remedies of the Association:

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per occurrence or highest rate allowed by state law, whichever rate is less, and shall be a lien against the Unit, and shall further be the personal obligation of the person owning the Unit at the time the assessment comes due. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, cost and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of the Unit.

And now, for the purpose of better and more effectually securing the payment of said lien indebtedness, rendering unnecessary court proceedings for the enforcement of said lien in the event of the non-payment of said indebtedness and payments thereof, as they become due, and for the consideration of One Dollar paid in cash, receipt of which is acknowledged, the said Unit Owners, their heirs, administrators, successors and assigns, hereinafter referred to as trustors, hereby transfer and convey unto J.D. Kious, Trustee, of Rutherford County, Tennessee, his successors and assigns, the real estate hereinbefore described and specifically the property owned by the owner subject to this Declaration, with the appurtenances, estate, title and interest thereto belonging upon the following uses and trusts:

Trustors agree to pay their prorata share of Common Expenses when due and further agree to pay all taxes and assessments thereon, annual, initial, or special, and to pay them when due, and, upon demand of said trustee or the lawful owner and holder of said indebtedness, to pay, discharge, or remove, any and all liens (except a First Mortgage or Deed of Trust) which may be hereafter placed against said property and which shall adversely affect the lien of this instrument or enforcement of the terms and provisions hereof; to keep the improvements on said property in good repair and preservation pursuant to the requirements of this Declaration and the rules and regulations adopted by the Association, and in case the trustee or his successors or the lawful owner and holder of said indebtedness shall hereafter be required to appear in any court or tribunal to enforce, or defend the title to, or possession of, said property, or the lien of this instrument, or appear in any court to prove the above indebtedness, all the costs and expenses of such appearance or proceedings, together with a reasonable attorney's fee, shall be allowed, and be payable by trustors upon demand of the trustee or lawful owner or holder of said indebtedness, and, upon failure to do any of these things, then said trustee, or the lawful owner and holder of said indebtedness may do any or all of these things and the amounts so paid shall bear interest at the rate of 18% per annum, or at the then highest contract rate of interest then legally collectible in Tennessee from the date of payment and shall be and become a part of the indebtedness secured hereby.

Now, if trustors shall pay their prorata share of Common Expenses aforesaid when due, and pay any and all sums when due, as aforesaid, then this trust conveyance shall be of no further force or effect. But if said indebtedness, or any payment thereof, or interest thereon, is not paid promptly when due, or if, failing to pay said other sums when due, as herein provided, trustors fail to reimburse the Trustee, or lawful owner and holder of said indebtedness for all sums, with interest, so expended by said Trustee, or lawful owner and holder of said indebtedness, within thirty days from date of such payment, this trust conveyance shall remain in full force and effect, and the said Trustee, or its successor or assigns in trust, is hereby authorized and empowered, upon giving twenty days notice by three publications in any newspaper, daily or weekly, published in Rutherford County, Tennessee, to sell said property at the east door of the Courthouse in said County to the highest bidder for cash, at public outcry, free from the equity or right (statutory or otherwise) of redemption, homestead, dower, spouse's elective share and all other rights and exemptions of every kind, which are hereby expressly waived; and the said Trustee, or its successor or assigns in trust, is authorized and empowered to execute and deliver a deed to the purchaser. The Association may bid at any sale under this trust conveyance. The Trustee may, at any time after default in the payment of any of said indebtedness, enter and take possession of said property, and shall only account for the net rents actually received. It is further agreed that, in the event the Trustee fails, before selling said property, as herein provided, to enter and take possession thereof, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the Trustee of a deed for said property. In case of sale hereunder, the proceeds will be applied by the Trustee as follows:

1st. To the full and complete satisfaction of the interest of any mortgage holder, unless arrangements have been made for the assumption of any mortgage by the subsequent purchaser.

2nd. To the payment of all costs, charges and expenses of executing this conveyance and enforcing said lien as herein provided; also reasonable attorney's fees for advice in the premises, or for instituting or defending any litigation which may arise on account of the execution of this conveyance, or the enforcement of said lien; also the expenses of any such litigation.

3rd. To the payment of all taxes which may be unpaid on said premises.

4th. To the payment of all unpaid indebtedness herein secured, and any and all sums expended in the protection of said property, as herein authorized.

5th. The residue, if any, will be paid to trustor(s) legally entitled thereto, their order, representatives or assigns.

In case of the death, absence, inability, or refusal to act of said Trustee at any time when action under the foregoing power and trusts may be required or for any other reason, the lawful owner and holder of said lien is hereby authorized and empowered to name and appoint a successor to execute this trust by an instrument in writing to be recorded in the Register's Office of Rutherford County, Tennessee, and the title herein conveyed to the above named Trustee shall be vested in said successor.

The word "Trustors" when used herein shall apply to parties both singular and plural.

SECTION 4.9 Subordination of the Lien to Mortgages:

(a) This transfer and conveyance, and the lien for common expenses payable by a Unit Owner which is secured by the transfer and conveyance shall both be subordinate to the lien of a recorded Mortgage or Deed of Trust on the interest of such Unit Owner, regardless of whether the Mortgage or Deed of Trust was recorded before or after this instrument, except for the amount of the proportionate share of common expenses which become due and payable from and after the date on which the Mortgagee or Beneficiary accepts a conveyance of any interest therein (other than as security) or forecloses its Mortgage or Deed of Trust. While the lien for assessments may be extinguished, the personal indebtedness therefor shall remain and be the personal obligation of the Unit Owner who owned the Unit when the assessment came due. Any delinquent assessments (after lien extinguishment) may be reallocated and assessed among all Units as a Common Expense. This subparagraph shall not be amended, changed, modified or rescinded except for the appointment of a substitute Trustee without the prior written consent of all Mortgagees and Beneficiaries of record.

(b) For purposes of this section a sale or transfer of a Unit shall occur on the date of recordation of an instrument of title evidencing the conveyance of record title.

SECTION 4.10 Mortgage Protection Clause:

No breach of the covenants, conditions, or restrictions herein contained for the enforcement of any lien provisions herein shall defeat or render invalid the lien of any prior mortgage given in good faith and for value, but said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or other judicial sale or in lieu of such of any prior mortgage.

SECTION 4.11 Owners Shall Indemnify:

Each Owner shall indemnify and hold harmless each of the other Owners and the Association from any liability arising from the claim of any lien claimant or judgment debtor against the Unit of any other Owner or of the Common Area. The Association or any affected owner may enforce this obligation which includes reasonable costs and attorney fees in the manner of a special assessment or by action at law including all rights granted to the Association under Article II.

SECTION 4.12 Exemptions:

Notwithstanding the prior provisions of this Article, the Declarant shall be exempt from all assessments, including the Initial Assessment.

ARTICLE V
ARCHITECTURAL CONTROL

SECTION 5.1: No building, fence, wall, clothesline, or other structure shall be commenced, erected, or maintained upon the Property, nor shall any exterior addition to, or change, or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of same, shall have been submitted to and approved in writing as to the harmony of external design and location in relation to the surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee comprised of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. Each Owner acknowledges that the decor, color scheme and design of the property has been selected in such a manner as to be consistent and harmonious with other Units in the subdivision and agrees to maintain and perpetuate the visual harmony of the Property.

ARTICLE VI
PARTY WALL

SECTION 6.1 <u>General Rules of Law Apply</u>:

Each wall which is built as a part of the original construction of the Unit upon the property and placed on the dividing lines between Units shall constitute a party wall, and to the extent to which it is consistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damaged due to negligence or willful acts or admissions shall apply thereto.

SECTION 6.2 <u>Share of Repair of Law Apply</u>:

The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use by each Owner.

SECTION 6.3 <u>Destruction by Fire or Other Casualty</u>:

If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use by each Owner without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligence or willful acts or omissions.

SECTION 6.4 Weatherproofing:

Notwithstanding any other provision of this Article, an Owner who, by his negligence or willful acts, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

SECTION 6.5 Rights of Contribution to Run With the Land:

The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

SECTION 6.6 Arbitration:

In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one (1) arbitrator, and such arbitrators shall jointly choose one (1) additional arbitrator, and the decision shall be by majority of all arbitrators.

ARTICLE VII
INSURANCE

SECTION 7.1 Casualty Insurance on Insurable Areas:

The Association shall keep all insurable improvements, fixtures located in the Common Areas and the Common Areas themselves, insured against loss or damage by fire for the full insurable replacement costs thereof. The Association shall also provide minimum coverage of Fifty Thousand Dollars ($50,000.00) per Unit to insure the Unit itself and the contents thereof against loss or damage. If needed, a Unit Owner may obtain additional coverage in excess of that provided by the Association. In the event that additional coverage is obtained, the Unit Owner obtaining such additional coverage shall be solely responsible for the cost of such additional coverage. Furthermore, the Association shall also obtain insurance against such other hazards and casualties as the Association may deem desirable, as well as a general liability insurance policy covering all Common Areas within coverage of at least One Million Dollars ($1,000,000.00) for bodily injury or property damage for any single occurrence, as well as coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party. The Association shall be the Owner and the beneficiary of all such insurance coverage. All policies shall provide that they may not be cancelled or substantially modified without at least five (5) days written notice to the Association. Proceeds from the settlement of insurance claims shall be used by the Association for the repair or replacement of the property on which the insurance was carried.

Insurance premiums for any insurance coverage obtained in accordance with this Article VII shall be a common expense to be paid by assessments levied by the Association; and such payments shall be held in a separate escrow account of the Association, and used solely for the payment of the insurance premiums as such premiums become due.

SECTION 7.2 Replacement or Repair of Property:

(a) Common Area: In the event of damage to, or destruction of, any part of the Common Area, the Association shall repair or replace same from the insurance proceeds available.

(b) Units: If a Unit is damaged or destroyed, the Association shall arrange for the prompt repair, restoration or replacement of the portion of the Building or Buildings covered by the insurance policy or policies carried by the Association, without the intervention of any Owner. The Board of Directors of the Association will disburse the insurance proceeds to the contractors engaged in such repair, restoration or replacement. Individual Unit Owners shall be responsible for the repair and restoration of the portion of the Unit not covered by the insurance policy or policies by the Association. Such repairs shall be made by the Unit Owner as soon as possible.

(c) Application of Insurance Proceeds: Subject only to the rights of an institutional holder of the first mortgage lien on the damaged Unit, insurance proceeds from any insurance policy covering a Unit shall be first applied to the repair, restoration or replacement of such Unit. Any insurance proceeds in excess of the amount needed to repair, restore or replace the damaged portion of the Unit shall be the property of the Owner of the insurance policy, subject to any applicable provisions in that policy.

(d) Conformity of Repairs: Any repair, restoration or replacement of a Unit (subject to advances and changes in construction techniques and material generally used in such construction and in generally accepted design criteria) shall be harmonious with the other LIBERTY VILLAGE Units, and reconstruction must be consistent with plans approved by the appropriate architectural control committee.

SECTION 7.3 Other Insurance:

The Association may also maintain and pay for insurance policies or bonds that are appropriate for the protection and benefit of the Association, members of the Board of Directors of the Association and any standing committee, tenants or guests, including, but not without limitation, workman's compensation, automobile non-ownership insurance, and performance of fidelity bonds. In the event the Association has more than thirty (30) Units, then the Association shall maintain blanket fidelity bonds held or administered by the Association.

SECTION 7.4 Annual Review of Policies:

All insurance policies shall be reviewed at least annually by the Board of Directors of the Association in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of property which may be damaged or destroyed.

ARTICLE VIII
USE RESTRICTION

SECTION 8.1 Land Use and Building Type:

No Unit shall be used except for residential purposes, provided that units of land designated commercial area on recorded plats may be used for any commercial purposes permitted by applicable municipal and court zoning ordinances.

SECTION 8.2 Noxious or Offensive Activity:

No noxious or offensive activity shall be conducted upon any Unit nor shall anything be done thereon which may be or become annoying or a nuisance to the neighborhood.

SECTION 8.3 Animals, Livestock, Etc.:

No animals, livestock or poultry of any kind shall be kept or maintained on any Unit or any dwelling except that no more than two (2) dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes and that they do not weigh in exceed of thirty (30) pounds each, and provided further that this is expressly subject to the Association's right to regulate the keeping and maintaining of household pets.

SECTION 8.4 Outside Antennas:

No outstanding radio or television antennas shall be erected on any Unit or dwelling Unit within the Property unless and until permission for the same has been granted by the Board of Directors of the Association or its architectural control committee. Small satellite dishes may be attached to the rear one third of any Unit provided that no penetrations of the roof are made.

SECTION 8.5 Temporary Structures:

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Unit or within the Common Areas at any time as a residence, either temporary or permanently.

SECTION 8.6 Signs

No sign of any kind shall be displayed to the public view on any Unit, including the front entrance, except for signs indicating security systems in use, regulatory signs placed by the Association and signs related to the sale of Units.

SECTION 8.7 Oil and Mining Operations:

No oil drilling, oil development operations, oil refining, quarrying, or mining operation of any kind shall be permitted upon, in or under any Unit.

SECTION 8.8 Garbage and Refuse Disposal:

No Unit shall be used or maintained a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. Trash cans shall be kept under the carport in trash receptacle areas at all times except on days of trash collection.

SECTION 8.9 Lawful Use:

No immoral, improper, offensive, or unlawful use shall be made of this Common Area or Units and living Units nor any part thereof; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

SECTION 8.10 Commercial Business:

No commercial business may be maintained on the Common Area or in the living Units.

SECTION 8.11 Alterations:

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

SECTION 8.12 Rules of the Common Area:

The Board is authorized to adopt rules for the use of the Common Areas and such rules shall be furnished in writing to the Owners. All such use of the Common Areas shall be subject to said rules as adopted.

SECTION 8.13 Sports and Apparatus:

No basketball backboard standard or fixed sports apparatus shall be attached to any living Unit or carport or be erected on any Unit, nor shall any portable sports apparatus be placed in a parking area or driveway on a temporary or permanent basis.

SECTION 8.14 Repair of Vehicles:

No vehicles of any type shall be permanent or semi-permanently parked upon the Property or in the vicinity of any living Unit or in the Common Area for the purpose of accomplishing repairs thereto, or the reconstruction thereof, except as permitted by the rules and regulations adopted by the Association. This restriction shall also apply to all vehicles not in operating condition regardless of whether or not such vehicles are being repaired.

SECTION 8.15 Storage Areas and Carports:

Each Owner shall keep his carport neat, orderly and clear of debris. All storage areas shall be completely enclosed.

SECTION 8.16 Recreational Vehicles:

There shall be no parking of recreational vehicles, including, but not limited to, camping trailers, boats, motor homes, and the like, on the property, unless they can be fitted under the carport and kept there, except in areas specifically designated for this purpose by the Board, if the Board allows same.

SECTION 8.17 Commercial Vehicles:

Commercial vehicles shall be parked in the carport or left at place of business and shall not be parked on the property, a Unit or any Common Area.

SECTION 8.18 Facilities Maintained:

Notwithstanding anything to the contrary, Declarant, their agents, employees, contractors, successors and assigns, shall be permitted to maintain during the periods of construction and sale of these Units or any Units contained on the property described herein to be annexed, such facilities as in the sole opinion of the Declarant may be reasonably required or convenient to the construction, sale or rental of Units and Units.

SECTION 8.19 Leases and Rental Agreements:

Any lease or rental agreement for a Unit must be in writing and filed with the Association. All such leases shall be subject to the rules and regulations of the Association and must have an initial term of at least twelve (12) months. No Unit may be leased or rented for a shorter term than twelve (12) months. Owners must submit a completed rental agreement, including references, to the Board of Directors prior to rental of any Unit.

ARTICLE IX
EASEMENTS, ENCROACHMENTS, COMMON AREA

SECTION 9.1 Easements for Utilities:

Easements for installation of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow or drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels and easements.

SECTION 9.2 Common Area:

Each Unit Owner shall have right to use the Common Areas (except the limited Common Areas) in common with all of the Unit Owners, as may be required for the purposes of access and ingress to, egress from, and use, occupancy and enjoyment of the respective Unit owned by each Unit Owner. Such right to use the Common Areas shall extend to each Unit Owner, and the agents, servants, tenants, family members and invitees of each Unit Owner. Each Unit Owner shall have the right to the exclusive use and possession of the limited Common Areas serving exclusively that Unit. Such rights to use and possess the Common Areas, shall be subject to and governed by the provisions of the act, this Declaration, the Bylaws, and the Rules and Regulations of the Board. The Board shall have the exclusive authority from time to time to adopt or amend administrative rules and regulations that govern the use, occupancy, control of the Common Areas. Declarant, however, specifically reserve the authority to lease or grant licenses or concessions with respect to parts of the Common Areas or to the Property as a whole, subject to the provisions of the Declaration and Bylaws, including specifically, but not by way of limitation, the common parking areas, storage areas, and recreational areas.

SECTION 9.3 Encroachment:

Each Unit and Unit and all lands in the Common Area are hereby declared to have an easement over all adjoining Units and Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any similar cause, including encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachment so long as they shall exist, and the rights and obligations of Owner shall not be altered in any way by said encroachment, settling or shifting, provided, however, that in no event shall a valid easement for encroachment be created in favor of Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a structure on any Unit is partially or totally destroyed and then repaired or rebuilt, the Owners of each Unit agree that minor unintentional encroachments over adjoining Units shall be permitted, and there shall be valid easements for the maintenance of said encroachments, so long as they shall exist, as well as a right of entry to repair and replace.

SECTION 9.4 Association Functions:

There is hereby reserved for Declarant, any successors to Declarant, and the Association, or the duly authorized agents, managers and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in this Declaration, and the other LIBERTY VILLAGE documents.

SECTION 9.5 Covenants Running with Land:

Each of the easements provided for in this Declaration shall be deemed to have been established upon the recordation of this Declaration, and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Units and Common Areas, as the case may be, superior to all other encumbrances applied against or in favor of any portion of the Property which is the subject of this Declaration.

SECTION 9.6 Subject to Prior Utility Easements:

Notwithstanding anything herein expressed or implied to the contrary, this Declaration shall be subject to all easements theretofore or hereafter granted by Declarant for the installation and maintenance of utilities, sewers, television, drainage, and similar facilities that are necessary or appropriate for the development of the Property.

SECTION 9.7 Utility Easements, Duties and Rights:

The rights and duties of the Owners of Units, with respect to sanitary sewers and water, electricity, television, gas, and telephone, shall be governed as follows:

(a) Whenever sanitary sewer house connections and/or water house connections, or electricity, television, gas, or telephone lines are installed within the Property, which connections or any portion thereof lie in or upon Units owned by others, then the Owners of the Units served by said connections shall have the right and are hereby granted an easement to the full extent necessary therefore, to enter upon Units or to have the utility companies enter upon the Units within the Property in or upon which said connections or any portion thereof lie, to repair, replace and generally maintain said connections as and when the same may be necessary.

(b) When sanitary sewer house connections and/or water house connections, or electricity, television, gas or telephone lines are installed within the Property, which connections serve more than one Unit, the Owner of each Unit served by said connections shall be entitled to full use and enjoyment of such portions of said connections as service his Unit.

SECTION 9.8 Granting of Easements and Right of Way:

Unless otherwise conveyed to another in writing, Declarant shall have the sole power and authority to grant and convey to any third party, easements and rights of way in, on, over, or under the Common Area for the purpose of constructing, erecting, operating, or maintaining thereon, therein, or thereunder: (i) overhead or underground lines, cables, wires, conduit or other devices for the transmission of electricity and for lighting, heating, power, telephone, television, radio, and audio antennae facilities, and for other appropriate purposes; (ii) public sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating, and gas lines or pipes; and (iii) any similar public or quasi-public improvements of facilities.

The Declarant shall represent the Owners and Association in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority, or acquisition of any of the Common Area or any part thereof. In the event of a taking or acquisition of part or all of the Common Area by a condemning authority, the award or proceeds of settlement shall be paid to the Declarant. All Owners, by the acceptance of a deed conveying a Unit, irrevocably constitute and appoint the Declarant their true and lawful attorney in their name, place and stead for the purpose of dealing with any condemning authority in any condemnation proceeding. Title to the Units is declared and expressly made subject to such irrevocable appointment of the power of attorney.

ARTICLE X
GENERAL PROVISIONS

SECTION 10.1 Enforcement:

The Association, Declarant, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, the restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration. The expense of enforcement shall be chargeable to the Owner of the Unit violating the provisions hereof, and shall constitute a lien on the Unit collectable in the same manner as a general assessment. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall, in no event, constitute a waiver of the right to do so thereafter. Likewise, any Unit Owner shall have a right of action against the Association for failure to comply with its duties.

SECTION 10.2 Severability:

Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way effect any other provision which shall remain in full force and effect.

SECTION 10.3 Amendment:

The covenants and restrictions of the Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. The Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than ninety percent (90%) of the Unit Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Unit Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements as herein provided, or effect any lien for the payment thereof established herein. Any amendment must be properly recorded to be valid.

In addition, with regard to amendments of a material nature, approval must be obtained from eligible mortgage holders representing at least fifty-one percent (51%) of the votes of Unit estates which are subject to mortgages held by eligible holders, eligible holders being those holders of a first mortgage on a Unit estate who have requested the Association to notify them on any proposed action that requires a consent of a specified percentage of eligible mortgage holders. A change to any of the following would be considered as material: voting rights; assessments; assessment liens or subordination of assessment liens; reserves for maintenance, repair and replacement of Common Areas; responsibility for maintenance and repairs; reallocation of interest in the general limited Common Area or rights to their use; boundaries in any Unit; convertibility of Units into Common Area or vice versa; expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project, except as noted herein; insurance of fidelity bonds; leasing of Units; imposition of any restrictions on a

Unit Owner's right to sell or transfer his or her Unit; a decision by the Association to establish self-management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after a substantial destruction or condemnation occurs; or, any provisions that expressly benefit mortgage holders, insurers or guarantors.

When Unit Owners are considering termination of the legal status of the project for reasons other than substantial destruction or condemnation of the property, the eligible mortgage holders representing at least sixty-seven percent (67%) of the votes of the mortgaged Units must agree.

With regard to non-material changes, such as correction of a technical error or clarification of a statement if a mortgagee fails to respond to a written proposal for an amendment within thirty (30) days, approval will be implied.

Notwithstanding the preceding amendment requirements, the Declarant shall have the authority to amend this Declaration during the three (3) years following recordation of this Declaration or until all of the Units in the development have been deeded from Declarant, whichever first occurs.

SECTION 10.4 Headings and Interpretation:

(a) The headings introducing the text of the several sections of this Declaration are solely for the convenience of reference, and shall not constitute part of this Declaration or affect its meaning in any way.

(b) In the event of any conflict between the provisions of this Declaration and the provisions of the Bylaws or the Articles of the Association, the provisions of this Declaration shall prevail.

SECTION 10.5 Right of Variance

The Declarant, and the Association reserve the right to grant any Unit Owner a variance to any rule, guideline or regulation contained in this instrument and the Bylaws, provided that: (i) a written request for said variance is submitted to Declarant or the Association; (ii) The Declarant or the Association shall have thirty (30) calendar days to review said request for variance; (iii) Declarant or the Association shall have the power to request documents, professionally prepared plans and specifications, photographs and any other information required for an informed decision prior to considering the request; (iv) that any and all variances must be granted on a case-by-case basis with no blanket authority extending from any one decision; (v) Declarant or the Association must give anyone denied a variance a written statement setting forth the reasons for denial. Declarant or successors thereto shall retain exclusive power to veto any variance granted by the Association for good cause.

ARTICLE XI
RIGHTS OF MORTGAGE HOLDERS, INSURERS OR GUARANTORS

The holder, insurer or guarantor of the first mortgage on any Unit shall be given notification in writing by the Association upon its sending the Association a written request stating its name, and address of the Unit it has the mortgage on, of any of the following actions: Any proposed amendment affecting a change in: (1) the boundaries of any Unit or the exclusive easements rights appertaining thereto; (2) to the interest in the general limited Common Areas appertaining to any Unit or the liability for Common Expenses appertaining thereto; (3) the number of votes from the Owners association appertaining to any Unit or for the purposes to which any Unit or the common elements are restricted; (4) any condemnation loss or casualty loss which affects a material portion of the Property or which affects any Unit on which there is a first mortgage held, insured or guaranteed by such eligible holder; (5) any delinquency in the payment of assessments or charges owed by the Owner of a Unit subject to the mortgage of such eligible holder, insured or guarantor where such delinquency has continued for period of sixty (60) days; (7) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

Notwithstanding anything herein to the contrary, at least fifty-one (51%) percent of the first mortgagees (based upon one vote for each first mortgage owned) must give their prior written approval before the following actions are taken:

(a) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications;

(b) Unless the formula for reallocation of interest in the Common Areas after a partial condemnation or partial destruction of the Property is fixed in advance by the Declaration or by applicable law, no reallocation of interest in the Common Areas resulting from a partial condemnation or partial destruction of the Property may take effect.

IN WITNESS WHEREOF, this instrument has been executed on the dates noted below.

CREATIVE HOMES, LLC

By:________________________
Chris Henson, Chief Manager

STATE OF TENNESSEE)
: ss:
COUNTY OF RUTHERFORD)

Personally appeared before me, Chris Henson, with whom I am personally acquainted, and who acknowledged that he executed the foregoing instrument for the purposes therein contained, and who further acknowledged that he is the Authorized Signatory of the maker, or a constituent of the maker, and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of maker.

WITNESS MY HAND, at office, this 1st day of August, 2008.

LAURA A. BROWN STATE OF TENNESSEE NOTARY PUBLIC RUTHERFORD COUNTY

Laura A. Brown
NOTARY PUBLIC

My Commission Expires: 4-19-2010

EXHIBIT A
PLAT

Record Book
863 Pg 2026

Record Book
863 Pg 2027

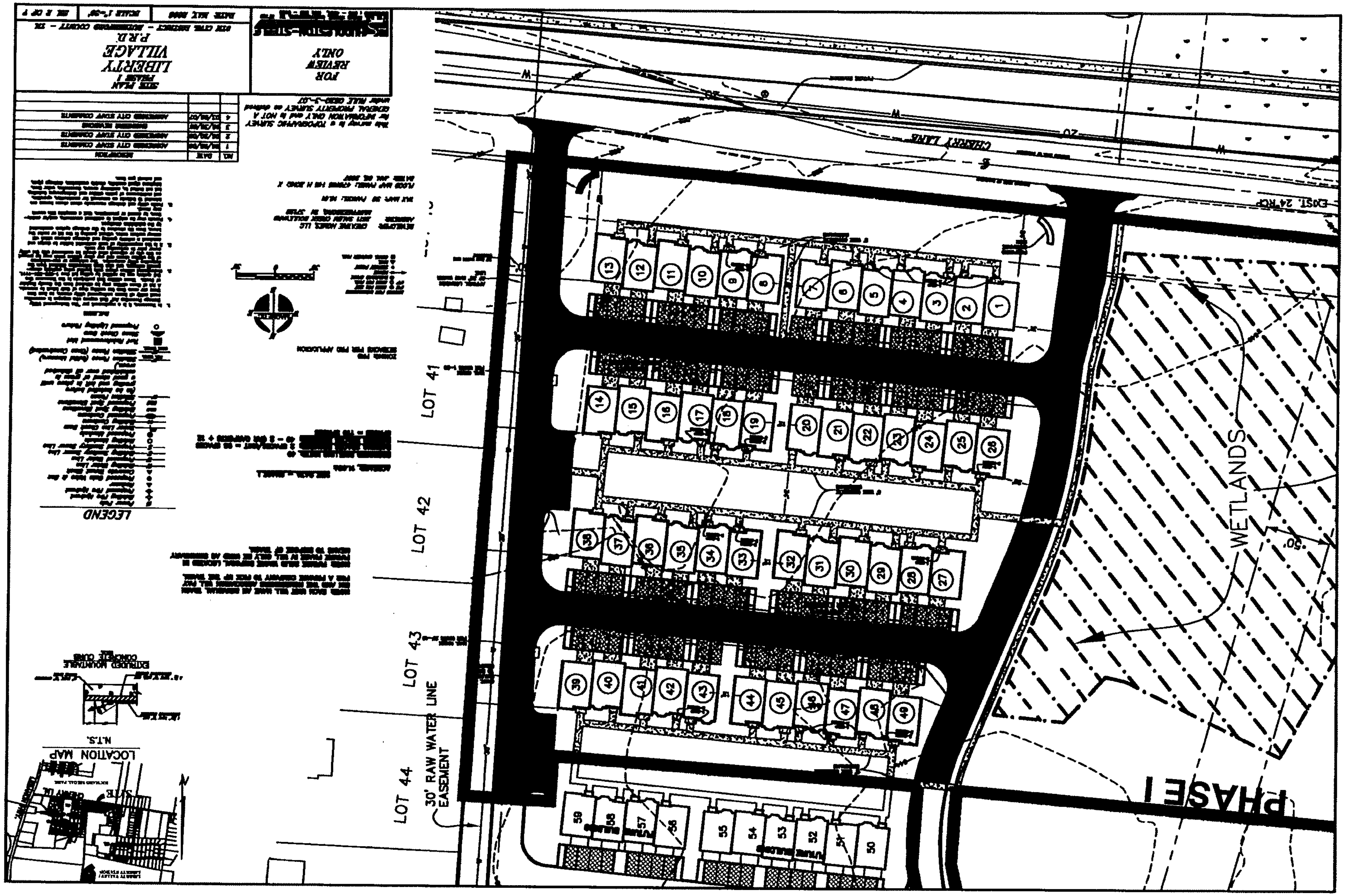

EXHIBIT B

BYLAWS FOR THE ADMINISTRATION OF

LIBERTY VILLAGE HOMEOWNERS' ASSOCIATION, INC.

A Tennessee Non-Profit Corporation

The name of this non-profit corporation shall be LIBERTY VILLAGE HOMEOWNERS' ASSOCIATION, INC. (the "Association").

ARTICLE I
PURPOSE AND PARTIES

SECTION I

Purpose. The purpose of the Association is to administer on a nonprofit basis, and through a Board of Directors, all sections and phases of LIBERTY VILLAGE HOMEOWNERS' ASSOCIATION, INC. (the "Property"); to elect the Board of Directors; to amend and supplement from time to time these Bylaws; and to do and perform any and all other things, matters, or acts required by or permitted by the owners or the Association under Declaration of Covenants, Conditions and Restrictions of each section of LIBERTY VILLAGE (the "Declaration"). All definitions and terms contained in the Declarations shall apply hereto and are incorporated herein by reference, and all terms capitalized herein and not defined herein shall have the same meaning as set forth in the Declarations. Reference herein to "these Bylaws" shall have the same meaning as the "Bylaws" in the Declarations.

SECTION II

Parties. All present and future owners, tenants, occupants or any other person who might use in any manner the facilities of the Property are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of any Unit or the mere act of occupancy of any Unit will signify that these Bylaws are accepted, approved, ratified and will be complied with by such person or persons.

ARTICLE II
MEMBERSHIP AND VOTING

SECTION I

Membership and Voting. The qualifications for membership in the Association along with the appurtenant voting rights and other privileges due owners shall be as set forth in the Declarations. Each owner (whether one or more persons or entities) of a Unit shall, upon and by virtue of becoming an owner, automatically become a member of the Association (hereinafter referred to individually as a "Member" and collectively as the "Members").

SECTION II

Majority of Members. Except as otherwise provided in the Declarations, any action to be taken by the Association shall require the assent of a majority of Members. As used in the Bylaws, the term "majority of Members" shall mean those Members holding greater than fifty percent (50%) of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present.

SECTION III

Quorum. A quorum at any meeting of the Association shall consist of persons entitled to cast at least ten percent (10%) of the votes entitled to be cast on a matter unless otherwise provided in the Declarations or herein.

SECTION IV

Proxies. Votes may be cast in person or by proxy. No proxy shall be valid after eleven months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary of the Association before the appointed time of each meeting.

SECTION V

Cumulative Voting. No cumulative voting shall be permitted at any meeting of the Members.

SECTION VI

Order of Business. The order of business at all meetings of the Association shall be determined by the presiding officer at such meeting unless the Members present by majority vote at such meeting determine otherwise, in which case the Members shall fix the order of business.

ARTICLE III
ADMINISTRATION

SECTION I

Association Responsibilities. The Members will constitute the Association, which will have the responsibility of administering the Property through the Board of Directors.

SECTION II

Place of Meeting. Meetings of the Association shall be held at a suitable place, convenient to the Members, as the Board of Directors may determine.

SECTION III

Annual Meetings. The annual meetings of the Association shall be held on or before one hundred twenty (120) days after the expiration of each fiscal year.

SECTION IV

Special Meetings. Special meetings of the Association may be called by the President, by the Board of Directors, or upon written request of the Members representing twenty-five percent (25%) of the votes in the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting.

SECTION V

Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place it is to be held, to each Member at the latest address shown for such Member on the records of the Association, at least ten (10) days, but not more than sixty (60) days, prior to such meeting. The mailing of such a notice shall be considered notice served.

SECTION VI

Presiding Officer. The President shall preside over all Association meetings, and the Secretary shall take and keep the minutes and minute book of all Association meetings, wherein adopted resolutions shall be recorded and shall serve as Secretary at such meetings.

ARTICLE IV
BOARD OF DIRECTORS

SECTION I

Number. The Board of Directors of the Association (the "Board") shall be comprised of at least three (3) directors but no more than five (5) directors. Declarant shall retain the right to appoint and remove members of the Board until ninety (90) days after the termination of the Class B membership status of Declarant or such date that Declarant surrenders in writing the right to appoint and remove members of the Board. Thereafter, a meeting of the Association shall be called for the express purpose of electing a new Board. At such meeting, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years to fill each expiring term. In the event that the Membership elects to expand the Board to five (5) members, then the Membership shall elect two (2) directors for terms of one (1) year, two (2) directors for terms of two (2) years, and one (1) director for a term of three (3) years, and thereafter the Members shall elect the directors for a term of three (3) years to fill each expiring term.

SECTION II

Removal of Directors. Until the termination of the Class B Membership status of Declarant, a director may only be removed by Declarant. Thereafter, any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successors shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION III

Vacancies. Vacancies on the Board caused by any reason other than the removal of a director by a vote of the Association shall be filled by a vote of the remaining directors, and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association.

SECTION IV

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

SECTION V

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 actions so approved shall have the same effect as though taken at a meeting of the directors.

SECTION VI

Presiding Officer. The President of the Board of Directors shall preside at all meetings of the Board; the Secretary of the Board shall serve as Secretary of all meetings of the Board. In the absence of either, the Board shall designate one of their number to preside or to serve as Secretary as the case may be.

ARTICLE V
MEETINGS OF DIRECTORS

SECTION I

Regular Meetings. Regular meetings of the Board shall be held without notice at such a place and hour and as often as may be fixed from time to time by a majority of the directors, but at least one (1) such meeting shall be held each calendar year.

SECTION II

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

SECTION III

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

SECTION IV

Waiver of Notice. Before or at any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board shall have the following powers and duties:

a. To care for and preserve the Common Areas and Additional Maintenance Areas and to furnish and upkeep any desired personal property for use in the Common Areas;
b. To engage the services of a person or firm to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager;
c. To obtain and pay for legal and accounting services;
d. To obtain and pay for any materials, supplies, furniture, labor, services, maintenance, repairs, structural alteration, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of the Declarations or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declarations;
e. To execute all Declarations of ownership for tax assessment purposes with regard to any of the Common Areas owned by it;
f. To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
g. To fix the amount any assessment and/or maintenance charge as need may arise and any special assessment against each Unit as provided in Article Four of the Declarations, to

send written notice of each assessment to every Owner subject thereto, and to thereafter collect such assessments;

h. To establish and maintain reserve funds for Common Area and Additional Maintenance Area replacements and maintenance in accordance with such budgets as may be adopted from time to time by the Board;
i. To enter into agreements or contracts with insurance companies, taxing authorities and the holders of first mortgage liens on the individual Units with respect to (i) taxes (if any) on the Common Areas, and (ii) insurance coverage (if any) on Common Areas;
j. To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent owners, if the Board sees fit;
k. To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;
l. To protect or defend the Common Areas from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements;
m. To make reasonable rules and regulations regarding the use and operation of the Common Areas and the facilities thereon (and personal conduct of the members and their guests thereon), and to establish penalties for the infraction thereof;
n. To make available to each owner within sixty (60) days after the end of each year an annual report;
o. To adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency;
p. To enforce the provisions of the Declarations and any rules made hereunder and to enjoin and seek damages and impose and collect fines from any owner for violation of such provisions or rules in accordance with the terms of the Declarations;
q. To appoint committees as deemed necessary or desirable for the handling of certain specific functions of the Association;
r. To establish, disburse and maintain such bank accounts and petty cash funds as necessary for effectively carrying on the business of the Association; and
s. To exercise and fulfill all other powers and duties granted or assigned to the Association and/or the Board pursuant to the Declarations.

ARTICLE VII
OFFICERS AND THEIR DUTIES

SECTION I

Enumeration of Officers. The officers of the Association, who shall be elected by and who shall be members of the Board, shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

SECTION II

Election of Officers. The election of officers shall take place within thirty (30) days following each annual meeting of the members at a meeting of the Board.

SECTION III

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

SECTION IV

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

SECTION V

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

SECTION VI

Multiple Offices. A person may simultaneously hold more than one office except that no person may simultaneously hold the offices of President and Treasurer.

SECTION VII

Duties. The duties of the officers are as follows:

a. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board and of the Association. He shall have all of the general powers and duties which are usually vested in the office of president of a non-profit corporation.
b. Vice President. The Vice President shall have such powers and duties as may be assigned to him by the Board and shall exercise the powers of the President during that officer's absence or inability to act. Any action taken by a Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.
c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
d. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the

Board; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be registered to the membership at its annual meeting, and deliver a copy of each to the Members.

ARTICLE VIII
INDEMNIFICATION OF OFFICERS AND DIRECTORS

To the fullest extent permitted by law, the Association shall indemnify every director or officer, and his or her heirs, executors and administrators, against any and all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as expenses payable from assessments; provided, however, that nothing contained in the Article shall be deemed to obligate the Association to indemnify any Member, who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declarations as an Owner covered thereby.

ARTICLE IX
FISCAL YEAR AND BOOKS AND RECORDS

SECTION I

Fiscal Year. The fiscal year of the Association shall be the calendar year, unless otherwise fixed by resolution of the Board.

SECTION II

Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declarations, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
AMENDMENTS AND CONFLICTS

SECTION I

Amendments. Until the termination of the Class B membership status of Declarant, these Bylaws may only be amended by Declarant; thereafter, these Bylaws may only be amended by the written consent of a majority of the members of the Board; provided, however, that no amendment shall be effective if it conflicts with the provisions of the Declarations.

SECTION II

Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declarations, the Articles of Incorporation or these Bylaws, the Declarations shall control.

APPROVED BY LIBERTY VILLAGE
HOMEOWNERS' ASSOCIATION, INC.

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Record Book
863 Pg 2036

KIOUS & RODGERS
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DAVID W. KIOUS
JOHN W. RODGERS
JAMES P. BARGER
G. CHRISTOPHER HOLDER
J.D. KIOUS
BROCK EAST

August 1, 2008

RE: Liberty Village, Murfreesboro, Tennessee

To Whom It May Concern:

As counsel acting on behalf of the developer of the above referenced Horizontal Property Regime, I certify that I have reviewed all of the organizational documents relating to the subject development. I further certify that such documents are in compliance with the requirements of state and local codes, ordinances and laws and consistent with the legal policy guidelines of HUD Handbook 4265.1 of Appendix 24. I have also reviewed the HUD regulations found at 24 C.F.R. 234, governing townhome developments and certify that the subject documents do not conflict with such regulations.

Sincerely,

KIOUS & RODGERS, PLLC

J. D. Kious

JDK/

Record Book
863 Pg 2037

Jennifer M Gerhart, Register
Rutherford County Tennessee
Rec #: 565700
Rec'd: 180.00 Instrument #: 1579024
State: 0.00
Clerk: 0.00 Recorded
EDP: 2.00 8/11/2008 at 10:17 AM
Total: 182.00 in
Record Book 863 Pgs 2002-2037