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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

STONECREST

AND

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

STONECREST TOWNHOUSES

A TOWNHOUSE PLANNED UNIT DEVELOPMENT
(Horizontal Property Regime with Private Element)

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

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STONECREST

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

STONECREST TOWNHOUSES

A TOWNHOUSE PLANNED UNIT DEVELOPMENT

(Horizontal Property Regime with Private Elements)

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR STONECREST AND FOR STONECREST TOWNHOUSES is made as of the date set forth on the signature page hereof by D.R. Horton, Inc., a Delaware corporation ("Declarant").

RECITALS

WHEREAS, Declarant owns certain real estate in Murfreesboro, Rutherford County, Tennessee ("Development Property"), as more particularly described on Exhibit A attached hereto, and desires to subdivide, develop and plat the Development Property into single family residential lots; and

WHEREAS, Declarant desires to develop a portion of the Development Property (the "Townhouse Property"), as more particularly described on Exhibit B attached hereto, as a Townhouse Planned Unit Development, a horizontal property regime with Private Elements pursuant to the Horizontal Property Act of the State of Tennessee codified at Tenn. Code Ann. § 66-27-101 through 123, establishing and maintaining thereon one or more single-family residential townhouses; and

WHEREAS, Developer may annex additional areas from the Development Property and/or purchase additional property adjacent to the Development Property and add 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 desires to provide for the protection and preservation of the values, desirability and character of the Development Property; and

WHEREAS, Declarant desires to provide a system of administration, operation and maintenance of the Development Property; and

WHEREAS, Declarant desires to establish for its own benefit and for the benefit of all current and 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, desires 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 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.

1.1. Act. "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.

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

1.3. Appointment Period. "Appointment Period" shall mean and refer to the period of time commencing as of the date of the recordation of this Declaration and continuing until the earlier of: (a) the date which is the twenty-fifth (25th) anniversary of the date of recordation of this Declaration or (b) the date one hundred percent (100%) of the Lots and Units have been conveyed to Owners.

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

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

1.6. Association. "Association" shall mean and refer to Stonecrest Owners Association, Inc., a Tennessee non-profit corporation, its successors and assigns. Each Owner, including the Owner of a Lot and/or a Unit, shall be a Member of the Association. See also "Townhouse Association" defined below.

1.7. Board. "Board" shall mean and refer to the body, regardless of name, designated in the Declaration to act on behalf of the Association. See also "Townhouse Board" defined below. The Board shall also serve as the as the body, regardless of name, designated in the Declaration to act on behalf of the Townhouse Association.

1.8. Budget. "Budget" shall mean and refer to a written, reasonably itemized estimate of the expenses to be incurred by the Association in the performance of its functions under this Declaration. A Budget will be prepared each Assessment Year prior to the commencement thereof as further provided herein. See also "Townhouse Budget" defined below.

1.9. Builder. "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 any Lot or Unit building site(s) (referred to herein as Unit Pad(s), defined below) within the Development Property for the purpose of constructing homes upon any Lot and/or Unit(s) upon any Unit Pad for sale to a third party customer of the Builder.

1.10. By-Laws. "By-Laws" shall mean and refer to the By-Laws of the Association and the Townhouse 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 Townhouse 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.

1.11. Common Area. "Common Area" shall mean and refer to any and all property and/or facilities on or within the Development Property owned by and/or reserved for maintenance by the Association and such other property as shall become the responsibility of the Association through easements or otherwise, including all open space, walking trails, entrances, rights-of-way, sign easements, landscape easements, recreational areas, maintenance facilities, and surface water detention facilities or other bodies of water, as shown on any current and future Plat. All Common Areas shall be maintained and landscaped by the Association and shall be reserved for the non-exclusive use, benefit, and enjoyment of the Owners and their family members, invitees, agents, and servants, subject to the conditions, restrictions, and limitations imposed by this Declaration.

1.12. Common Element. "Common Element" shall mean and refer to all of the Townhouse Property comprising the Townhouse Planned Unit Development, except for the Units and the Private Elements and Limited Common Elements appurtenant thereto. All Common Elements shall be exclusively owned by the Association for the use and benefit of every Owner of

a Unit, who shall be a co-owner of the Townhouse 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 Townhouse 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 Townhouse Planned Unit Development established by this Declaration.

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

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

d. All compartments or installations of central services such as power, light, gas, water, sewer, telephone, cable television, including master meters, and the like on the Townhouse 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.

1.13. Declarant. “Declarant” shall mean and refer to D.R. Horton, Inc., a Delaware corporation, its successors and assigns, provided such successors and assigns are designated in writing by Declarant as a successor or assign of the rights of Declarant set forth herein. Declarant 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.

1.14. Declaration. “Declaration” shall mean and refer to this Declaration of Protective Covenants, Conditions and Restrictions for Stonecrest and Stonecrest Townhouses applicable to the Development Property and, as applicable, the Townhouse Property and all subsections thereof and recorded in the Register’s Office for Rutherford County, Tennessee, as may be amended from time to time.

1.15. Delinquency Interest Rate. “Delinquency Interest Rate” shall mean and refer to an annual interest rate established by the Board from time to time; provided, 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.

1.16. Development Property. “Development Property” shall mean and refer to the real property shown and described on Exhibit A attached hereto and made a part hereof. See also “Townhome Property” defined below.

1.17. Governing Documents. “Governing Documents” shall collective mean and refer to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, any architectural or design standards as provided for herein, and the Use Restrictions and Rules, each as they may be amended or supplemented from time to time.

1.18. Improvement. “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, or such other improvement or structure constructed or located upon all or any portion of the Development Property. It is intended that the definition of “Improvement” be broad in scope and is intended to encompass any man-made alteration of the condition of any portion of the Development Property.

1.19. Limited Common Elements. “Limited Common Elements” shall mean and refer to Common Elements and other fixtures lying partially within and partially outside the designated boundaries of a Unit, any portion thereof serving any Unit or Units to the exclusion of the 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.

1.20. Lot. “Lot” shall mean and refer to any plot of land within the Development Property permitted to be used for single family residential purposes and so designated on the Plat by a Lot number.

1.21. Member. “Member” shall mean and refer to any Person(s) that shall be an Owner of a Lot and/or a Unit. An Owner of a Unit shall also be a Member and co-owner of the Townhouse Association.

1.22. Mortgage. “Mortgage” shall mean and refer to any a first priority mortgage encumbering a Lot or a Unit held by a Mortgagee.

1.23. Mortgagee. “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 Lots or 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.

1.24. Occupant. “Occupant” shall mean and refer to any Person in possession of a Lot or a Unit, regardless of whether said Person is an Owner.

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

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

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

1.28. Plat. “Plat” shall mean and refer to the plat(s) to be recorded in the Register’s Office for Rutherford County, Tennessee subdividing the Development Property into Lots and reflecting thereon the private streets, common areas, utility easements, and other matters normally shown on subdivision plats.

1.29. Private Element. “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.

1.30. Record and/or Recording. “Record” and/or “Recording” shall mean and refer to the recording of an instrument in the Register’s Office for Rutherford County, Tennessee.

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

1.32. Site Plan. “Site Plan” shall mean and refer to the diagram, plan, survey, or plat of the Townhouse 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 Stonecrest 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.

1.33. Supplemental Declaration. “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.

1.34. Townhouse Association. “Townhouse Association” shall mean and refer to Stonecrest Townhouse Owners Association, Inc., a Tennessee non-profit townhouse corporation, its successors and assigns. The Townhouse Association shall be a sub-association of the Association and shall be subject to the Governing Documents of the Association. Any conflict between the Governing Documents of the Association and any Townhouse Association document shall be resolved in favor of the Governing Documents of the Association. Each Owner of a Unit shall be a Member and co-owner of the Townhouse Association in addition to being a Member of the Association.

1.35. Townhouse Board. “Townhouse Board” shall mean and refer to the body, regardless of name, designated in the Declaration to act on behalf of the Townhouse Association. As defined above, the Townhouse Board shall be the Association’s Board.

1.36. Townhouse Budget. “Townhouse Budget” shall mean and refer to a written, reasonably itemized estimate of the expenses to be incurred by the Townhouse Association in the performance of its functions under this Declaration. A Townhouse Budget will be prepared each Assessment Year prior to the commencement thereof as further provided herein.

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

1.38. Townhouse Property. “Development Property” shall mean and refer to the real property shown and described on Exhibit B attached hereto and made a part hereof.

1.39. Transfer of Control. “Transfer of Control” shall mean and refer to the end of the Appointment Period as set forth herein.

1.40. Unit. “Unit” shall mean and refer to the individually numbered portion of any Building, designed and built for use and occupancy as a residence and intended for independent ownership, which is not owned in common with any other Owner. The boundaries of each Unit shall be the 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.

1.41. Unit Pad. “Unit Pad” shall mean and refer to the area of the Development Property upon which a Unit comprising a Building is shown on 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 and co-ownership of the Association, Voting, and Assessments.

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

Article II

PROPERTY SUBJECT TO DECLARATION

2.1. Property Subject to Declaration. Declarant, for itself and its heirs, legal and personal representatives, successors, and assigns, hereby declares that the property located in Murfreesboro, Rutherford County, Tennessee, as is more particularly described and shown on Exhibit A attached hereto and made a part hereof, together with any Future Phase Property, shall be owned, held, transferred, leased, used, occupied, maintained, altered, and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes, and other provisions set forth in this Declaration. The covenants and restrictions contained herein constitute covenants running with the land and shall be binding upon and shall inure to the benefit of all parties now owning or hereafter having or acquiring any right, title, or interest in any Lot or Unit within the Development Property or any portion thereof. Every Person hereafter acquiring such property, by acceptance of a deed thereto, shall accept such interest subject to the terms and conditions of this Declaration and the Governing Documents, and by acceptance of same shall be deemed to have consented to and be bound by the terms, conditions, and covenants of this Declaration and the Governing Documents.

2.2. Purpose of Declaration. This Declaration is executed: (a) in furtherance of a common and general plan for the Development Property, the Townhouse 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 and Townhouse Property; (c) to establish an Association to hold, maintain, care for, and manage the Development Property and Townhouse 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 and Townhouse Property.

2.3. Purpose of Declaration – Townhouse Property.

a. Establishment. Declarant hereby submits and subjects the Townhouse 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 Townhouse Planned Unit Development to be known as Stonecrest Townhomes pursuant to Tenn. Code Ann. § 66-27-103(b), and hereby declares that the Townhouse 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 Townhouse 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 Townhouse Property or any part thereof

b. 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.

c. 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.

2.4. Acceptance of Development. By the acceptance of a deed to any Lot within the Development Property or a Unit within the Townhouse Property, or any portion thereof, such purchaser shall be deemed to have accepted and approved the entire plans for the Development Property, the Townhouse 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 Stonecrest and Stonecrest Townhouses. **All such Development Property, Townhouse Property and all Improvements constructed thereon shall be accepted by the Association and each Owner "AS IS" without any representation or warranty, express or implied, in fact or by law, with respect thereto, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion, or the future economic performance or operations of, or the materials which have been or will be used in such property or repairs.**

Article III MEMBERSHIP AND VOTING RIGHTS

3.1. Owners Association. There has been formed an Association having the name "Stonecrest 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 the this Declaration and the Governing Documents. The Articles of Incorporation for the Association are attached hereto as Exhibit C. There has also been formed a sub-association, the Townhouse Association, having the name "Stonecrest Townhouse Owners Association, Inc.," a Tennessee

townhouse non-profit corporation. All of the Common Elements shall be owned by the Townhouse 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 Articles of Incorporation for the Association are attached hereto as Exhibit D. The Association and Townhouse Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association and Townhouse Association shall be for the sole benefit of Owners, and all funds received by the Association and Townhouse 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.

3.2. Board. The affairs of the Association shall be managed by the Board, which shall consist of up to five (5) Directors. The Board shall be elected and serve in accordance with the provisions of the By-Laws. The By-Laws for the Association and the Townhouse Association shall be the By-Laws attached to this Declaration as Exhibit E and made a part hereof. The Board shall also serve as the Townhouse Board and shall manage the affairs of the Townhouse Property. The fiscal year of the Association shall be determined by the Board, as may be changed from time to time by the Board. The Board of the Association shall be the Board of the Townhouse Association. 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 and the Townhouse Association. During the Appointment Period, the Declarant shall determine the number of Directors, and Declarant shall have the right to appoint all of such Directors.

a. By resolution, the Board may delegate portions of its authority to an executive committee or to other committees, tribunals, officers of the Association or Townhouse 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 or Townhouse Association. Action by or on behalf of the Association or Townhouse 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 Owner allowed one (1) Vote per Lot and/or 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.

3.3. Membership. Each Owner of a Lot shall be a Member of the Association and each Owner of a Unit shall be a Member of the Association and a Member and co-owner of the Townhouse Association. Membership in the Association and, as applicable, Membership and co-ownership in the Townhouse Association shall be appurtenant to and may not be separated from ownership of a Lot or a Unit. An Owner's membership in the Association and membership and co-ownership in the Townhouse 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 in the Association and, as applicable, membership and co-ownership in the Townhouse Association.

3.4. Voting. The voting rights of the Members shall be appurtenant to their ownership of a Lot or Unit. Each Member shall be entitled to cast a single vote for each Lot or Unit owned by such Member. When two or more Persons hold an interest (other than a leasehold or security interest) in a Lot or a Unit, all such Persons shall be Members; but the Vote attributable to such Lot or 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 Lot or 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 Lot or 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 Lot or Unit.

3.5. Effect of Delinquency. Any Member, who is delinquent in the payment of any Assessment or other charge duly levied by the Association or Townhouse Association against a Lot or 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 or Townhouse Association. In addition, the Board may suspend the right of such Member to use the Common Areas or, as applicable, the Common Elements or any other facilities or services that the Association or Townhouse 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.

3.6. 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.

3.7. Non-Liability of Declarant, Board, and Officers. To the extent permitted by law, neither the Declarant nor the Board or officers of the Association or Townhouse Association shall be personally liable to Owners or the Association or Townhouse 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 Association or Townhouse Association shall indemnify, hold harmless, and defend Declarant, the Board and officers and their respective heirs, executors, administrators, successors, and assigns.

3.8. Binding Determination. In the event of any dispute or disagreement between any Owners relating to the Development Property, the Townhouse Property, the use, right to use, or maintenance of any Common Area or, as applicable, 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

4.1. General Powers and Duties. The Association and the Townhouse Association have been formed to further the common interests of the Owners. The Association and, as applicable, the Townhouse Association, acting through the Board or through persons to whom the Board has delegated any authorized powers of the Board, shall have the duties and powers hereinafter set forth and, in general, the powers to perform its duties described in this Declaration, and subject to any limitation set forth herein, the powers to do anything that may be necessary or desirable to further the common interests of the Owners, to maintain, improve, and enhance the attractiveness and desirability of the Development Property and the Townhouse 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.

4.2. Assessments. The Association (and the Townhouse Association care of the Association) shall levy and collect Assessments and other duly levied charges as elsewhere provided in this Declaration.

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

4.4. Taxes – Townhouse Association. The Townhouse Association (care of the Association) shall pay all ad valorem taxes and governmental assessments levied upon the Townhouse Property to which the Townhouse Association holds fee simple title and all taxes and assessments payable by the Townhouse Association. Nevertheless, the Townhouse Association (care of the Association) shall have the right to contest in good faith any such taxes or assessments.

a. *Separate Real Estate Taxes.* Townhouse 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 Townhouse Property as a whole, then each Owner shall pay his proportionate share thereof in accordance with his respective Townhouse Assessment liability as shown on Exhibit F.

b. *Separate Utility Charges.* Townhouse 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 Townhouse Property as a whole, then each Owner shall pay his proportionate share thereof in accordance with his respective Townhouse Assessment liability as shown on Exhibit F.

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

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

4.7. 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.

4.8. 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.

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

4.10. 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.

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

4.12. Property Management and Care. The Association shall manage, operate, care for, maintain, and repair all Development Property and keep them in a reasonable condition for the use and enjoyment of the Owners. The Association shall have a reasonable right of entry upon all Development Property and any portion thereof to make emergency repairs and to do other work reasonably necessary under this Declaration or under any applicable Supplemental Declaration for the proper performance of its duties hereunder and the proper maintenance and operation of the Development Property. In addition, the Association shall have the power to require that all Owners to manage, operate, care for, maintain, and repair their respective property and Improvements

thereon and to keep them in an attractive and desirable condition and to otherwise enforce the provisions of this Declaration against all Owners.

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

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

c. Common Areas. The Association shall maintain and keep in good repair the Common Areas, which shall include, but need not be limited to: (i) the Common Area, as further show on any current or future Plat or Site Plan, including, but not limited to, open space, all landscaping and other flora, natural formations, signage, lighting, irrigation systems and equipment, fences, parks, walls and structures and improvements upon same; (ii) landscaping and any irrigation provided to such landscaping, signage, and sidewalks within public rights-of-way within or adjacent to the Development Property, except to the extent that such responsibility is assumed by a governmental or quasi-governmental body or public utility; (iii) any lakes, ponds, streams, and/or wetlands located within the Development Property and all drainage systems, storm water retention, or detention systems for the Development Property; (vi) all Development Property entry features and the expenses for landscaping and irrigation, if any, provided to such entry features, regardless of whether said entry features are located on a Lot, Common Area or public right-of-way; (v) all private Development Property streets, alleys and sidewalks (if any); and (vi) any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association or the Townhouse Association and its Members, such property and facilities to be identified by written notice from Declarant to the Association or the Townhouse Association until such time as Declarant revokes such privilege of use and enjoyment by written notice.

d. 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. All costs incurred in connection with the services furnished by the Exclusive Landscaper are to be charged to the Association as a Common Assessment.

4.13. Limitation on Liability. The Association, the Townhouse 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 (and, if applicable, the Townhouse Association) shall have no personal liability with respect to any contract or other commitment made by them, on behalf of the Association and/or the Townhouse Association (except to the extent that such directors or officers may also be Owners) and the Association and/or the Townhouse 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 and/or the Townhouse 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.

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

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

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

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

d. Units and Private Elements – Townhouse Property. 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 insurable replacement cost of the Unit, the Private Elements, and any personal property of the Owner stored in the Unit or elsewhere on the Development Property. In addition, each Owner shall be responsible for obtaining his own insurance insuring said Owner personally from liability in connection with the ownership, possession, use, and occupancy of his Unit and the Private Elements. Such insurance shall not be the responsibility of the Association nor the Townhouse 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 ten (10) days a copy of the Certificate of Insurance covering such Owner’s Unit.

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

f. Coverage Sufficiency and Deductibles. The Association and Townhouse Association shall periodically review the sufficiency of insurance coverage. All Association and Townhouse Association policies shall provide for a certificate of insurance to be furnished to the Association and the Townhouse Association and, upon written request, to any Member. The policies may contain a reasonable deductible. In the event of an insured loss of the Association, the deductible shall be treated as part of the Common Assessments. In the event of an insured loss of the Townhouse Association, the deductible shall be treated as part of the Townhouse Assessments. However, if the Board reasonably

determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may levy an Assessment of the full amount of such deductible against such Owner(s) and their Lots or Units, as applicable. The Board is authorized to obtain the insurance policies and coverage(s) specified in this Declaration through the Declarant and reimburse the Declarant for the cost thereof.

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

h. Additional Requirements. In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide: (i) a waiver of subrogation as to any claims against the Association's (and Townhouse Association) Board, officers, employees, and its manager, and the Owners and their tenants, servants, agents, and guests; (ii) an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association or Townhouse Association to cure the defect or violation and allowance of a reasonable time to cure; (iii) an endorsement requiring at least thirty (30) days' prior written notice to the Association or Townhouse Association of any cancellation, substantial modification, or non-renewal; (iv) a cross liability provision; and (v) a provision vesting in the Board exclusive authority to adjust losses.

i. General Provisions. Insurance obtained by the Association may contain such deductible provisions as good business practice may dictate. Insurance obtained by the Association shall, to the extent reasonably possible without undue cost, contain a waiver of rights of subrogation as against the Association and each Owner as against any officer, director, agent, or employee of any of the foregoing. To the extent reasonably possible, and provided Declarant reimburses the Association for any additional premium payable on account thereof, insurance obtained by the Association shall name Declarant and any Managing Agent as an additional insured and contain a waiver of rights of subrogation as against Declarant, the Managing Agent, and any officer, director, agent, or employee of Declarant or Managing Agent. Casualty, fire, and extended coverage insurance may be provided under blanket policies covering the Development Property and/or property of Declarant. Each Owner hereby irrevocably appoints the Association as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (a) the collection and appropriate disposition of the proceeds thereof; (b) the negotiation of losses and execution of release of liability; (c) the execution of all documents; and (d) the performance of all other acts necessary to accomplish such purpose.

j. Premiums. The premiums for insurance procured pursuant to this Declaration shall be a Common Assessment. In addition the premiums for insurance procured pursuant to this Declaration in connection with the Common Elements of the Townhouse Property shall be a Townhouse Assessment.

4.15. 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 Areas, as may be reasonably necessary or useful for the proper maintenance of the Development Property or otherwise benefit the Association and the Townhouse Association.

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

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

c. Association. A blanket, perpetual, and non-exclusive easement of unobstructed ingress and egress in, upon, over, across, and through the Common Areas and, as applicable, the Common Elements, is hereby reserved to the Association, the Townhouse Association, the Board, Managing Agent or their respective agents or employees for the purpose of maintaining, repairing, and replacing the Common Areas and, as applicable, 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 Lot or 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.

d. Construction and Sale Easement. Notwithstanding any provision contained in this Declaration or the Governing Documents, until the termination of the Appointment Period and thereafter so long as Declarant owns any property in the Development Property for development or sale, Declarant reserves an easement across the Development Property for Declarant and any builder or developer approved by Declarant to maintain and carry on development activities, upon such portion of the Development Property as Declarant may deem desirable or necessary. 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: (i) 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 Lot or Unit therein; (ii) the right to tie into any portion of the Development Property with driveways, parking areas and walkways; (iii); 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; (iv) the right (but not the obligation) to construct recreational facilities on Common Area; (v) the right to carry on sales and promotional activities in the Development Property; (vi) the right to place direction and marketing signs on any portion of the Development Property, including any Lot or Unit or Common Area; (vii) 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 (viii) Declarant and any such builder or developer 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.

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

f. Declarant Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign and correct any structure, improvement, or condition which may exist on any portion of the Development Property,

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.

g. Federal, State and Local Entity. An easement is hereby established for the benefit of any applicable federal, state, or local entity over all portions of the Development Property for the setting, removing, and reading of water meters; for maintaining and replacing water, sewage, and drainage facilities; for police protection, fire fighting, and garbage collection; and rendering of such other services as are appropriate and necessary for the use and enjoyment of the Development Property.

h. Encroachment – Common Elements. If any portion of the Common Elements, including the Limited Common Elements, shall actually encroach upon any Unit or its Private Elements, or if any Unit or its Private Elements shall actually encroach upon any portions of the Common Elements as shown on the Site Plan due to engineering errors, errors in original construction, settlement, or shifting of a Building or any similar cause, there shall be deemed to be mutual easements in favor of the respective 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.

i. Fence Easement. Declarant during the Appoint Period and thereafter the Board reserves an easement across any Lot or Unit 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.

4.16. Condemnation.

a. Common Areas. If any Common Areas 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 Areas and to represent the interests of all Owners in such proceedings. Each Owner hereby irrevocably appoints the Association and any such duly appointed trustee as such Owner's attorney-in-fact for such purposes. All condemnation compensation, damages, or other proceeds received by the Association shall be held by the Association as determined by the Board, as a reserve for future maintenance, repair, reconstruction, or replacement of Development Property, or may be used for improvements or additions to, or operation of, Development Property; provided, however, if an allocation of such condemnation compensation damages or other proceeds is already

established in negotiation, judicial decree, or otherwise, then in allocating such condemnation compensation, damages, or other proceeds the Association shall employ such allocation.

b. 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 Townhouse Association, except to the extent payable to any other Person with an interest in such property. The Townhouse 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 Townhouse 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 Townhouse Association shall be payable to the Board for and on behalf of the Townhouse 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.

c. Units. If a Unit or Units 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 Townhouse Assessment related thereto shall be automatically reallocated to the remaining Units

4.17. Rules and Regulations. The Association and the Townhouse 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 Townhouse Association, and the use and enjoyment of Development Property and the Townhouse 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.

4.18. Enforcement. The Association and the Townhouse 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 Lot or Unit and any Improvements thereon into compliance with this Declaration, any Supplemental Declaration, or the Governing Documents, the costs of which shall be at the Owner's sole expense; (e) by suspending the right to vote and/or the right to use and enjoy the recreational facilities; and (f) by exercising any remedy for nonpayment of Assessments as provided herein. The Association shall have a lien on any Lot or Unit and any Improvement thereon to secure payment of the amounts described in this Paragraph, and such lien may be enforced in the same manner and with the same priority as that of a lien for Assessments as provided herein. The Association, by contract or other agreement, may enforce county and city ordinances, if applicable, and local governments may enforce their ordinances within the Development Property.

4.19. No Waiver. The Association and the Townhouse 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 or the Townhouse 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.

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

injury and loss or damage to property, including Lots, Units, Improvements thereon and the contents upon Lots or within Units, resulting from acts of third parties.

4.21. General Corporate Powers. The Association and the Townhouse 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 either Association or the By-Laws. The Association and the Townhouse 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 and the Townhouse Association under this Declaration, under any Supplemental Declaration, or under the Governing Documents.

Article V

DEVELOPMENT PROPERTY MAINTENANCE

5.1. General Owner Use and Enjoyment Rights. Except as may be provided in this Declaration, Supplemental Declaration or the Governing Documents, every Owner shall have a right and easement of enjoyment in and to the Development Property, which shall be appurtenant to and shall pass with the title to each Lot or Unit, subject to applicable law, the provisions contained in this Declaration, any Supplemental Declaration, and the Governing Documents.

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

5.3. Owner Liability for Damage. Each Owner and any tenant, occupant, family member, guest, agent, servant, or invitee thereof shall be liable to the Association or Townhouse Association for any damage to the Development Property or for any expense or liability incurred by either 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 in this Declaration to levy and collect Reimbursement Assessments against an Owner to cover the costs and expenses incurred by the Association or the Townhouse Association on account of any such damage or any such violation of this Declaration or Governing Documents, or for any increased insurance premiums directly attributable to any such damage or any such violation.

5.4. Damage, Destruction, or Required Improvements. In the event of damage to Common Areas by fire or other casualty or in the event any governmental authority shall require any repair, reconstruction, or replacement of any Development Property, the Association shall have the duty to repair, reconstruct, or replace the same. Any insurance proceeds payable by reason of damage or destruction of Development Property by fire or other casualty shall be paid to the Association and shall be used and disbursed as provided herein. If funds from insurance

proceeds or available reserves are insufficient to pay all costs of repair, reconstruction, or replacement of Improvements damaged or destroyed, or if the Association is required to make repairs, replacements, or Improvements by governmental authorities, the Association may, in order to make up any deficiency in the insurance proceeds or to pay for the required repair, replacement, or Improvement, levy a Special Assessment as provided herein, or if an Owner or group of Owners is liable or responsible for such damage, levy a Reimbursement Assessment against the Owner or group of Owners responsible therefor, to provide the additional funds necessary as elsewhere provided in this Declaration. Repair, reconstruction, or replacement of Development Property shall be done under such contracting and bidding procedures as the Board shall reasonably determine are appropriate.

5.5. Lot Damage, Destruction, or Maintenance. In the event of damage or destruction to any Improvement located on a Lot, the respective Owner thereof agrees as follows:

a. In the event of total destruction, the Owner shall promptly clear the Lot of debris and leave same in a neat and orderly condition. To the extent the Owner desires to reconstruct the Improvement, any such reconstruction shall be accomplished in conformity with the Plans and specifications of the original structure so destroyed, subject to any changes or modifications as approved by the IRC.

b. In the case of partial damage or destruction, the Owner shall promptly clear the Lot of debris and cause the damage or destruction to be repaired and restored in a first class condition in accordance with the Plans and specifications of the original structure. Any change or alteration must be approved by the IRC. In no event, shall any damaged structure be left unrepaired and unrestored in excess of ninety (90) days.

c. If the correction of a maintenance or repair problem incurred on one Lot necessitates construction work or access on another Lot, the Owner shall have an easement on the property of the other Owner for the purpose of this construction. The Lot Owner performing said construction or repairs shall be responsible for the cost of restoration on any such Lot necessitated by the use of the easement thereon.

5.6. Townhouse Property Damage, Destruction, or Maintenance. In the event of damage or destruction to any Improvement located on any Common Element, Unit Pad, Unit, Private Element or Limited Common Element, the following shall apply.

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

b. *Units, Private Elements, and Limited Common Elements.* Each Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within his Unit, as well as to the Private Elements and Limited Common Elements appurtenant to his Unit. If any Owner fails to maintain, repair, or replace any items required herein to be maintained, repaired, or replaced by said Owner, then the Board

shall have the right, but not the duty, in its sole discretion, to carry out such maintenance, repair, or replacement, the cost of which shall become a Reimbursement Assessment attributable to such Unit.

c. Owner Liability for Damage. Each Owner and any tenant, occupant, family member, guest, agent, servant, or invitee thereof shall be liable to the Townhouse Association for any damage to the Townhouse Property and/or the Development Property or for any expense or liability incurred by the Association or Townhouse 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 or the Townhouse 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.

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

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

aforesaid insurance proceeds to any Owner or Mortgagee shall occur unless simultaneously with such disbursement each affected Owner delivers to the Board a recordable deed quit claiming his interest in his Unit and the Private Elements and Limited Common Elements appurtenant thereto to the Board, as trustee for the remaining Owners, and also delivers to the Board a recordable release of any liens on his Unit.

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

5.7. Title to Association Properties upon Dissolution. In the event of the dissolution of the Association or the Townhouse 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 or the Townhouse 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 VI

DECLARANT'S RIGHTS AND RESERVATIONS

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

6.2. Additional Improvements. Declarant shall have and hereby reserves the right, at any time and from time to time, but shall not have the obligation, to construct, at its expense, additional Improvements on Development Property which are for the betterment and enhancement thereof and for the benefit of the Association, the Townhouse Association and the Owners.

Declarant will convey or transfer such Improvements to the Association or the Townhouse Association, which shall be obligated to accept title to, care for, and maintain the same as elsewhere provided herein.

6.3. 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.

6.4. 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 Lots, Common Areas, Units or Common Elements comprising the Development Property and, as applicable, the Townhouse Planned Unit Development; to subdivide Lots 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 or Townhouse 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.

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

6.6. 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 or the Townhouse Association at any time and from time to time in accordance with this Declaration.

Article VII **ASSESSMENTS**

7.1. Covenant to Pay and Commencement. Each Owner, by acceptance of a deed to his Lot or Unit, whether or not it shall be so expressed in such deed, is thereby deemed to covenant

and agree to pay to the Association and, as applicable, the Townhouse Association: (a) Common Assessments, (b) Working Capital Fund Assessments; (c) Special Assessments, (d) Townhouse Assessments, (e) Reimbursement Assessments, and (f) fines or charges which may be imposed against such Lot or 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 improved Lot or 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.

7.2. 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 Area, including, without limitation, costs of labor, equipment, and materials incurred in connection therewith.
- b. Utility charges for utilities serving the Common Areas and for the lighting of streets throughout the Common Areas, 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 Lots.
- 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.

7.3. 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 Lots and the Units.

7.4. 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 Lot or 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.

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

7.6. 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.

7.7. 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 Areas or Common Elements shall be exempt from Assessments.

7.8. Working Capital Fund Assessment. Each Owner of a Lot and/or a Unit shall pay a "Working Capital Fund Assessment" in the amount of Two Hundred and No/Dollars (\$200.00) to the Association or the Townhouse Association at the closing of the sale of the completed dwelling. The Working Capital Fund Assessment will apply to the first sale of a Unit or a completed dwelling upon a Lot and to every subsequent sale of such Unit or Lot. 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; provided, however, the Working Capital Fund Assessment shall not exceed an amount equal to one-half (½) of that year's Common Assessment. 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 Areas or Common Elements and the Administrative Functions of the Association and the Townhouse Association that cannot be funded by Assessments.

b. To reimburse the Declarant for all amounts loaned or otherwise expended by Declarant to the Association or the Townhouse Association to fund any operating deficits.

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

7.9. Special Assessments. The Board may levy one or more Assessments to be known as "Special Assessments" for the purpose of raising funds, not provided by Common Assessments to: (a) construct or reconstruct, repair, remodel, replace, or maintain Improvements upon Development Property, including necessary personal property related thereto, and to pay ad valorem taxes and insurance on Development Property; (b) add to the Development Property; (c) provide for necessary facilities and equipment to offer the services authorized in this Declaration; (d) repay any loan made to the Association or the Townhouse 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.

7.10. Townhouse Assessments. The Board shall have the power and authority to levy a "Townhouse Assessment" to fund the annual or other periodic costs of operating the Townhouse Association attributable exclusively to the Units and the Townhouse Planned Unit Development, which are to be paid by each Unit Owner of the Townhouse Association. The Board shall fix the amount of the Townhouse Assessment by preparing a Townhouse Budget for the Administrative Functions to be provided by the Townhouse Association in the coming Assessment Year. The proposed Townhouse Budget is to show, in reasonable detail, the categories of expenses and the anticipated amounts of expenses for which Townhouse 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 Townhouse 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 Townhouse Budget and the Townhouse Budget for the current Assessment Year will be made available by the Townhouse Association to any Person requesting a copy thereof upon payment of the reasonable expense of copying same. The Board shall allocate the Townhouse Assessment equally among the Units.

7.11. Reimbursement Assessment. Subject to the provisions hereof, the Board may levy an Assessment, known as a "Reimbursement Assessment" against any Owner(s) to reimburse the Association or the Townhouse 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 or the Townhouse 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.

7.12. Developer Responsibility. Until the termination of the Appointment Period, the Declarant shall not be liable for payment of assessments on its unsold Lots or Units. However, Declarant may, but shall not be obligated to, elect to contribute to the Association or the Townhouse Association the difference between the amount of Assessments levied on all other Lots or Units subject to assessment and the amount of the Association's or the Townhouse 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 or the Townhouse Association. A Subsidy may be evidenced by one or more promissory notes from the Association or the Townhouse Association in favor of Declarant or Declarant may cause the Association or the Townhouse 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 or the Townhouse 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 the Townhouse 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.

7.13. Enforcement: Liens and Personal Obligation. In order to secure payment of Assessments, fines, or other duly levied charges assessed against any Lot or Unit within the Development Property pursuant to this Declaration as same become due, there shall arise a continuing lien and equitable charge ("Assessment Lien") in favor of the Association or the Townhouse Association for all such sums, together with court costs, reasonable attorney's fees,

late charges, any other collection costs, and interest thereon as provided herein (collectively, "Non-compliance Damages"). If any Assessment, fine, or other duly levied charge remains unpaid for sixty (60) days from the original due date, the Association or the Townhouse Association may, as the Board shall determine, institute suit to collect Noncompliance Damages, foreclose its Assessment Lien, or both. The Assessment Lien shall be in favor of the Association or the Townhouse Association and each Owner, by acceptance of a deed to a Lot or a Unit vests in the Association, the Townhouse Association or their agents, the right and power to sue or otherwise proceed against such Owner for the collection of Noncompliance Damages and/or to foreclose the Association's or the Townhouse Association's Assessment Lien. The Association or the Townhouse Association shall have the power to bid on the Lot or Unit at any such foreclosure sale and to acquire, hold, lease, mortgage, and convey same except that the amount the Association or the Townhouse Association may bid at any such sale may not exceed the total amount owed to the Association or the Townhouse Association by the delinquent Owner. The Noncompliance Damages shall also be the personal obligation of the Person who was the Owner at the time the Assessment, fine, or other duly levied charge became due. Such personal obligation shall not pass to successors in title unless expressly assumed by them. Any sale or transfer described herein shall not relieve such Lot or the Unit from liability for any Assessments accruing after such sale or transfer.

7.14. Priority of Assessment Lien. The Assessment Lien described in the preceding Paragraph shall be superior to all other liens and encumbrances on such Lot or 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 Lot 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 Lot or Unit on which such Mortgage exists shall not be entitled to such priority unless such Mortgagee obtains the written agreement of the Association or the Townhouse Association that it will be entitled to such priority before making such Mortgage. All Persons acquiring other liens or encumbrances on any Lot or 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.

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

7.16. Estoppel Certificate. Upon the payment of such reasonable fee as may be determined from time to time by the Board and upon the written request of any Owner or any Mortgagee or Person intending to acquire any right, title, or interest in the Lot or Unit of such Owner, the Association or the Townhouse Association shall furnish a written statement setting

forth the amount of any Assessments or other amounts, if any, due and owing to the Association or the Townhouse Association and then unpaid with respect to such Lot or Unit and/or the Owner thereof, as well as the amount of any Assessment levied against such Lot or 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 or the Townhouse 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 Lot or Unit.

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

Article VIII

ANNEXATION AND WITHDRAWAL OF PROPERTY

8.1. 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.

8.2. 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 at least two-thirds (2/3) of the total collective Votes in the Association and the Townhouse Association present in person or by proxy at a meeting duly called for such purpose.

8.3. Manner of Annexation. Any parcel of real property to become part of the Development Property and to be made subject to this Declaration (“Future Phase 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 Future Phase Property described therein; (b) contain an adequate legal description of the Future Phase 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 Future Phase Property is declared to be part of the Development Property under this Declaration and that the Future Phase Property shall be subject to this Declaration.

8.4. 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 ("Notice of Withdrawal").

Article IX

IMPROVEMENTS AND ARCHITECTURAL STANDARDS

9.1. General. No structure shall be placed, erected or installed upon any Lot or 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 Lot or Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit or upon a Lot visible from outside the structures on the Lot or 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, the Association or the Townhouse Association.

9.2. Designation of Committee. The Association and the Townhouse Association may have an Improvement Review Committee ("IRC"), which shall consist of no more than five (5) 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.

9.3. 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 Stonecrest and/or Stonecrest Townhouse and otherwise compatible with other Improvements constructed within the Development Property. 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 Lots or Units.

9.4. 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.

9.5. Submission of Plans. Any Owner, Builder, or any agent thereof desiring to construct an Improvement upon any Lot, 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 Lot or Site, the proposed location of all Improvements to be placed upon the Lot, 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.

9.6. 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.

9.7. Approval of Contractors. In order to minimize confusion and the complications which may result from the construction of a number of Improvements upon different Lots, 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.

9.8. 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 Declarant the Association or the Townhouse Association to repair any damage to Common Areas, 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.

9.9. 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.

9.10. 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, the Association, or the Townhouse 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.

9.11. 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 or the Townhouse Association shall have a lien on the Lot or 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 X

IMPROVEMENT RESTRICTIONS

10.1. 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 Lots or Unit Pads, Units or Private Elements within the Development Property.

10.2. Lot Combination and Re-subdivision. If one or more contiguous Lots are owned by the same Owner, they may be combined subject to compliance with applicable subdivision laws and regulations upon consent of Declarant during the Appointment Period and thereafter the Board for the purpose of placing approved Improvements thereon. Once combined, however, they shall retain their status as individual Lots for purposes of Voting and Assessments. No Lot shall be re-subdivided in order to create additional building sites except by Declarant, unless such re-subdivision is first approved by the applicable governing authority and the Board. Declarant shall have the right, but not the obligation, to re-subdivide Lots by recorded plat or in any other lawful manner, and such lots, as re-platted, shall be subject to this Declaration as if such Lots were originally included herein as Lots. Any such re-plat must comply with pertinent re-platting ordinances, statutes, regulations, and requirements.

10.3. 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.

10.4. Driveways and Sidewalks. The IRC shall approve the location, construction, design, and types of materials for all driveways and sidewalks. 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 Lot or Private Element and the overall Development Property.

10.5. 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.

10.6. Fencing, Walls, and Hedges. Location, style, type, and materials of fencing, walls, and/or hedges must be approved by the IRC. No fence nor wall shall be erected or maintained nearer to the front lot line than the rear of the dwelling, and for corner lots, not nearer to the lot line facing the more minor side street than the side the dwelling. Hedges, shrubbery or evergreens may be located nearer to the lots lines than fencing and walls, but their location must be approved by the IRC. No fence, wall, or hedge shall be allowed in any drainage easements that may exist on a Lot or Private Element. 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.

10.7. Yards. Lots and, if applicable, Private Elements, are to be landscaped and maintained in an attractive manner that is compatible with neighboring Lots and Private Elements and respectful of views and privacy of adjacent Owners. 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 Lot or 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.

10.8. Grading and Drainage. No Owner shall excavate earth from any Lot or 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 Lot or Private Element without the consent of the IRC, which must also approve the nature, manner, and methods of the earthwork. Drainage of each Lot and Private Element shall conform to the general drainage plans for the Development Property. No storm water drain, roof downspout, or ground water shall be introduced into the sanitary sewage system.

10.9. Swimming Pools and Spas. Outdoor swimming pools are prohibited. Hot tubs, Jacuzzis, or spas for the use of Owners and their guests may be constructed on Lots or Private Elements so long as: (a) they are of a permanent nature and are below ground level or are incorporated into other improvements such as decking, gazebo, or otherwise and approved by the IRC; (b) the location complies with the minimum setback requirements shown on the Plat; (c) all

applicable laws, ordinances, rules, and regulations of governmental agencies are satisfied and all necessary governmental permits are obtained by the Owner at his expense; (d) such spas are completely fenced in a manner approved by the IRC; (e) the IRC has approved the design and location that shall be in the rear yard only; and (f) construction is not commenced until after the commencement of the construction of the dwelling.

10.10. 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 or the Townhouse Association shall have a lien on the Lot or 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 XI

USE RESTRICTIONS

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

11.2. Residential Use. No Lot, 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, however, be construed in such a manner as to prohibit an Owner from: (a) keeping his personal business or professional records or accounts; or (b) handling his personal business or professional calls or correspondence from his Lot, 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 Lots, Units or Private Elements by or on behalf of Declarant for purposes of construction, development, and sale of same.

11.3. Occupancy Permit. No dwelling upon any Lot, 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.

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

11.5. Yards and Landscaping. Lawns shall be maintained in a neat and orderly fashion so that the grass does not become overgrown. In the event an Owner fails to maintain his lawn as provided in this Paragraph after three (3) days written notice to do so, the Board shall have the right to complete the lawn maintenance and the cost thereof shall be a lien against the Lot or Unit to secure the repayment of such amounts. Such lien may be enforced in the same manner and with the same priority that the lien for Assessments may be enforced. Yard art and water features shall not be permitted in the front yard or otherwise visible from any street.

11.6. Clotheslines and Lighting. No clotheslines, clothes hanging devices, or the like upon any Lot or 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 Lots or Private Elements. Exterior flashing lights or spot/flood lights on the exterior that shine on or into adjacent Lots or 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.

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

11.8. 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 Lot or Private Element. The Board shall have the authority to govern the location, any required screening, materials, and types of various recreational equipment.

11.9. Antennae and Flags. 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 Lot or 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 Lot or Private Element or be visible from the roads. No flag poles or flag mounting structure or devise may be located on a Lot or Private without the approval of the IRC as to location and size.

11.10. Window Units / Treatments. All supplements to the central air conditioning system must be used, erected, placed, or maintained on the rear of the dwelling structure. No window or wall type air conditioning system shall be permitted to be seen from the street view of any Lot or Private Element, and all such systems shall be installed flush with the exterior wall surface. Except for blinds and curtains, all window treatments that are visible from any street or Common Area shall be subject to approval of the IRC, in its sole discretion.

11.11. 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.

11.12. Temporary Structures. No trailer, camper, garage, tent, shack, barn, shed, carport, or other outbuilding shall be erected, moved onto, stored or used on any Lot or Private Element as a residence, temporarily or permanently, nor shall any residence of a temporary character be permitted. Any detached structure must be located in the rear yard.

11.13. Detention Pond. Any detention pond or detention area, which encroaches on or lies wholly or partially within any Lot or Private Element shall not be filled, disturbed, or altered in any way by the Owner. The visible areas of these detention ponds or detention areas will be maintained and mowed within the boundaries of same as shown on the Plat or Site Plan. A perpetual easement is reserved to Declarant or any successor, assignee, or appointee of Declarant and/or the Board across any Lot or Private Element to repair or maintain such areas.

11.14. Curb Cuts and Damage. Any Owner or Builder who makes a curb cut or damages any Common Area or 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 or Townhouse Association for the cost of any such repairs, if Declarant or the Board repairs the damages.

11.15. 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 or Townhouse 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.

11.16. 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 Lot 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.

11.17. Vehicle Storage. No mobile home, bus, camper, boat, trailer, truck, 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 residential areas of the Development Property, except for vehicles and equipment necessary for and being used in the development, construction, repair, or service of same. No commercial trucks, vans, or trailers shall be parked on driveways or in streets for periods of time exceeding twelve (12) consecutive hours or for more than seventy-two (72) hours in any calendar week.

11.18. 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.

11.19. Parking and Entertainment. All Owners shall park their vehicles first, to the extent possible, in the garage for that Lot or 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. Vehicles may not be parked on grass or yard areas, except when entertaining. No Owner shall permit any vehicle (operable or inoperable) owned by such Owner or by any person occupying his Improvements or by any guest or invitee of such Owner to remain parked on any street within the residential areas of the Development Property for a period of more than seventy-two (72) consecutive hours. Any vehicle which remains parked on the street in violation of the foregoing covenant, or in violation of any other rules and regulations now or hereafter adopted by the Board, may be towed at the expense of the owner of such vehicle or the Owner of the Lot or Unit visited by such vehicle owner. Neither the Declarant, the Association, the Townhouse Associate, nor the Board shall be liable to the owner of such vehicle for trespass, conversion, or otherwise, nor be guilty of any criminal act by reason of such towing. Neither the removal nor the failure of the owner of such vehicle to receive any notice of said violation shall be grounds for relief of any kind. The term "vehicle" as used herein shall include, without limitation, motorhomes, watercraft, trailers, golf carts, motorcycles, scooters, trucks, all-terrain vehicles, campers, buses, and automobiles.

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

11.21. Codes. Each Owner shall observe all governmental building codes, health restrictions, zoning restrictions, and other regulations applicable to his Lot or 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.

11.22. Signs. The following restrictions shall apply to signs: (a) Declarant shall have the right to erect and to approve the erection of reasonable and appropriate signs for its own use and the use of Builders and other parties engaged in the construction and sale of Improvements within the Development Property; (b) Declarant shall have the right to remove any unapproved sign, billboard, poster, or advertising device that is placed on any Lot, 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 Lot, 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 Lot, Unit or Private Element, and no such sign shall be placed outside the boundary of the Lot, Unit or Private Element, within any right-of-way, Common Area, Common Element or Lot, 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.

11.23. 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 Areas, or neighboring Lots or 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 Lot, Unit, Private Element or upon the Common Areas without the consent of the Board, which may be granted in the sole discretion of the Board.

11.24. Noise. No Owner shall cause or allow any use of his Lot or 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 Lot or Unit.

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

11.26. 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.

11.27. 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 or the Townhouse Association shall have a lien on the Lot or 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 XII

MORTGAGEE PROVISIONS

12.1. 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.

12.2. Actions Requiring Mortgagee Approval – Lots. Without the prior written consent of at least fifty-one percent (51%) of all recorded first Mortgagees of Lots or the beneficiaries thereunder of record (based upon one vote for each Lot or Unit upon which a Mortgage is owned), who have requested such notice, the Association shall not be entitled by act or omission to seek to abandon or terminate the restrictions declared herein; provided, however, approval of such action shall be implied against any eligible Mortgagee in the event such Mortgagee fails to submit a response in writing to the Association within sixty (60) days of service of such notice by certified or registered mail, return receipt requested, to said Mortgagee at the address listed in the records of the Association.

12.3. Actions Requiring Mortgagee Approval – Units. 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 Townhouse Association shall not be entitled to:

- a. By act or omission, seek to abandon or terminate the Townhouse Planned Unit Development established hereby or to seek to abandon or terminate the restrictions herein.
- b. Change the formula for determining each Unit's Townhouse Assessment liability or allocating distributions of hazard insurance proceeds or condemnation awards or change the method of assessment of Townhouse Assessments or the priority of the lien of the Townhouse Association for unpaid Townhouse 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 Townhouse 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 Townhouse 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.

12.4. Notices of Action – Mortgagee of Units. 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 Townhouse 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 Townhouse Association in connection with the Townhouse 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 Area.

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

12.6. 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.

12.7. Insurance Proceeds – Common Areas. 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 Areas.

12.8. Mortgagor Default – Lots. Mortgagees, upon written request, shall be notified by the Association in writing of any default by the mortgagor of a Lot in the performance of such mortgagor's obligations under this Declaration and its constituent documents not cured within sixty (60) days from the date of such default.

12.9. 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 such Owner's Lot or Unit.

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

12.11. Disposition by Mortgagee. Any Mortgagee who obtains title to a Lot or 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 Lot or Unit free of any claims for unpaid Assessments and charges against the mortgaged Lot or 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 Lot or 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 Lot or unit acquired by the Mortgagee.

Article XIII **AMENDMENTS**

13.1. 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 percent (50%) of the Members present at a duly called meeting of the Association or the affirmative written consent of such percentage of the Members at which a quorum is present unless a higher percentage Vote is required elsewhere in 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. 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 Rutherford County, Tennessee.

13.2. 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 Townhouse Association, the Board, Owner, any Person having a contractual right to purchase a Lot, Unit, any Mortgagee or beneficiary of any Mortgage or deed of trust on any Lot, 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.

13.3. 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 XIV **MISCELLANEOUS PROVISIONS**

14.1. 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, the Townhouse 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 (10th) 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. 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.

14.2. Notice to Owners. Notice to any Owner set forth herein shall be sent by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, facsimile transmission, or electronic transmission at the address or other contact information provided to the Board by the Owner or in the event no separate address or other contact information has been provided, then by prepaid U.S. Mail or hand delivery to the Owner's Lot or 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 Lot or Unit shall be deemed to have received such notice.

14.3. Notice to Declarant or Association. The address of the Declarant, the Association or the Townhouse 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, the Association and the Townhouse 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 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.

14.4. 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.

14.5. Books and Records. Except for confidential, non-public information of the Association or the Townhouse 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 and the Townhouse Association are subject to inspection at the principal office of the Association or the Townhouse 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.

14.6. Right To Mortgage Information. Each Owner hereby authorizes any Mortgagee holding a Mortgage on such Owner's Lot or 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.

14.7. Limitation on Liability. The Association, the Townhouse Association, the Board, the IRC, any other committee established by the Board, the Declarant, and any member of the Board or any committee, officer, agent, or employee of any of them (collectively the "Indemnitees") shall not be liable to any Person for any mistake of judgment, whether negligent or otherwise, or for any action or any failure to act under this Declaration or any Supplemental Declaration. In addition, the Board and the officers of the Association or the Townhouse Association shall have no personal liability with respect to any contract or other commitment made by them, on behalf of the Association or the Townhouse Association (except to the extent that such directors or officers may also be Owners). The Association or the Townhouse 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 or the Townhouse 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 or the Townhouse Association. Any right of indemnification provided in this Paragraph shall not be exclusive of any other rights to which an Indemnatee may be entitled.

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

14.9. Land Outside Development Property. The restrictions created by this Declaration benefit and burden only the Development Property and no other land whatsoever. Notwithstanding any possible sharing of present or future facilities by other land, whether developed by Declarant or others, the general plan created by the restrictions of this Declaration extends only to the Development Property, and such restrictions are not intended to benefit any Persons other than those having an interest in the Development Property. No Person owning land or having an interest in land outside of the Development Property shall have any right whatsoever to enforce this Declaration for the benefit of such land, and neither the Association, the Townhouse 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.

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

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

14.12. 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.

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

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

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

14.16. Captions and Gender. The captions herein are inserted only as a matter of convenience, and in no way define, limit or describe the scope of these provisions or the intent of any provision hereof. The use of the masculine gender in this Declaration and in the Governing Documents shall be deemed to include the feminine and neuter references, and the use of the singular shall be deemed to include the plural whenever the context so requires.

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned, the Declarant and owner of the Development Property to be subject hereto, has caused this Declaration to be duly executed this the 23 day of October, 2013.

DECLARANT and OWNER

D. R. Horton, Inc., a Delaware corporation

By:

Anthony W. O'Leary
(Print
(Name: Anthony W. O'Leary)

Its:

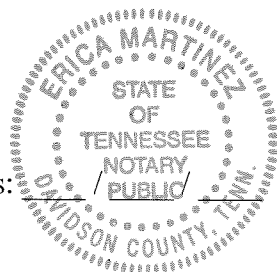
City Manager, Nashville

STATE OF TENNESSEE)

COUNTY OF Davidson)

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Anthony O'Leary with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the City Manager of D. R. Horton, Inc. (the "Corporation"), a Delaware corporation, and that he, as such officer, being duly authorized to do so, executed the foregoing document for the purposes contained therein, by signing his name as such officer acting on behalf of the Corporation.

Witness my hand and official seal at _____ on this the 23rd day of October, 2013.



My Commission Expires:

Erica Martinez
NOTARY PUBLIC

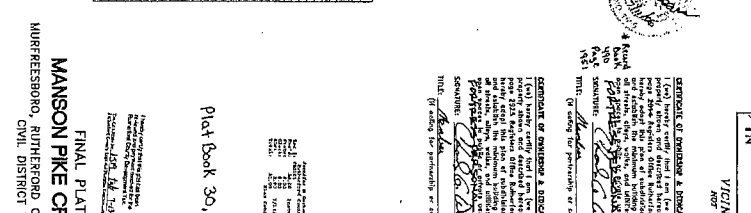
STATEMENT OF APPROVAL OF WATER SYSTEMS

[Handwritten signature]

CORPORATED WINDY BEACH OFFICE

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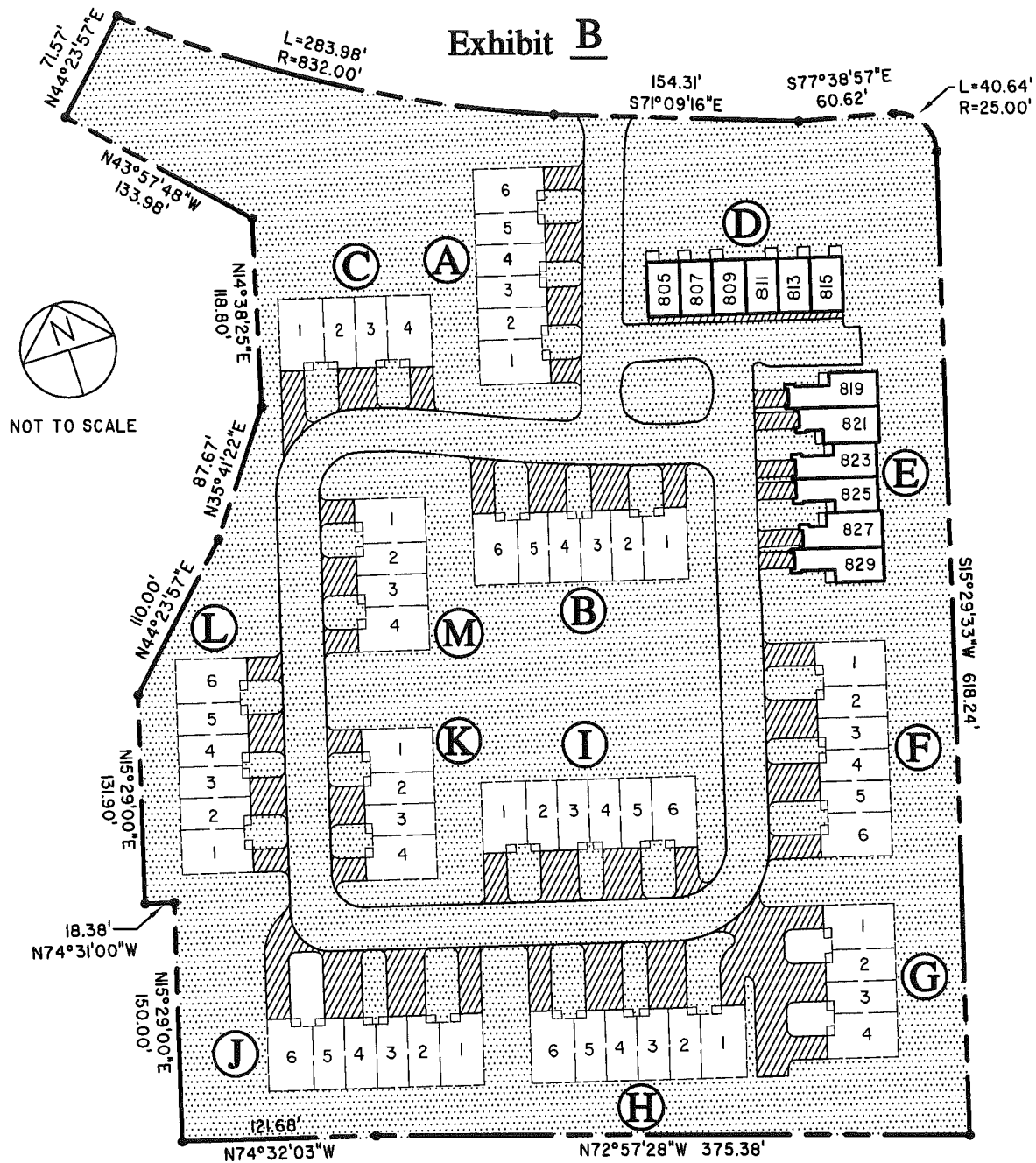
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100	100	100	100

IN NORTHERN COUNTY, SAN MATEO
MARTINEZ
SAN MATEO
TOWNSHIP
CALIFORNIA 94026
415-947-1000

FINAL PLAT
MANSON PIKE CROSSING
MURFREESBORO, RUTHERFORD COUNTY, TENNESSEE
CIVIL DISTRICT 7TH

Pict Book 30, Page 140-141

Exhibit B



LEGEND

- 2 FUTURE PHASE UNITS
- 813 PRIVATE ELEMENT
- DRIVEWAYS - LIMITED COMMON ELEMENT
- COMMON ELEMENTS

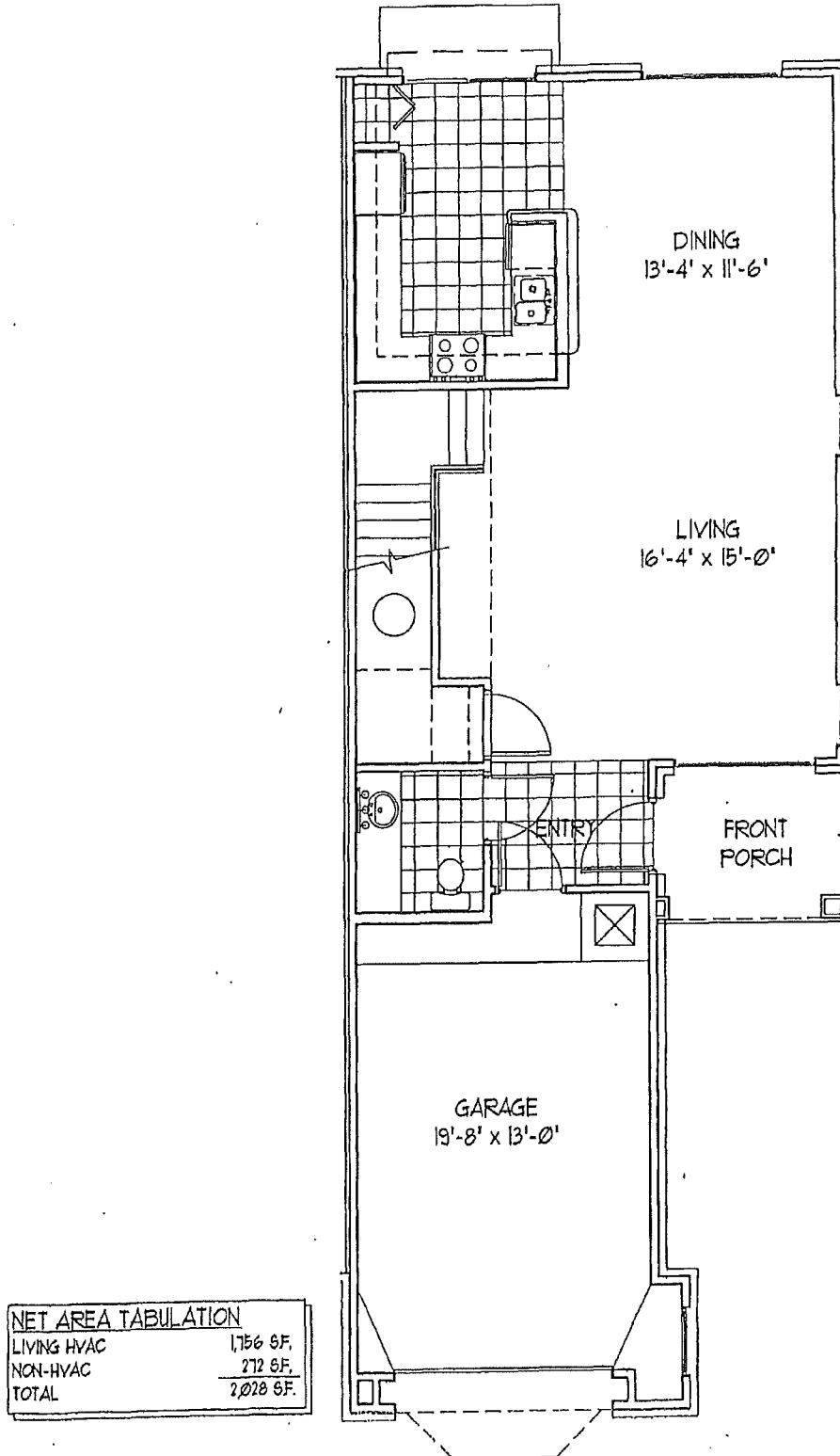
THIS PLAN/EXHIBIT WAS PREPARED BY SITE ENGINEERING CONSULTANTS, INC., FROM PLANS BY OTHERS. THIS PLAN DOES NOT REPRESENT A LAND SURVEY. PROPERTY SHOWN HEREON IS TAKEN FROM A FINAL PLAT ENTITLED "STONECREST", AS RECORDED IN PLAT BOOK _____, PAGE _____, R.O.R.C., TN.

THOMAS G. ROSENTHAL, TENN. R.L.S. No. 1805 DATE
SEC INC.

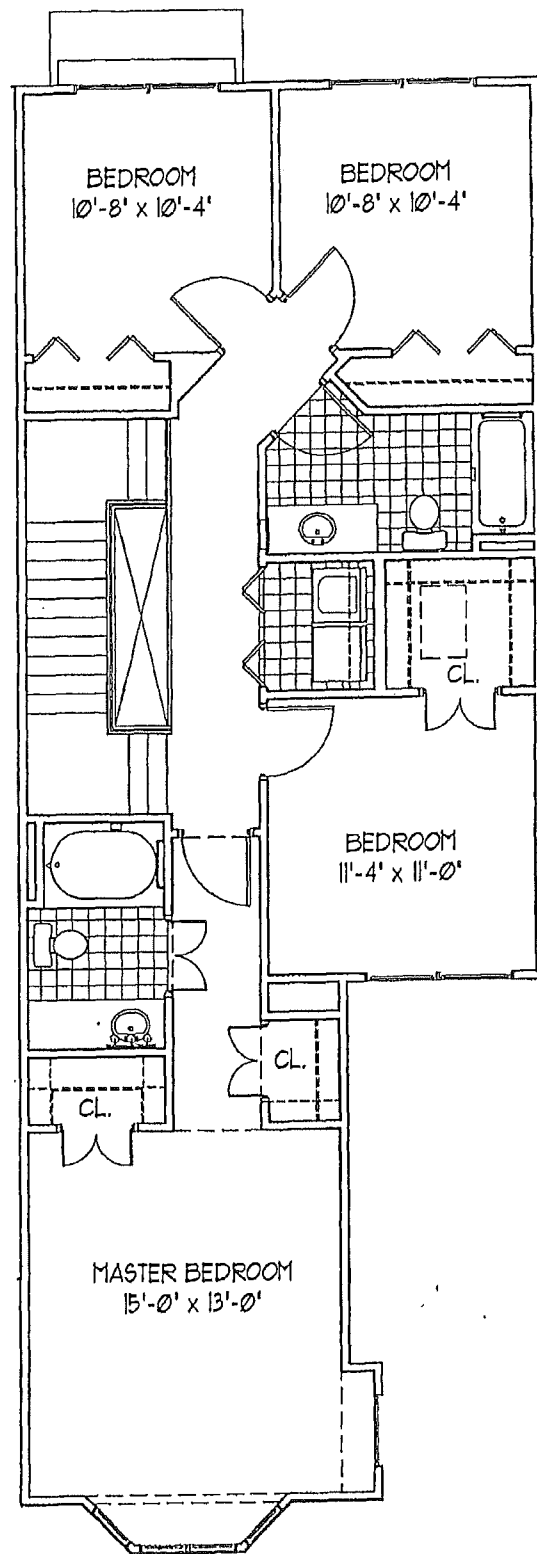
Stonecrest Townhouses

A Planned Unit Development

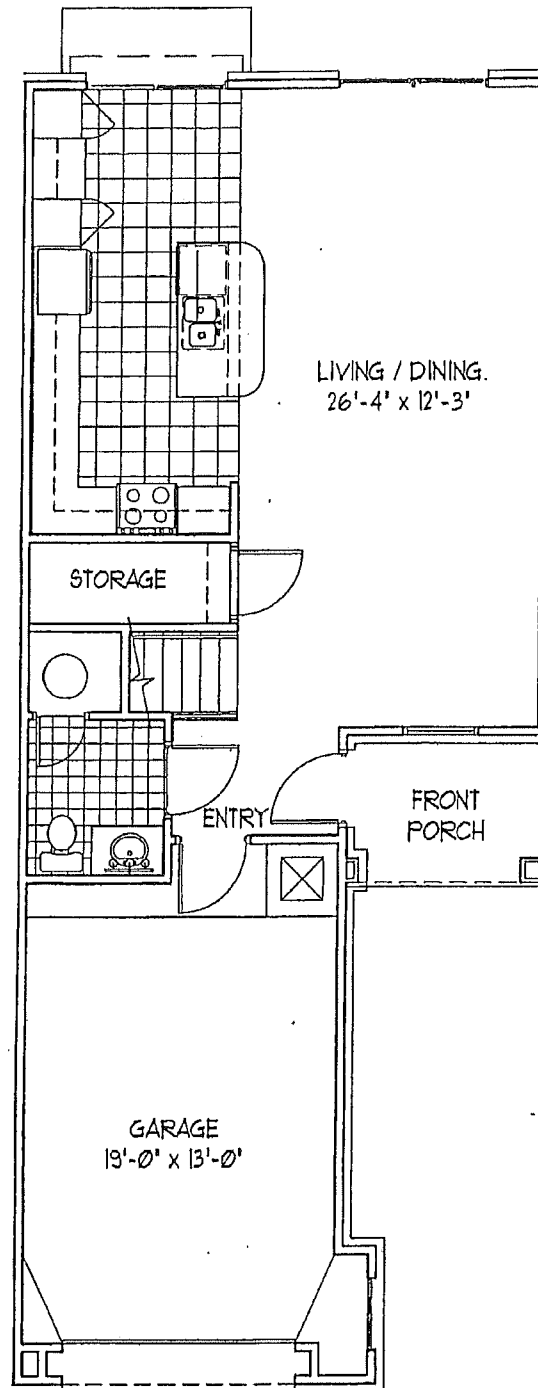
(A Horizontal Property Regime with Private Elements)



The Astor
First Floor



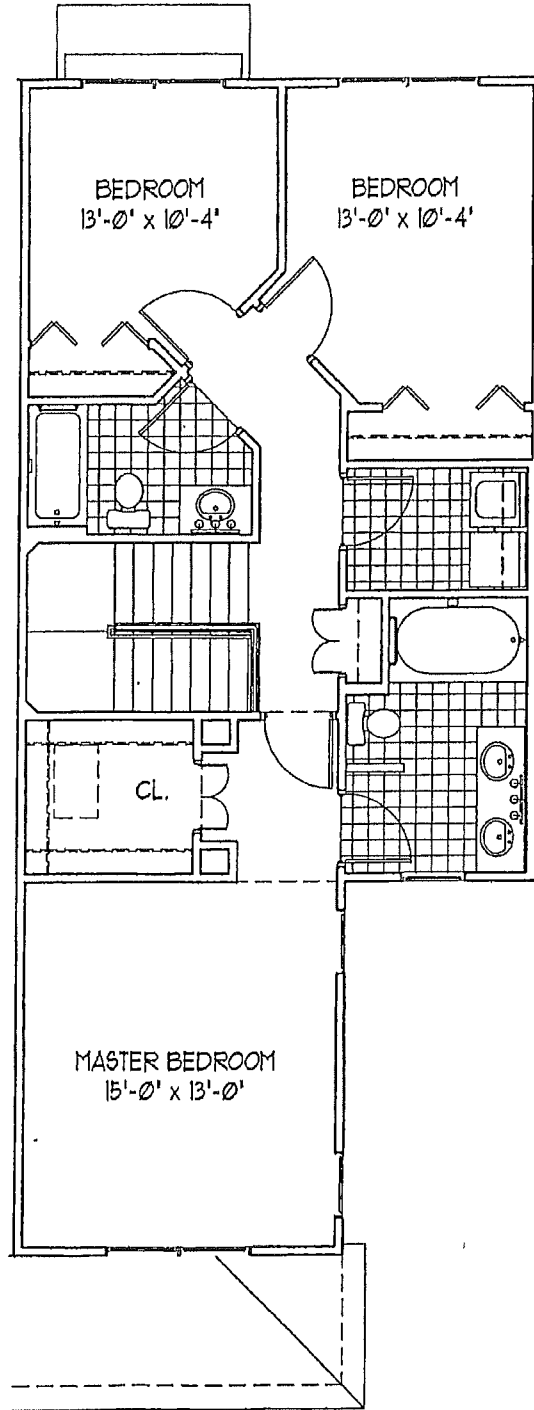
The Astor
Second Floor



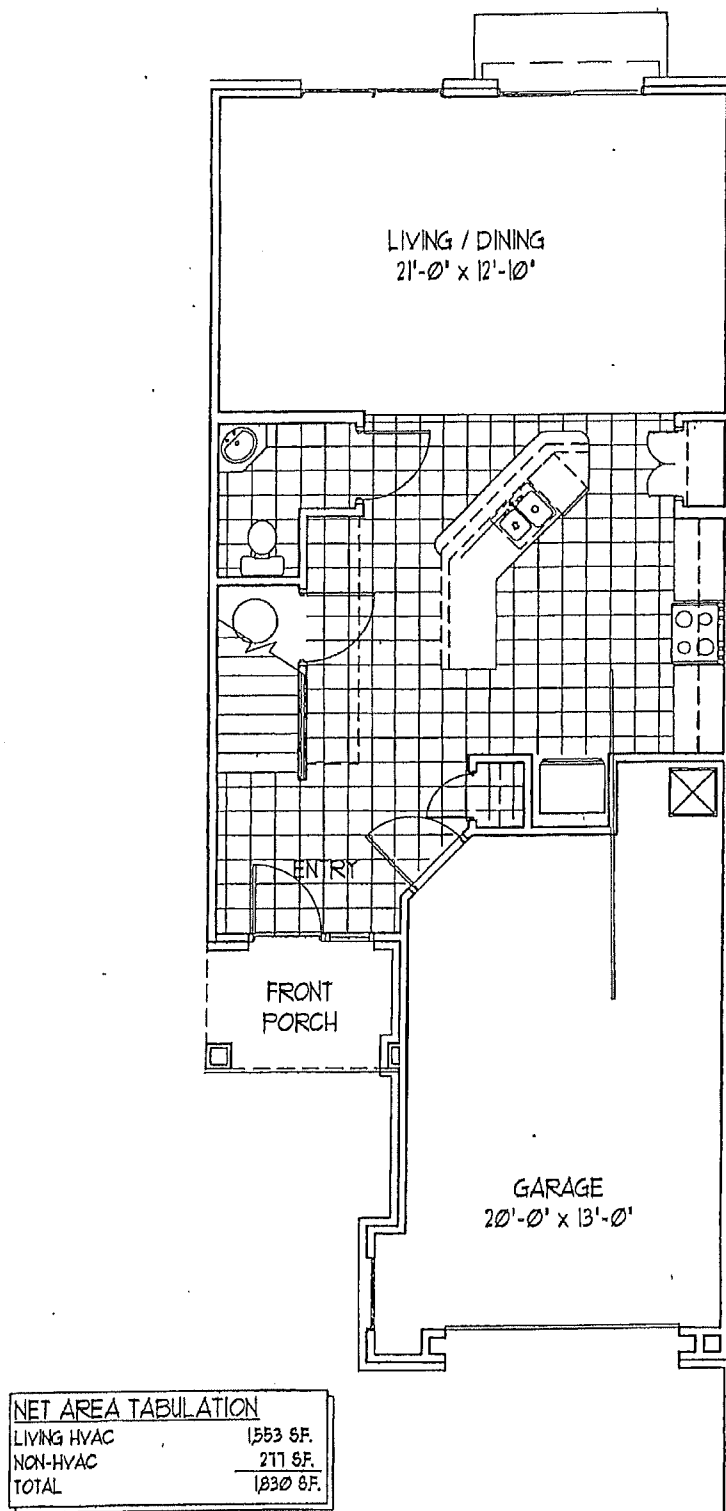
NET AREA TABULATION	
LIVING HVAC	1,494 SF.
NON-HVAC	265 SF.
TOTAL	1,759 SF.

The Bently

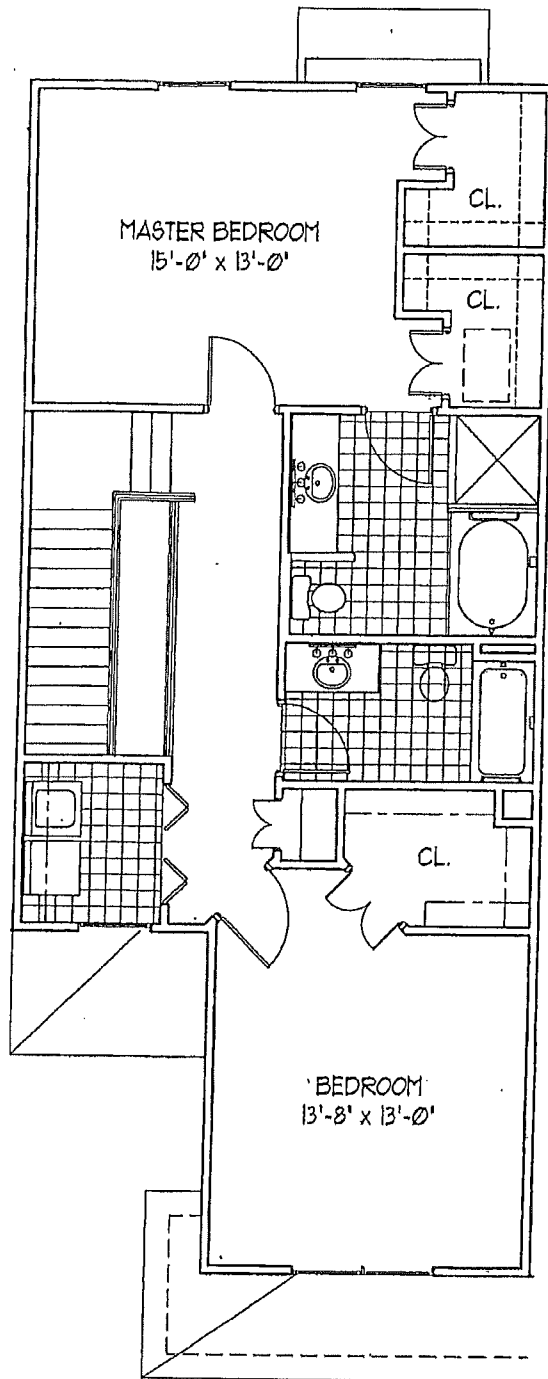
First Floor



The Bently
Second Floor



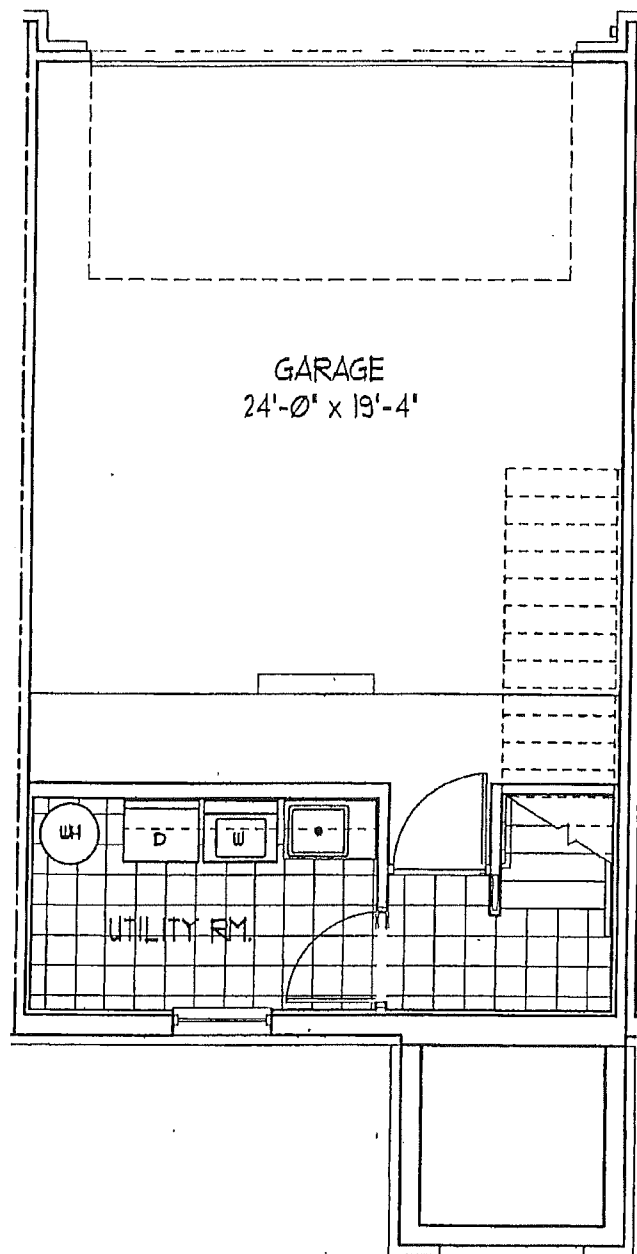
The Cambridge
First Floor



The Cambridge

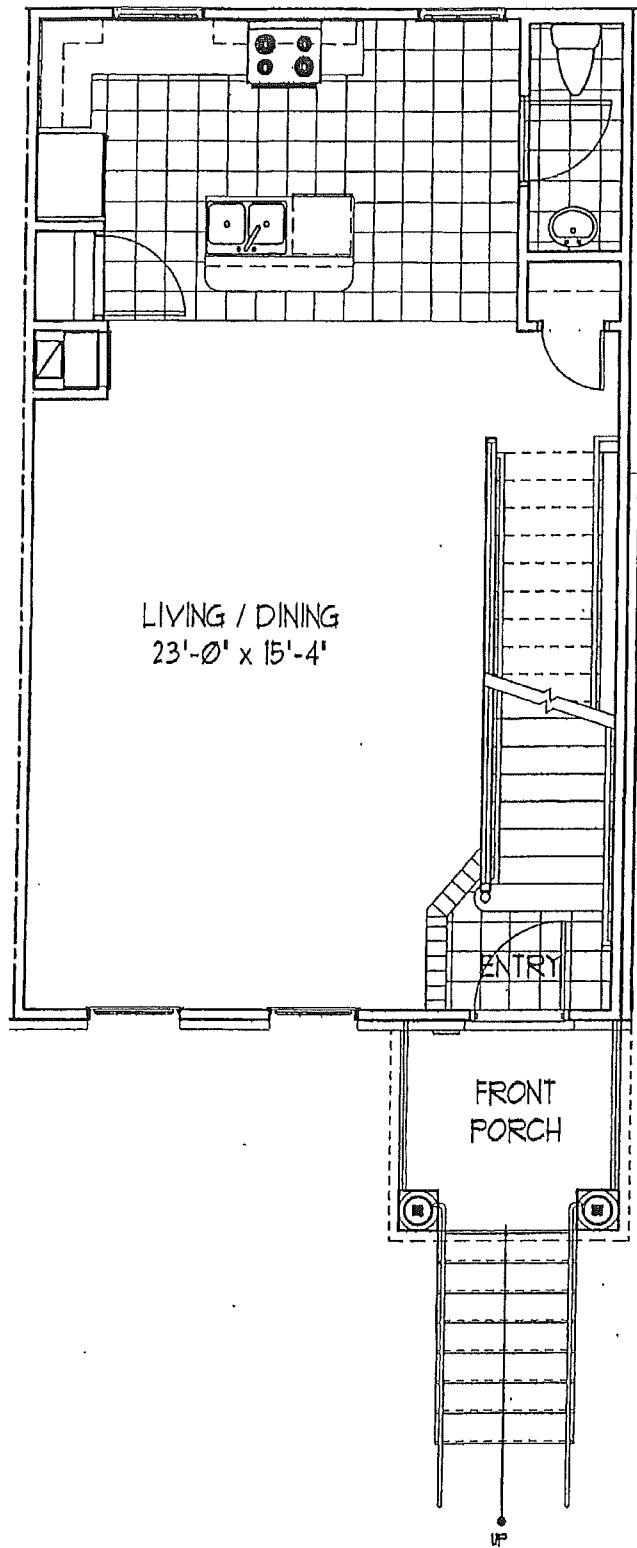
Second Floor

NET AREA TABULATION	
LIVING HVAC	1293 SF.
NON-HVAC	612 SF.
TOTAL	1,905 SF.

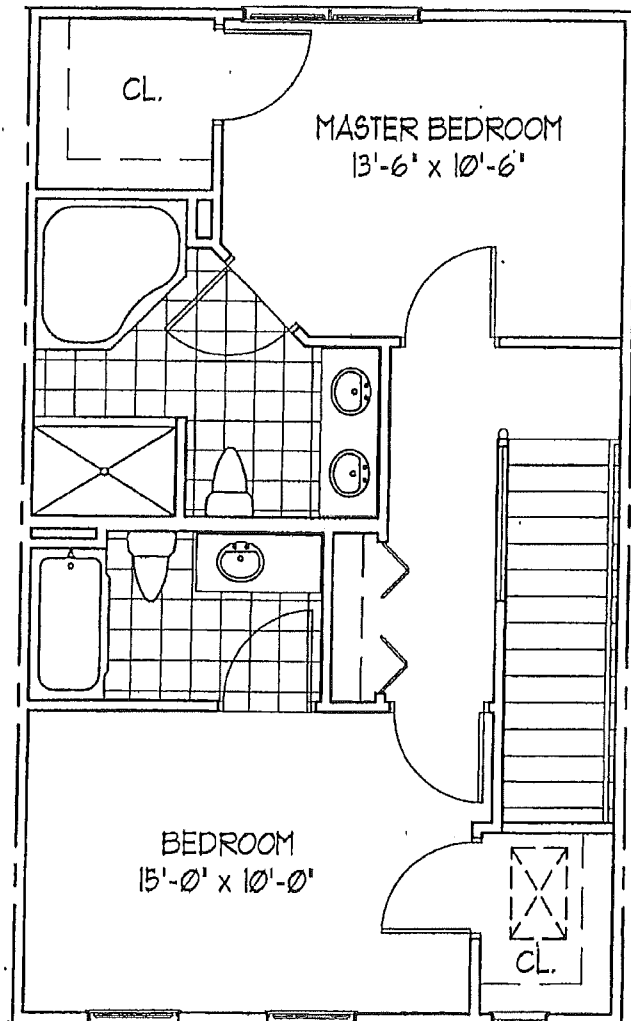


The Devon - A

First Floor

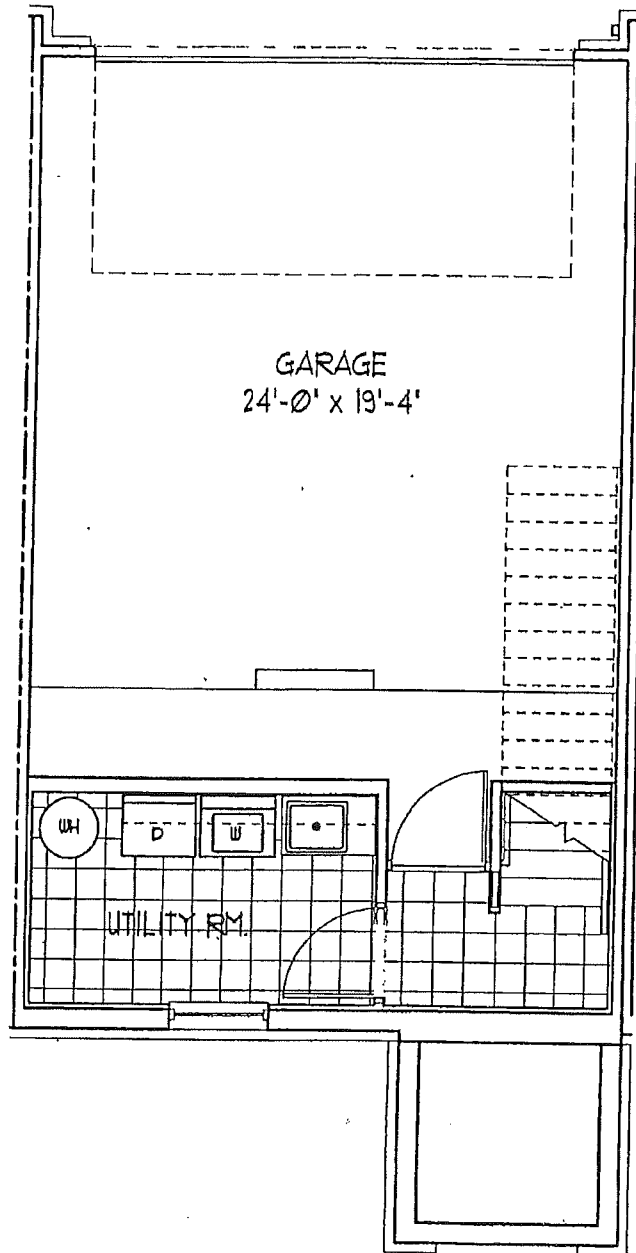


The Devon - A
Second Floor

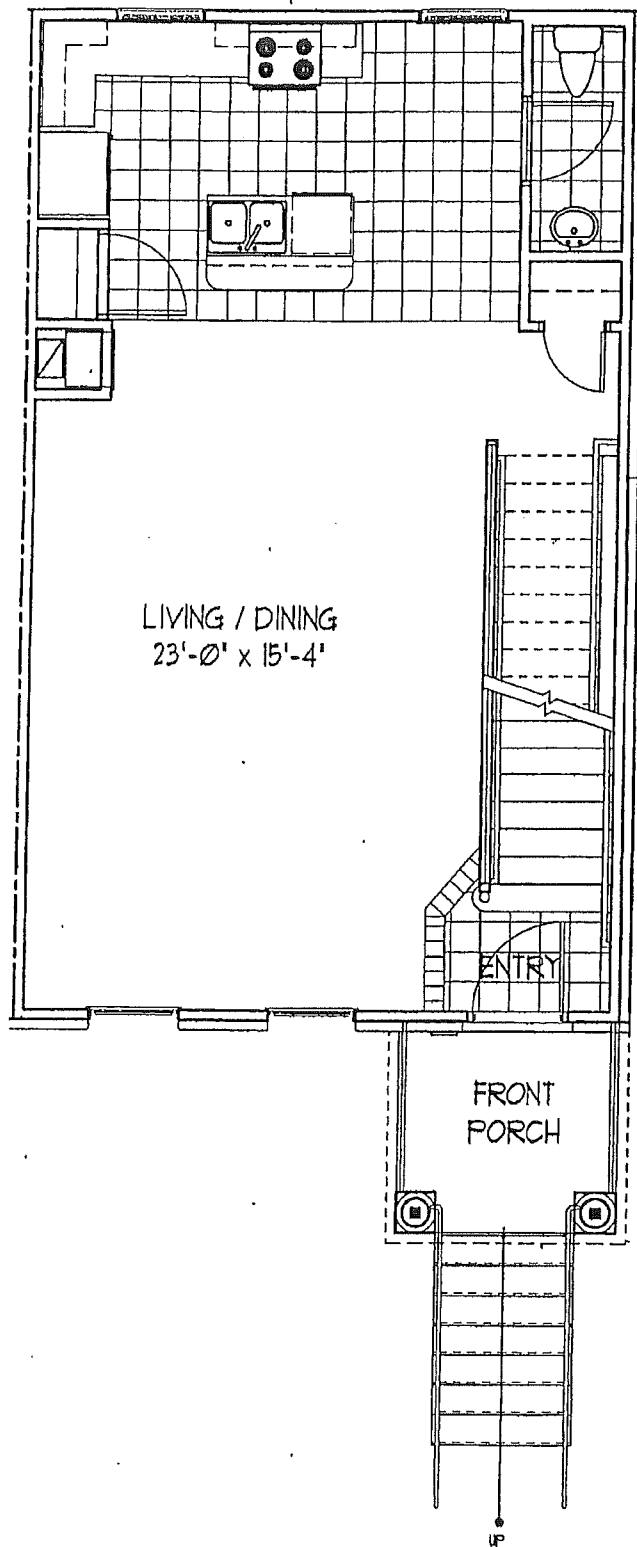


The Devon - A
Third Floor

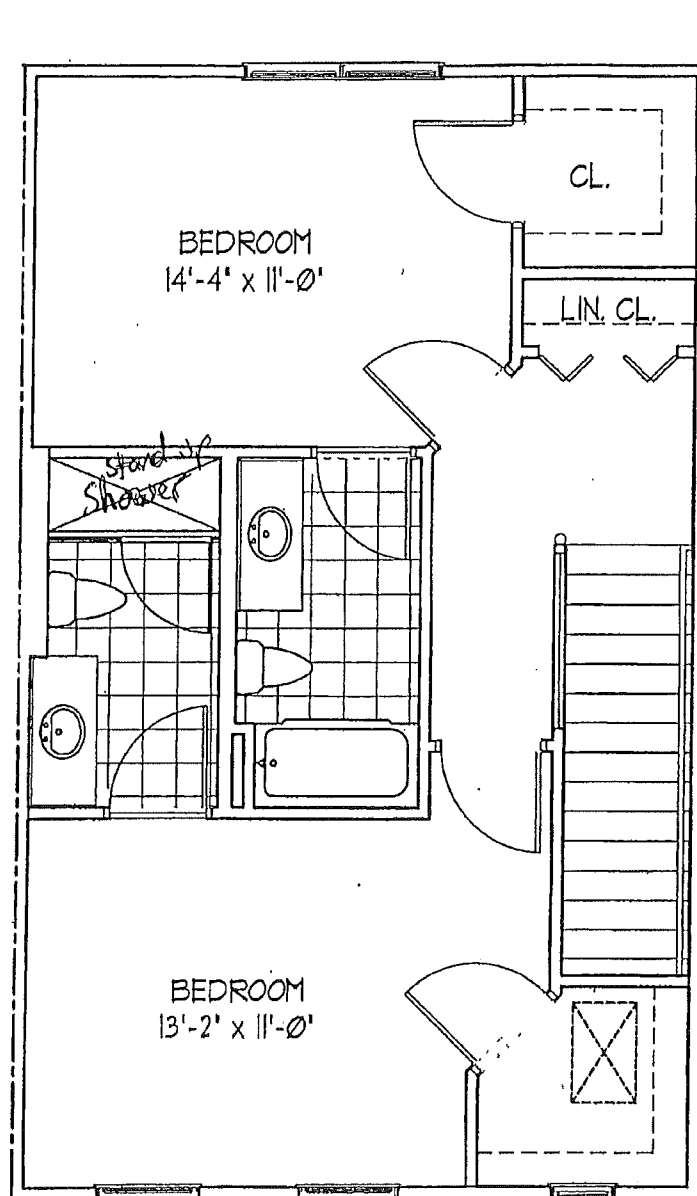
NET AREA TABULATION	
LIVING HVAC	1293 SF.
NON-HVAC	612 SF.
TOTAL	1,905 SF.



The Devon First Floor

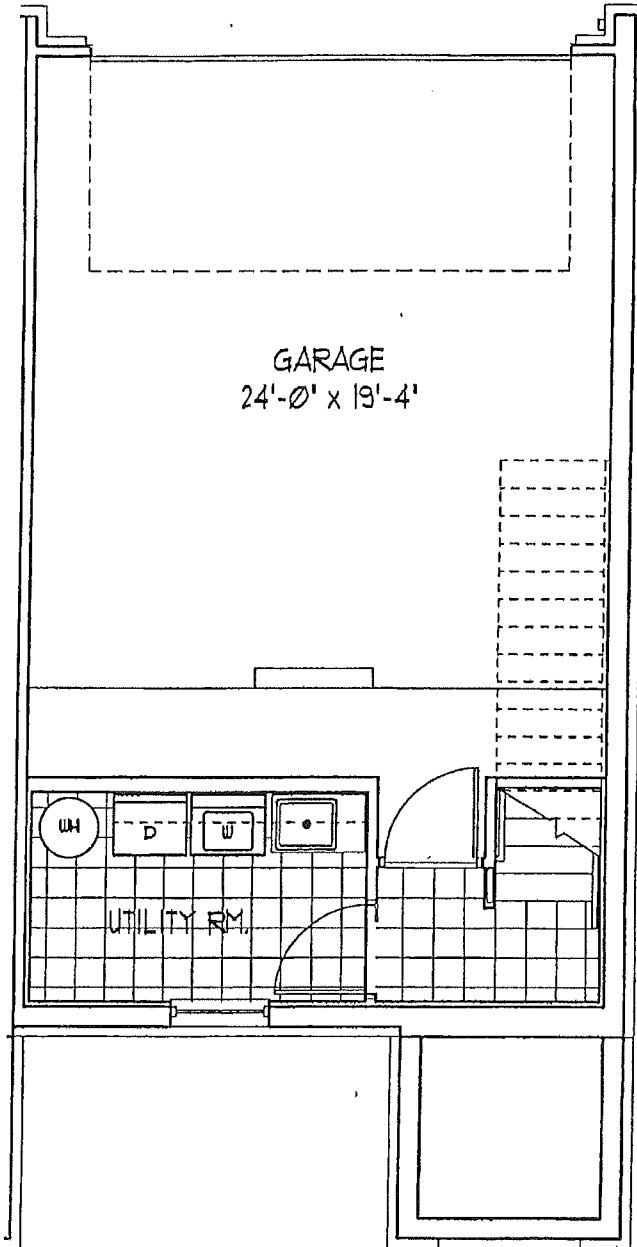


The Devon
Second Floor

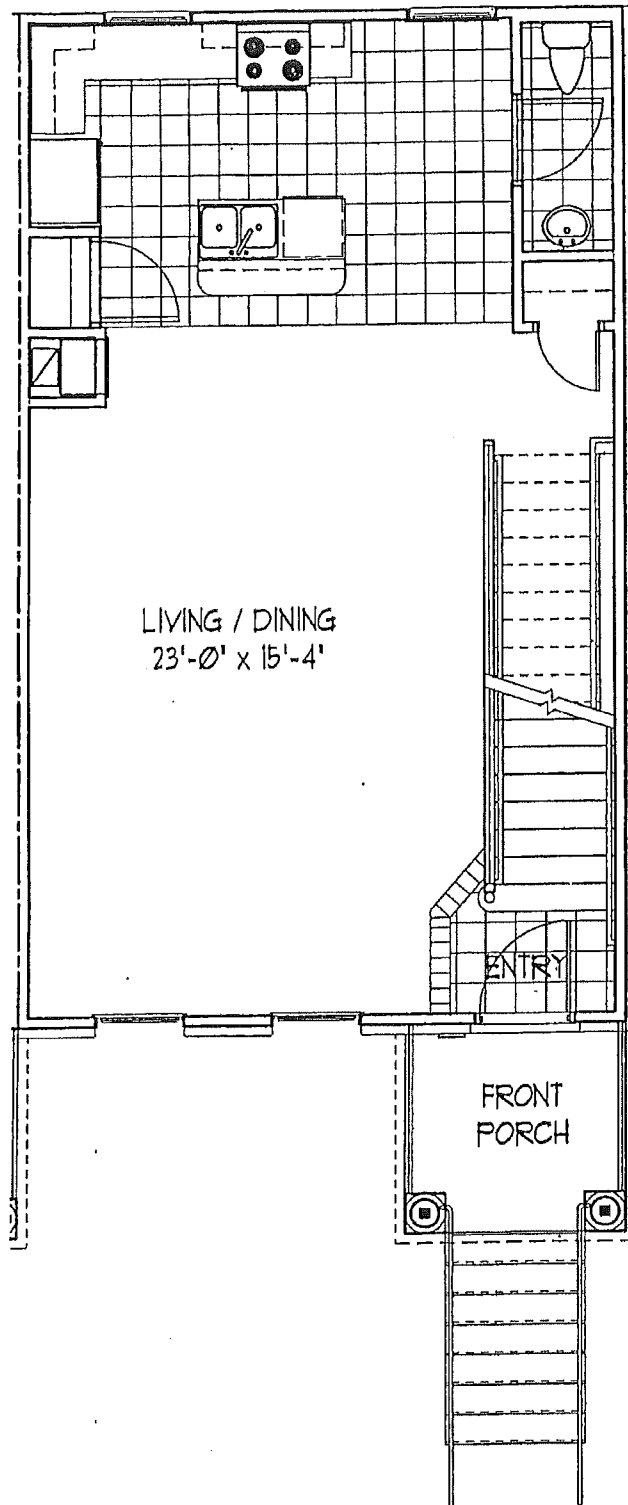


The Devon
Third Floor

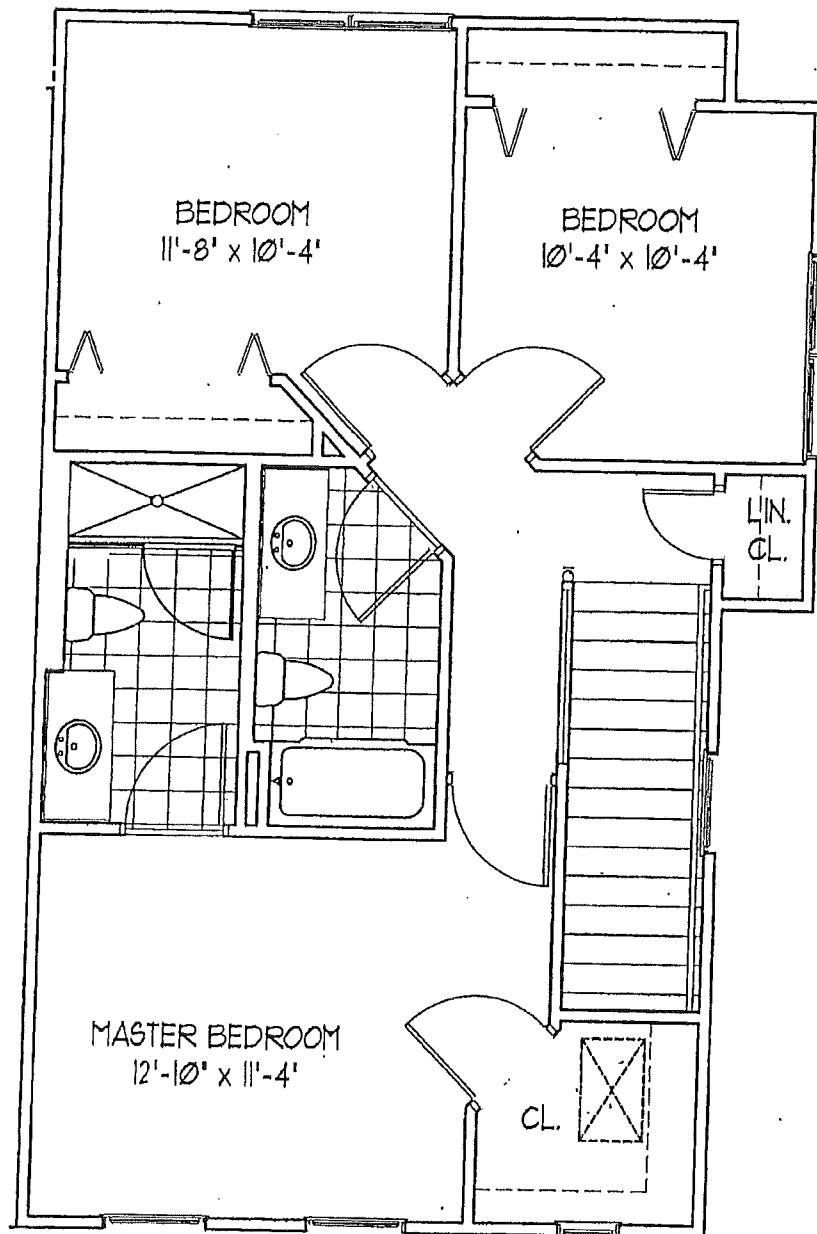
NET AREA TABULATION	
LIVING HVAC	1,377 SF.
NON-HVAC	612 SF.
TOTAL	1,989 SF.



The Essex
First Floor



The Essex
Second Floor



The Essex

Third Floor

EXHIBIT C

**ARTICLES OF INCORPORATION
OF
STONECREST 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 Stonecrest 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: Stonecrest Owners Association, Inc. c/o Stones River Property Management & Real Estate Services, Inc., 2122 N. Thompson Lane, Murfreesboro, Rutherford County, TN 37129, Attn: Ronald Hodges, as may be relocated from time to time. The name of the initial registered agent of the Association is Ronald Hodges, who may be located at the registered office.

**ARTICLE IV
INCORPORATOR**

The name, address, and zip code of each incorporator is: Andy Oxley, 6005 Nolensville Road, Suite 201, Nashville, TN 37211.

**ARTICLE V
PRINCIPAL OFFICE**

The street address and zip code of the principal office of the Association is: Stonecrest Owners Association, Inc. c/o Stones River Property Management & Real Estate Services, Inc., 2122 N. Thompson Lane, Murfreesboro, Rutherford County, TN 37129, Attn: Ronald Hodges.

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 Stonecrest subdivision in Rutherford County, Tennessee and perform all duties and functions of the Stonecrest Owners Association, as described in the Declaration of Protective Covenants, Conditions, and Restrictions for Stonecrest recorded in the Register's Office for Rutherford 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:

7.1. 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.

7.2. 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.

7.3. 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.

7.4. 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.

7.5. 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.

7.6. Except for those amendments which the Tennessee Non-Profit Corporation Act expressly permits to be made by the Directors of the Association, any amendment to these

Articles of Incorporation of the Association to be adopted must be approved by the affirmative Vote of not less than fifty percent (50%) of the members present at a duly called meeting of the Association or the affirmative written consent of such percentage of the members at which a quorum is present unless a higher percentage vote is required elsewhere in the Declaration or the Act.

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 Lot 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 Lot 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

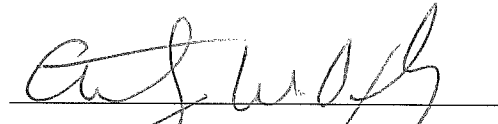
The Association may be dissolved with the assent given in writing and signed by not less than sixty-seven (67%) of all the members of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be distributed to the Members.

[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, constituting the incorporator of this Corporation, has executed these Articles of Incorporation this the 23 day of October, 2013.

STONECREST TOWNHOUSES
OWNERS ASSOCIATION, INC.

By:


(Print
(Name: Anthony W. Webb)

Its: Incorporator

EXHIBIT D

**ARTICLES OF INCORPORATION
OF
STONECREST TOWNHOUSES 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 Stonecrest Townhouses 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: Stonecrest Townhouses Owners Association, Inc. c/o Stones River Property Management & Real Estate Services, Inc., 2122 N. Thompson Lane, Murfreesboro, Rutherford County, TN 37129, Attn: Ronald Hodges, as may be relocated from time to time. The name of the initial registered agent of the Association is Ronald Hodges, who may be located at the registered office.

**ARTICLE IV
INCORPORATOR**

The name, address, and zip code of each incorporator is: Andy Oxley, 6005 Nolensville Road, Suite 201, Nashville, TN 37211.

**ARTICLE V
PRINCIPAL OFFICE**

The street address and zip code of the principal office of the Association is: Stonecrest Townhouses Owners Association, Inc. c/o Stones River Property Management & Real Estate Services, Inc., 2122 N. Thompson Lane, Murfreesboro, Rutherford County, TN 37129, Attn: Ronald Hodges.

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 Stonecrest subdivision in Rutherford County, Tennessee and perform all duties and functions of the Stonecrest Townhouses Owners Association, as described in the Declaration of Protective Covenants, Conditions, and Restrictions for Stonecrest Townhouses recorded in the Register's Office for Rutherford 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:

7.1. 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.

7.2. 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.

7.3. 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.

7.4. 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.

7.5. 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.

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

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**

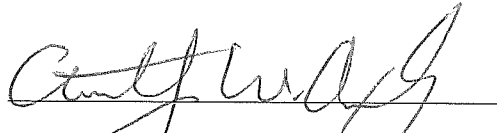
The Association may be dissolved with the assent given in writing and signed by not less than sixty-seven (67%) of all the members of the Association. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be distributed to the Members.

[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, constituting the incorporator of this Corporation, has executed these Articles of Incorporation this the 23 day of October, 2013.

STONECREST OWNERS ASSOCIATION, INC.

By:


(Print
(Name: Anthony May)

Its: Incorporator

EXHIBIT E
BY-LAWS OF
STONECREST OWNERS ASSOCIATION, INC.
AND
STONECREST TOWNHOUSES OWNERS ASSOCIATION, INC.

ARTICLE I
DEFINITIONS

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

ARTICLE II
NAME AND OFFICES

2.1. Name. The name of the master Association for all Lot and Unit Owners within the Development Property shall be Stonecrest Owners Association, Inc., and name of the sub-association, the Townhouse Association, shall be Stonecrest Townhouses Owners Association, Inc.

2.2. Registered Office and Agent. The initial registered office of the Association and Townhouse Association is c/o Stones River Property Management & Real Estate Services, Inc., 2122 N. Thompson Lane, Murfreesboro, TN 37129, Attn: Ronald Hodges, as may be relocated by the Board from time to time. The name of the initial registered agent of the Association and Townhouse Association is Ronald Hodges, who may be located at the initial registered office.

2.3. Other Offices. The Association and Townhouse 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 and Townhouse Association may require.

ARTICLE III
MEMBERS AND MEMBERSHIP PRIVILEGES

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

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

ARTICLE IV

MEETINGS OF MEMBERS

4.1. Annual Meetings. The first regular annual meeting of the Members may be held, subject to the terms hereof on any day, at the option of the Board; provided, however, that the first meeting may (if necessary to comply with Federal Regulations) be held no later than the earlier of the following events: (a) four (4) months after all the Lots and Units within the Development Property have been sold by the Declarant or (b) three (3) years following conveyance of the first Lot within the Development Property by the Declarant. Each subsequent regular annual meeting of the Members shall be held within twenty-five (25) days of the anniversary of the first regular annual meeting each year thereafter at such time as set by the Board.

4.2. 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.

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

4.4. 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 and the Townhouse Association entitled to Vote at such meeting by prepaid U.S. Mail, FedEx, UPS, or other reputable private carrier, or facsimile or electronic transmission to the address or other contact information provided to the Board by the Owner or in the event no separate address or other contact information has been provided, then by prepaid U.S. Mail or hand delivery to the Owner's Lot or 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.

4.5. Quorum. The presence in person or by proxy of at least thirty-five percent (35%) of the Votes entitled to be cast at a meeting of the Members shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, the Members entitled to Vote in person or represented by proxy present at a meeting fail to satisfy a quorum, the Members present shall have the power to adjourn the meeting, without notice other than announcement at

the meeting, until a quorum shall be present or represented. Further, if a quorum is not present, a subsequent meeting may be called, and the required quorum shall be reduced by half at such meeting. Such procedure may be repeated until a quorum is established, although in no event may the required quorum be less than ten percent (10%) of the Votes entitled to be cast at a meeting of the Members.

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

4.7. Method of Voting; Proxies. Each Member shall be entitled to cast one (1) Vote each Lot or Unit owned by such Member as further provided in the Declaration. The Vote of each Member may only be cast by such Member or by a proxy duly executed and given by such Member to his authorized representative as set forth on such proxy. No proxy shall be valid for more than one meeting and shall bear the signature of the Member making the proxy, the date of the meeting to which the proxy relates, and the name of the authorized representative to Vote on behalf of the Member. Such proxy may not be revoked except by actual notice to the Person presiding over the meeting for which the proxy relates; and such proxy is void, if it is not dated or purports to be revocable without notice. Such proxy shall be filed with the secretary prior to or at the time of the meeting. If title to any property ownership interest in a Lot or 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, as applicable, the Townhouse Association, referred to herein as a "Joint Member." Any such Joint Member is entitled to one unanimous Vote per entitled Member as provided in the Declaration at any meeting of the Members of the Association and the Townhouse 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.

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

4.9. Action Taken Without A Meeting. The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of the number of members which would otherwise be required to approve such action. For instance, if an action required the approval of Members holding a majority of the total Voting rights of the members, then a writing signed by Members holding a majority of the total Voting rights of the Members would be effective as if such approval was given at a meeting duly called

for such purpose. Any action so approved shall have the same effect as though taken at a properly called meeting of the Members.

ARTICLE V

BOARD OF DIRECTORS

5.1. Board Authority and Number. The affairs of the Association and the Townhouse Association shall be managed by a Board of Directors. During the Appointment Period, the members of the Board, who need not be Members of the Association or the Townhouse 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 not less than three (3) nor more than five (5) directors each of whom must individually be a member of the Association or the Townhouse Association or be the Declarant, its assignee or officer, agent, or representative thereof.

5.2. Election. After the Appointment Period, the election of the members of the Board to be elected for a particular year shall occur at the annual meeting of the Members. The election of the Board by the Owners shall be based on the number of Persons receiving the highest number of Votes for as many candidates as there are Directors being elected at a meeting of the Owners at which a quorum is present. Cumulative Voting is not permitted.

5.3. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nomination may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman who shall be a member of the Board and two or more Members of the Association or the Townhouse Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

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

5.5. Vacancies. If any vacancy occurs in the Board, caused by death, removal from office, retirement, resignation or disqualification, a successor(s) shall be elected by majority vote of the remaining Directors for the unexpired term of his predecessor in office. Any Director who ceases to be a Member of the Association or the Townhouse 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.

5.6. 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.

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

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

5.9. Quorum. At all meetings of the Board, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the Directors present at any such meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at any meeting of the Directors, the Directors present may adjourn the meeting by announcement at the meeting without notice until a quorum shall be present.

5.10. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

5.11. Compensation. No Director shall receive compensation for any service he may render to the Association or the Townhouse Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

ARTICLE VI

BOARD POWERS AND DUTIES

6.1. Powers. The Board shall have the following powers subject to the provisions of the Declaration of the Association and Townhouse Association:

- a. Enforce the Declaration; and adopt, enforce, and amend Rules and Regulations and/or other Governing Documents governing the use of the Development Property and facilities and the personal conduct of Owners and their guests thereon; and establish penalties for the infraction thereof.
- b. Elect and remove the officers of the Association and Townhouse Association and declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.
- c. Suspend the Voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment or other duly levied charge by the Association or the Townhouse Association.
- d. Make contracts and incur liabilities and borrow money for the purpose of repair or restoration of Common Areas or Common Elements that are the responsibility of the Association or the Townhouse Association, respectively, to repair or restore.
- e. Regulate the use, maintenance, repair, replacement, or modification of Common Areas or Common Elements and formulate policies for administration, management, and operation of the Development Property and the Common Areas or the Common Elements.
- f. Cause additional Improvements to be made as a part of the Common Areas or Common Elements.
- g. Grant easements, leases, licenses, and concessions through or over the Common Areas or 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 or Townhouse 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 Townhouse Association and the administration of the affairs of the Association, the Townhouse Association and Development Property.
- k. Exercise all other powers that may be exercised in this State by legal entities of the same type as this Association and the Townhouse Association.

6.2. Duties. The Board shall have the following Duties subject to the provisions of the Declaration of the Association and the Townhouse 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 the Townhouse 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 and the Townhouse 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 Areas 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 and Townhouse Association information and/or documents.

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

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

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

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

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

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

ARTICLE VII

OFFICERS

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

7.2. 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.

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

7.4. Special Appointments. The Board may elect such other officers as the affairs of the Association and the Townhouse 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.

7.5. 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.

7.6. 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.

7.7. 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.

7.8. Compensation. The salaries of all officers of the Association and the Townhouse Association, if any, shall be fixed by the Board but shall never be greater than an amount equal to

the Common Assessment due per Owner for that Assessment Year. A person holding multiple offices may only collect a salary for one (1) office.

7.9. President. The president shall be the chief executive officer of the Association and the Townhouse Association. The president shall preside at all meetings of the Members and the Board. The president shall have general and active management of the affairs of the Association and the Townhouse 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 and the Townhouse Association.

7.10. 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.

7.11. 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 and the Townhouse Association.

7.12. 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 the Townhouse Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association and the Townhouse Association in such depositories as may be designated by the Board. The treasurer shall disburse the funds of the Association and the Townhouse 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 and the Townhouse Association. The treasurer shall perform such other duties as the Board may prescribe.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

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

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

8.3. Books and Records. Except for confidential, non-public information of the Association or the Townhouse 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 and the Townhouse Association are subject to inspection at the principal office of the Association and the Townhouse 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.

8.4. Amendment. Except as otherwise provided herein, the provisions of these By-Laws may be changed, modified, or amended upon the affirmative Vote of not less than fifty percent (50%) of the 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.

8.5. Indemnification. The Association and the Townhouse Association shall indemnify any current or former Director, officer, or employee of the Association or the Townhouse 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 or the Townhouse 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 or the Townhouse 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.

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

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

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CERTIFICATION

The undersigned hereby certifies that the foregoing By-Laws were duly executed and adopted by the Declarant on this the 23 day of October, 2013.

DECLARANT

D. R. Horton, Inc., a Delaware corporation

By: Anthony W. O'Byrne

(Print
(Name: Anthony W. O'Byrne

Its: City Manager, Nashville

EXHIBIT F

Unit Identification & Assessment Allocation:

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

Bldg. No.	Unit No.	FLOOR PLAN	STREET ADDRESS	Common Assessment Allocation
A	1	<i>Insert Plan Name</i>		Future Phase
A	2	<i>Insert Plan Name</i>		Future Phase
A	3	<i>Insert Plan Name</i>		Future Phase
A	4	<i>Insert Plan Name</i>		Future Phase
A	5	<i>Insert Plan Name</i>		Future Phase
A	6	<i>Insert Plan Name</i>		Future Phase
B	1	<i>Insert Plan Name</i>		Future Phase
B	2	<i>Insert Plan Name</i>		Future Phase
B	3	<i>Insert Plan Name</i>		Future Phase
B	4	<i>Insert Plan Name</i>		Future Phase
B	5	<i>Insert Plan Name</i>		Future Phase
B	6	<i>Insert Plan Name</i>		Future Phase
C	1	<i>Insert Plan Name</i>		Future Phase
C	2	<i>Insert Plan Name</i>		Future Phase
C	3	<i>Insert Plan Name</i>		Future Phase
C	4	<i>Insert Plan Name</i>		Future Phase
C	5	<i>Insert Plan Name</i>		Future Phase
C	6	<i>Insert Plan Name</i>		Future Phase
D	805	Essex		1/12
D	807	Devon - A		1/12
D	809	Devon		1/12
D	811	Devon		1/12
D	813	Devon - A		1/12
D	815	Essex		1/12
E	819	Astor		1/12
E	821	Cambridge		1/12
E	823	Bently		1/12
E	825	Bently		1/12

E	827	Cambridge		1/12
E	829	Astor		1/12
F	1	<i>Insert Plan Name</i>		Future Phase
F	2	<i>Insert Plan Name</i>		Future Phase
F	3	<i>Insert Plan Name</i>		Future Phase
F	4	<i>Insert Plan Name</i>		Future Phase
F	5	<i>Insert Plan Name</i>		Future Phase
F	6	<i>Insert Plan Name</i>		Future Phase
G	1	<i>Insert Plan Name</i>		Future Phase
G	2	<i>Insert Plan Name</i>		Future Phase
G	3	<i>Insert Plan Name</i>		Future Phase
G	4	<i>Insert Plan Name</i>		Future Phase
G	5	<i>Insert Plan Name</i>		Future Phase
G	6	<i>Insert Plan Name</i>		Future Phase
H	1	<i>Insert Plan Name</i>		Future Phase
H	2	<i>Insert Plan Name</i>		Future Phase
H	3	<i>Insert Plan Name</i>		Future Phase
H	4	<i>Insert Plan Name</i>		Future Phase
H	5	<i>Insert Plan Name</i>		Future Phase
H	6	<i>Insert Plan Name</i>		Future Phase
I	1	<i>Insert Plan Name</i>		Future Phase
I	2	<i>Insert Plan Name</i>		Future Phase
I	3	<i>Insert Plan Name</i>		Future Phase
I	4	<i>Insert Plan Name</i>		Future Phase
I	5	<i>Insert Plan Name</i>		Future Phase
I	6	<i>Insert Plan Name</i>		Future Phase
J	1	<i>Insert Plan Name</i>		Future Phase
J	2	<i>Insert Plan Name</i>		Future Phase
J	3	<i>Insert Plan Name</i>		Future Phase
J	4	<i>Insert Plan Name</i>		Future Phase
K	1	<i>Insert Plan Name</i>		Future Phase
K	2	<i>Insert Plan Name</i>		Future Phase
K	3	<i>Insert Plan Name</i>		Future Phase
K	4	<i>Insert Plan Name</i>		Future Phase
L	1	<i>Insert Plan Name</i>		Future Phase
L	2	<i>Insert Plan Name</i>		Future Phase
L	3	<i>Insert Plan Name</i>		Future Phase
L	4	<i>Insert Plan Name</i>		Future Phase
M	1	<i>Insert Plan Name</i>		Future Phase
M	2	<i>Insert Plan Name</i>		Future Phase
M	3	<i>Insert Plan Name</i>		Future Phase
M	4	<i>Insert Plan Name</i>		Future Phase

EXHIBIT G

TUNE, ENTREKIN & WHITE, P.C.

ATTORNEYS AT LAW

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315 DEADERICK STREET
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JOHN C. TUNE
1931-1983

ERVIN M. ENTREKIN
1927-1990

*Rule 31 listed General Civil Mediator

THOMAS V. WHITE
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THOMAS C. SCOTT
PETER J. STRIANSE
HUGH W. ENTREKIN
JOHN P. WILLIAMS *
ROBERT L. DELANEY
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LESA HARTLEY SKONEY
JOSEPH P. RUSNAK
TODD E. PANTHER *
DAVID M. BULLOCK *
SHAWN R. HENRY
T. CHAD WHITE
STEPHEN A. LUND

D. R. Horton, Inc.
6005 Nolensville Road
Suite 201
Nashville, TN 37211
ATTN: ANDY OXLEY

RE: Attorney Opinion Related to the Townhouse Planned Unit Development
Commonly Known As STONECREST TOWNHOUSES

Dear Mr. Oxley:

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

Sincerely,

TUNE, ENTREKIN & WHITE, P.C.

By:



T. Chad White