

Memphis, TN 37130

DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS & RESTRICTIONS

PRESTWICK SUBDIVISION, SECTION I

THIS DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS & RESTRICTIONS (the "Declaration") is executed
this 18th day of May, 2000, by Scotland Chase
Venture and Villages of Scotland, L.L.C. (collectively
referred to as "Developer"),

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain real estate in Rutherford County, Tennessee as more particularly described on Exhibit "A" attached hereto and as shown upon the Plat for Prestwick, of record in Plat Book 21, page 115, Register's Office for Rutherford County, Tennessee (said real estate being referred to herein as the "Development"); and

WHEREAS, Developer desires to provide for the protection and preservation of the values, amenities, desirability and attractiveness of the Development; and,

WHEREAS, Developer desires to establish and provide a system of administration, operation and maintenance of the Common Areas of the Development; and,

WHEREAS, Developer further desires to establish for Developer's benefit and for the mutual benefit, interest and advantage of each and every person or other entity hereafter acquiring any portion of the Development, certain rights, easements, privileges, obligations, restrictions, covenants, liens, assessments, and regulations governing the use and occupancy of the Development and the maintenance, protection and administration of the common use facilities thereof, all of which are declared to be in furtherance of a plan to promote and protect the operative aspects of residency or occupancy in the Development and on all portions thereof, and are intended to be covenants running with the land which shall be binding on all parties having or acquiring in the future any right, title or interest in and to all or any portion of the development, and which shall inure to the benefit of each present and future owner thereof.

NOW, THEREFORE, Developer, as legal title holder of the Development, and for the purposes set forth above, declares as follows:

ARTICLE I

DEFINITIONS

The following words when used in this Declaration or any supplemental declaration hereto (unless the context shall prohibit) shall have the following meanings:

1. "Annual Assessments" shall mean and refer to the assessment described in Article V.
2. "Association" shall mean and refer to Prestwick Homeowners Association, Inc., a not-for-profit corporation to be organized and existing under the laws of the State of Tennessee, its successors and assigns.
3. "Board" shall mean and refer to the Board of Directors of the Association.

4. "By-Laws" shall mean and refer to the By-Laws of the Association attached hereto as Exhibit "B" and made a part hereof as the same may be amended from time to time.

5. "Committee" shall mean the Architectural Control Committee established pursuant to Article V hereof.

6. "Common Areas" shall mean and refer to all facilities within the Development used in common by the Owners, including without limitation, all roads, footpaths, bicycle paths, jogging trails, recreational facilities, gates, boundary walls and fences, median areas, and any areas lying within or adjacent to the roads which are desirable for the Association to maintain and landscape. The Common Areas may be owned by the Association in fee or for a term of years, but for the non-exclusive use, benefit and enjoyment of the owners subject to the provisions of this Declaration, and will be shown as Common Areas on the Plats of the Development placed of record now or in the future.

7. "Declaration" shall mean and refer to this Declaration of Protective Covenants, Conditions and Restrictions applicable to the Development and which is recorded in the Office of the Register of Deeds for Rutherford County, Tennessee.

8. "Developer" shall mean and refer to Scotland Chase Venture and Villages of Scotland, L.L.C. having their principal place of business in Murfreesboro, Tennessee, their successors and assigns.

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

10. "Engineer" shall mean the architect or engineer engaged by the Committee to review Plans pursuant to Article V hereof.

11. "Impositions" shall mean and refer to any Annual Assessments, Special Assessments, Supplemental Landscape Assessments, or any other charges by the Association against one or more Lots owned by an Owner together with costs of enforcement and reasonable attorneys fees in connection therewith, and shall additionally include, to the extent authorized by the provisions herein, interest thereon.

12. "Improvements" shall mean any building, building addition, outbuilding, garage, detached structure, swimming pool, recreational facility, driveway, parking area, walkway, wall, fence, or utility service, or such other improvement or structure constructed or located upon all or any portion of the Development. It is intended that this definition of "Improvements" be broad in scope and is intended to encompass any man-made alteration of the condition of the Lot or Common Areas from and after the date of this Declaration.

13. "Lot" shall mean and refer to any plot of land within the Development to be used for single family residential purposes and so designated on the Plat.

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

15. "Member" shall mean and refer to any person or persons who shall be an Owner, and as such, shall be a

Member of the Association. "Class A Members" shall mean and refer to any Owner other than the Developer, and "Class B Member" shall mean the Developer.

16. "Mortgage" shall mean and refer to any holder of a first priority deed of trust encumbering one or more Lots.

17. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee interest in any Lot within the Development, excluding however those parties having such interest merely as a security interest for the performance of an obligation.

18. "Plat" shall mean and refer to the Final Plat of Prestwick, of record in Book 21, page 115, Register's Office for Rutherford County, Tennessee, as the same may be amended or supplemented from time to time.

19. "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

20. "Plans" shall mean the detailed plans prepared for construction of any Improvement which shall comply with the provisions of Article V, Section 4 hereof.

21. "Special Assessments" shall mean additional assessments of Owners made from time to time by the Board pursuant to Article IV, Section 2.

22. "Vote" or "Votes" shall mean the vote or votes in the affairs of the Association to which each Member is entitled, all as shown on the schedule attached hereto as Exhibit C and incorporated herein.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

1. Definition of Property Subject to this Declaration. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Murfreesboro, Rutherford County, Tennessee, and is more particularly described on Exhibit "A" and shown on the recorded Plat of Phase I consisting of Lot Numbers 1 through 16 and the Common Areas shown thereon, and all subsequent phases and subsequent replatted lots. The Lots and Common Area shown on the Plat are made subject to this Declaration. The Developer, as the legal title holder in fee of the Development, hereby submits and subjects the Development to the provisions of this Declaration and By-Laws. The covenants and restrictions contained herein constitute covenants running with the land and binding on all parties now owning or hereafter having or acquiring any right, title or interest in any Lots or any portion of the Development, and shall inure to the benefit of each Owner hereof. Every Person hereafter acquiring a Lot or any portion of the Development, by acceptance of a deed thereof, shall accept such interest subject to the terms and conditions of this Declaration, and by acceptance of the same shall be deemed to have consented to and be bound by the terms, conditions and covenants of this Declaration.

ARTICLE III

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

1. Members. Every person who is an Owner of record of a fee interest in any Lot which is included in the Development shall be a Member of the Association. Membership in the Association is appurtenant to and may not be separated from ownership of any Lot.

2. Classes of Membership. The Association shall have two classes of membership:

a. Class A Members shall be all Owners except for the Developer prior to the termination of the Class B Membership. If, however, Developer owns one or more Lots upon or after the termination of its Class B Membership, then Developer shall become a Class A Member.

b. The Class B Member shall be the Developer, its successors or assigns. The Class B Membership shall terminate and cease upon specific written termination by Developer or its successor or assigns, or the last to occur of (i) Developer owns fewer than two (2) lots in the PRESTWICK development or any sections added thereto or (ii) ten years from the date hereof.

3. Voting and Voting Rights. The voting rights of the Members shall be appurtenant to their ownership of Lots. The two Classes of Members shall have the following voting rights.

a. Each Class A Member shall be entitled to cast one vote for each lot owned by such Member. When two or more persons hold an interest (other than a leasehold or security interest) in a Lot, all such Persons shall be Members, but the Votes attributable to such Lot 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 any one Lot. Furthermore, neither the Developer nor any other person or individual dealing with the Development shall have any duty to inquire as to the authorization of the Member casting the Vote for any such Lot, but shall be entitled to rely upon the evidence of voting as conclusive evidence of such Member's authority to cast the Vote attributable to such Lot.

b. The Class B Member shall be entitled to cast three votes for each lot owned. The Class B Membership shall cease and be converted to Class A Membership when the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership.

c. Any Member who is delinquent in the payment of any charges or assessments duly levied by the Association against a Lot owned by such Member shall not be entitled to vote until all such charges, together with reasonable penalties and interest thereon as the Board may impose, have been paid to the Association.

4. Manner of Voting. Except as specifically provided elsewhere herein, the Board shall have the authority to regulate the procedural rules governing the voting of 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.

5. Organization.

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

(b) A Board of Directors of the Association, and such officers as the Board may elect or appoint, shall conduct the affairs of the Association in accordance with the Prestwick documents. The Board shall, except to the extent specified Membership approval shall be required by the By-Laws or by this Declaration, act on behalf of the Association in the implementation of this Declaration.

6. Duties of the Association. The Association shall, in addition to such obligations, duties and functions as are assigned to it by other provisions of this Declaration, have the obligations, duties and functions, (subject to the provisions of this Declaration), to do and perform each and every of the following for the benefit of the Owners and for the maintenance, administration and improvement of the properties.

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

(a) Assessments. To levy assessment on the owners of lots and to enforce payment of such assessments, all in accordance with the provisions of this Declaration.

(b) Right of enforcement in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of any Prestwick covenants, conditions, obligations or duties and to enforce, by mandatory injunction or otherwise, all the provisions of the Declaration, Articles and By-Laws.

(c) Easements and Rights-of-Way. To grant and convey to any third party easements and rights-of-way in, on, over or under the Common Areas for the purpose of constructing, erecting, operating or maintaining thereon, therein, or thereunder, (i) overhead or underground lines, cables, wires, conduit or other devices for the transmission of electricity and for lighting, heating, power, telephone, television cables, radio and audio antennae facilities and for other appropriate purposes; (ii) public sewers, storm water drains and pipes, water system, sprinkling systems,

water, heating and gas lines or pipes; and (iii) any similar public or quasi-public improvements or facilities.

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

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

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

(g) Maintenance and Repair Contracts. To contract and pay for or otherwise provide for the maintenance, restoration and repair of all improvements of whatsoever kind and for whatsoever purpose from time to time located upon or within the Common Areas or as required for exterior maintenance, sidewalks or lot clean-up in the event

owner fails to maintain as required.

(h) Insurance. To obtain, maintain and pay for such insurance policies or bonds, whether or not required by any provision of this Instrument or any By-Laws, as the Association shall deem to be appropriate for the protection or benefit of the Association, the Members of the Board, the Members of any standing committee, their tenants or guests, including, but without limitation, fire and extended insurance coverage covering the Common Areas, liability insurance, worker's compensation insurance, and performance of fidelity bonds.

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

(j) Professional Services. To contract and pay for, or otherwise provide for the construction, reconstruction, repair, replacement or refinishing of any roads, drives or other paved areas upon any portion of the properties not dedicated to any governmental unit and on the lots in the event the owners fail to keep such paved area maintained and repaired.

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

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

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

(n) Condemnation. The Association shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority or acquisition of any of the Common Areas or any part thereof. In the event of a taking or acquisition of part or all of the Common Areas by any condemning authority, the award or proceeds of settlement shall be paid to the Association for the use and benefit of the lot owners and their mortgagees as their interests may appear. All owners, by the acceptance of a Deed conveying a lot, irrevocably constitute and appoint the Association their true and lawful attorney in their name, place and stead for the purpose of dealing with any condemning authority in any condemnation proceeding. Title to the lots is declared and expressly made subject to such irrevocable appointment of the power of attorney. Any distribution of funds in connection with the condemnation of any part of the Common Area shall be made on a reasonable and equitable basis by the Board or by a special committee appointed by the Board for that purpose.

ARTICLE IV

PROPERTY RIGHTS

1. Owner's Easement of Enjoyment. Every owner in

addition to a perpetual unrestricted right of ingress and egress to his own lot which passes with title shall have the right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

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

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period in which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days after notice and hearing as may be provided for in the By-Laws or rules for an infraction of its published rules and regulations.

(c) The right of the Association to dedicate or transfer any part of the Common Area to any public agency, authority, or utility for the purpose of providing utilities, streets, or any similar purpose.

2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and the facilities to the Members of his family, or contract purchasers, who reside on the property.

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

4. Land Use. No lot shall be used except for residential purposes.

ARTICLE V

ASSESSMENTS

1. Annual Assessments. The Board shall have the power and authority to levy annual assessments against the Lots within the Development. Annual Assessments shall be used to provide funds for such purposes as the Board shall determine to be for the benefit of the Development, including, without limitation, the improvement, maintenance, operation and security of the Development and Common Areas, payment of taxes and insurance thereon, payment of utility bills thereon (including water for sprinkler systems), payment of reasonable costs to provide attractive seasonable landscaping of the Common Areas, street maintenance costs, the repair, replacement and additions that may be necessary to the Common Areas and the cost of labor, equipment, materials, management and supervision thereof. The Board shall have the right, but not the obligation, to use the Annual Assessments to provide supplemental landscaping, maintenance within Lots, and to provide garbage and trash collection and disposal, if needed, to supplement that provided by public authority. The Board shall fix the amount of Annual Assessment each year by preparing an annual budget for the services to be provided by the Association in the coming year, and allocating said amount among the Lots equally.

2. Special Assessments. In addition to the Annual Assessments authorized herein, the Board may levy a

Special Assessment applicable to a particular year, provided that any such Special Assessment shall have the affirmative Votes of not less than fifty percent (50%) of the total Votes within the Association at a meeting of all Members which shall be held after not less than five (5) days' written notice of the date, time and purpose for said meeting, at which a quorum shall be present. Special Assessments shall be due and payable on the date which is fixed by the resolution authorizing such assessment.

3. Exempt Property. The Impositions and liens created under this Article shall not apply to the Common Areas. All property within the Development which is dedicated to and accepted by a local public authority, which is granted to or used by a utility company, or is designated as part of the Common Area shall be exempt from such Impositions.

4. Property Owned by Developer. Developer is exempt from seventy-five percent (75%) of all assessments, and shall pay for each lot it owns which is platted and subject to these restrictions, only twenty-five percent (25%) of all such assessments and costs of each and every kind levied by the Association. Developer will have no obligation for assessments for any land which may be brought until said land is platted and made subject to these Restrictions.

5. Payment of Annual Assessments. The Board shall have the power and authority to determine the payment method for Annual Assessments. Unless provided otherwise by the Board, each Owner shall pay its Annual Assessment on or before the first of April of the year to which said assessment relates, and the Board shall fix the amount of the Annual Assessment and send a notice thereof to each Owner on or before the first of February of each such year. The Board shall have the power and authority to require quarterly or monthly payments of installments of the Annual Assessments from such Owners as the Board deems suitable, or may require all Annual Assessments to be paid on a quarterly or monthly basis, at its determination.

6. Commencement. The eligibility for Annual Assessments for a Lot shall commence upon purchase of the Lot from Developer, or Developer may hereafter set a date for assessments to commence for all Lots which have been purchased from Developer. Assessments on Lots that first become subject to assessments during a calendar year shall be prorated on a calendar year basis for the remainder of such calendar year.

7. Records of Assessments. The Association shall cause to be maintained in the office of the Association a record of all Lots and Impositions applicable thereto which shall be open to inspection by any Owner. Written notice of any Imposition shall be mailed to every Owner of the Lot subject to assessment. The Association shall, upon demand and payment of a reasonable charge, furnish to any Owner a certificate in writing signed by an officer of the Association setting forth whether the Impositions against the Owner's Lot have been paid, and if not, the amount then due and owing. Absent manifest error, such certificate shall be deemed conclusive evidence to third parties as to the status of Impositions against any Lot within the Development.

8. Creation of Lien and Personal Obligations for Assessments. Each Owner of any Lot shall, by its acceptance of a deed thereof, whether or not it shall be so expressed in any such deed or other conveyance, be deemed to covenant

and agree to all the terms and conditions of this Declaration and promises to pay to the Association all Impositions which may be due from an Owner from time to time. All Impositions, together with interest thereon and cost of collection thereof shall be a continuing lien upon the Lot against which such Impositions is levied as of the effective date of each such Imposition. Each such Imposition, together with such interest thereon and cost of collection therefor as are hereinafter provided, shall also consist of the personal obligation of the Person who was Owner of such Lot at the time when the same fell due. In the event a Lot is owned by more than one Member, all of such Members shall be jointly and severally liable for the entire Imposition then due.

9. Effect of Non-Payment of Imposition. If any Imposition hereunder is not paid upon the due date, or if any similar charge otherwise agreed to be paid by Owners in this Declaration is not paid when due, then such Imposition shall be delinquent and shall accrue interest thereon at the highest rate then permissible under the laws of the State of Tennessee commencing upon the due date. If such Imposition is not paid within thirty (30) days after the due date, then the Association may bring an action at law against the Owner personally, and/or at its option, foreclose the lien against the Lot by court action or trustee sale as hereinafter provided, and there shall be added to the amount of such Imposition, all reasonable attorney's fees and costs incurred by the Association in any such action, and in the event a judgment is obtained, such judgment shall include interest on the Imposition as indicated above.

10. Enforcement of Lien by Trustee's Sale. For and in consideration of the privileges and protection granted in this Declaration, and the mutual enjoyment and use of the Common Areas, and for the express purpose of securing the payment of the Impositions described above, in order to avoid unnecessary court proceedings or delays for the enforcement of the liens described above, each Owner by accepting a deed to a Lot for their heirs, successors and assigns, does hereby transfer and convey unto John Harney, Trustee, his successors and assigns ("Trustee"), each such Lot deeded to such Owner with the appurtenances, estate, title and interest thereto belonging to the Trustee for the following uses in trust:

Each Owner agrees to pay all Impositions provided herein when due and upon demand of said Trustee or the Association, to pay, discharge, or remove any and all liens except a first mortgage or deed of trust lien which may hereafter be placed against said Lot which would adversely affect the lien granted herein, and in case the Trustee or his successors of the Association shall hereafter be required to appear in any court or tribunal to enforce, or defend the title to, or possession of, or costs and expenses of such appearance or proceedings, together with a reasonable attorney's fee, shall be allowed and be payable by said Owner upon demand of the Trustee or the Association, and upon failure to do any of these things then said Trustee or Association may do any or all of said things, and the amounts so paid shall bear interest from the date of payment at the highest rate then permitted by the laws of the State of Tennessee and shall be and become a part of the indebtedness secured hereby.

If any Imposition, together with interest thereon, is not paid promptly when due or within a period of cure allowed above, or if after said Owner fails to pay any other sums due as above provided, or further, fail to reimburse the Trustee or Association within thirty (30) days from the

date of the Trustee's or Association's payment of such sums, this trust conveyance shall remain in full force and effect, and the said Trustee or his successor in trust is hereby authorized and empowered, upon giving twenty (20) days' notice by three (3) publications in any daily or weekly newspaper published in Rutherford County, Tennessee, to sell said Lot at the front door of the Courthouse in said County to the highest bidder for cash at public outcry, free from the equity of redemption, statutory rights of redemption, homestead, dower, and all other exemptions of any kind which are hereby expressly waived; and the said Trustee or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser at such foreclosure sale. The Association may bid at any sale under this trust conveyance. The Trustee may at any time after default and the payment of any of the above described indebtedness enter and take possession of said Lot and shall only account for the net rents actually received by said Trustee. It is further agreed that in the event the Trustee fails, before selling said Lot as herein provided, to enter and take possession hereof, the purchaser shall be entitled to immediate possession of said Lot upon delivery to him by the Trustee of a deed for said Lot. In case of sale hereunder, the proceeds shall be applied by the Trustee as follows:

- (a) to the payment of all costs, charges and expenses of executing this conveyance and enforcing said lien as herein provided, together with reasonable attorney's fees for advice or for instituting and defending any litigation which may arise on account of the execution of this conveyance or the enforcement of said lien, together with the expenses and costs of any such litigation,
- (b) to the payment of all taxes which may be unpaid upon said Lot,
- (c) to the payment of all unpaid Impositions herein secured,
- (d) the residue, if any, to be paid to the order of said Owners or their representatives or assigns.

In the event of the death, absence, inability, or refusal to act of said Trustee at any time when action of the foregoing powers and trusts may be authorized, or for any other reason, the lawful owner and holder of said lien is hereby authorized and empowered to name and appoint a successor in trust to execute this trust by an instrument in writing to be recorded in the Register's Office for Rutherford County, Tennessee, and title therein conveyed to the above named Trustee shall be vested in said Successor Trustee. The Trustee is authorized to appoint an attorney-in-fact to conduct in his stead and on his behalf and with the same power possessed by said Trustee as granted herein any and all foreclosure sales authorized above.

11. Priority of Lien. The lien described in this Article shall be subordinate to the lien of any Mortgagee under a recorded first mortgage or deed of trust encumbering any such Lot. In the event any Mortgagee becomes the Owner of such Lot after foreclosure thereof, or conveyance by deed in lieu of foreclosure, trustee's deed, or the like, such Mortgagee shall become subject to the lien reserved herein for the purpose of securing all Impositions becoming due from and after the date such Mortgagee accepts a deed to said Lot.

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

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

14. Notwithstanding the prior provisions of this Article V, the Declarant shall be exempt from seventy-five percent (75%) of all assessments and shall pay for each lot he owns only twenty-five percent (25%) of all such assessments and costs of each and every kind levied by the Association.

ARTICLE VI

ARCHITECTURAL CONTROL COMMITTEE

1. Designation of Committee. The Association shall have an Architectural Control Committee (the "Committee") which shall consist of three Members who shall be natural persons. The Members of the Committee shall be appointed and be subject to removal at any time by the Developer until the termination of the Class B Membership, and thereafter by the Association's Board of Directors. The Committee shall designate an individual as its Secretary, and all communications with the Committee shall be conducted through the Secretary. The Committee shall employ an architect or engineer (the "Engineer") who shall be responsible for technical review of plans for the account of the Committee.

2. Approval of Plans and Architectural Review Committee.

(a) No construction, reconstruction, remodeling, alteration or addition to any structure, building, fence, wall, driveway, path or other improvement of any nature on any lot shall be constructed or undertaken without obtaining the prior written approval of the Board of Directors through the Architectural Review Committee appointed by the Board as to the intended location of same and as to its plans and specifications showing the nature, shape, height, materials and such other specifics as may be required including its architectural style. For this purpose, the Board of Directors shall establish an architectural committee composed of three (3) or more Members appointed by the Board which shall have full authority to review and act upon requests for approvals of such requests. As a prerequisite to consideration for such approval, and prior to the beginning of the contemplated work, the applicant must submit a set of plans and specifications with a written request for their approval. The Architectural Review Committee shall be the sole arbiter of same and may withhold approval for any reason including purely esthetic considerations. In the event the Board, or

its designated Architectural Review Committee fails to approve or disapprove the plans for design and location within thirty (30) days after they have been submitted, approval will not be required and this section will be deemed to have been fully complied with. Upon approval being given, construction shall commence within ninety (90) days thereafter, and shall be processed to completion promptly and in strict compliance with the approved plans; otherwise the approval shall be void. Each Owner acknowledges that the decor, color scheme, landscaping, and design of the property has been selected in such a manner as to be consistent and harmonious with other lots and residences in the Subdivision and agrees to maintain and perpetuate the visual harmony of the properties.

(b) Prior to the formation of the Architectural Review Committee, the Declarant or his successors and assigns shall constitute or may appoint a person or persons to act as the Architectural Committee.

3. Design Criteria. In carrying out the functions of the Committee, and in order to insure uniformity of quality of the Improvements located within the Development, the Committee may prepare, but is not required to, a statement of design criteria which shall be observed in the construction of all Improvements within the Development (the "Design Criteria"). If prepared, the Developer and, after the termination of the Class B Membership, the Association, reserves the right to modify and amend the Design Criteria from time to time as it deems appropriate based upon changes and innovations in construction methods and techniques.

4. Improvement Plans. Any Owner desiring to construct Improvements, or to modify existing Improvements, upon any Lot shall first have detailed plans prepared for such Improvement (the "Plans"), which shall be prepared by a licensed architect and shall include, as a minimum, the following:

(a) A plot plan drawn on a scale of one inch equals 100 feet, reflecting the following information:

- (i) A survey of the Owner's Lot showing the dimensions of the Lot and Lot area, the location of any utilities crossing the lot, and contours of the land drawn at two (2') foot intervals;
- (ii) The relationship of the proposed Improvement to each side Lot line, to the rear property line and to the front property line;
- (iii) If the Improvement involves an addition to an existing building, the addition shall be shown in a shaded area with the existing building left unshaded;
- (iv) Finished floor elevations of the first floor, garage and basement, if any of all Improvements, together with all exterior color schemes and/or building materials.
- (v) Any detached structures, swimming

pools, walls and/or fences on the site;

- (vi) A landscaping plan of the entire Lot, including all driveways, sidewalks and terraces; and
- (vii) Such other information as may be necessary to evidence compliance by the Plans with the Design Criteria if any.

(b) A floor plan indicating existing walls, and, if the plan is for an addition or modification to an existing building, indicating any walls to be removed and any proposed walls to be installed.

(c) Elevation drawings of the front, sides and rear of any new structure included within the Improvement, together with the overall height of any new buildings to be constructed, measured from the average grade at the front elevation.

5. Limited Effect of Approval of Plans. The approval of the Committee of an Owner's Plans for the construction of Improvements upon any Lot is not intended to be an approval of the structural stability, integrity or design of a completed improvement of the safety of any component therein but 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 Lots contained within the Development. Notice is hereby given therefore to any future occupant of any completed Improvement and all invitees, visitors and other persons who may from time to time enter or go on or about such completed Improvements, that no permission or approval granted by the Committee, the Developer or the Association with respect to the construction of Improvements pursuant to this Declaration shall constitute or be construed as an approval of the structural stability of any building, structure or other Improvement and no liability shall accrue to the Developer, the Committee or to the Association in the event that any such construction shall subsequently prove to be defective.

ARTICLE VII

IMPROVEMENT, SETBACK AND USE RESTRICTIONS

1. Improvement Restrictions. In addition to the requirements of Article VI above concerning compliance with the architectural review authority of the Committee, the following restrictions apply to Improvements;

a. Minimum setback requirements on the Plat shall be observed. The Developer reserves the right to approve the location of each residence upon the Lot and to relocate the same, within the setback lines and/or building areas established by the Plat, in such manner as it shall be deemed, in its sole discretion, to be in the best interests of the overall Development and in furtherance of the goals set forth herein.

b. No residence upon any Lot may be occupied prior to approval of the Committee.

c. The total floor area of the main residential structure upon any Lot, exclusive of open porches, patios, garages and breezeways, shall not be less than ~~two thousand~~ (2,400) square feet, the first floor area of any full two story house or story and one half house shall be a minimum of ~~one thousand~~ (1,600) square feet exclusive of garages, porches, patios, and breezeways.

d. Boundary walls or fences for individual Lots must receive the prior written approval of the Architectural Review Committee. No walls other than retaining walls may be constructed along the street on the front of any Lot unless approved by the Committee, and no retaining wall shall extend to a height greater than three (3) feet above the earth being retained. The Architectural Review Committee may limit the height and design of any fences or walls. All boundary walls, retaining walls, and fences must be of materials approved by the Committee.

e. All mailboxes within the subdivision must be of the specific cast iron design approved by the Developer.

f. Incinerators for garbage, trash or other refuse shall not be used or permitted to be erected on any Lot. Any and all equipment, air conditioner condensers, garbage cans, woodpiles, refuge or storage piles on any lot, whether temporary or permanent, shall be walled in to conceal the same from the view of neighboring Lots, roads, or Common Areas, with the plans for any such concealing walls being approved by the Committee.

g. No building materials may be stored on any Lot except for the purpose of construction of such Lot, and then only for such length of time as is reasonably necessary for the construction of the Improvements then in progress.

h. Satellite dishes and antennae may not exceed twenty-four inches in diameter can only be mounted to the rear of any house so that the satellite dish is not visible from the front of the house. The placement of any satellite dishes must receive the prior written approval of the Architectural Review Committee. Antennae cannot exceed thirty-nine inches (39") in diameter or length and can only be mounted on the rear of the house.

i. No Owner shall excavate or extract earth from any of the Lots for any business or commercial purpose, and no elevation changes will be permitted which could materially affect the surface grade of a Lot without the consent of the Developer or the Committee.

j. There shall be no outside clotheslines, clothes hanging devices, or the like upon any Lot. Eve lights may not be installed on the fronts of Improvements without the consent of the Committee and eve lights installed on the sides and rears must be adjusted so that the rays of any beam or floodlight shall not interfere with the neighboring Lots and shall be directed to the rear

of the residence.

k. All homes must have an attached double garage. Garages may open either on the rear, sides or front of the house, but the placement of the garage opening must receive the prior approval of the Architectural Review Committee. Parking of vehicles in the service drives is prohibited.

l. No tree in excess of eight (8) inches in diameter may be removed from a Lot without the consent of the Committee.

m. If one or more contiguous Lots are owned by the same Owner, they may be combined upon the consent of the Developer for the purpose of placing approved Improvements thereon, but individual Lots may not be resubdivided so as to create a smaller area than originally deeded to an Owner and as shown on the Plat without the consent of the Developer.

n. No trailer, basement house, tent, modular home, mobile home or other temporary structure shall be erected or used as either a temporary or permanent residence. However, one dog house per lot may be permitted in the discretion of the Architectural Review Committee if prior approved in writing.

2. Maintenance

a. All Lots, together with the exterior of all Improvements located thereon, shall be maintained in a neat and attractive condition by their respective Owners.

b. In the event any Owner shall fail to maintain the Improvements situated upon his Lot in a manner satisfactory to the Association, the Association may upon the vote of at least two-thirds of the Board of Directors and after ten (10) days notice in writing to the offending Owner during which time said Owner has continued to fail to commence the correction of the matter in question, may enter upon said Lot and perform the maintenance of the Improvements itself. The cost of such maintenance shall be added to and become a part of the assessment to which such Lot is subject and the Owner of such Lot shall be personally liable for the cost thereof.

c. The Developer, at its option, may install sidewalks in the development. In the event Developer installs said sidewalks, an opening will be left in the sidewalk for purposes of constructing a driveway. Any damage to the sidewalk due to the construction of driveway or the construction of other improvements on a lot shall be repaired at the sole cost of the lot owner.

3. Use Restrictions.

a. No Owner shall use its Lot in such a manner as to create a nuisance. No Owner shall commit waste upon any Lot without the Development.

b. No wrecked vehicle or vehicles in a non-functional condition or vehicles without proper

registration shall be parked on any Lot or upon any of the Common Areas. No house trailers, mobile homes, or portable buildings shall be permitted within the Development. There shall be no prolonged outside parking of recreational vehicles, including, but not limited to, camping trailers, boats, and motor homes on any lot, street, or Common Area.

c. No animals, livestock, poultry of any kind shall be raised, bred, pastured or maintained on any Lot except household pets which shall be kept in reasonable numbers as pets for the sole pleasure of the occupants, but not for any other purpose or use. No such household pets shall be permitted to the extent they become a nuisance to neighboring Lot Owners. No pets shall be permitted outside the boundaries of the Owner's Lot unless accompanied by their owners and on a leash. The Board, or any individual resident, may take appropriate measures to insure compliance with this provision, including without limitation, having the animal picked up by the appropriate governmental authorities.

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

e. No Owner shall permit or cause the escape of such quantities of dense smoke, soot, cinders, noxious acids, fumes, dust, or gases as to interfere with the use and enjoyment by other Owners of their Lots.

f. No house or other structure on any Lot shall be used for any business or purpose. Each Owner shall refrain from any act or use of his Lot which could reasonably cause embarrassment or discomfort or annoyance to the neighborhood. No noxious, offensive or illegal activity shall be carried out upon any Lot.

g. Boats must be stored in enclosed areas and must not be visible from neighboring Lots, streets or Common Areas. No motorcycle, motorbike or motorscooter shall be permitted to be operated within the Development.

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

i. Preassembled structures for residential purposes shall not be permitted even though they may meet the minimum square footage requirements and all other requirements.

j. The pursuit of hobbies or other inherently dangerous activities including without limitation

the assembly and disassembly of motor vehicles or other mechanical devices, the shooting of firearms, fireworks, or other pyrotechnic devices of any type or size, and other such activities shall not be allowed upon any Lot.

k. No owner shall use its lot for anything other than a single family residence. Single family is defined as lot owners, their spouses, children, grandchildren, parents, and grandparents. Occupation of a house by extended family Members shall be deemed a violation of this provision.

l. All driveway entrances from the street to each lot shall conform to the following standards: The entrances from the street to each lot shall be sixteen feet (16') in width tapering back to no less than twelve feet (12') in width. The sixteen foot (16') apron shall extend to the inside edge of the sidewalk and said apron is to be of broom finish concrete only.

ARTICLE VIII

EASEMENTS

1. General. Until termination of the Class B Membership, Developer reserves an easement for ingress and egress generally across the Development at reasonable places thereon and across the various Lots for the purpose of completing Developer's intended development. Said ingress and egress easement shall in any event be reasonable and shall not interfere with the construction of Improvements on a Lot nor the use and enjoyment of a Lot by an Owner. Developer reserves a twenty (20') foot easement along the front of each lot and sides of any corner lot for sidewalks and utilities but Developer specifically reserves the right to go outside said twenty (20') foot easement for the construction of sidewalks if need be. Developer reserves the right to install sidewalks itself or to require lot purchasers to do so should a lot or lots be sold. Developer may, but is not required to, establish sidewalks within the Development.

2. Emergency. There is hereby reserved without further assent or permit, a general easement to all policemen and security guards employed by Developer or Association, firemen, ambulance personnel, garbage collectors, mailmen, utility personnel, delivery service personnel and all similar persons to enter upon the Development or any portion thereof which is now or hereafter made subject to this Declaration in the performance of their respective duties.

3. Easements Over Common Areas. The Plat designates certain areas for roads, utilities, drainage, Common Areas, and recreational areas. The easements so designated on the Plat encumber the Lots as shown on the Plat and are hereby established as perpetual and irrevocable easements. Said easements are granted and reserved for the use and benefit in common of all owners in the Development and their agents, servants, family members and invitees. No Owner shall have the right to restrict, impede or take any action in any way to prohibit or limit the use in common by all Owners of said easements. However, use of the easements and Common Areas shall be subject to and governed by provision of this Declaration and the by-laws, rules and regulations of the Association.

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

5. Common Areas. The Common Area shall be conveyed to the Association in fee simple for the use, enjoyment and convenience of all Owners. Each lot and residence is hereby declared to have, subject to the provisions of this Declaration, a non-exclusive easement over all the Common Areas for the benefit of such lot or residence, the Owners of such lot or unit and each of them, and for their respective families, guests, invitees and contract purchasers, for recreation and other appropriate intended purposes and uses and without limiting the generality of the foregoing, for ingress and egress over and through the Common Areas, subject to the right of the Association to adopt reasonable rules and regulations for such use. In furtherance of the establishment of this easement, the individual grant deeds and mortgages to each lot may, but shall not be required to, set forth the foregoing easement. Except as otherwise provided for by this Declaration, the Common Area may be alienated, released, transferred, or otherwise encumbered only with the written approval of all Owners and each holder of a first mortgage on any lot.

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

7. Ingress and Egress. In addition, there is reserved to Declarant for the use and benefit of any adjoining property that has been added as a new section to Prestwick or is intended to be added as a new section, a right of ingress and egress over the streets, a right to attach to and use sewer and utility easements and such other easements as may be necessary to develop said property.

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

9. Subject to Prior Utility Easements. Notwithstanding anything herein expressed or implied to the contrary, this Declaration shall be subject to all easement heretofore or hereafter granted by Declarant for ingress or egress and for the installation and maintenance of utilities, sewers, television cables, drainage, and similar facilities that are necessary or appropriate for the development of the properties.

10. Utility Easements, Duties and Rights. The rights and duties of the Owners of lots with respect to

sanitary sewers and water, electricity, television cables, gas and telephone, shall be governed by the following:

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

(b) When sanitary sewer house connections and/or water house connections or electricity, television cables, gas or telephone lines are installed within the properties, which connections serve more than one (1) lot, the Owner of each lot served by said connections shall be entitled to full use and enjoyment of such portions of said connections as service his lot.

ARTICLE IX

SALE OR LEASE OF LOTS

1. Sales, Resales and Advertising. No signs shall be permitted on any lot except one, non-illuminated sign advertising the house or lot for sale or rent not exceeding four (4) square feet in size.

ARTICLE X

INSURANCE

1. Casualty Insurance. The Association shall keep all insurable improvements and fixtures on the Common Area insured against loss and damage by fire for the full insurable replacement cost thereof, and shall obtain insurance against such other hazards and casualties as the Association may deem desirable as well as a general liability insurance policy covering all Common Areas with coverage of at least One Million Dollars (\$1,000,000.00) for bodily injury or property damage for any single occurrence as well as coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party. All policies shall provide that they may not be cancelled or substantially modified without ten (10) days written notice to all insureds including the mortgagees if any. The Association shall also insure any other property whether real or personal, owned by the Association, against loss or damage by fire or casualty and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. all casualty, liability and fidelity bond coverage shall be in such manner and in such amount as required by the Federal National Mortgage Association (FNMA), and their requirements thereto as set forth in Sections 501-504, FNMA Lending Guide, are adopted herein by reference. Any insurance coverage with respect to the Common Area or otherwise shall be written in the name of, and the proceeds thereof, shall be payable to the Association. Insurance proceeds shall be used by the

Association for the repair or replacement of the property for which the insurance was carried. Premiums for all such insurance carried by the Association are common expenses included in the common assessments made by the Association.

2. Replacement of Repair of Property. In the event of damage to or destruction of any part of the Common Area improvements, the Association shall repair or replace same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the cost of repair or replacement of the property damaged or destroyed, the Association may make a special assessment against all owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other common assessments made against such lot Owner.

3. Other Insurance. The Association may also maintain and pay for insurance policies or bonds that are appropriate for the protection and benefit of the Association, Members of the Board and any standing Committee, tenants or guests, including, but without limitations, workers' compensation, malicious mischief, and performance of fidelity bonds.

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

5. Hazard, flood, Homeowners and Fire Insurance. Each Owner shall obtain and maintain in effect fire and appropriate damage and physical loss insurance, all in an amount equal to the then current full replacement value of each residence and improvement owned by such Owner, which may be established from time to time by the Board or the Association by resolution. Such additional insurance requirements may be set forth in agreements or other undertakings which the Board or Association may enter into with or for the benefit of holders or insurers of mortgages secured upon portions of the properties.

6. obligation to Repair and Restore.

(a) Subject only to the rights of an institutional holder of the first mortgage lien on the damaged lot, insurance proceeds from any insurance policy covering a lot shall be first applied to the repair, restoration, or replacement of such residence. Each Owner shall be responsible for the repair, restoration, or replacement of each residence owned by such Owner pursuant to the terms hereof. Any such repair, restoration or replacement shall (subject to advances and changes in construction techniques and materials generally used in such construction and in currently generally accepted design criteria) be generally harmonious with the other Prestwick residences, and reconstruction must be consistent with plans approved by the Architectural Committee. Such repair and restoration will be commenced as soon as possible.

(b) If the proceeds of insurance are insufficient to pay for the cost of repair, restoration, or replacement of a residence or improvement, the Owner of such residence shall be responsible for the payment of any such deficiency necessary to complete the repair, restoration or replacement.

7. Association Rights. If any Owner fails to obtain the insurance required in this Article, or fails to

pay the premiums therefor when and as required or fails to otherwise perform the obligations of an Owner under this Article, the Association may (but shall not be obligated to in any manner) obtain such insurance, make such payments for any such Owner, and/or perform such obligations, and add the cost of such payments or performance, as a special assessment, to the assessments of such Owner and enforce the payment of the assessment in a like manner as a general assessment.

8. Proof of Insurance. Each Owner shall provide the Association with a copy of an appropriate insurance policy and a paid receipt thereof, showing that the Owner has proper hazard, fire, flood and homeowner's insurance coverage. Failure to so provide such insurance proof on an annual basis or at such other times as the Association may reasonably require will be construed as a default of the obligations under this Article, and the Association may take whatever reasonable steps it deems necessary, including the procurement of insurance on said residence, with the Owner to be liable for such procurement as set forth above. All such insurance shall contain a provision for the notification of the Prestwick Homeowner's Association, and each mortgage holder named in the mortgage clause, at least ten (10) days prior to the cancellation, or substantial change, of coverage. Nothing herein shall be construed so as to require the Association to procure, insure or be a guarantor that insurance is procured or in force on any lot.

9. Notice to First Mortgagees. In the event of substantial damage to or destruction of any part of the Common Elements, the institutional holder of any first deed of trust or mortgage on a lot will be entitled to timely written notice of any such damage or destruction and no provision of any document establishing the Property will entitle the Owner of a lot or other party to priority over such institutional holder with respect to the distribution to such lot of any insurance proceeds.

ARTICLE XI

EXTERIOR MAINTENANCE

1. Maintenance of, repairs to and replacements to the Common Elements shall be the responsibility of and shall be furnished by the Association. The cost of maintenance of, repairs to and replacements to the Common Elements shall be part of the common expenses, subject to the By-Laws, Rules and Regulations of the Association. If, due to the act or neglect of a lot Owner, or of his agent, servant, tenant, family member, invitee, licensee or household pet, damage shall be caused to the Common Elements, to the sidewalks, or to a lot owned by others, or maintenance, repair or replacement are required which would otherwise be a common expense, then such lot Owner shall pay for such damage or such maintenance, repair or replacements, as may be determined by the Association, to the extent not covered by the Association's insurance or sufficient proceeds are not collected from the insurance carrier or to the extent any such claim raises insurance premiums.

In addition to the utility and maintenance easements as may appear on the Plat, the authorized representatives of the Association, Board or of the Managing Agent with approval of the Board, shall be entitled to reasonable access to the individual lots as may be required in connection with the preservation of any individual lot in the event of an emergency, or in connection with maintenance

of, repairs or replacements of the Common Elements or any equipment, facilities or fixtures affecting or serving other lots and the Common Elements or to make any alteration required by any governmental authority.

2. It will be the responsibility of each lot owner to maintain their own mailbox in keeping with the specific design approved by the Developer.

3. Each lot Owner is responsible for all exterior maintenance on his own lot. Each owner shall repair, maintain or replace all exteriors on any building in a good and husbandlike manner. Additionally, all landscaping, plants, shrubs, driveways, walks, yards, sidewalk adjacent to the street, etc., shall be maintained in a neat, orderly condition and in a good state of repair and maintenance. All exterior maintenance, including painting, shall be done in the color, method and design that is suitable and approved by the Architectural Committee. The Architectural Committee can base its decisions solely on esthetic considerations.

ARTICLE XII

ANNEXATION AND/OR ADDITION OF OTHER AREA TO PROPERTY

1. General. Declarant or his successors and assigns, shall be allowed to annex additional property by way of sections to Prestwick without the consent of the Association or its Members over any mortgagees or other lien holders; (other than those holding mortgages and liens on the real property being annexed) by the recordation of a supplementary Declaration as provided herein. Upon such annexation, the Association shall take whatever measures are necessary to add such annexed property and lots into the regime on an equal basis with the original property included hereunder.

2. Membership in Association. Upon the recording of any supplementary Declaration, those lot Owners contained therein shall become Members of the Association obtaining all rights due Members of the Association and becoming liable for all assessments and fees as set forth herein and/or in the supplemental Declaration.

3. Common Area. All Common Areas in any annexed property will be deeded to the Association in fee simple to be held in accordance with this Declaration.

ARTICLE XIII

GENERAL PROVISIONS

1. Duration. The covenants, conditions and restrictions contained herein shall be appurtenant to and run with the land and shall be binding upon all Owners and parties hereinafter having an interest in any of the Development, and all parties claiming under them, until January 1, 2050, at which time they shall be automatically extended for successive periods of ten (10) years each, unless a majority of the votes attributable to Lots in the Development are cast in favor of a proposition to change, amend or revoke the restrictions in whole or in part at a duly called meeting of the Association within the final one (1) year of the term of this Declaration, as it may have been extended. Each purchaser or subsequent grantee of any

interest in any property now or hereafter made subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that the covenants and restrictions of this Declaration may be extended as provided in this Article XIII, Section 1.

2. Amendment. The covenants and restrictions contained in this Declaration may be amended unilaterally by the Developer, without joinder of any Owner, for a period of fifteen (15) years from the date hereof. Thereafter, any amendment of this Declaration will require the affirmative vote of at least two-thirds (2/3) of the Votes entitled to be cast by the them Members of the Association, (both Class A and Class B) at a duly called meeting of the Association at which a quorum is present. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record. Every purchaser or subsequent grantee of any interest in any property now or hereafter made subject to this Declaration by acceptance of a deed or other conveyance therefor, thereby agrees that the covenants and restrictions of this Declaration may be amended as provided herein.

3. Enforcement. All restrictions herein may be enforced by Developer, its successors and assigns until the termination of the Class B Membership, or by the Association acting by and through its Board, or by the Architectural Review Committee, by proceeding at law or in equity against the Person violating or attempting to violate any covenant or covenants, either to restrain the violation thereof or to recover money damages, together with reasonable attorneys' fees and court costs. Furthermore, after the termination of Developer's Class B Membership in the Association, in the event the Association fails to act to enforce any restriction contained herein, any Owner of any Lot may enforce these restrictions as aforesaid against any other Owner. Notwithstanding the foregoing, the covenants contained in Article VIII hereof regarding the Developer's option to purchase Lots shall be enforceable only by Developer and not by its successors or assigns unless said rights are specifically assigned thereby Developer in writing.

4. Partial Invalidity. Any invalidation of any one or more of these restrictions by judgment, court order, or statute, for failure on the part of Developer or its successors or assigns to enforce any of said restrictions, shall in no way affect any of the other provisions hereof or be deemed as a waiver of the right to enforce such restrictions at any time after the violation thereof. Invalidation of any one or more of these restrictions by judgment or court order shall neither affect any of the other provisions not expressly held to be void nor 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.

5. Abatement. In the event that any Owner violates any of the terms or conditions of this Declaration and fails to cure the same within ten (10) days after written notice thereof, then Developer, in addition to any other rights and remedies provided for herein, shall have the express right, privilege and license to enter upon any Lot to take any reasonable action to cure such violation, and all reasonable costs thereof shall be at the expense of the Owner of such Lot and shall be payable upon demand by Developer, including reasonable attorney fees.

6. Notice. All notices required or permitted hereunder shall be in writing and effective when deposited in the U.S. mail, postage prepaid, addressed to any Owner at the address of the Lot owned by such Owner, or addressed to the Developer as follows:

Scotland Chase Venture and
Villages of Scotland, L.L.C.
ATTN: John Harney
P.O. Box 5049
Murfreesboro, TN 37133-5049

or such other address as Developer may, by notice to each of the Owners, designate.

7. Headings and Binding Effect. Headings have been inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular paragraphs to which they refer. The covenants, agreements and rights set forth herein shall be binding upon and inure to the benefit of the respective heirs, executors, successors and assigns of the Developer and all persons claiming by, through or under Developer.

8. Exoneration of Developer. Each Owner of any Lot in the Development, or any other party having an interest in any portion of the Development, expressly agrees that no duty or obligation is imposed upon Developer to enforce or attempt to enforce any of the covenants or restrictions contained herein, nor shall Developer be subject to any liability of any kind or nature whatsoever resulting out of any claim by any third party asserting that Developer failed to enforce the same.

IN WITNESS WHEREOF, the Developer has caused this Declaration of Protective Covenants, Conditions and Restrictions to be duly executed this 18th day of May, 2000.

SCOTTLAND CHASE VENTURE

By: John Harney

Title: Partner

VILLAGES OF SCOTTLAND, L.L.C.

By: John Harney

Title: Authorized Member

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Record Book
8 Pg 666

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, JOHN HARNEY, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon his oath, acknowledged himself to be a partner of Scotland Chase Venture, the within named bargainor, a partnership, and he as such partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as such partner.

WITNESS MY HAND and official seal at my office on this the 18th day of May, 2000

Marcella A. Mollenberg
Notary Public

My commission expires: 9-22-02



STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, JOHN HARNEY, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon his oath, acknowledged himself to be the authorized member of Villages of Scotland, L.L.C., the within named bargainor, a Limited Liability Company, and he as such authorized member, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the partnership by himself as such partner.

WITNESS MY HAND and official seal at my office on this the 18th day of May, 2000.

Marcella A. Mollenberg
Notary Public

My commission expires: 9-22-02

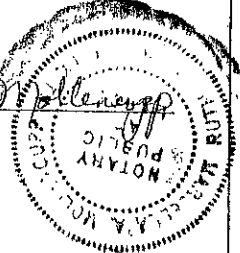


EXHIBIT "A"

(Legal Description)

EXHIBIT "A"

A parcel located in the 13th Civil District of
Rutherford County, Tennessee, more
particularly described as follows:

All of the property shown on the Final Plat of
Prestwick Subdivision, Phase I in Plat Book
21, page 115, of the Register's Office of
Rutherford County, Tennessee, and any property
subsequently annexed under the Declaration of
Covenants for Prestwick Subdivision.

EXHIBIT "B"

(By-Laws of Prestwick Homeowners' Association, Inc.)

Jennifer M Gerhart, Register
Rutherford County Tennessee
Rec #: 209052 Instrument 1005280
Rec'd: 116.00 NBK: 56 Pg 361
State: 0.00
Clerk: 0.00 Recorded
EDP: 2.00 5/19/2000 at 2:31 PM
Total: 118.00 in Record Book
6 Pages 641-669

THIS INSTRUMENT PREPARED BY:
MURFREE, COPE, HUDSON & SCARLETT
16 Public Square North
Murfreesboro, TN 37130

BY-LAWS OF
PRESTWICK HOMEOWNERS' ASSOCIATION, INC.

ARTICLE ONE

NAME AND LOCATION

The name of the corporation is PRESTWICK HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 201 South Church Street, Suite 300, Murfreesboro, Tennessee 37130, but meetings of members and directors may be held at such places within the state of Tennessee, County of Rutherford, City of Murfreesboro, as may be designated by the Board of Directors.

ARTICLE TWO

DEFINITIONS

SECTION 1: "Association" shall mean and refer to PRESTWICK HOMEOWNERS' ASSOCIATION, INC., its successors and assigns.

SECTION 2: "Property" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of this Association.

SECTION 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

SECTION 4: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the Common Area.

SECTION 5: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot or unit which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 6: "Declarant" shall mean and refer to Prestwick, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot from the

developer for the purpose of development.

SECTION 7: "Declaration" shall mean and refer to the restrictive covenants applicable to the properties recorded in the Register's Office of Rutherford County, Tennessee.

SECTION 8: "Member" shall mean and refer to those persons entitled to membership as provided in the Charter of the Homeowners' Association.

SECTION 9: "Unit" shall mean and refer to any portion of a building situated upon the properties designed and intended for use and occupancy as a residence by a single family.

ARTICLE THREE

MEMBERSHIP

SECTION 1. Membership: The total number of memberships shall not exceed the number of units in the project, including any future expansions of the project. Any person becoming an owner of a unit shall automatically become a member of this Association, and shall be subject to the provisions of the Articles of Incorporation and of these By-Laws. Such membership shall terminate without any Association action whenever such person ceases to own a unit, but such termination shall not relieve or release any such former owner of any liability or obligation incurred under or in connection with the Association during the period of such ownership or membership in the Association. No certificates of stock shall be issued by the Association, but the Board of Managers may, if it so elects, issue one (1) membership card to the owner or owners of a unit. Such membership card shall be surrendered whenever an ownership unit designated thereon shall terminate.

SECTION 2. Classes: There shall be two (2) classes of membership designated Class A and Class B. Rights of a member in any class shall be identical in all respects to the rights of a member in any other class except regarding voting. The class of membership of an owner will be determined as set forth in the Articles of Incorporation. Class B membership shall be the Declarant and shall be entitled to three (3) votes for each lot owned. Class A membership shall be all other owners and shall be entitled to one (1) vote for each unit owned. However, Class B membership shall cease and be converted to Class A membership when the total votes outstanding in Class A membership equal the total votes outstanding in Class B membership; or,

ARTICLE FOUR

MEETING OF MEMBERS

SECTION 1. Annual Meetings: The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

SECTION 2. Special Meetings: Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the votes of the Class A membership. No business shall be transacted at a special meeting except as stated in the notice, unless by consent of the owners of two-thirds (2/3) of the units, either in person or by proxy.

SECTION 3. Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before said meeting to each member entitled to vote therein, addressed to the member's last address appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION 4. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote therein shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

SECTION 5. Proxies: At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot or unit.

ARTICLE FIVE

BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE

SECTION 1. Number: The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be members of the Association or officers, agents, directors, representatives, or employees of Declarant.

SECTION 2. Term of Office: At the first annual meeting, and each annual meeting thereafter, the members shall elect three (3) Directors for one (1) year terms.

SECTION 3. Removal: Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION 4. Compensation: No Director shall receive compensation for any service he may render to the Association in directing the affairs of the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties, and may be paid for such professional services rendered to the Association at its request.

SECTION 5. 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.

ARTICLE SIX

NOMINATION AND ELECTION OF DIRECTORS

SECTION 1. Nomination for Election of the Board of Directors: The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors 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 of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

SECTION 2. Election: Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE SEVEN

MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings: Regular meetings of the Board of Directors shall be held quarterly or more often if necessary, without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

SECTION 2. Special Meetings: Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director.

SECTION 3. Quorum: A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present, shall be regarded as the act of the Board.

ARTICLE EIGHT

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1. Powers: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association for the operation and maintenance of the project including, but not limited to, the following:

(a) Adopt and publish rules and regulations governing the use of the Common Area, facilities, the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof; and

(b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; notice will be given to any member at least five (5) days in advance stating the violation, stating a time and place for such hearing, and allowing

the member to present his rebuttal or explanation, if any, at such hearing; and

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by the provisions of these By-Laws, the Articles of Incorporation or the Declaration; and

(d) Establish, levy, assess, and collect the assessments or charges that may be necessary; and

(e) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(f) Appoint and remove at pleasure all officers, agents and employees of the corporation, prescribe their duties, fix their compensation, and require from them such bond as may be deemed necessary or required. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member, officer or Director of the corporation in any other capacity whatsoever.

SECTION 2. Duties: It being the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meetings of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote; and

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed; and

(c) as more fully provided in the Declaration, to:

(i) fix the amount of the annual assessment against each lot or unit at least thirty (30) days in advance of each annual assessment period, but failure to do so will not waive the Association's right to such assessment;

(ii) send written notice of the annual assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) foreclose the lien within a reasonable time against any property for which assessments are not paid within thirty (30) days after due date, or to bring an action at law against the owner personally obligated to pay the same; and

(iv) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of such certificates. If such certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment as of the date of issuance; and

(v) to obtain, maintain and pay for such insurance policies or bonds, whether or not required by any provision of the Declaration or By-Laws, as the Association shall deem appropriate for the protection or benefit of the Association, the members of the Board of any standing committee, tenants or guests, including, but without limitation, worker's compensation, malicious mischief, automobile non-ownership insurance, performance of fidelity bonds, and area liability and hazard insurance; and,

(vi) cause any Common Area to be maintained; and

(vii) cause the exteriors of the dwellings to be maintained as set forth in the Declaration.

(viii) provide for the maintenance of the lawns and landscaping with the development.

ARTICLE NINE

OFFICERS AND THEIR DUTIES

SECTION 1. Enumeration of Offices: The officers of this Association shall be a President and a Secretary/Treasurer, and such other officers as the Board may from time to time by Resolution create.

SECTION 2. Time of Election of Officers: The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

SECTION 3. Term: The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

SECTION 5. Resignation and Removal: Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 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.

SECTION 7. Multiple Offices: No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

SECTION 8. Duties: The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall co-sign all promissory notes of the Association, leases, mortgages, deeds and other written instruments.

Secretary/Treasurer

(b) The Secretary/Treasurer shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board. The Secretary/Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by Resolution of the Board of Directors; shall sign all checks, and co-sign all promissory notes of the Association, leases, mortgages, deeds and other written documents; keep proper books of account; cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE TEN

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every Director or officer, and his or her heirs, executors and administrators against all losses, costs and expenses, including legal counsel fees, reasonably incurred by him or her in connection with any action, suit or proceeding in which he or she may be made a party by reason of his or her being or having been a Director or officer of the Association, except as to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his or her duty as such Director or officer in relation to the matter involved. All liability, loss, damage, costs, and expenses incurred or suffered by the Association by reason arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

ARTICLE ELEVEN

OBLIGATIONS OF THE OWNERS

SECTION 1. Assessments: Except as otherwise provided in the Declaration, all owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses, and payment thereof shall be made not later than on the tenth (10th) day following the mailing of the monthly statement to the address of the owner. All such assessments, as set by the Board pursuant to the Declaration, Articles and the By-Laws, shall be due and payable monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of members, within the meaning of these By-Laws, if, and only if, he or she shall have fully paid all assessments made or levied against him or her.

SECTION 2. Maintenance and Repair:

(a) Except as may be provided in the Declaration, every owner must perform promptly at his or her own expense all maintenance and repair work within their unit and lot, which, if omitted, would affect the project in its entirety or any part belonging to another person.

(b) All the repairs of internal installation of the unit, such as water, lights, gas, power, sewage, telephones,

sanitary installations, doors, windows, windowpanes, electrical fixtures, and all other accessories, equipment, fixtures including any air conditioning equipment belonging to the unit, shall be at the owner's expense, and owner shall be obligated to reimburse the Association or another unit owner upon receipt of a statement for any expenditures incurred by the Association or other unit owner or both in repairing, replacing, or restoring any common element or any part of a unit damaged as a result of the negligence or other tortious conduct of such owner, member of his or her family, agent, employee, invitee, licensee, or tenant.

SECTION 3. Materialmen's Judgment or Tax Liens:

Each owner agrees to indemnify and to hold each of the other owners harmless from any and all materialmen's judgment or tax liens filed against other units in the appurtenant general common elements for labor, materials, services, or other products incorporated in the owner's unit. In the event suit for foreclosure for a materialmen's judgment or tax lien is commenced, then within ninety (90) days thereafter, such owner shall be required to deposit with the Association cash or appropriate bond equal to the amount of such claim, plus interest, for one (1) year, together with the sum of \$150.00. Such sum or bond shall be held by the Association pending final adjudication or settlement of the claim for litigation. Disbursements of such funds or proceeds shall be made by the Association to ensure payment of or on account of such final judgment or settlement. Any deficiency shall be paid for by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his or her unit which may be foreclosed as provided in the Declaration.

SECTION 4. Compliance:

(a) Each owner shall comply strictly with the provisions of the Declaration.

(b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which Middleborough was built.

SECTION 5. Use of Common Areas: General common elements and any limited common elements shall be used in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

SECTION 6. Access to Lot or Unit:

(a) An owner shall permit the managing agent or the person authorized by the Board of Directors the right of access to the owner's unit and lot from time to time during reasonable hours that may be necessary for the maintenance, repair or replacement of

the common elements, or at any time necessary by the managing agent or Board of Directors for the making of emergency repairs to prevent damage to any of the common elements or other units.

(b) An owner shall permit other owners or their representatives, when so required, to enter his or her unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided their request for entry is made in advance and such entry is at a time convenient to the owner. In the case of an emergency, such right of entry shall be immediate.

SECTION 7. Rules and Regulations:

(a) No resident of the project shall in any way violate the rules and regulations set forth in the Declaration. In addition, owners and occupants of units shall exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and using or playing or permitting to be used or played any musical instruments, radios, phonographs, television sets, amplifiers, or any other instruments or devices in such a manner as may disturb or tend to disturb owners, tenants or other occupants of units.

(b) Owners, tenants or guests shall not hang garments, rugs and other materials from the windows or from any of the facades or balconies of the building or any of the improvements.

(c) Owners, tenants or guests shall not throw garbage or trash outside the disposal installations provided for those purposes.

(d) No owner, tenant or lessee shall install wiring for electrical or telephone installation, television antennas, machines or air conditioning units on the exterior of the project or that protrude through the walls or the roof of the project, except as expressly authorized in writing by the Board of Directors.

(e) The rental of any unit shall be in accordance with the rules and regulations established for such rental by the Board of Directors.

(f) The Board of Directors and/or the managing agent reserves the power to establish, make and enforce compliance with such additional rules and regulations which may be necessary for the operation, use and occupancy of this planned unit development project, with the right to amend same from time to time. Among those rules and regulations which the Board of Directors may make is the prohibition of the keeping of any animals in any unit.

ARTICLE TWELVE

MORTGAGES

SECTION 1. Notice to the Association: Any owner who mortgages a unit shall notify the Association, giving the name and address of the mortgagee. The Association shall maintain such information in a book or on a list entitled "Mortgagees of Units".

SECTION 2. Notice of Unpaid Assessments: The Association shall, at the request of a mortgagee of a unit, report any unpaid assessments due from the owner of such unit.

ARTICLE THIRTEEN

COMMITTEES

The Association may appoint an architectural control committee, as provided in the Declaration, and a nominating committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE FOURTEEN

BOOKS AND RECORDS

Books, reports and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, Articles of Incorporation and By-laws of the Association shall be available for inspection by any member of the principal office of the Association, or copies may be purchased at a reasonable cost.

ARTICLE FIFTEEN

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from date of delinquency at the rate provided in the Declaration, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and any interest, cost and reasonable attorney's fees in any such action shall add to the amount of such

assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her unit or lot.

ARTICLE SIXTEEN

CORPORATE SEAL

The Association shall not be required to have a seal.

ARTICLE SEVENTEEN

AMENDMENTS

SECTION 1. These By-Laws may be amended at a meeting called for such purpose, or at a regular meeting if notice is given that such action is to be taken, by a vote of owners representing an aggregate interest of at least fifty percent (50%) of the ownership of units. Notice of such a meeting shall contain a summary of the proposed changes or a copy of such proposed changes.

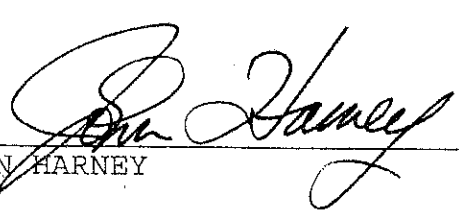
SECTION 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE EIGHTEEN

MISCELLANEOUS

The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, John Harney, being the authorized partner of SCOTTLAND CHASE VENTURE and the authorized member of VILLAGES OF SCOTTLAND, L.L.C., has hereunto set my hand, this the 18th day of May, 2000.



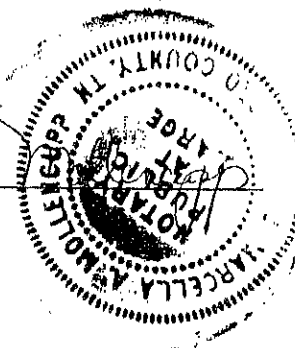
JOHN HARNEY

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Personally appeared before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, JOHN HARNEY, the within named, with whom I am personally acquainted, and he acknowledged that he executed the within instrument (BY-LAWS OF PRESTWICK HOMEOWNERS' ASSOCIATION, INC.) for the purposes therein contained on behalf of Scotland Chase Venture and villages of Scotland, L.L.C. and acknowledge that he was duly authorized to do so.

WITNESS MY HAND and official seal on this the 18th day of May, 2000.

Marcella A.
NOTARY PUBLIC



My commission expires: 9-22-02

Jennifer M Gerhart, Register
Rutherford County Tennessee
Rec #: 209058 Instrument 1005286
Rec'd: 56.00 NEk: 56 Pg 361
State: 0.00
Clerk: 0.00
EDP: 2.00
Total: 58.00
Recorded
5/19/2000 at 2:48 PM
in Record Book
6 Pages 706-719

SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS & RESTRICTIONS FOR
FOR PRESTWICK SUBDIVISION, SECTIONS I, II, III

THIS SECOND AMENDMENT to the Declaration of Protective Covenants, Conditions & Restrictions for Prestwick Subdivision, Sections I, II, and III, is made effective upon the date of recording of this instrument in the Register's Office for Rutherford County, Tennessee by the Prestwick Homeowners' Association, Inc. (The "Association").

WITNESSETH

WHEREAS, the Declaration of Protective Covenants, Conditions & Restrictions for Prestwick Subdivision, Section 1 is of record in Book 6, Page 641, Register's Office for Rutherford County, Tennessee (the "Declaration"); and

WHEREAS, said Declaration was amended by Amendment To Declaration of Protective Covenants, Conditions & Restrictions for Prestwick Subdivision, Section 1 of record in Book 10, Page 1793, Register's Office for Rutherford County, Tennessee; and

WHEREAS, pursuant to the Declarations, Supplementary Declarations were filed, to wit, Supplementary Declaration of Restrictive Covenants Applying to Prestwick Subdivision, Section 1, annexing Prestwick Subdivision, Section II, of record in Book 78, Page 2729, Register's Office for Rutherford County, Tennessee; and

WHEREAS, pursuant to the Declaration, a Supplementary Declaration of Restrictive Covenants applying to Prestwick Subdivision, Section III, was filed on July 20, 2004, of record at Book 409, Page 1029, Register's Office for Rutherford County, Tennessee; and

WHEREAS, on August 6, 2004, a Ratification and Adoption of Restrictive Covenants was filed in Book 432, Page 2785, Register's Office for Rutherford County, Tennessee; and

WHEREAS, the Members of the Association desire to amend said Declarations in accordance with Article XIII, Paragraph 2. of the original Declaration by a vote of at least two-thirds (2/3) of the Votes entitled to be cast by the Members of the Association; and

That on the 27th day of October, 2008, a duly called meeting of the Association, at which a quorum was present, said vote was taken; and

WHEREAS, at least two-thirds (2/3) of the owners approved the following Amendments:

- (1.) Article IX, Section 1, shall be amended to delete the words "or rent" therefrom;
- (2.) Article X, Section 3, shall be amended to delete the word "tenants" therefrom;
- (3.) Article XI, Section 1, shall be amended to delete the word "tenant" from line eight thereof;
- (4.) Article VII, Section 3, shall be amended to add the following:
 - m. Notwithstanding any reference to the word "tenants" or "tenant" which may be found within these Declarations or the By-Laws of Prestwick Homeowners' Association, Inc. of record in Book 6, Page 706, in the Register's Office for Rutherford County, Tennessee, no Lot or Improvement thereon may be offered by its owner to the public at large for temporary transient accommodations, nor shall any lot owner lease his lot or improvement thereon to any third party. Any lot owner as of the date of the recording of this Second Amendment shall be allowed to lease his or her Lot until such time as said owner's lot or improvement thereon is sold to a third party. Thereafter, the lot and improvement thereon must be sold to the third party as a primary residence only.
- (5.) All other terms and conditions of the Declaration and Second Amendment to the Declaration not modified or amended herein are affirmed.

IN WITNESS WHEREOF, the undersigned President and Secretary of the Association executed this Second Amendment to the Declaration of Protective Covenants, Conditions & Restrictions for Prestwick Subdivision, Sections I, II, and III, this 18th date of NOVEMBER, 2008.

PRESTWICK HOMEOWNERS' ASSOCIATION, INC.,
A Not for Profit Corporation

By: [Signature]
Title: Its President

PRESTWICK HOMEOWNERS' ASSOCIATION, INC.,
A Not for Profit Corporation

By: [Signature]
Title: Its Secretary

STATE OF TENNESSEE)
COUNTY OF RUTHERFORD)

Before me, Gayle Allman a Notary Public in and for the County and State aforesaid, personally appeared Richard Slicker & John [unclear] with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the President of Prestwick Homeowners' Association, Inc., a not for profit corporation, and who further acknowledged that he/she executed the within instrument for the purposes therein contained by signing the name of the corporation by himself/herself as such President.

WITNESS my hand and seal, in Murfreesboro, Tennessee, this 18th day of NOVEMBER, 2008.

Gayle Allman
NOTARY PUBLIC



My Commission Expires:

My Commission Expires
September 21 2010

Jennifer M Gerhart, Register
Rutherford County Tennessee

Rec #:	579013	Instrument #:	1601122
Rec'd:	15.00		
State:	0.00		
Clerk:	0.00	Recorded	
EDP:	2.00	1/16/2009 at 9:55 AM	
Total:	17.00	in	
		Record Book 890 Pgs 2793-2795	

STATE OF TENNESSEE)
COUNTY OF RUTHERFORD)

VILLAGE OF PRESTWICK

ASSOCIATION RULES

Architectural Control

A homeowner must submit a set of plans and specifications with a written request to the Architectural Review Committee prior to any construction, reconstruction, remodeling, alteration, or addition to any structure, building, fence, wall, driveway, path, or other improvement of any nature. The intended location of the same and specifications showing the nature, shape, height, materials and such other specifics as may be required including its architectural style. The homeowner must have prior written approval from the Board of Directors, through the Architectural Review Committee, before commencing with an improvement of any nature.

Association Fees

Association fees are due by the 15th day of the first month in the quarter to avoid a late fee. Any account 30 days delinquent will be fined \$100.00. An "intent to lien" letter will be sent to the Homeowner after 45 days of delinquency. A lien will be placed on the Homeowner's property whose account is 90 days delinquent. Civil action will be taken against any account past due 180 days. **All legal fees and court costs will be the responsibility of the Homeowner.**

Buildings

No trailer, basement house, tent, modular home, mobile home, or other temporary structure shall be erected or used as either a temporary or permanent residence. Portable buildings are not permitted within the development.

Clothes Lines

There shall be no outside clotheslines, clothes hanging devices, or the like upon any Lot.

Building materials

No building materials may be stored on any Lot except for the purpose of construction of such Lot, and then only for such length of time as is reasonably necessary for the construction of the improvements then in progress.

Boats

Boats must be stored in enclosed areas and must not be visible from neighboring Lots, streets, or Common Areas.

Explosives

The shooting of firearms, fireworks, or other pyrotechnic devices of any type or size, and other such activities shall not be allowed upon any Lot.

Exterior Maintenance

Each Lot Owner is responsible for all exterior maintenance on their Lot. Each Owner shall repair, maintain, or replace all exteriors on any building in a good husband like manner. Additionally, all landscaping, plants, shrubs, driveways, walks, yards, sidewalk adjacent to the street, etc. shall be maintained in a neat, orderly condition and in a good state of repair and maintenance.

Respective owners shall maintain all Lots in a neat and attractive condition. In the event an owner shall fail to maintain their Lot in a manner satisfactory to the Association, the Association may enter upon the owner's Lot, after a ten (10) day notice in writing to the offending owner, and perform the maintenance of the improvement if the owner fails to commence the correction of the matter. The charges incurred from such action shall be charged to the owner's quarterly assessment.

Fences

Boundary walls of fences for individual Lots must receive prior approval of the Architectural Review Committee. The Architectural Review Committee may limit the height and design of any fences or walls. All boundary walls, retaining walls, and fences must be made of materials approved by the Committee.

Fines

A Homeowner in violation of the protective covenants, conditions, and restriction of the Village of Prestwick will be sent a written notice via certified mail to correct the violation. If the violation is not corrected within five (5) calendar days, the responsible party is fined \$50.00. Upon a second written notice for the same violation, via certified mail, the Homeowner will be fined \$100 fine if the violation is not corrected within five (5) calendar days. Upon a third written notice of the same violation, via certified mail, the Homeowner will be fined \$250 if the violation is not corrected within five (5) calendar days. If the violation is not corrected after the third notice, a fine of \$250 will occur every five (5) days until the violation is corrected.

A homeowner who commits a violation that occurs in a moment of time, such as noise violations, will receive a written notice of the violation and will be considered a first offense with no fine assessed. A second violation for noise or other such violations will result in a written notice and a fine consistent with a second offense.

A Homeowner will have **2 days** to correct a lawn care violation

A Homeowner will have **24 hours** to correct a trash can or rubbish/waste violation

Delinquent payments – Any Homeowner with Association dues thirty (30) days delinquent will be fined \$100. After becoming 45 days delinquent, the Homeowner will also receive an intent to lien letter notifying them that a lien will be placed against their property if the balance of the account is not paid within ten (10) days. All legal fees, court costs and other incurred expenses will be the responsibility of the Homeowner.

Leasing/Rentals

There will be no leasing or renting of homes **unless prior written approval is obtained from the Board of Directors.** Notice of any lease, together with such additional information may be required by the Board, shall be given to the Board by the Homeowner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws and the Rules and Regulations. The lease must include the name and phone number of lessee and is to be kept current with listing all vehicles at the residence. All copies must be forwarded to Sentry Management Inc. To be kept on file.

Trash Cans

Trash cans may be at the street on the day designated for trash pick up **only**.

Mailboxes

It is the responsibility of each Lot owner to maintain their own mailbox in keeping with the specific design of the Development.

Noise

No Owner shall cause or allow any use of their Lot that result in noise which disturbs the peace and quiet of the Development. This restriction includes, without limitation exterior music systems or public address systems, and other noise sources which disturbs other Owners' ability to peacefully possess and enjoy their Lots.

Parking

No Owner shall cause or allow any parking of any vehicle in their yard. Prolonged parking within the common area parking spaces is prohibited. Any vehicle found in violation of above rules is subject to the fine policy and possibly being towed at the owner's expense. There is no permanent parking on the street.

Pets/Animals

No animals, livestock, poultry of any kind shall be raised, bred, or maintained on any Lot except household pets which shall be kept in reasonable numbers as pets for the sole pleasure of the occupants, but not for any other purpose.

No such household pets shall be permitted to the extent they become a nuisance to neighboring Lot owners. No pets shall be allowed outside the boundaries of the Owner's Lot unless accompanied by their owners and on a leash.

All Property Owners are responsible for the removal and proper disposal of any and all excrement (waste) emitted by their pet or pets in their care on any common area or street within the Development. **Any Homeowner violating this rule will be warned once, and if the warning is not heeded, he/she will be fined according to the fine policy.**

No owner shall cause or allow any use of their Lot that results in noise which disturbs the peace and quiet of the Development. This restriction includes without limitation, dogs whose loud and frequent barking, whining, or howling disturbs other Lot Owners. Dog houses are prohibited.

Satellite Dishes

Satellite dishes and antennas may not exceed twenty-four (24) inches in diameter and can only be mounted to the rear of any house so that the satellite dish is not visible from the front of the house.

Selling Your Home

A transfer fee of \$200.00 will be due at closing and paid to the Association of the Village of Prestwick to cover administration expenses. You will need to notify the Association and furnish information about the new Homeowner. Please make sure your realtor has copies of the By-Laws, Declaration of Covenants, Conditions, and Restrictions and a copy of the Rules and Regulations.

Vehicles

No wrecked vehicle or vehicles in a non-functional condition or vehicles without proper registration shall be parked on any Lot or upon any of the Common Areas.

Vehicles parked in any owner's yard is prohibited

There shall be no prolonged parking outside parking of recreational vehicles, including, but not limited to, camping trailers, boats, vehicle trailers, and motor homes on any Lot, street, or Common Area.

No motorcycle, motorbike, or motorscooter shall be permitted to be operated within the Development.

The assembly or disassembly of motor vehicles or other mechanical devices is prohibited.

For a complete list of restrictions, see the Declaration of Protective Covenants, Conditions, & Restrictions of the Village Prestwick