

File: PTAI

**DECLARATION OF COVENANTS, RESTRICTIONS AND  
BY-LAWS FOR BELLEAU VILLAGE TOWNHOMES OWNERS' ASSOCIATION,  
FOR BELLEAU VILLAGE TOWNHOMES, A TOWNHOUSE PROJECT**

THIS DECLARATION ("Declaration"), is made and entered into as of the 20th day of March, 2008, by Fatherson Partnership Two, a Tennessee general partnership ("Developer");

**WITNESSETH:**

WHEREAS, Developer is the owner and/or developer of certain real property located in Hamilton County, Tennessee, and more particularly described in EXHIBIT "A" attached hereto and made a part hereof known as Belleau Village Townhomes by virtue of Deed recorded in Book 8208, Page 796, in the Register's Office of Hamilton County, Tennessee; and

WHEREAS, Developer desires to submit the real property described in Exhibit "A" attached hereto together with the improvements constructed and to be constructed thereon (the "Property") to the provisions of this Declaration of Covenants, Restrictions and By-Laws for Belleau Village Townhomes Owners' Association for Belleau Village Townhome (to be referred to herein and in the future as the "Declaration").

WHEREAS, Developer further desires to establish the provisions of this instrument for his own benefit and for the mutual benefit of all present and future owners or occupants of the Property or any part thereof, and intends that all present and future owners, occupants, future mortgagees, and any other persons hereinafter acquiring any interest in the Property shall hold said interest subject to certain rights, easements and privileges in, over and upon said Property and certain mutually beneficial restrictions, obligations and liens with respect to the proper use, conduct and maintenance thereof, hereinafter set forth, all of which rights, easements, privileges, restrictions, obligations and liens are declared to be in furtherance of a plan to promote and preserve the cooperative aspects of ownership of and residence on the Property and are established for the purpose of facilitating the proper administration of the Property and enhancing and perfecting the value, desirability and attractiveness of the Property.

NOW, THEREFORE, Developer declares as follows:

**ARTICLE I  
RESTRICTIONS**

1.1 **DEFINITIONS.** The following words and phrases, whenever used herein or in exhibits hereto and made a part hereof, unless the context indicates clearly to the contrary, shall be defined as follows:

Instrument: 2008032600209  
Book and Page: GI 8623 747  
MISC RECORDING FEE: \$225.00  
DATA PROCESSING FEE: \$2.00  
Total Fees: \$227.00  
User: HCDC/KSpruiell  
Date: 3/26/2008  
Time: 2:45:24 PM  
Contact: Pam Hurst, Register  
Hamilton County, Tennessee

(a) "Declaration" means this instrument.

(b) "Association" shall mean and refer to the BELLEAU VILLAGE TOWNHOMES OWNERS' ASSOCIATION, INC., a Tennessee not for profit corporation.

(c) "Board" or "Board of Directors" means the governing body of the Association as ascertained by the Bylaws (as defined herein below).

(d) "Buildings" means the structures containing the Townhomes (as defined herein below).

(e) "Bylaws" means the bylaws of the Association as set forth in Exhibit "B" attached hereto and made a part hereof.

(f) "Common Elements" means those portions of the Property which are more particularly described on Exhibit "D" attached hereto and made a part hereof, including but not limited to, retaining walls, fencing, landscaping, entrance sign, electronic devices, stormwater control facilities, and areas and facilities which are now or hereafter contained within the Property.

(g) "Common Expenses" means the proposed or actual expenses affecting the Property, including reserves lawfully assessed by the Board. Such Common Expenses shall consist of the expenses of the administration, management, maintenance, operation, repair or replacement of and additions to the Common Elements and any other expenses incurred in conformance herewith, this Declaration and the Bylaws, including expenses agreed upon as Common Expenses by a majority of the Co-owners (as defined herein below).

(h) "Developer", means Fatherson Partnership Two, a Tennessee general partnership.

(i) "Co-owner" means the person(s) whose estates or interests, individually or collectively, aggregate fee simple ownership of a Townhome and of (as members of the Association) the undivided interest in the Common Elements appurtenant thereto, but shall not include those having an interest in a Townhome merely as security for the performance of an obligation. Unless specifically provided otherwise herein, Developer shall be deemed a Co-owner so long as it is the legal title holder of any Townhome. Any provision to the contrary notwithstanding, joint owners shall be deemed one Co-owner. If any Townhome shall be owned by more than one person or by a corporation, partnership or one or more fiduciaries, such owner(s) shall designate one person to represent such Townhome with respect to the Association and to cast the votes of such Townhome.

(j) "Majority" also means, unless otherwise specified, Two-thirds (2/3rds) or more of the "total number of votes" present at a meeting of the Association. The total number of votes shall equal the total number of Townhomes owned by Co-owners who are members of the Association. Each Co-owner shall hold one (1) vote for each Townhome owned.

(k) "Plat" means that plat recorded or to be recorded in the Register's Office of Hamilton County, Tennessee, comprising the plat of Belleau Village Townhomes, a Townhome Development, which plat, and revisions, amendments and supplements thereto, is incorporated herein by reference as fully as though copied herein.

(l) "Property" means and includes the real property described in Exhibit "A" attached hereto and made a part hereof, and all structures and improvements constructed and to be constructed thereon and all easements, rights and appurtenances belonging thereto.

(m) "Townhome Regime" means the Belleau Village Townhomes, which is a Townhome Development consisting of lots and Common Elements as designated by the Plat which lots and Common Elements are subject to this Declaration, the Bylaws and the Rules and Regulations of the Association.

(n) "Townhome" means that portion of the Property, as determined by the records in the Register's Office of Hamilton County, Tennessee, or designated on the Plat by the term "Lot", and to which fee simple title has been or shall be conveyed exclusively to a Co-owner for said Co-owner's independent use, subject to the terms and provisions herein.

## ARTICLE II PLAN OF DEVELOPMENT

2.1 SUBMISSION TO DECLARATION. Developer, as the legal title holder in fee simple of the Property, expressly intends the following:

(a) This Townhome Regime shall be known as Belleau Village Townhomes, a Townhome Development, or by such name or names as shall be selected from time to time by Developer or the Association;

(b) The Property is hereby submitted to the provisions of this Declaration.

2.2 DESCRIPTION OF SPECIFIC TOWNHOMES. All of the Townhomes are or shall be delineated upon the Plat, and the legal description of each Townhome shall consist of the identifying number and/or letter of such Townhome as shown upon the plat. Except as provided in this Declaration, no Co-owner shall, by

deed, plat, court decree or otherwise, subdivide or in any other manner cause said Co-owner's Townhome to be separated into any tracts or parcels different from the whole Townhome as shown on the Plat.

2.3 PROPERTY DEVELOPMENT. Developer hereby expressly reserves the right to continue construction of improvements, from time to time and any time so long as Developer owns fee simple title to any portion of the Property, on that portion of the Property to which Developer holds fee simple title, in order to improve the Common Elements and to construct townhouses on those portions of the Property designated for individual Townhomes, as determined by the Plat.

2.4 TERMINATION OF THE TOWNHOUSE REGIME. Subject to the provisions herein, this Townhouse Regime shall be terminated only by not less than eighty percent (80%) of the affirmative vote of all Co-owners and by written consent obtained from all those mortgagees which are subject to this Declaration.

ARTICLE III  
PROPERTY RIGHTS AND RESTRICTIONS

3.1 CO-OWNER'S RIGHTS - EXCLUSIVE AND COMMON. A Co-owner shall have:

(a) The exclusive ownership in fee to the Co-owner's Townhome, subject to the other provisions of this Declaration; and

(b) As an appurtenance to the ownership of such Townhome, an equal and undivided interest in the Common Elements.

3.2 USE AND OCCUPANCY OF TOWNHOMES AND COMMON ELEMENTS. Subject to the provision of this Declaration and the Bylaws, the Townhomes and Common Elements shall be occupied and used according to the rules and regulations as set forth in Exhibit "C" attached hereto and made a part hereof (the "Rules and Regulations"), as amended from time to time.

3.3 EASEMENTS AFFECTING THE PROPERTY. Without hereby limiting the Board's authority to grant easements from time to time with respect to parts of the Common Elements, as set forth herein, each Co-owner shall take title to said Co-owner's Townhome subject to the rights of other Co-owner's to use the Common Elements and also subject to the following:

(a) If any portion of the Common Elements encroaches upon any Townhome resulting from construction and development of the Property, or any Townhome encroaches or shall hereafter encroach upon any portion of the Common Elements, there are

hereby granted and reserved mutual easements in favor of the Association as owner of the Common Elements and the respective Co-owner(s) involved, to the extent of such encroachment, so long as the same shall exist; provided, however, that no such easement shall arise in favor of any Co-owner if the encroachment interferes with the structural integrity of any of the Common Elements or the use and enjoyment thereof by other Co-owners; and provided further that no such easement shall arise in favor of any Co-owner who creates an encroachment by said Co-owner's intentional or negligent conduct, or that of said Co-owner's agent.

(b) All suppliers of utilities, including cable television, serving the Property may be granted non-exclusive easements at the discretion of the Association to install, lay, construct, operate, maintain, renew, repair and replace conduits, ducts, cables, pipes and wires and other equipment or structural components in, to, over, under, across and through any portion of the Common Elements for the purpose of providing the Property with utility services, together with the reasonable right of ingress to and egress from the Property or any part thereof for said purpose. In addition, the Association, at its discretion, may grant such other easements as the Association may deem desirable.

3.4 LEASE OF A TOWNHOME. (a) With the exception of Subsection 3.4 (b) below (unless otherwise specified), this Section 3.4 shall not apply to the lease of a Townhome by a Co-owner to such Co-owner's spouse, child, parent, grandparent, brother, sister, grandchild or descendent, or to any one or more of them, (hereinafter individually or collectively "Family Member"), or to any trustee of a trust, the sole beneficiary of which is said Co-owner or said Co-owner's Family Member or any one or more of them, or to any partnership of which the Co-owner or said Co-owner's Family Member, or any one or more of them are the sole partners. It is provided, however, that notice of such lease shall be given by the Co-owner to the Board within ten (10) days following the consummation of such lease.

(b) A copy of any lease of a Townhome or interest therein, as and when executed, shall be furnished to the Board. The lessee under every such lease shall be bound by and subject to all of the obligations under this Declaration and the Bylaws and the lease shall expressly so provide. The Co-owner making such lease shall not be relieved thereby from any of said obligations. Upon the expiration or termination of such lease, or in the event of any attempted assigning or subleasing thereunder, the provisions of this Section 3.4 shall again apply to said Townhome or interest therein.

(c) Whenever a Co-owner shall propose to lease said Co-owner's Townhome, or any interest therein, to any person or entity other than a person or entity described in Subsection 3.4(a) above, said Co-owner shall give the Board not less than twenty (20) days prior written notice of the lease proposed by the Co-owner and shall state the name and address, and occupation or employment, if any, of the proposed lessee. The notice shall also include a copy of the proposed lease, or other documents affecting said lease and all pertinent terms and conditions of such lease.

(d) Lease of a Townhome by Developer shall not be subject to the provisions of this Section 3.4. Developer reserves the right to lease any unsold Townhome owned by Developer under such terms and conditions as Developer shall deem proper.

(e) A lease of a Townhome or interest therein by the holder of a first mortgage on a Townhome, which holder comes into possession of the mortgaged Townhome through foreclosure or other judicial sale or through any conveyance made to such first mortgage holder in lieu of foreclosure, shall not be subject to the provisions of this Section 3.4. Such first mortgage holder shall be entitled to do any of the following, all without being subject to any of the provisions of this Section 3.4:

- (i) foreclose or take title to a Townhome pursuant to the remedies provided in the mortgage; or
- (ii) accept a deed (or assignment) in lieu of foreclosure in the event of a default by a mortgagor; or
- (iii) sell or lease a Townhome acquired by the mortgagee.

(f) The Board may from time to time adopt rules and regulations not inconsistent with the provisions of this Section 3.4 for the purpose of implementing and effectuating said provisions.

(g) If any lease of a Townhome is made or attempted without complying with the provisions of this Section 3.4, such lease shall be subject to each and all rights and remedies and actions available to the Association hereunder or otherwise.

(h) Except as otherwise restricted in this Declaration, a Townhome is freely alienable as provided by applicable law.

3.5 RIGHTS RESERVED. A Co-owner's rights or enjoyments of the Common Elements as herein created shall be subject to:

(a) The right of the Association to suspend the enjoyment rights of any Co-owner in utilities, ingress and egress, and all other rights in the Common Elements for any period during which any assessment remains unpaid, and for such period as it considers appropriate for any infraction of its Rules and Regulations; and

(b) The right of the Association to charge reasonable fees for the use of any portion of the Common Elements; and

(c) The right of the Association to diminish in any way or to dedicate or transfer all or any part of the Common Elements to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the Board, provided that no such diminution, dedication, transfer, or determination as to the purposes or as to the conditions thereof, shall be effective unless Developer, (so long as Developer owns a Townhome) and not less than eighty percent (80%) of the total vote of all of the Co-owners agree to such dedication, transfer, purpose or condition; and

(d) The right of the Association to grant such assessments and rights-of-way to such utility companies or public agencies or authorities as it shall deem necessary for the proper servicing and maintenance of the Common Elements and the individual Townhomes.

3.6 RIGHTS OF MORTGAGEES. (a) Each of the following actions shall require, as of the date such action is taken, the prior written approval of all holders or owners of a subsequently recorded mortgage or deed of trust constituting a first mortgage lien on any one or more Townhomes:

(i) abandonment or termination of the Townhouse Regime or removal of the Property from the provisions of this Declaration, except for removal provided by law, or in the case of destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to this Declaration which changes the interest of the Co-owners in the Common Elements, except amendments pursuant to Paragraphs 6.2 and 8.1 hereof;

(iii) use of hazard insurance proceeds for losses to the Common Elements for other than the repair, replacement, or reconstruction of such improvements, except in the case of substantial loss to the Townhomes and/or Common Elements as provided herein;

(iv) any amendment to this Section 3.6(a) or to any other provision in this Declaration which specifically grants rights to the holders of such first mortgages or deeds of trust.

(b) Upon written request, any mortgagee subject to this Declaration shall be entitled to:

(i) inspect the books and records of the Association during normal business hours, upon reasonable notice;

(ii) receive a copy of the annual financial statement of the Association which is prepared for the Association and distributed to the Co-owner's;

(iii) receive written notice of all meetings of the Association and permitted to designate a representative to attend all such meetings;

(iv) receive written notice of any default in the obligations hereunder of any Co-owner of such Townhome encumbered by such first mortgage lien, not cured within thirty (30) days after notice of such default has been sent to such Co-owner by the Association; and

(v) receive written notice of any material amendment to this Declaration, the Bylaws or the Charter of the Association.

However, the Association's failure to provide any of the following to a first mortgagee who has so requested same shall not affect the validity of any action or decision which is related to the foregoing, nor shall the Association have any liability on account of its good faith failures to so provide.

(c) Upon written request, a first mortgagee of any one or more Townhomes shall be entitled to timely written notice in the event of any substantial damage or destruction of any part of the Common Elements or if the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority. No Co-owner or other party shall be entitled to priority over such first mortgagee with respect to the distribution to such Co-owner or other party, with respect to such Townhome, of any insurance proceeds payable by reason of such damage or destruction or of the proceeds of any such condemnation award or settlement.

(d) The provisions hereof are in addition to all other rights of mortgagees herein contained or under law.

(e) When notice is to be given to any first mortgagee hereunder, the Board shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Federal Housing Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity



participating in purchasing or guaranteeing mortgages of Townhomes in the Townhouse Regime, if the Board has notice of such participation.

3.7 TRUSTEE AS TOWNHOME OWNER. In the event title to any Townhome is conveyed to a trustee which holds title to a Townhome under the terms of which all powers of management, operation and control of the Townhome remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration and the Bylaws against such Townhome. No claim shall be made against any such titleholding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of any such lien or obligation shall continue to be a charge or lien upon the Townhome and the beneficiaries of such trust or any transfer of title to such Townhome.

3.8 RIGHT OF USE BY DEVELOPER. During the period of construction and sale of any Townhomes by Developer, Developer and Developer's respective agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees, and invitees and the respective agents and employees thereof, shall be entitled to use, parking and storage of vehicles and equipment, access, ingress to and egress from the Property, and the Common Elements without charges, as may be required for purposes of construction and sale of any Townhome and other activities of Developer on or about the Property. While Developer owns any Townhome and until each Townhome sold by Developer is occupied by the purchasers thereof, Developer and its agents and employees may use and show one or more of such unsold or unoccupied Townhomes as a model Townhome or Townhomes and may use one or more of such unsold or unoccupied Townhomes or a portion of the Common Elements without charge, as a sales office, administrative office, management office, or other uses and offices incidental to Developer's use of the Property, and may maintain customary signs, banners and flags in connection therewith. This section may only be amended or modified with the express written consent of Developer.

3.9 NO PARTITION. The Common Elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership thereof so long as the Common Elements are used for this Townhouse Regime, and in any event, all lenders must either be paid in full prior to bringing an action for partition or their consent must be first obtained.

ARTICLE IV  
THE ASSOCIATION

4.1 ASSOCIATION OF CO-OWNERS; AND ADMINISTRATION AND OPERATION OF THE PROPERTY. (a) There has been formed (pursuant to the Charter of the Association or to be recorded in the Register's Office of Hamilton County, Tennessee which Charter is made a part hereof as fully as if it were incorporated herein (the "Charter")) an Association having the name "Belleau Village Townhome Owners' Association, Inc.", a Tennessee not for profit corporation, which Association shall be the owner of the Common Elements (as designated by the Plat or as state herein), upon the proper execution and recordation of this Declaration, the Association shall be the governing body for all of the Co-owners, with reference to the maintenance, repair, replacement, administration and operation of the Common Elements, as provided in this Declaration and the Bylaws. The Association shall have and exercise all powers necessary or convenient to affect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in this Declaration and the Bylaws. All of the Co-owners irrevocably constitute and appoint the Association, in their names, as attorney in fact to effectuate the above. The Board shall elect and shall serve in accordance with the provisions of this Declaration and the Bylaws. Subject to this Declaration and Bylaws, the Board shall have standing to act in a representative capacity in relation to matters involving the Common Elements or more than one Townhome, on behalf of the Co-owners, as their interest may appear. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be for the sole benefit of the Co-owners, and all funds received by the Association shall be held and applied by it for the use and benefit of the Co-owners in accordance with the provisions of this Declaration and the Bylaws. Except as provided in Section 4.1(b) each Co-owner shall be a member of the Association. A Co-owner's membership shall automatically terminate upon the conveyance or transfer of said Co-owner's title to said Co-owner's Townhome to a new Co-owner and the new Co-owner shall simultaneously succeed to the former Co-owner's membership in the Association. A Co-owner shall be entitled to one (1) vote in the Association for each Townhome owned by said Co-owner.

(b) Non-member Co-owners. Notwithstanding anything contained in this Declaration or the Exhibits hereto to the contrary, if any existing Co-owner of record fails or refuses to consent and accept (by a recorded agreement) the provisions of this Declaration, within thirty (30) days after it is recorded

with the Register's Office of Hamilton County, Tennessee, then said Co-owner shall not be a member of the Association. In that the Association owns or shall own the Common Elements, said non-member Co-owner shall not have the right to enjoy the use and benefit of the Common Elements nor the privileges or obligations provided by this Declaration. Thirty (30) days after the recordation of this Declaration, such non-member Co-owner shall remain a non-member until (i) said non-member Co-owner accepts the provisions of this Declaration by recorded instrument, (ii) the Association by a Majority vote elects to allow such Co-owner to become a member and (iii), unless waived by the Association, such non-member Co-owner has reimbursed the Association for its pro-rata share of all Common Expenses attributable to said non-member Co-owner's Townhome and not paid by said non-member Co-owner.

4.2 MANAGEMENT OF PROPERTY. The Board shall have the authority to engage the services of a managing agent to maintain, repair, replace, administer and operate the Common Elements, or any part thereof, to the extent deemed advisable by the Board. The cost of such services shall be a Common Expense.

4.3 NON-LIABILITY OF THE DIRECTORS, BOARD, OFFICERS AND DEVELOPER. In connection with the Association, neither the Directors, the Board, or other officers of the Association, nor Developer shall be personally liable to the Co-owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Directors, the Board, any officers, or Developer, except for any acts or omissions found by a court to constitute a crime, gross negligence or fraud. The Co-owners shall indemnify and hold harmless each of the Directors, the Board, any officers, and Developer or their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors and assigns in accordance with the provisions of the Bylaws. Notwithstanding the foregoing provisions, the Directors, the Board, any other officers and Developer in their capacities as Co-owners shall be subject to the liability standards which affect all other Co-owners.

4.4 BOARD'S DETERMINATION BINDING. In the Event of any dispute or disagreement between any Co-owners relating to the Property, or any questions of interpretation or application of the provisions of this Declaration or the Bylaws, such dispute or disagreement shall be submitted to the Board and the determination thereof by the Board, provided that it is not arbitrary or capricious, shall be final and binding on each and all such Co-owners, subject to the right of the Co-owners to seek other remedies provided by law after such determination by the Board.

ARTICLE V  
MAINTENANCE

5.1 MAINTENANCE, REPAIRS AND REPLACEMENTS. (a) Maintenance of, repairs to and replacements within the Common Elements shall be the responsibility of and shall be furnished by the Association. The cost of maintenance of, repairs to and replacements within the Common Elements shall be part of the Common Expenses, subject to the Bylaws and the Rules and Regulations of the Association.

(b) In addition to the discretionary authority provided herein for maintenance of all or any portion of the Common Elements, the Association shall have the authority to maintain and repair any Townhome, if such maintenance or repair is determined necessary in the reasonable discretion of the Board to protect the Common Elements, and after prior written notice the Co-owner of said Townhome has failed or refused to perform said maintenance or repair directed by the Board; and the Board shall have the right to levy a special assessment against the Co-owner of such Townhome for the cost and expenses incurred for such necessary maintenance or repair.

(c) If, due to the act or negligence of a Co-owner, or said Co-owner's agent, servant, tenant, Family Member, invitee, licensee or household pet, damage is caused to the Common Elements or to a Townhome owned by others, or maintenance, repair or replacement are required, the cost of which would otherwise be a Common Expense, then such Co-owner shall pay for such damage or such maintenance, repair and replacement, as may be determined by the Association; however, the provisions of this Section 5.1 are subject to the provisions of Section 6.1 hereof providing for waiver of subrogation rights with respect to casualty damage insured against by reason of policies of insurance maintained by the Board.

(d) The authorized representatives of the Association with approval of the Board, shall be entitled to reasonable access to the individual Townhomes as may be required in connection with the preservation of the individual Townhomes in the event of an emergency, or in connection with maintenance of, repairs or replacements within the Common Elements, or any equipment, facilities or fixtures affecting or serving other Townhomes, or the Common Elements or to make any alteration required by any governmental authority.

5.2 ENTRY BY BOARD. The Association, its agents or employees, may enter any Townhome when necessary in connection with the maintenance or reconstruction for which the Board is responsible, or which the Board has a right or duty to do. Such entry shall be made with as little inconvenience to a Co-owner as practicable, and any damage caused thereby shall be repaired by the Board as a Common Expense.

ARTICLE VI  
INSURANCE AND CASUALTY LOSS AND EMINENT DOMAIN

6.1 INSURANCE. (a) The Board shall have the authority to and may obtain insurance for the Common Elements, against loss or damage by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements, and against such other hazards and for such amounts as the Board may deem advisable. Insurable replacement cost shall be deemed the cost of restoring the Common Elements, or any part thereof to substantially the same condition as existed prior to damage or destruction. Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association, as the trustee for each of the Co-owners, and for the holders of mortgages on each Townhome, if any. Each such policy of insurance shall also contain, if possible, a waiver of subrogation rights by the insurer against individual Co-owners. The premiums for such insurance shall be Common Expense. The Board shall notify all persons insured under such policy in the event of any cancellation thereof.

(b) The Board shall also have authority to and may obtain comprehensive public liability insurance, in such amounts as it deem desirable, and worker's compensation and other liability insurance as it deems desirable, insuring the Co-owners, individually and severally, any mortgagee of record, the Association, its officers, Directors and Board, Developer, and the managing agent, if any, and their respective employees and agents and all persons acting as their respective agents, from liability in connection with the ownership, existence, use or management of the Common Elements. Developer and Developer's representatives shall be included as additional insureds in their capacities as Co-owners and/or Board members. The Co-owners shall be included as additional insureds but only with respect to their interest in the Common Elements. Each such policy of insurance shall cover claims of one or more insured parties against other insured parties and shall also contain a waiver of subrogation rights by the insurer against such insured persons or entities. Each such policy shall also contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Co-owner because of negligent acts of the Association or any other Co-owner. The premiums for such insurance shall be a Common Expense. The Association shall notify all persons insured under any such public liability policy in the event of any cancellation thereof, and shall retain in safekeeping any such public liability policy for twenty (20) years after the expiration date of the policy.

The comprehensive public liability insurance shall cover all the Common Elements, public ways and commercial spaces owned by the Association, whether or not the same are leased to a third party. Coverage shall be for at least an amount as may be required by private institutional mortgage investors, for bodily injury, including deaths of persons and property damage arising out of a single occurrence.

Coverage under this policy shall include without limitation legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy.

(c) The Association shall also have authority to and may obtain such insurance as it deems desirable and increase insurance limits, in such amounts from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officer of the Association, and member of any committee appointed pursuant to the Bylaws, from liability arising from the fact that said person is or was Director or officer of the Association, or a member of such a committee. The premiums of such insurance shall be a Common Expense.

(d) The Board shall also have the authority to and may obtain at the discretion of the Board:

(i) fidelity coverage to protect dishonest acts on the part of officers, Directors, trustees, and employees of the Association and all others who handle or are responsible for handling funds of the Association, including the managing agent. Such insurance shall name the Association as the insured and shall be in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves; and

(ii) such other insurance as it deems desirable or necessary for the Common Elements or any aspect of the ownership, operation or management thereof, in such amounts, from such sources and in such forms as the Board deems desirable. The premiums for such insurance shall be a Common Expense.

(e) A Co-owner shall be liable for any claim, damage or judgment entered as a result of the use or operation of said Co-owner's Townhome or caused by said Co-owner's own conduct. Each Co-owner shall be responsible for obtaining said Co-owner's own insurance on said Co-owner's own Townhome and its contents,

as well as said Co-owner's additions and improvements thereto, decorations, furnishings and personal property therein, and personal property stored elsewhere on the Property. In addition, in the event a Co-owner desires to insure against said Co-owner's personal liability and loss or damage by fire or other hazards above and beyond the extent that said Co-owner's liability loss or damage is covered by the liability insurance carried by the Association for all of the Co-owners, as above provided, said Co-owner may, at said Co-owner's option and expense, obtain additional insurance.

(f) All physical damage insurance policies purchased by the Association shall be for the benefit of the Association, the Co-owners, their mortgagees, and Developer, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed One Hundred Thousand Dollars (\$100,000.00) then all such proceeds shall be paid in trust to an insurance trustee designated for that purpose by the Board.

In the event of a casualty or loss aforesaid, the Board shall enter into an insurance trust agreement with an insurance trustee on behalf of the Association which shall provide that the insurance trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of the coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies nor for the failure to collect any insurance proceeds. The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in this Declaration and the Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

If such proceeds do not exceed One Hundred Thousand Dollars (\$100,000.00) then all such proceeds shall be paid to the Association to be applied pursuant to the terms contained herein. The Board is hereby irrevocably appointed the trustee for each Co-owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Property to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases upon the payment of claims.

(g) No provision contained herein shall give a Co-owner or any other party priority over the first mortgage or first deed of trust of a Townhome in the event of a distribution of the insurance proceeds covering losses from damage or destruction to a Townhome, Townhomes or the Common Elements.

6.2 CASUALTY AND EMINENT DOMAIN. (a) In the event of a fire or any other disaster causing loss, damage, or destruction

to or of the Common Elements, the proceeds of any policy insuring against the same and payable by reason thereof, if sufficient to reconstruct the Common Elements, shall be applied to such reconstruction. As used throughout this Section 6.2, reconstruction means restoration of the Common Elements to substantially the same condition as existed prior to the fire or other casualty, with the Common Elements having the same vertical and horizontal boundaries as prior thereto.

(b) In the event of a fire or any other disaster causing loss, damage or destruction to or of the Common Elements, if the Common Elements are not insured against the peril causing the same or the proceeds of any policy insuring against the same and payable by reason thereof are insufficient to reconstruct the Common Elements, and more than fifty percent (50%) of the Townhomes remain inhabitable after such fire or other disaster, provision for reconstruction of the Common Elements may be made by the affirmative vote or not less than eighty percent (80%) of all the Co-owners voting at a meeting called for such purpose. Any such meeting shall be held not later than thirty (30) days following the final adjustment of insurance claims, or within ninety (90) days after such fire or other disaster whichever shall first occur. At any such meeting, the board or its representatives shall present to the co-owners present an estimate of the cost of such reconstruction and the estimated amount of necessary special assessments against each Co-owner, in order to pay therefor. If the Common Elements are reconstructed, any such insurance proceeds shall be applied thereto, and special assessments may be made against the Co-owners in order to pay the balance of the cost thereof.

(c) In the event of a fire or any other disaster causing loss, damage to, or destruction of, the Common Elements, if the Common Elements are not insured against the peril causing the same or the proceeds of any policy insuring against the same and payable by reason thereof are insufficient to reconstruct the Common Elements, and if provision for reconstruction of the Common Elements is not made pursuant to Subsection 6.2(b) above, then provision for withdrawal of any portion of the Common Elements from the provisions of this Declaration may be made by the affirmative vote of not less than eighty percent (80%) of all the Co-owners. Any such meeting shall be held within sixty (60) days following the final adjustment of insurance claims, if any, or within ninety (90) days after such fire or other disaster whichever shall first occur. As compensation for such withdrawals:

(i) any such insurance proceeds allocated to withdrawn portions of the Common Elements, shall be applied in payment to all Co-owners in equal proportions.



(ii) Upon withdrawal of any Townhome, the Co-owner thereof shall be relieved of any further responsibility or liability for the payment of any assessments after said withdrawal.

(d) In the event any portion of the Property is taken by eminent domain proceedings, provision for withdrawal from the provisions of this Declaration of such portion so taken may be made by the Association. Upon any such withdrawal of any Townhome or portion thereof, the responsibility or liability for payment of all or a portion of assessments shall be reduced proportionally, and any condemnation award or other proceeds resulting from such proceeding shall be allocated and paid, in the same manner as provided by Subsection 6.2(c) above, with respect to casualty to the Property and insurance proceeds resulting therefrom.

(e) The provisions of the Section 6.2 shall be subject to the rights, if any, of the holders of mortgages on the Property or any part thereof or on any or all of the Townhomes and the Common Elements appurtenant thereto. The withdrawal and reapportionment contemplated by Subsection 6.2(c) and (d) above shall be effective upon execution and recordation of an amendment to this Master Deed and an amended Plat, in accordance with the provisions of Section 10.6 herein below. No provision contained herein shall give a Co-owner or any other party priority over the first mortgage or first deed of trust of a Townhome in the event of a distribution of the proceeds covering losses from a taking of a Townhome, Townhomes or the Common Elements by condemnation or eminent domain. In the event of any loss mentioned herein, each first mortgagee of record will be given prior and timely written notice thereof.

#### ARTICLE VII TAXES AND EXPENSE

7.1 SEPARATE REAL ESTATE TAXES. It is intended that real estate taxes, direct and indirect, are to be separately taxed to each Co-owner for said Co-owner's Townhome. Each Co-owner shall pay to the Association said Co-owner's proportionate share of any taxes assessed to the Common Elements. Without limiting the authority of the Board provided for elsewhere herein, the Board acting on behalf of the Association shall have the power to seek relief or to collect from each Co-owner their proportionate share of any such taxes, special assessments or charges, assessed and levied on the Common Elements, and to charge and collect all expenses incurred in connection therewith as a Common Expense.

7.2 COMMON EXPENSE. (a) Each Co-owner, including Developer subject to the provisions of Item (e) of this section, shall pay a proportionate share of the Common Expenses. Except for its responsibilities as a Co-owner, as provided herein, Developer shall not have the responsibility for the maintenance, repair or replacement of any part of the Common Elements after the date this Declaration is recorded at which time the Association will become the governing body of the Co-owners, pursuant to the provisions of Article IV. Common Expenses shall be divided equally among the respective Co-owners. Payments of Common Expenses, including any payment thereof required by contract for sale of a Townhome, shall be in such amounts and at such times as determined in the manner provided in the Bylaws. Except as provided by this Declaration, no Co-owners shall be exempt from payment of said Co-owner's proportionate share of the Common Expenses by waiver or non-use or non-enjoyment of the Common Elements or by abandonment of said Co-owner's Townhome. If any Co-owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with any reasonable late charges and further, together with interest thereon at the maximum contract rate as may then be permitted under the law of the State of Tennessee from and after the date said Common Expenses are assessed shall constitute a lien on the interest of such Co-owner in the Property and said Townhome as provided in this Declaration. Provided, however, that such lien shall be subordinate to the lien of any prior recorded mortgage or deed of trust on the Property or any portion thereof, or on any interest of such Co-owner, which mortgage or deed of trust is recorded prior to the date such lien for unpaid Common Expenses attaches and is owned or held by any lender, except for the amount of said proportionate share of such Common Expenses which become due and payable from and after the date on which such lender either takes possession of the Property or interest encumbered by such mortgage or deed of trust, or accepts a conveyance, transfer or assignment of the Townhome or of any interest therein (other than as security) in lieu of any foreclosure of such mortgage or deed of trust. This provision shall not be amended, modified or rescinded without the prior written consent of all lenders who are the holders or owners of a mortgage or deed of trust recorded prior to the date of such amendment, modification or rescission.

(b) A Co-owner or mortgagee of a Townhome shall have the right to acquire from the Association a certificate showing the amount of unpaid assessments with respect to the Townhome. The Association may not enforce against a mortgagee who relies on the certificate any indebtedness as of that date in excess of the amount shown thereon. A purchaser of a Townhome shall have the right to acquire from the Association an estoppel letter effective on the date of closing of the Townhome, stating that no

unpaid assessments or other obligations with respect to the Townhome are due from the purchaser. In addition, the Association shall upon request of a Co-owner or a prospective purchaser of a Townhome prepare and deliver a letter stating either that there are no delinquent or unpaid assessments, fees or other obligations outstanding in respect to such Townhome, or enumerating any outstanding and unpaid delinquent assessments, fees or other obligations. The Association shall have the right to exercise and to enforce any and all rights and remedies as provided or available at law or in equity for the collection of unpaid assessments or other obligations owing to the Association by its former Co-owner.

(c) An adequate reserve fund for the replacement of Common Elements will be established and funded by regular monthly payments.

(d) Except as otherwise provided in this Declaration or in the Bylaws, in the event of any transfer of any interest in a Townhome, the transferee shall be jointly and severally liable with the transferor for all unpaid expenses and assessments of the transferor accrued and payable prior to the date of transfer.

(e) At any time as there is a total number of non-Developer Owners of less than 27, then the Developer will pay for as many annual assessments as is equal to the difference between 27 and the total number of non-Developer Owners, with each annual assessment thus determined to be payable by Developer to be hereinafter referred to as a "Developer pay obligation". All Townhomes owned by Developer that are in Excess of the number of "Developer pay obligations" shall be exempt from the assessment.

#### ARTICLE VIII ARCHITECTURAL STANDARDS AND DECORATING

8.1 ALTERATIONS, ADDITIONS OR IMPROVEMENTS. No alteration of any Common Elements, or any additions or improvements thereto, shall be made by a Co-owner without the prior written approval of the Association subject to section 8.3 of this article. The Association may authorize and charge as Common Expenses, costs for alterations, additions and improvements of the Common Elements as provided in the Bylaws. Any Co-owner may make any alterations, additions or improvements within the said Co-owner's respective Townhome without the prior written approval of the Board, but such Co-owner shall be responsible for any damage to other Townhomes, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions or improvements.

8.2 DECORATING. Each Co-owner shall be entitled to the exclusive use of said Co-owner's Townhome and such Co-owner shall maintain said Townhome in good condition at said Co-owner's sole expense. Decorating of the Common Elements and any redecorating of the Townhomes, to the extent such redecorating of the Townhome is made necessary by damage to the Townhome caused by maintenance, repair or replacement of the Common Elements by the Association, shall be furnished by the Association as part of the Common Expenses.

8.3 DEVELOPER TO ACT AS ARCHITECTURAL COMMITTEE.

The Developer shall have sole architectural and design reviewing authority for the Development until the Developer has transferred governing authority to the Association in accordance with the By-Laws; provided, however, that prior to calling the meeting of the Association to elect a Board to succeed the Developer as provided for in the By-Laws, the Developer may execute and record in the office of the Register of Deeds for Hamilton County, Tennessee a document stating that the Developer reserves unto itself, its successors, and or assigns, the architectural and design reviewing authority provided in this Article, and stating that said reservation, notice of which is thus provided, shall survive the election of the Board to succeed the Developer. Thereafter, the Developer shall continue to exercise the rights thus reserved to it until such time as it shall execute and record in the office of the Register of Deeds for Hamilton County, Tennessee a document assigning these rights to the Association. Upon such occurrence, the Association shall establish an Architectural Review Committee as soon as it is practicable. When such committee has been established, the Developer shall transfer authority to it. Notwithstanding anything herein to the contrary, the Developer shall continue to exercise all rights relating to architectural design and approval with respect to any new construction until such time as the Developer has conveyed all lots designated for the development of single-family residence, whether detached or a townhome, within the Belleau Village development, which shall specifically include the Belleau Village Townhomes.

8.4 SATELLITE DISHES, ANTENNAS, ETC.

No television, radio or other signal receiving devices, whether the signals are transmitted by mass communication systems or privately owned systems of a non-mass communication nature, nor any television satellite dishes exceeding 18 inches in diameter shall be erected or maintained on any of said lots. No such communication devices may be visible from any street.

8.5 Fences and Walls. No fence or wall of any type shall be placed, constructed or allowed to remain upon any Lot without the prior express and written consent of the Board. Such fence or wall shall not be constructed of chain link or wood or other non-durable material that may deteriorate over time or that may present an undesirable appearance. No fence or wall of any type shall be placed, constructed or allowed to remain upon any Lot if such fence or wall would block access to an adjacent interior lot in a multiple townhome unit configuration unless such fence or wall contains pass gates that accommodate passage across such Lot to an interior Lot. Privacy or boundary type fences are not to be placed, constructed or allowed in the front yards or side yards of townhome units.

8.6 MAILBOXES AND LIGHTING. Each mailbox and lighting fixture shall be kept and maintained by each Owner as originally installed by Developer. Any repair or replacement of the mailbox and/or lighting fixture shall first be approved in writing by the Board of Directors. Such repair and replacement shall be made from like materials, design and fixtures as originally installed by Developer. Bulbs shall be consistent with the other bulbs used in the mailbox lighting scheme and shall be of the same color and brightness as established by the Board of Directors.

#### ARTICLE IX REMEDIES

9.1 EVENT OF DEFAULT; NOTICE. If any Co-owner (either by said Co-owner's own conduct or by the conduct of any occupant of said Co-owner's Townhome) shall violate any provision of this Declaration, the Bylaws or the Rules and Regulations, and if such default or violation shall continue for twenty (20) days after written notice to the Co-owner from the Association, or shall occur repeatedly during any ten (10) day period after such written notice, then such violation shall constitute an event of default ("Event of Default") and the Association shall have the power to issue to said defaulting Co-owner a notice in writing terminating the rights of said defaulting Co-owner to occupy, control, use and enjoy the Common Elements and to vote as a member of the Association.

9.2 REMEDIES IN THE EVENT OF DEFAULT. (a) In an Event of Default, the Association, or its successors and assigns, or its agent, shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws, the Rules and Regulations or the laws of the State of Tennessee, or which may be provided or permitted at law or in equity, and may prosecute an action or other proceedings against such defaulting Co-owner and/or others for enforcement of any lien and the

appointment of a receiver for the Townhome and ownership interest of such Co-owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Townhome and such co-owner's interest in the Property, and to sell the same, as hereinafter in this Article provided, or for any combination of remedies, or for any other relief. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the maximum contract rate per annum permitted by law shall be charged to and assessed against such defaulting Co-owner until paid, and shall be added to and deemed part of said Co-owner's respective share of the Common Expenses, and the Association shall have a lien for all of the same, as well as for non-payment of said Co-owner's respective share of the Common Expenses, upon the Townhome and ownership interest in the Common Elements of such defaulting Co-owner and upon all of said Co-owner's additions and improvements thereto; provided, however, that such lien shall be subordinate to the lien of any prior recorded first mortgage or deed of trust on the Property or any portion thereof, or on any interest of such Co-owner, except for the amount of the proportionate share of said Common Expenses which became due and payable from and after the date on which the said mortgage owner or holder either takes possession of the Townhome or interest encumbered by such mortgage or deed of trust, accepts a conveyance of any interest therein (other than as a security) or files suit or commences other proceedings to foreclose such mortgage or deed of trust and causes a receiver to be appointed. In the Event of Default by any Co-owner, the Board and the manager or managing agent, if so authorized by the Association, shall have the authority to correct such Default, and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Co-owner, together with interest thereon at the rate aforesaid. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association. This provision shall not be amended, modified or rescinded without the prior written consent of all lenders who are the holders or owners of a mortgage or deed of trust recorded prior to the date of such amendment, modification or rescission.

ARTICLE X  
GENERAL PROVISIONS

10.1 MORTGAGES AND OTHER LIENS. (a) Each Co-owner shall have the right, subject to the provisions herein, to make or create, or cause to be made or created, any mortgage or other lien on or affecting said Co-owner's respective Townhome together

with said Co-owner's respective ownership interest in the Common Elements, provided however that, from the date this Declaration is recorded, no Co-owner shall have the right or authority to make or create, or cause to be made or created, any mortgage or other lien on or affecting the Property or any part thereof, except only to the extent of said Co-owner's own Townhome and the respective interest in the Common Elements corresponding thereto. Developer shall have the right to make or create, or cause to be made or created, one or more mortgages or other liens on or affecting all or some of the Townhomes to which Developer then owns fee simple title, and the Common Elements appurtenant thereto.

(b) Subsequent to the recording of this Declaration, no liens of any nature shall be created or arise against any portion of the Property except against an individual Townhome. No labor performed or materials furnished with the consent or at the request of a particular Co-owner shall be the basis for the filing of a mechanic's lien claim against any other Townhome. If the performance of the labor or furnishing of the materials is expressly authorized by the Association, each Co-owner shall be deemed to have expressly authorized and consented to such performance of labor and furnishing of materials, and each Co-owner shall be liable for the payment of said Townhomes proportionate share of any due and payable indebtedness, as set forth in this Declaration and the Bylaws. A Co-owner shall not be liable for any claims, damages or judgments entered as a result of any action or inaction of the Association other than for mechanic's liens as set forth above. Each Co-owner's liability for any judgment entered against the Association shall be limited to said Co-owner's proportionate share of the indebtedness, as set forth in this Declaration and the Bylaws whether collection is sought through assessment or otherwise.

10.2 ACCEPTANCE OF PROVISIONS. Each Co-owner, by the acceptance of a deed of conveyance, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration and the exhibits thereto or otherwise of record, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations imposed hereby and by the exhibits hereto or otherwise of record shall be deemed and taken to be covenants running with the land, shall bind any person having at any time any interest or estate in said land and shall inure to the benefit of such person in like manner as though the provisions of this Declaration and the exhibits hereto and other recorded instruments were recited and stipulated at length in each and every deed of conveyance.

10.3 INCORPORATION. Developer (prior to the election of the first Board) or the Board shall form the Association for the purpose of facilitating the administration and operation of the Property and this Townhouse Regime.

10.4 FAILURE TO ENFORCE. No terms, obligations, covenants, conditions, restrictions or provisions imposed hereby or contained herein or the exhibits hereto shall be abrogated or waived by any failure to enforce the same no matter how many violations or breaches may occur.

10.5 NOTICES. Any notices required or permitted to be given under this Declaration unless otherwise specified shall be either personally hand delivered or sent registered or certified mail with return receipt requested, at the respective Townhome address of the Co-owners, or the Association or to such other address as a Co-owner or the Association may from time to time designate in writing to the Association. Any notice shall be deemed to have been given at the time it is hand delivered or it is placed in the mails with sufficient postage prepaid.

10.6 AMENDMENTS. This Declaration and the Exhibits hereto may be amended, changed or modified by an instrument in writing setting forth such amendment, change or modification, signed and acknowledged by any three (3) Directors of the Association, the Co-owner's mortgagees, where applicable, if the interests of such mortgagees are to be materially adversely affected, and containing an affidavit by the Secretary of the Association certifying that a copy of the Amendment, change or modification has been mailed by certified mail to all parties having bona fide liens of record against any Townhome, not less than ten (10) days prior to the date of such affidavit. Any amendment, change or modification shall conform to the provisions of this Declaration and shall be effective upon recordation thereof. Notwithstanding the foregoing, any revision, amendment or supplementation of the Plat by Developer shall not require an amendment to this Declaration or the approval of the Association. Notwithstanding the foregoing, this Declaration and the Exhibits hereto shall not be amended, changed or modified to increase Developer's obligations or liability hereunder without Developer's prior written consent.

10.7 SEVERABILITY. The invalidity of any restriction hereby imposed, or any provision hereof, or of any part of any such restriction or provision, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration and all of the terms hereof and the Exhibits hereto are hereby declared to be severable.

10.8 CONSTRUCTION. The provisions of this Declaration and the Exhibits hereto shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a first class townhome project.



10.9 CONVEYANCE OF INTEREST IN COMMON ELEMENTS. The undivided interest in the Common Elements shall not be separated from the Townhome to which such interest appertains and shall be deemed conveyed or encumbered with the Townhome even though such interest is not expressly mentioned or described in the deed of conveyance or other instrument.

10.10 EFFECTIVE DATE. This Declaration and the Exhibits hereto shall be effective upon recordation.

10.11 HEADINGS. The headings of paragraphs and sections in this Declaration and the Bylaws are for convenience or reference only and shall not in any way limit or define the content or substance or such paragraphs and sections.

10.12 NUMBER AND GENDER. As used in this Declaration, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

10.13 PERPETUITIES AND RESTRAINTS ON ALIENATION. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule of property known as the rule against perpetuities, then such provision shall continue in force and effect only until twenty-one (21) years after the death of Jay Bell.

10.14 EXPANSION OF TOWNHOMES. Notwithstanding anything herein to the contrary, Developer, from time to time, may subject to the provisions of this Declaration any additional property by recording a supplemental declaration or an amendment to this Declaration describing the additional property to be subjected. A supplemental declaration or amendment recorded pursuant to this Section 10.14 shall not require the consent of any person except the owner of such property, if other than the Developer. The Developer's right to expand the Belleau Village Townhomes pursuant to this Section 10.14 shall expire the earlier of (i) the date when the Developer has conveyed all lots designated for the development of single-family residence, whether detached or a townhome, within the Belleau Village development, which shall specifically include the Belleau Village Townhomes; or (ii) 40 years after the Declaration is recorded. Nothing in this Declaration shall be construed to require Developer or any successor to subject additional property to this Declaration or to develop any additional property. Excluding the Developer, any owner of a townhome shall be a member of the Association. For purposes of this Section 10.14 the term "additional property" shall mean the real property described in deed recorded in Book 8208, Page 796 in the Register's Office of Hamilton County, Tennessee or any other adjacent property as may be acquired by the Developer, any affiliate, successor or assign.

IN WITNESS WHEREOF, Developer has caused this instrument to be executed by its duly authorized officers as of the day and date first above written.

Fatherson Partnership Two, a  
Tennessee general partnership

By: Jay W. Bell  
Name: Jay W. Bell  
Title: General Partner

STATE OF TENNESSEE  
COUNTY OF HAMILTON

Before me, Sandy Jolley of the  
State and County aforesaid, personally appeared Jay W. Bell  
with whom I am personally  
acquainted (or proved to me on the basis of satisfactory  
evidence), and who upon oath acknowledged himself to be a General  
Partner of Fatherson Partnership Two, the within named  
partnership, being authorized so to do, executed the foregoing  
instrument for the purpose therein contained, by signing the name  
of the partnership by himself as General Partner.

WITNESS my hand and seal at office in Chattanooga,  
Tennessee, this 20th day of March, 2008.

Sandy Jolley  
Notary Public

My Commission Expires: 7-21-10

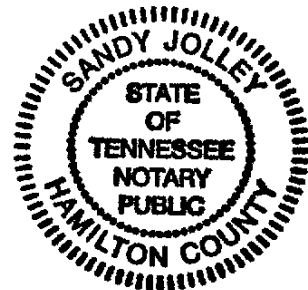


EXHIBIT "A" Book and Page: GI 8623 773

Located in the City of Chattanooga of Hamilton County, Tennessee:

Lots One (1) through Four (4), Lots Six (6) through Forty-eight (48) and Lots Fifty (50) through Fifty-three (53), inclusive, Belleau Village Townhomes, as shown by plat of record in Plat Book 86, Page 20, in the Register's Office of Hamilton County, Tennessee.

Community Lots Five (5) and Forty-nine (49), Belleau Village Townhomes, as shown on plat of record in Plat Book 86, Page 20, in the Register's Office of Hamilton County, Tennessee.

The Source of Grantor's interest is found in Deed recorded in Book 6502, Page 421 in the Register's Office of Hamilton County, Tennessee.

EXHIBIT "B"

Initial Text of Bylaws of Belleau Village Townhomes  
Owners' Association, Inc.

BYLAWS FOR  
BELLEAU VILLAGE TOWNHOMES

ARTICLE I  
NAME

The following provisions shall constitute the Bylaws of BELLEAU VILLAGE TOWNHOMES OWNERS' ASSOCIATION, INC., (the "Bylaws"), a nonprofit corporation (the "Association") which shall, along with the provisions of the Charter of the Association (the "Charter"), the Declaration of Covenants and Restrictions for Belleau Village Townhomes, as may be amended from time to time (the "Declaration") and the rules and regulations adopted by the Board of Directors of the Association (the "Board"), govern the administration of Belleau Village Townhomes, a residential Townhome Development (the "Development") and the real property rights in the Development owned by the Association ("Common Properties"). The terms in these Bylaws (unless otherwise defined) shall have the same meaning as the terms defined in the Declaration for this Development.

ARTICLE II  
OFFICES

The principal office of the Association shall be located at:

414 Spring Street,  
Chattanooga, Tn 37405

or at such other place either within or without the State of Tennessee, as shall be lawfully designated by the Association, or as the affairs of the Association may require from time to time.

ARTICLE III  
PURPOSES

The purposes of this Association shall be to provide for the establishment of a residents' association for the government of the Development in the manner provided by the Charter, the Declaration and these Bylaws. The aims of this Association are to be carried out through any and all lawful activities, including others not specifically stated in the Charter, the Declaration, or these Bylaws but incidental to the stated aims and purposes; provided that any such activity or contribution shall conform to any applicable restrictions or limitations set forth in the Charter or which are imposed on real estate

homeowners' associations by the Internal Revenue Code of 1986 and the regulations thereunder, as presently enacted or as they may hereafter be amended or supplemented. All present or future owners or tenants, or their employees, or any other person who might use the facilities in the Development in any manner, shall be subject to the covenants, provisions or regulations contained in the Declaration and these Bylaws, as amended, and shall be subject to any restriction, condition or regulation hereafter adopted by the Association.

**ARTICLE IV**  
**ASSOCIATION**

4.01 Membership. The Developer and every person or entity who is a record Member (Co-owner) of a fee simple interest or an undivided fee simple interest in any Townhome (Townhome being defined in Declaration as any lot in the Development whether improved or unimproved) which is subject to the Declaration shall be a Member of the Association, provided that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the Association. Membership shall be automatically transferred to the new Member upon the conveyance of any Townhome and recording of the deed of conveyance in the Register's Office of Hamilton County, Tennessee. Membership shall be appurtenant to and may not be separated from ownership of any Townhome which is subject to assessment.

4.02 Voting Rights.

(a) Except as hereinafter provided in Section 4.02 (b), Members shall be entitled to one vote for each Townhome in which they hold the interest required for membership by Section 4.01. When more than one person holds such interest or interests in any Townhome, all such persons shall be Members, and the vote for such Townhome shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Townhome. When one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote shall be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a written instrument delivered to the Secretary of the Association before the vote is counted. If co-owners disagree as to the vote, each co-owner will be entitled to a fractional vote equal to his fraction of ownership.

(b) The Developer shall be entitled to three (3) votes for each Townhome owned by the Developer.

**ARTICLE V**  
**THE BOARD OF DIRECTORS**

5.01 Board of Directors. Subject to Section 5.02 of this Article hereinbelow, the administration of the Development and Common Properties on behalf of the Association shall be conducted by a Board of Directors ("Board") which shall consist of Five (5) natural persons of legal age, each of whom, at all times during membership on the Board, shall be an Member, a member of the household of a Member, or the nominee of an entity, other than a natural person, which is a Member.

5.02 Developer Performs Functions.

(a) The rights, duties and functions of the Board shall be solely exercised by Developer until such time as the Developer has sold 27 Townhomes, or at such time as solely determined by Developer. The Developer may, in its sole discretion, designate up to five individuals to serve on the Board on behalf of the Developer during the period that the Developer is performing the functions of the Board. Such individuals designated by the Developer need not be Members, and may be removed and replaced by the Developer at will. The Developer may also limit the scope of authority of such individuals. At such time as the Developer shall have sold 27 Townhomes or at such other time as solely determined by Developer, the Developer shall call a special meeting of Members to elect Directors to succeed to the positions held by individuals designated by the Developer.

(b) Upon the sale of 27 of the Townhomes in the Development or at such time as the Developer determines to relinquish the rights it has reserved to itself, the Developer shall execute and record in the Register's Office of Hamilton County, Tennessee a document assigning those rights to the Board.

5.03 Election. At each annual meeting, subject to the provisions of Section 5.02 hereof, the Association shall elect those members of the Board as required under Section 5.01 who shall serve the terms set out in Section 5.04; provided, however, the members of the Board elected to succeed the Developer shall be elected at a special meeting duly and specifically called for that purpose by the Developer. The Board elected at that special meeting shall serve until the next annual meeting of the Association held thereafter. At least thirty (30) days prior to any annual meeting of the Association, the Board shall elect from the Association a Nominating Committee of not less than two (2) Members which shall recommend to the annual meeting one nominee for each position on the Board to be filled at the particular annual meeting. Nomination for a position on the Board may also be made by petition filed with the Secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by One (1) or more

Members and by the nominee named therein indicating his willingness to serve as a member of the Board, if elected.

5.04 Term. Members of the Board shall serve for a term of two (2) years; provided, however, that three (3) members of the first Board elected by the Association at the annual meeting thereof shall be elected and shall serve for a term of one (1) year and the other two (2) members shall be elected and serve for a term of two (2) years. Thereafter, all Board members elected each year shall serve for a term of two (2) years. The members of the Board shall serve until their respective successors are duly elected and qualified, or until their death, resignation or removal.

5.05 Resignation and Removal. Any member of the Board may resign at any time by giving written notice to the President or the remaining Board members. Any member of the Board may be removed from membership on the Board by the approval of Two-thirds (2/3) of the votes of those Members of the Association who are in attendance or represented at any annual or special meeting duly called for such purpose, except that a vacancy on the Board shall be deemed to exist in the event of the death of a Board member, the disability of a Board member which, in the opinion of a majority of the members of the Board, renders such Board member incapable of performing Board duties, or in the event a Board member shall cease to be an Member. Whenever there shall occur a vacancy on the Board for any reason, the remaining Board members shall elect a successor member to serve until the next annual meeting of the Association or until a special meeting is called for filling vacancies, at which time said vacancy shall be filled by the Association for the unexpired term, if any.

5.06 Compensation. The members of the Board shall receive no compensation for their services unless expressly authorized for by the Members of the Association, but they shall be reimbursed for reasonable expenses incurred by them in the performance of their duties.

5.07 Powers and Authority of the Board. The Board, for the benefit of the Members of the Association, shall enforce the provisions of the Declaration, these Bylaws, and the Rules and Regulations governing the Common Properties. Subject to any provision herein, the Board shall have the power and authority to acquire and pay for the following, which shall be deemed Common Expenses of the Association:

A. Water, sewer, stormwater assessment, garbage collection, electrical, telephone and gas and other necessary utility services for the Property.

B. The services of a person or firm to manage its affairs (herein called "Manager"), to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the

Common Properties, whether such personnel are employed directly by the Board or are furnished by the Manager. All persons employed to manage or assist in the management or maintenance of the Common Properties shall be employed at the will of the Board; provided that a manager may be employed for successive periods not exceeding a three (3) year term in each period. The Board may delegate any of its duties, powers or functions relating to the daily administrative affairs of the Association to any person or firm designated by the Board to act as Manager.

C. The services of a person or firm to provide security for the Development to the extent and in such manner (fixed or roving or a combination thereof) as allowed by law and as determined by the Board to be necessary or proper.

D. Legal and accounting services necessary or advisable in the operation of the Common Properties and the enforcement of this Declaration, these Bylaws, and any Rules and Regulations made pursuant thereto.

E. Officers and Directors Liability Insurance covering the Officers and Directors of the Association acting in such capacity.

F. A fidelity bond naming the Manager, and such other person as may be designated by the Board as principals and the Board, Association and Members as obligees, in an amount to be determined from time to time by the Board.

G. Painting, maintenance, repair, replacement and landscaping of the Property. The Board shall also have the exclusive right from time to time to acquire and dispose of by sale or otherwise and without the necessity of approval by any Member, furnishings and equipment and other personal property for the Property and to provide maintenance, repair and replacement thereof.

H. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments that the Board is required to secure or pay for pursuant to the terms of the Declaration, these Bylaws or any Rules or Regulations promulgated hereunder or which, in its opinion, shall be necessary or advisable for the operation of the Common Properties or for the enforcement of the Declaration, these Bylaws, or the Rules and Regulations.

The Board shall have the exclusive right to contract for all goods, services, including security personnel, and insurance, payment for which is to be made a Common Expense. The provision shall not be construed to prohibit the Board from delegating such authority to the Manager as it deems proper.

5.08 Additional Powers of the Board. The Board shall have the right to acquire, operate, lease, manage, mortgage and



otherwise trade and deal with the Property as may be necessary or convenient in the operation and management of the Property, and in accomplishing the purposes set forth herein. The Board or any managing agent or entity designated by the Board shall be deemed the agents of the Members and as such shall manage, maintain and improve the Property and also collect, conserve, allocate and expend money received from the Members in a manner consistent with such agent's relationship and in conformity with this Declaration, these Bylaws and the Rules and Regulations.

5.09 Meetings of the Board. Meetings of the Board shall be held at such places within or without the State of Tennessee as the Board shall determine. Five (5) members of the Board shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Board. Meetings of the Board shall be chaired by the President of the Association and the minutes shall be recorded by the Secretary of the Association, whether said Secretary is a member of the Board or not. The Board shall annually elect all of the officers set forth in Section 6.05 hereof. The meeting for the election of officers shall be held at a meeting of the Board to be held immediately following the annual meeting of the Association. Any action required to be or which may be taken by the Board may be taken without a meeting of the Board pursuant to a written consent, setting forth the action so taken, signed by all members of the Board.

5.10 Special Meetings. Special meetings of the Board may be called by the President of the Association or by any two (2) Board members.

5.11 Notice of Meetings. Regular meetings of the Board may be held without call or notice. The person or persons calling a special meeting of the Board shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. If an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

5.12 Waiver of Notice. Any members of the Board may, at any time, waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting thereof shall constitute a waiver of notice of such meeting unless a Board member attends the meeting for the express purposes of objecting to the transaction of any business because the meeting was not lawfully called and does so object by delivering a written document to that effect.

5.13 Notice of Election. After the election of the Board to succeed the first Board, the Secretary of the Association shall execute and, where desirable, acknowledge and record a certificate stating the names of all of the members of the then

Board, provided, that, in the event of the disability or other incapacity of the Secretary, the President of the Association shall be empowered to execute the aforesaid certificate. The certificate shall be conclusive evidence thereof in favor of all persons who rely thereon in good faith.

5.14 Fiscal Year. The fiscal year of the Association shall be determined by the Board.

5.15 Special Committees. The Board, by resolution duly adopted, may designate one or more special committees, including without limitation an Architectural Review Committee, each committee to consist of two (2) or more Members appointed by the Board, which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. The Board may also rescind any such resolution by a further resolution duly adopted. The Developer shall perform the functions of all Special Committees until such time as provided in Section 5.02 hereof. Such Special Committee or Committees shall have such name or names as may be determined from time to time by the Board. Such Special Committees shall keep regular minutes of their proceedings and report the same to the Board when required. The Board may appoint Members to fill vacancies on Special Committees.

5.16 Rules and Regulations. The Board shall have the power and right to adopt and amend rules and regulations for the purpose of governing the details of the operation and use of the Property and setting forth restrictions on, and requirements respecting the use and maintenance of the Property. Copies of the Rules and Regulations shall be furnished to each Member prior to the time the same shall become effective.

5.17 Limitation on Capital Additions, Etc. The Board shall authorize no structural alterations, capital additions to, or capital improvements of the Property, any of which require an expenditure in excess of One Thousand Dollars (\$1,000.00) without approval of a majority of the votes of those Members who are present or represented at any annual or special meeting of the Association duly called for such purpose; or in excess of One Thousand Dollars (\$1,000.00) without approval of Two-thirds (2/3) of the votes of those Members who are present or represented at any annual or special meeting of the Association duly called for such purpose; provided, however, that the Board shall have the power to make any such structural alterations, capital additions to, or capital improvements of, the Property as are necessary, in the Board's reasonable judgment, to preserve or maintain the integrity thereof without obtaining such approval, if in the opinion of the Board an emergency exists which should be corrected before a meeting of the Association could be reasonably called and held.

5.18 Failure to Insist on Strict Performance Not Waiver. The failure of the Board or its agents to insist, in any one or

more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions in the Declaration or these By-Laws, or the Rules and Regulations or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment, for the future, of such term, covenant, condition or restriction, right, option or notice; but such term, covenant, condition or restriction, right, option or notice shall remain in full force and effect.

**ARTICLE VI**  
**THE ASSOCIATION; MEETINGS, OFFICERS, ETC.**

6.01 Quorum. The presence in person or by proxy at any meeting of the Association of Two-thirds (2/3) of the Members entitled to cast votes, in response to notice to all Members properly given in accordance with Sections 6.02 and 6.03 of these Bylaws, as the case may be, shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Association upon the affirmative vote of Members entitled to cast a majority of the votes which are represented at such meeting.

6.02 Annual Meeting. There shall be an annual meeting of the Association on the first Monday of February at 6:00 P. M. at such reasonable place or other time (but not more than sixty (60) days before or after such date) as may be designated by written notice by the Board delivered to the Members not less than fifteen (15) days prior to the date fixed for said meeting. At or prior to the annual meeting, the Board shall furnish to the Members: (1) a budget for the coming fiscal year that shall itemize the estimated Common Expenses of the coming fiscal year with the estimated allocation thereof to each Member; and (2) a statement of the Common Expenses itemizing receipts and disbursements for the previous and, if then available, for the current fiscal year, together with the allocation thereof to each Member. Within ten (10) days after the annual meeting, the budget statement shall be delivered to the Members who were not present at the annual meeting if not previously provided. The Developer, or its successors or assigns, shall have the right to approve or disapprove the budget for the coming year for a period of ten (10) years after the date on which the first Board is elected to succeed the Developer pursuant to Section 5.02 hereof.

6.03 Special Meeting. Special meetings of the Association may be held at any time and at any reasonable place to consider matters which, by the terms hereof, require the approval of all or some of the Members, or for any other reasonable purpose. Special meetings may be called by a majority of the Board, or by at least ten percent (10%) of the Members by written notice, delivered to all Members not less than thirty (30) days prior to the date fixed for said meeting. The notice shall specify the date, time and place of the meeting, and the matters to be considered.

6.04 Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with these Bylaws or other such rules adopted by the Board.

6.05 Officers. The officers of the Association shall be a Chairman of the Board, President, Vice-President, Secretary, and Treasurer. The Developer may, in its sole discretion, designate individuals to fill these positions during the period that the Developer is performing the functions of the Board pursuant to Section 5.02 hereof. Such officers designated by the Developer need not be Members, and may be removed and replaced by the Developer at will. The Developer shall determine the scope of the authority of each such designated officer.

Once the Developer has turned over authority to a successor Board pursuant to Section 5.03 hereof, the following provisions shall become applicable: Each officer shall be required to be a Member, and the President must be a member of the Board. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Board and may be removed and replaced by the Board. In the event an office becomes vacant due to an officer ceasing to be a Member, or due to the death or disability of an officer, or for any other reason, the Board shall immediately name a successor to that office to serve out the remainder of the term. The Board may, in its discretion, require that officers be subject to fidelity bond coverage.

A. Chairman of the Board. The Chairman of the Board shall be the chief executive officer of the Association and he shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. He shall have the authority and power to execute on behalf of the Association contracts, notes, bonds, mortgages, deeds of trust, security deeds, leases, waivers of liens and other documents and instruments arising in the ordinary course of business.

B. President. The President shall be the chief operating officer of the Association and in the absence of the Chairman of the Board, he shall preside at all meetings of the Association and of the Board and may exercise the powers ordinarily allocable to the presiding officer of an association, including the appointment of committees. He shall have the authority and power to execute on behalf of the Association contracts, notes, bonds, mortgages, deeds of trust, security deeds, leases, waivers of liens and other documents and instruments arising in the ordinary course of business.

C. Vice-President. In the absence or inability of the President, the Vice-President shall perform the functions of the President.

D. Secretary. The Secretary shall keep the minutes of all proceedings of the Board and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Association and the Board, including the minute book wherein the resolutions shall be recorded.

E. Treasurer. The Treasurer shall be responsible for the fiscal affairs of the Board and the Association, but may delegate the daily handling of funds to the Manager and accounting to accountants selected by the Board.

**ARTICLE VII**  
**LIABILITY AND INDEMNIFICATION**

7.01 Liability of Members of the Board and Officers. The members of the Board, the officers and any agents and employees of the Association shall: (i) not be liable to the Members or Association as a result of their activities as such for any mistake of judgment, or otherwise, except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (ii) have no personal liability to a Member or any other person or entity under any agreement, instrument or transaction entered into by them on behalf of the Members in their capacity as such; (iii) have no personal liability in tort to a Member or any other person or entity direct or imputed by virtue of acts performed by them as Board members and/or officers except for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and (iv) have no personal liability arising out of the use, misuse or condition of the Property, or which might in any other way be assessed against or imputed to them as a result or by virtue of their capacity as such Board members and/or officers.

7.02 Indemnification by Association. To the extent now or hereafter permitted by applicable law, the Association shall indemnify and hold harmless any person, his heirs and personal representatives, from and against any and all personal liability, and all expenses, including without limitation counsel fees and court costs, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative instituted by any one or more Members or any other persons or entities, to which he shall be or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board or an officer or agent or employee of the Association; provided, in the case of any settlement, that the Board shall have approved the settlement, which approval is not to be unreasonably withheld. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement or by vote of the Association of the Board, or otherwise. The indemnification by the Association set forth in this Article VII shall be paid by

the Board on behalf of the Association and shall constitute a Common Expense.

7.03 Costs of Suit in Actions Brought by One or More Members on Behalf of All Members. No suit shall be brought by one or more but less than all Members on behalf of all Members without approval of a majority of Members and, if approval is obtained, the plaintiffs' expenses, including reasonable counsel's fees and court costs, shall be a Common Expense unless such suit is brought by one or more Members against other Members, the Association or against the Board, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all Members as defendants, in which event the plaintiffs' expenses, including counsel's fees and court costs, shall not be charged as a Common Expense.

7.04 Notice of Suit and Opportunity to Defend. Suits brought against the Association, or the Board, or the officers, employees or agents thereof, in their respective capacities as such, or the Common Properties as a whole, shall be directed to the President of the Association, who shall promptly give written notice thereof to the other members of the Board and any Mortgagees, and shall be defended by the Board, and the Association and all Members shall have no right to participate other than through the Board in such defense. Suits against one or more, but less than all Members shall be directed to such Members, who shall promptly give written notice thereof to the Board and to the Mortgagees of the Lots affected, and shall be defended by such Members at their expense.

#### ARTICLE VIII GENERAL PROVISIONS

8.01 Businesses. Nothing contained in these Bylaws shall be construed to give the Board the authority to conduct any business for profit on behalf of the Association or any Member.

8.02 Amendment. These Bylaws may be amended, modified, or revoked in any respect from time to time by Developer prior to the election of the first Board to succeed the Developer, and thereafter by not less than Two-thirds (2/3) of the votes of those Members of the Association who are present or represented at a meeting duly called for that purpose, PROVIDED, HOWEVER, that the contents of these Bylaws shall always contain those particulars which are required to be contained herein by the laws of the State of Tennessee. At any such meeting the Developer shall have the number of votes as provided in Section 4.02 hereof. Notwithstanding the foregoing, any amendment shall not be required to be recorded with the Recorder's office but must be kept on file with Developer or the Secretary and available to all Members upon written request.

8.03 Notices. Any notice required to be sent to any Member under the provisions of these Bylaws shall be deemed to have been properly sent, and notice thereby given, when personally hand delivered or mailed, postpaid, to the last known address of the Member on the records of the Association at the time of such mailing. Notice to one of two or more co-owners of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary in writing of any change of address. Any notice required to be sent to the Board, the Association or any officer thereof, under the provisions of these Bylaws shall likewise be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to such entity or person at the following address:

414 Spring Street, Chattanooga, Tn 37405

8.04 Conflict. In the event of any conflict between these Bylaws and the provisions of the Charter, the Charter shall control and govern. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control and govern.

8.05 Nonwaiver of Covenants. No covenants, restrictions, conditions, obligations or provision contained in the Declaration or these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

8.06 Agreements Binding. All agreements and determinations lawfully made by the Association in accordance with the procedures established in the Declaration and these Bylaws shall be deemed to be binding on all Members, their heirs, successors and assigns.

8.07 Severability. The invalidity of any covenants, restriction, condition, limitation or any other provisions of these Bylaws, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of these Bylaws.

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

RULES AND RESTRICTIONS

1. No Townhome shall be used except as a single-family dwelling.
2. No fence or wall of any type shall be placed, constructed or allowed to remain upon any Lot without the prior express and written consent of the Board. Such fence or wall shall not be constructed of chain link or wood or other non-durable material that may deteriorate over time or that may present an undesirable appearance. No fence or wall of any type shall be placed, constructed or allowed to remain upon any Lot if such fence or wall would block access to an adjacent interior lot in a multiple townhome unit configuration unless such fence or wall contains pass gates that accommodate passage across such Lot to an interior Lot. Privacy or boundary type fences are not to be placed, constructed or allowed in the front yards or side yards of townhome units.
3. No noxious or obnoxious, or offensive activity shall be carried on upon or within any Townhome or Lot, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to the other Owners or the neighborhood in general.
4. No sign shall be displayed on any Lot other than one of not more than four (4) square feet advertising the Townhome or Lot for sale or for rent, unless approved by the Board in writing and such approval shall not be unreasonably withheld.
5. If any Townhome shall be used for rental purposes, the Townhome Owner, his agent and the tenant shall insure that no objectional or offensive activity is permitted that might disturb any other Townhome resident or Owner.
6. No animals, reptiles, livestock, or poultry shall be raised or kept on any Lot, except that no more than two (2) household pets consisting of domesticated dogs or cats may be kept indoors and providing that they do not disturb other owners by constant or loud barking, and that they are not kept for commercial purposes.
7. Each Owner shall keep his Lot and Townhome clean and orderly. No materials or equipment such as disabled autos or other unsightly objects shall be kept on the Lot. Carports shall be kept in a clean and orderly fashion and free of debris, boxes, tools, storage containers or other items which detract from the visual appeal of the open carport.



Disposal of garbage and debris shall be placed in appropriate containers or cans. Such containers or cans shall be placed at the curb for garbage pick-up no sooner than one day prior to the scheduled pick-up, and shall be removed from the curb no later than one day after the scheduled pick-up. Owners shall immediately clean up any garbage or refuse which is scattered or spread by animals.

8. Each Lot is subject to the access, drainage and utility easements and all other matters as shown on plat recorded in Plat Book 86 Page 20, in the Register's Office of Hamilton County, Tennessee.

9. The exterior appearance of any Townhome shall not be altered in any way whatsoever (including color of paint, exterior surface, doors, roof and lighting) unless written consent shall be given by the Board of Directors. All window and door coverings, such as draperies, blinds, sheers, etc., exposed to the front exterior shall be white or lined in white.

10. Each wall which is built as a part of the original construction of the Townhome upon the Lots and placed on the dividing lines between the Lots shall constitute a party wall and the general rules of law regarding party walls and liability for property damage from negligence or willful acts or omissions shall apply thereto. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who made use of the wall in equal proportions to such use.

11. Each Owner shall perform promptly all maintenance and repair work within his Townhome which, if permitted, would affect the Property in its entirety or in part belonging to other Owner(s) and each Owner is expressly responsible for damages and liability which result from his failure to promptly perform such maintenance and repair work. Unless otherwise provided in other Articles of this Declaration, each Owner shall be responsible for the costs of performing all such maintenance and repair work. Maintenance and repairs needed to the exterior of the Townhome shall be the responsibility of and at the expense of that Townhome's Owner which includes painting, roofing, grounds, parking areas, fences and other outside repairs and maintenance needs, whether by normal usage, weather related, preventive or incidental repairs, unless the Association has agreed to make such repairs and maintenance as a Common Expense. The Owner must obtain written authorization from the Board of Directors before making any such exterior maintenance or repair work.

12. If a partywall is destroyed or damaged by fire or other casualty, any Owner who uses the wall may restore it. If other Owners make use of this wall, they shall contribute to the restoration cost in proportion to such use, without prejudice, however, to the right of any such Owner to call for a larger contribution from the Owner under any rule of law regarding liability for negligent or willful acts or omissions.

13. Notwithstanding any other provisions herein to the contrary, an Owner, who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary repairs as needed.

14. In the event of any dispute arising concerning a party wall, or under the provisions of this Declaration, the Association shall govern with its decision to be final and conclusive.

15. Each Owner shall obtain fire and extended coverage insurance on his Townhome in an amount which shall be equal to the maximum insurable replacement value as determined annually and shall annually provide a certificate evidencing the existence of insurance to the Secretary of the Association. Each Owner shall purchase public liability insurance in an amount not less than \$500,000.00 Dollars to protect himself against claims due to accidents within his Townhome and on the outside ground of his Townhome and the Common Elements, and annually provide a certificate evidencing same to the Secretary of the Association. Payment of any claim for damage or loss to a Townhome shall be used exclusively for the cost of repair and restoration of such damaged Townhome in its entirety.

16. Each Owner shall pay his property tax as billed. If any taxing authority shall levy and tax against any Common Elements, then each Owner shall pay an equal share of said tax.

17. The Association shall perform and maintain as a Common Expense (i) annual contracts for termites and wood destroying insects, and (ii) contracts for lawn care and maintenance. The cost of these items are to be included in the Annual Budget of the Association. Owners shall allow the Association and its agents access to their Townhome to perform the services under such contracts upon reasonable notice of when these services are to occur.

18. Owners shall promptly remove any deposits or wastes made by their pets upon the Common Elements or the properties of other Owners.

19. The patio of any Townhome shall not be screened in or enclosed without the written consent of the Board of Directors.

20. Motor Homes and Towed Vehicles. Unless kept inside the garage and from view of any street or neighbor, no boat(s), boat trailers, campers or other towed vehicles, motor homes, or cars under repair shall be parked, stored or allowed to remain on any Lot for more than 10 days within any six month period. In the event it is necessary to park such prohibited vehicles for more than said 10 day period, the Townhome Owner may request permission from the Board of Directors. It is permissible to park operating cars in the driveway. No vehicles, trucks or cars shall be habitually parked on the street.

21. All exterior holiday lighting and decorations shall be removed within 30 days of said holiday.

22. No above ground swimming pools shall be allowed to be installed or remain on any townhome Lot. Below ground swimming pools may be permitted with written permission from the Board of Directors.

23. No basketball goals shall be allowed on any townhome lot or attached to the Townhouse.

24. No detached outbuildings or storage buildings shall be allowed to be installed or remain on any townhome Lot. Outbuildings or storage buildings to be attached to the Townhouse may be permitted with written permission from the Board of Directors.

25. Each mailbox and lighting fixture shall be kept and maintained by each Owner as originally installed by Developer. Any repair or replacement of the mailbox and/or lighting fixture shall first be approved in writing by the Board of Directors. Such repair and replacement shall be made from like materials, design and fixtures as originally installed by Developer. Bulbs shall be consistent with the other bulbs used in the mailbox lighting scheme and shall be of the same color and brightness as established by the Board of Directors.

26. Violations and Enforcement. In the event of violations of any one or more of the provisions of this Article or this Declaration, the Association, its successors and assigns, including all parties hereafter becoming Owners of any one or more of the Lots to which the provisions of this Declaration apply, may bring action or actions against the Owner seeking to enjoin such violation, or attempted violation, and the Owner shall be further liable for such

damages as may accrue, including court costs and reasonable attorney's fees incident to any such proceedings, which costs and fees shall constitute liquidated damages. By reason of the rights of enforcement of the provisions of this Declaration being given unto Owners of Lots (subject to rights of variance reserved by the Board), it shall not be incumbent upon the Association to enforce the provisions of this Declaration or to prosecute any violation thereof. In the event of a violation of these restrictions, a waiver thereof may be made by the Board in its sole discretion, if said waiver does not adversely affect the purposes contained herein.

EXHIBIT "D"

COMMON ELEMENTS

All easements shown on plat of Belleau Village Townhomes, as shown by plat of record in Plat Book 86, Page 20, in the Register's Office of Hamilton County, Tennessee.

and

All retaining walls, fencing, landscaping, entrance sign, electronic devices, stormwater control facilities, utility service lines and easements, drainage easements and areas and facilities which are now or hereafter contained within the Property.

and

Community Lots Five (5) and Forty-nine (49), Belleau Village Townhomes, as shown on plat of record in Plat Book 86, Page 20, in the Register's Office of Hamilton County, Tennessee.

and

Easements to enter the southern portions of Lots One (1) and Fifty-three (53), Belleau Village Townhomes, as shown on plat of record in Plat Book 86, Page 20, in the Register's Office of Hamilton County, Tennessee, from and along Igou Gap Road for purposes of installing, maintaining, repairing and using the subdivision entrance walls including the right to install, maintain, use and repair electrical and water service lines thereto. These easements are limited to the immediate area of the subdivision entrance walls and signs and shall not interfere with the building site of said lots. The Association shall be responsible for maintaining the easement area at its cost and expense and shall keep the easement area and the entrance walls and signs in good state of repair.