

This Instrument Was Prepared by:

BK 2469 PG 611

Douglas S. Hale, Attorney
HALE AND HALE, PLC
312 First Tennessee Bank Building
Franklin, Tennessee 37064
(615) 794-1312

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR HARDISON HILLS

This Declaration of Covenants, Conditions, and Restrictions ("Declaration") is made effective the 5th day of June, 2002, by CARTER DEVELOPMENT, LLC, a Tennessee limited liability company, (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Exhibit A attached hereto and incorporated herein by reference (the "Properties") which Declarant desires to develop as a residential community with various open spaces, common facilities, and common areas for the benefit of said community;

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the Properties and to establish a method for the administration, maintenance, preservation, use and enjoyment of such portions of the Properties as are now or may hereafter be submitted to this Declaration;

WHEREAS, Declarant intends by this Declaration to impose upon the Properties mutually beneficial restrictions under a general plan of improvements for the benefit of all owners and/or occupants of residential property within the Properties and all persons or entities having any interest in the Properties, by the recording of this Declaration;

WHEREAS, as part of the general plan of improvement of the Properties, Declarant desires to create an Association (as defined herein) to manage the Properties;

WHEREAS, Declarant desires that the Properties be held, sold and conveyed subject to the provisions of this Declaration;

NOW, THEREFORE, Declarant hereby declares that all of the Properties described in Exhibit A and any additional property as may by Subsequent Amendment be added to the Properties and subjected to this Declaration shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions. Such easements, restrictions, covenants and conditions are for the purpose of protecting the value and desirability of the

Properties, and shall run with the real property submitted to this Declaration. They shall be binding on all parties having any right, title, or interest in the described Properties, or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

Definitions

Section 1. "Assessments" shall mean assessments for Common Expenses provided for herein or by any Subsequent Amendment, which shall be used for the purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the Residential Units and of maintaining the Properties, all as may be specifically authorized from time to time by the Board of Directors and as more specifically authorized below. The term "Assessments" shall include without limitation General Assessments and Special Assessments.

Section 2. "Association" shall mean and refer to Hardison Hills Homeowners Association, Inc., a Tennessee nonprofit corporation, its successors and assigns.

Section 3. "Home" shall mean an independently owned structure on a separate lot that is attached to another independently owned structure and is located on one of the lots designated in Exhibit B. The term "Lot" shall include those Lots designated on the Preliminary Site Plan as Lots.

Section 4. "Attached Common Elements" shall mean the structures and improvements located on the Lots, but excluding the interior of each Home extending to its outermost unfinished interior walls, floors, and ceilings. Attached Common Elements shall include, without limitation, the foundations, walls (excluding the outermost unfinished interior walls, floors, and ceilings of a given Home), roofs, vents, stacks, utility connections, stoops, porches, gutters, downspouts, window frames, windows, window screens, doors, shutters, foundations, fences and sidewalks of the Homes. The Attached Common Elements are not subject to common ownership, as each Home Owner has fee simple title to his or her Lot and all improvements thereon. The Attached Common Elements are, however, subject to common maintenance and insurance as set forth, for example, in Articles IV, V, VIII, and IX.

Section 5. "Attached Common Expenses" shall mean and include the actual and estimated expenses of maintaining the Attached Common Elements, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration and the Bylaws of the Association.

Section 6. "Board of Directors" or "Board" shall be the elected body responsible for managing the affairs of the Association. Actions required of or permitted by the Board herein may be taken or fulfilled by a committee or other designee as may be established or appointed by the Board in accordance with the Bylaws of the Association.

Section 7. "Bylaws" shall mean the Bylaws of Hardison Hills Homeowners Association, Inc. attached hereto as Exhibit C and made a part hereof, and as may be amended from time to time.

Section 8. "Common Area" shall mean the Properties and any improvements thereto, but excluding the Attached Common Elements, the Homes and components thereof and easements appurtenant thereto, now or hereafter owned by the Association for the common use and enjoyment of the Owners, including, but not limited to the common areas shown on the Preliminary Site Plan and any and all pedestrian bridges, vehicular roadways, parking areas, lakes, waterways, landscaping and irrigation systems, fences, structures, sidewalks, community signage, walls, monuments, illumination of common areas, common utilities, storm water system, wells, fountains, tot lots, tennis courts, swimming pools and swimming pool changing areas and restroom facilities, and other improvements located on such common areas. Declarant shall convey the Common Area to the Association.

Section 9. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association and maintaining the Common Area, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration and the Bylaws of the Association.

Section 10. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the subdivision developed on the Properties.

Section 11. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided herein.

Section 12. "Mortgage" shall include a deed of trust or mortgage encumbering any Lot.

Section 13. "Mortgagee" shall include a beneficiary under or holder of a note secured by a Mortgage.

Section 14. "Mortgagor" shall include the trustee or grantor of a Mortgage.

Section 15. "Owner" shall mean and refer to one or more Persons or entities, including Declarant, who holds or hold the record title to any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. For the purpose of this Declaration, the Owner of a Lot which is under lease shall be as follows: for the purpose of membership, including matters related to voting and assessments, the record owner or owners of the Lot; for the purpose of use and enjoyment of common facilities and amenities which are part of the Common Area, the tenant or tenants residing in the Home. The Board of Directors may promulgate reasonable regulations conditioning such use upon registration of the names of tenants with the Association.

Section 16. "Person" shall mean a natural person, a corporation, a partnership, limited liability company, trust, trustee, or other legal entity.

Section 17. "Preliminary Site Plan" shall mean that certain preliminary site plan of the Properties attached hereto as Exhibit D, which may be amended from time to time. Declarant contemplates that it will record a series of final plats of the Properties in the real estate records of the Register's Office for Williamson County, Tennessee from time to time as the Properties are developed (each such recorded plat, a "Final Plat"). To the extent a Final Plat conflicts with the Preliminary Site Plan, the Final Plat shall control, and the Preliminary Site Plan shall be deemed to have been amended to conform to the Final Plat.

Section 18. "Properties" shall mean and refer to the real property described in Exhibit A attached hereto.

Section 19. "Subsequent Amendment" shall mean an amendment to this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations to the provisions of this Declaration. The term "Declaration" as used herein shall include this Declaration, together with any and all Subsequent Amendments.

ARTICLE II

Property Rights

Section 1. Common Area. Every Owner shall have a right and easement of enjoyment in and to the Common Area that is appurtenant to the title to such Owner's Lot, subject to any restrictions or limitations contained in this Declaration or in any Deed or amendment thereto conveying the Common Area to the Association or subjecting the Common Area to this Declaration. Any Owner may delegate his or her other right of enjoyment to the members of his or her family, tenants, and social invitees subject to reasonable regulation by the Board and in accordance with procedures the Board may adopt from time to time.

Section 2. Sidewalks. Every Owner shall have a right and easement of enjoyment in and to the sidewalks located on each Lot, subject to any restrictions or limitations contained in this Declaration or in any Deed or amendment thereto conveying such Lot to the Association or subjecting such Lot to this Declaration. Any Owner may delegate his other right of enjoyment to the members of his or her family, tenants, and social invitees subject to reasonable regulation by the Board and in accordance with procedures the Board may adopt from time to time. Each Owner shall be responsible for maintaining the sidewalk on such Lot in a safe condition and in accordance with the Community-Wide Standard and other rules and regulations which may be established by the Board from time to time. If an Owner fails to maintain the sidewalk on his or her Lot as required by this Section, and fails or refuses to perform such maintenance upon request by the Board, the Board shall have the right to perform or have performed such maintenance and levy a Special Assessment against such Owner and such Owner's Lot equal to the cost and expenses incurred by the Association in performing such maintenance or having such maintenance performed.

ARTICLE III

Membership and Voting Rights

Section 1. Membership in the Association. Every Person who is the record owner of a joint or undivided fee interest in any Lot shall be deemed to be a member of the Association (each such person or entity, a "Member"). Membership shall be appurtenant to and may not be separated from such fee interest ownership, and any transfer of a Lot shall operate automatically to transfer to the new record owner thereof the membership in the Association appurtenant thereto. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate that Member's membership.

Notwithstanding the foregoing, Declarant may at any time assign, pledge, hypothecate or alienate its membership and/or Declarant's rights as Declarant herein, but any transfer by Declarant of title to a Lot shall automatically transfer the membership in the Association appurtenant thereto, free and clear from any such assignment, pledge, hypothecation or alienation.

Section 2. Classes of Membership. The Association shall have two classes of membership, Class "A" and Class "B", as follows:

- (a) Class "A". Class "A" Members shall be all Members with the exception of the Class "B" Members, if any. Class "A" Members shall include Owners of such Lots as may be annexed by Subsequent Amendment. The voting rights of Class "A" Members shall be as set forth in the Bylaws.
- (b) Class "B". Class "B" members shall be the Declarant and any successor of Declarant who takes title to any of the Properties for the purpose of development and sale and who is designated as such in a recorded instrument executed by Declarant or its successor, so long as Declarant (or its successor) owns any Lots or until such time as such Class "B" membership is converted to Class "A" membership pursuant to Section 8 of the Bylaws, whichever occurs first. The voting rights of Class "B" Members shall be as set forth in the Bylaws.

ARTICLE IV

Maintenance

Section 1. Association's Responsibility. The Association shall be responsible for the following maintenance obligations:

- (a) The Association shall maintain and keep in good repair the Common Area. Such maintenance shall include, without limitation, maintaining, repairing, and replacing, subject to any insurance then in effect, all roadways and streets, all trees, landscaping and other

flora, structures, irrigation system, storm water control and any other improvements situated upon the Common Area. The Association shall also plant, maintain, and replace when necessary all trees located between the street and the sidewalk on each Lot, though such trees are not part of the Common Area.

(b) With respect to the Homes and any lots annexed thereto, the Association shall also be responsible for maintaining the front, rear and side yards of each Home, even though such yards are not part of the Common Area. Front, rear and side yard maintenance shall include cutting of grass, edging, weeding, plant replacement and maintenance, landscape maintenance, fertilizing, pest control, and maintenance of that portion of the irrigation system serving the Homes (the "Irrigation System"), whether the Irrigation System is located on the Lots or in the Common Area. Maintenance of the Irrigation System shall include the cost of maintaining and operating the irrigation system pumps, lines, and heads, but shall not include furnishing the water to the Irrigation System. Each Owner of a Home shall furnish the water for the portion of the Irrigation System serving his or her Lot from his or her separately metered individual domestic water supply.

(c) With respect to the Homes and any lots annexed thereto, the Association shall maintain and keep in good repair the Attached Common Elements. Such maintenance shall include, without limitation, maintenance, repair and replacement of the Attached Common Elements; and fire and hazard insurance for the Attached Common Elements and fixtures as set forth in Article V below.

Section 2. Owner's Responsibility. Except as provided in Article IV, Section I above, the Owner of each Lot shall have the sole responsibility for maintenance of all exterior and interior portions of his or her home; land, flora and landscaping within the boundaries of the Lots; those areas within enclosed patios or courtyards; all inside and outside walls, roofs and structural components of the Home; all patios, decks, balconies, and driveways serving only one Home; and other improvements not maintained by the Association. Each Owner shall maintain said portions of its Home and Lot in a manner consistent with the Community-Wide Standard, the applicable covenants set forth in this Declaration, and such rules and regulations as may be established by the Board from time to time.

ARTICLE V

Insurance and Casualty Losses

Section 1. Insurance. The Board of Directors for the Association, or its duly authorized agent, shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area, against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard.

The Board shall also obtain a public liability policy covering the Common Area, Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million Dollar (\$1,000,000.00) single person limit as respects bodily injury and property

damage, a One Million Dollar (\$1,000,000.00) limit per occurrence, and a Five Hundred Thousand Dollar (\$500,000.00) minimum properly damage limit.

The Board shall also maintain fire and casualty insurance on the improvements on the Attached Common Elements, and on any fixtures within the Homes. Each Owner of a Home shall maintain his or her own liability insurance and shall maintain fire and casualty insurance on the unaffixed equipment, personal property, and other contents of his or her Home and additional improvements to his or her Home that are not to be insured by the Association, in each case with the Association named as an additional insured.

Premiums for all insurance required by this Article V to be maintained by the Association shall be Common Expenses of the Association and shall be included in the General Assessment, as defined in Article IX, Section 1. The policy or policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for the benefited parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in Tennessee and holding a rating of BBB+ or better in the Financial Category as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the more nearly equivalent rating.

(b) All insurance policies for the Homes shall be for the benefit of the Lot Owners and their Mortgagees as their interests may appear.

(c) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

(d) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Franklin, Williamson County, Tennessee area.

(e) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

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

(ii) a waiver by the insurer of its rights to repair, and reconstruct, instead of paying cash;

(iii) that no policy may be canceled, invalidated or suspended on account of any one or more individual Owners;

(iv) that no policy may be canceled, invalidated, or suspended on account of the conduct of any Director, officer, or employee of the Association or its duly authorized agent without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner, or mortgagee;

- (v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
- (vi) that no policy may be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three months' Assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least 30 days' prior written notice to the Association. As set forth in Article XII, Section 3 of this Declaration, the Board shall also obtain, as a Common Expense, a reasonably available amount of Directors and Officers Errors and Omissions insurance.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

Insurance on Common Areas.

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or construction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagees as their interest may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot and may be enforced by such Mortgagee.

(ii) If it is determined, as provided for in Section 3 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 2(a)(i) hereof.

(b) Insurance on Homes. If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds or such portion thereof as may be required for such purpose shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs or repairs or reconstruction to a Home or, in the event no repair construction is made after making such settlements as is necessary and appropriate with affected Owner or Owners and their Mortgagees as their interest may appear, shall be retained by the benefit of the Association and placed in the capital improvement account. This is a covenant for the benefit of any Mortgagee of a Home and may be enforced by such Mortgagee.

Section 3. Damage or Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the costs of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which it existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless at a Special Meeting (as defined in the Bylaws) called in accordance with the Bylaws at least 75% of the total eligible vote of the Association shall decide within 60 days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the costs of repair or reconstruction, or both, are not made available to the Association within the 60 day period referenced above, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed 60 days. No mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed. In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the damaged portions of the Common Area shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition and the remaining insurance proceeds shall be delivered pro rata to the Owners of each Home.

(c) As to the Home fire and casualty insurance, but not as to the Common Areas, the insurance proceeds shall be used to repair and restore the damaged Home(s).

In the event of fire or casualty, if insurance is insufficient to repair or reconstruct a Home or Homes, the Owner or Owners of said Home or Homes shall be responsible for paying any shortage to repair the construction. The shortage amount shall be allocated by the proportion that the repair cost of each individual Home bears to the total repair cost.

Section 4. Repair and Reconstruction. If the damage or destruction to the Common Areas for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Section 5. Annual Review of Policies. At least annually, the Board shall review all insurance policies that are required by this Article V to be maintained by the Association in order to ascertain whether the coverage contained in the policies is sufficient. If the Board deems such coverage to be insufficient, the Board may expand the coverage to the extent it reasonably deems necessary.

ARTICLE VI

No Partition

There shall be no physical partition of the Common Area or any part thereof. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE VII

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of all Owners) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to participate in the proceedings incident thereto, unless otherwise prohibited by law. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows: If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within 60 days after such taking the Declarant and at least 75% of the total eligible vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine. With respect to the condemnation of any Homes, the condemnation proceeds will be fairly shared by the Owner or Owners and the Association as their interests may appear. Any condemnation proceeds allocated to the Association shall be used to repair, reconstruction or fulfill the Association's ongoing maintenance responsibilities toward the remaining Homes adversely affected by the condemnation.

ARTICLE VIII

Rights and Obligations of the Association

In addition to the powers delegated to the Association by its Charter, the Association shall have the obligation to perform each of the following duties related to the Properties and Common Area:

Section 1. Operation and Maintenance of Common Area. To operate, maintain, and otherwise manage or provide for the operation, maintenance, and management of the Common Area, together with all easements for operation and maintenance purposes and for the benefit of the Association or its Members over and within the Common Area and/or the Lots; to keep

all improvements, if any, of whatever purpose from time to time located on the Common Area in good order, condition, and repair. Said maintenance shall include, but not be limited to, the maintenance obligations set forth in Article IV, Section 1. Any other provision of this Declaration, any Master Deed, the Bylaws or the Condominium Bylaws notwithstanding, the Association always shall maintain lien free title to the Common Area, excepting only a lien for current taxes not yet due and payable, provided, however, that the Association may mortgage or convey the Common Area with an affirmative vote of at least 67% of the Class "A" Members.

Section 2. Water and Other Utilities. To acquire, provide, and/or pay for, water, sewerage, garbage disposal, electrical, telephone, gas, and other necessary utility services for the Common Area.

Section 3. Taxes and Assessments. To pay all real and personal property taxes and assessments separately levied upon or assessed against the Association and/or the property owned by the Association. Such taxes and assessments may be contested or compromised by the Association; provided, however, that they are paid or a bond in an amount at least equal to such taxes and assessments is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes or assessments.

Section 4. Insurance. To obtain from reputable insurance companies qualified to do business in the State of Tennessee, with a financial rating by Best's Insurance Reports of BBB+ or better, and maintain in force at all times such insurance as is required by this Declaration.

Section 5. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within Williamson County conveyed to it by the Declarant as permitted herein.

Section 6. Rules and Regulations. The Association, through its Board of Directors or otherwise, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines, suspension of the right to vote and suspension of the right to use the Common Area. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. In addition, the Association, through the Board or otherwise, may, by contract or other agreement, enforce City and county ordinances or permit the City of Franklin and Williamson County to enforce ordinances on the Properties for the benefit of the Association and its members.

Section 7. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX

Assessments

Section 1. Creation of Assessments. There are hereby created annual Assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors as follows (collectively, the "Annual Assessments"):

The Board may levy general assessments for expenses determined by the Board to benefit the Association and/or the Lots as a whole, including without limitation, expenses incurred by the Association in fulfilling its maintenance obligations set forth in Article IV, Section 1 ("General Assessments"). General Assessments shall be allocated equally among all Lots.

Section 2. Assessment Obligation. Each Owner, by acceptance of his or her Deed, is deemed to covenant and agree to pay all Assessments levied by the Association pursuant to this Declaration, whether or not such obligation is so expressed in such Deed. A budget for the first year of the Association, including contemplated General Assessments and Special Assessments (as defined below) and a breakdown thereof, is attached hereto as Exhibit E (the "Base Budget"). Each Lot shall be subject to the Assessments set forth in the Base Budget when a certificate of occupancy is obtained on the first Home constructed on a Lot. The Base Budget year for the Association shall commence September 1, 2002, with Assessments being prorated as of the date of closing of a Lot.

Until the Class "B" membership terminates and converts to Class "A" membership pursuant to Section 8 of the Bylaws, the Class "B" Members shall from time to time pay the Association any amounts required to make up any shortfall in the Base Budget, and any subsequent Budget (as defined below), to the extent that such shortfall arises from (a) actual operating costs (including amounts allocated to or drawn from reserve funds) exceeding budgeted operating costs, or (b) budgeted operating costs (including amounts allocated to or drawn from reserve funds) exceeding actual income. To the extent a shortfall arises from subsection (b) of this paragraph and the lack of income results from the failure of a Class "A" Member to pay Assessments, the Class "B" Members shall not be obligated to make up such shortfall. As long as the Class "B" Members continue to make up the shortfall in the Budget as set forth in this paragraph, notwithstanding any provision to the contrary in this Declaration, the Class "B" Members shall not be obligated to pay any General Assessments or Special Assessments imposed on any Lots owned by Class "B" Members.

All Assessments, together with interest at the highest rate allowable under the laws of Tennessee from time to time relating to usury for residential real estate loans (or if no such rate is established, 16% per annum) ("Interest"), costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each Assessment is made. Each Assessment, together with Interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of such Lot at the time the

Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage shall be liable for unpaid Assessments which accrued prior to such acquisition of title,

Assessments shall be paid in such manner and on such dates as may be fixed by the Board. The manner of payment fixed by the Board may include, without limitation, acceleration of the Assessment levied on a particular Lot on account of delinquent payment of such Assessment or monthly installment thereof. Unless the Board otherwise provides, Annual Assessments shall be paid in monthly installments.

Assessments cannot be increased more than 10% per annum without a two-thirds majority vote of the Members of the Association.

Section 3. Computation of Annual Assessment. It shall be the duty of the Board, at least 60 days before the beginning of the fiscal year and 30 days prior to the meeting at which the budget shall be presented to the Members, to prepare a budget covering the estimated costs of operating the Association during the coming year (the "Operating Budget"). The Operating Budget shall include a capital contribution establishing a reserve fund in accordance with a Capital Budget separately prepared, as more particularly described in Article IX, Section 6 below. The Board shall set Assessments based on the Operating Budget and the Capital Budget, provided that the Board may not increase Assessments more than 10% per annum except as set forth in Article IX, Section 2. The Board shall cause a copy of the Operating Budget, and the amount of each General Assessment to be levied against each Lot for the following year, to be delivered to each Owner at least 10 days prior to the meeting. The Operating Budget, together with the Capital Budget and the Annual Assessments (collectively, the "Budget"), shall become effective unless disapproved at the meeting by a majority vote of the total Association membership.

Notwithstanding the foregoing, however, in the event the Members disapprove the proposed Budget or the Board fails for any reason to determine the Budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the Budget in effect for the then current year shall continue for the succeeding year.

Section 4. Special Assessments. In addition to the Annual Assessments authorized above, the Board may levy, during any calendar year, but in no event prior to the first annual meeting of the Members, special assessments, applicable only to that year, to be used solely to defray, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a capital improvement, including the necessary fixtures and personal property related thereto ("Special Assessments"). The Board may levy a Special Assessment against all Lots for such expenses determined by the Board to benefit the Association and/or the Lots as a whole, and may levy a Special Assessment against particular portions of the Properties for such expenses as may be determined by the Board to benefit less than the Association as a whole. The Board may also levy a Special Assessment against particular Lots to reimburse the Association for costs incurred in maintaining such Lots upon failure of the Owner to do so, as set forth in this Declaration. Except for Special Assessments imposed upon particular Lots to reimburse the Association for costs incurred in maintaining such Lots upon failure of the Owner to do so and except for Special Assessments imposed under Article V, Section 4 and

Article XII, Section 6(f) hereof, a Special Assessment must be approved by vote or written consent of (a) 67% of each class of Members in the Association present and voting, either in person or by proxy, and entitled to vote at a meeting of the members of the Association called for such purpose at which a quorum is present; or (b) 67% of the Owners directly affected or benefited by the Special Assessment, in the opinion of the Board, if less than all of the Owners are benefited.

Section 5. Lien for Assessments. To secure the payment of any Assessment and/or fine imposed by the Association pursuant to Article VIII, Section 6 of this Declaration (each such fine, a "Fine"), a lien is expressly retained in favor of the Association on each and every Residential Unit in the Association. Such lien shall be prior and superior to all other liens, except all taxes, bonds, assessments, first mortgage liens, and other levies which by law would be superior thereto.

For the purposes of rendering unnecessary court proceedings for the enforcement of said lien in the event of the nonpayment of Assessments and/or Fines, and for the consideration of one dollar paid in cash, receipt of which is acknowledged, the Owners, their heirs, successors, administrators, and assigns, hereinafter referred to as Trustors, hereby transfer and convey unto Douglas S. Hale, Trustee, his successors and assigns, their respective Lots with the appurtenances, estate, title and interest thereto belonging upon the use and trusts set forth in this paragraph.

If each Trustor shall pay his Assessments and Fines when due, then this trust conveyance shall be of no further force or effect with respect to such Trustor's Lot. If the Assessments and Fines with respect to any Lot are not paid promptly when due, this trust conveyance shall remain in full force and effect, and the said Trustee, or his successor in trust, is hereby authorized and empowered, upon giving 20 days notice by three publications in any newspaper, daily or weekly, published in Williamson County, Tennessee, to sell said Lot at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from all statutory, equitable and other rights of redemption, homestead, dower and all exemptions of every kind, which are hereby expressly waived; and the said Trustee, or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser. The Association may bid at any sale under this trust conveyance. The Association may, at any time after default in the payment of any Assessment or any installment payment thereof or any Fine, enter and take possession of said Lot, and shall only account for the net rents actually received by it. It is further agreed that, in the event the Association fails, before instructing Trustee to sell said Lot, as herein provided, to enter and take possession thereof, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the Trustee of a deed for said Lot. In the event of sale hereunder, the proceeds will be applied by the Trustee as follows:

- (a) First, to the payment of all costs, charges and expenses of executing this conveyance and enforcing said lien as herein provided, including reasonable attorneys' fees and expenses incurred for instituting or defending any litigation which may arise on account of the execution of this conveyance, or the enforcement of said lien;

(b) Second, to the payment of all taxes which may be unpaid with respect to such Lot;

(c) Third, to the payment of all unpaid Assessments and Fines with respect to such Lot; and

(d) Fourth, the residue, if any, will be paid to the Owner of such Lot, his order, representatives or assigns or to any other person legally entitled thereto.

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

The Association, acting on behalf of the Owners, shall have the power to bid for the Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Any funds required for purchase of a Lot at foreclosure shall be assessed as a Special Assessment, subject to all of the requirements in Article IX, Section 4 hereof. With respect to any Lot owned by the Association following foreclosure: (1) no right to vote shall be exercised on behalf of the foreclosed Lot; (2) no Assessment shall be assessed or levied on the foreclosed Lot; and (3) each other Lot shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may temporarily suspend the voting rights of a Member who is in default of payment of any Assessment or any installment payment thereof after notice and hearing.

Nothing in this Section shall preclude the Association from recording and enforcing its lien without exercising its rights arising from the foregoing trust conveyance.

Section 6. Capital Budget and Contribution. As noted in Article IX, Section 3, above, the Board of Directors shall annually prepare a Capital Budget that shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the Capital Budget, with respect both to amount and timing by Assessments over the period of the Budget. The capital contribution required shall be fixed by the Board and included within the Operating Budget and Assessment, as provided in Section 3 of this Article.

Section 7. Certificate of Payment. The Board shall, upon request and for a reasonable charge not to exceed \$25.00, furnish to any Person a certificate, signed by an officer of the Association, setting forth whether or not all Assessments, whether General or Special, on a specified Lot have been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 8. Start-up Assessment. Each Lot Owner shall pay to the Association at closing a start-up assessment fee equal to one month's Assessment to provide the Association with initial working capital ("Start-up Assessment"). This one time Start-up Assessment shall be in addition to the regular Assessments provided for above.

ARTICLE X

Architectural Standards

Declarant or its agents or assigns shall construct all Homes in accordance with plans and specifications approved by the City of Franklin, Tennessee (the "City"). Except for Declarant's construction of the Homes, no Person shall construct any Home or other improvements upon a Lot, or after completion of such Home or other improvements, make any modifications, additions or alterations to such Home or any structure thereon or improvement thereto, without the prior written approval of the SARB (as defined below). In the event the SARB fails to approve or to disapprove such plans or to request additional information reasonably required within 45 days after submission, the plans shall be deemed approved. In no event shall the SARB approve, by affirmative action or by failure to act within the 45-day period set forth above, any plans violating the use restrictions set forth in Article XI below or the architectural covenants that have been submitted to and approved by the City as set forth below (the "City Requirements").

The Board shall designate a site and architectural review board (the "SARB") consisting of Declarant, an Owner other than Declarant and a third party architect selected by Declarant who has demonstrated a sound understanding of traditional, residential forms of design (a "Qualified Architect"), to exercise the Board's authority under this Article. The SARB shall promulgate detailed standards and procedures in implementing the requirements of this Article. Upon termination of the Class "B" membership and conversion of the Class "B" membership to Class "A" membership, the Board may alter the composition of the SARB, provided, however, that the SARB must always include a Qualified Architect. The Board and any committee it may designate may not discriminate between Owners, and upon a written request for a hearing submitted to the Board, an aggrieved Owner shall have the right to a hearing before the Board in accordance with the applicable procedures promulgated in accordance with Article XI, Section 3. The Board shall have the standing and authority to enforce in courts of competent jurisdiction its decisions in connection with this Article. This Article shall be effective, and may not be amended without the prior written consent of Declarant, so long as Declarant owns any land subject to this Declaration or subject to annexation by this Declaration.

ARTICLE XI

Use Restrictions

Section 1. Use Restrictions. In addition to all other covenants contained herein, the use of the Properties is subject to the following:

(a) Residential Use. Except as otherwise provided in this Declaration, each Home shall be used as a residence and for no other purposes, and there shall not be constructed or maintained upon any Lot more than one single-family residence. Except as otherwise

provided in this Declaration, the Common Area shall be used for recreational, social, and other purposes directly related to the single-family use of the Lots authorized hereunder;

(b) Maintenance of Exterior and Interior. Except as provided in Article IV, Section 1, each Owner shall be responsible for the maintenance of, and shall maintain, the exterior and interior of its Home, including interior walls, exterior and interior windows, glass, ceilings, floors, doors, windows, and permanent fixtures and appurtenances thereto, in a clean, sanitary, and attractive condition.

(c) Easement to Make Repairs. Except as provided in Article IV, Section 1, each Owner shall (1) keep its Lot free from rubbish, litter, and noxious weeds; (2) maintain, cultivate, and keep in good condition and repair shrubs, trees, grass, lawns, plantings, and other landscaping located, or from time to time placed, within the bounds of its Lot; and (3) replace dead plants, shrubs, trees, grass, or landscaping of the same or similar type. Each Home shall be subject to an easement for access in favor of any adjoining Home to make necessary repairs upon such adjoining Home and structure therein; provided, however, that:

- (i) Any damage caused by such entry shall be repaired at the expense of the Owner whose Home was the cause of the repair work that lead to such entry;
- (ii) Any such entry shall be made only at reasonable times and with as little inconvenience as possible to the Owner of the entered Home;
- (iii) In no event shall said easement be deemed to permit unauthorized entry into the interior portion of any residence.

(d) Association to Landscape Common Area. Except as otherwise provided herein, the Association shall have the right and the obligation at any time to plant, replace, maintain, and cultivate shrubs, trees, grass, plantings, and other landscaping upon the Common Area located on the Properties, and, subject to the conditions stated below, on all or any portion of a Lot maintained by the Association under Article IV, Section 1. No Owner shall remove, alter, or injure in any way any shrubs, trees, grass, plants, or other landscaping placed upon or about his Lot by Declarant or the Association, without first obtaining the written consent of the Board of the Association.

(e) Signs and Billboards. No sign or billboard of any kind shall be displayed to the public view on any Lot or Home or portion of the Common Area, except for (1) directional or informational signs, established by Declarant or the Association, (2) signs used by Declarant, or by its successors or assigns, to advertise the Properties, provided such signs are located on the Common Area or on Lot or Homes owned by Declarant, and (3) signs not in excess of six square feet per side erected by an Owner upon that Owner's Lot to advertise the sale of that Lot.

(f) Quiet Enjoyment. No noxious, offensive, or illegal activity shall be carried on, in or upon any Lot or any part of the Properties, nor shall anything be done thereon that may be or may become an annoyance or nuisance to the neighborhood, that shall interfere in any way

with each Owner's quiet enjoyment of its respective Lot, or that shall increase the rate of insurance in any way.

(g) Temporary Structures. No structure of a temporary character, or other out-building shall be used on any Lot or the Common Area at any time as a residence or otherwise, either temporarily or permanently. Declarant or its agents shall have the right to conduct any business necessary for the sale of Lots or Homes, including showing model Homes and maintaining a sales and/or construction office on the Common Area or in any Lot owned by Declarant. In furtherance thereof Declarant shall have an easement over all of the Common Area for ingress, egress, and parking for itself, its agents, employees, and prospective buyers of Lots and Homes for so long as Declarant or any subsidiary or affiliated company owns any interest in the Properties, and Declarant may block or restrict access over and across roadways so long as access to a particular Lot owned by a Person other than Declarant is not prohibited.

(h) Animals. No animals, reptiles, rodents, livestock, birds, fish, or poultry of any kind shall be raised, bred, or kept in or on any Lot, except that a maximum of two dogs, cats or such other household pets approved by the Association (or a combination thereof not to exceed a total of two pets) may be kept in a Home, provided such pets are not kept, bred, or maintained for any commercial purposes. Notwithstanding the foregoing, no animals or fowl may be kept in or about any Lot if such keeping results in an annoyance or is obnoxious to residents in the vicinity. In any event, each Owner shall be absolutely liable to all remaining Owners, their families, guests, invitees and tenants and to the Association for any and all damage to person or property caused by any pets brought or kept in or upon any Lot or on the Common Area by any Owner or by members of its family, guests or invitees. Each Owner shall be responsible for cleaning up after its pet. The Board shall determine conclusively, in its sole and absolute discretion, whether, for the purpose of this Paragraph (h), a particular animal, bird, fowl, poultry, or livestock is a nuisance and therefore to be removed from the Properties.

(i) Vehicles. No truck, trailer, camper, boat, van or similar equipment or disabled car shall be permitted to remain upon or within the Common Area unless on a space designated for such use by the Association. No such equipment may be stored or permitted to remain upon or within a Residential Unit or any portion of the Common Area for more than 48 hours.

(j) Exterior Structures. No fences, ornamental screens, awnings, screen doors, sunshades, walls, or hedges shall be erected or permitted upon the Properties, except such as are installed in accordance with the initial construction of the improvements or approved by the Association as provided in Article X. No building, including out-buildings, patios, fences, and porches, shall be removed from, erected on, placed or altered on any Lot, or any portion of the Common Area, until the construction plans and specifications and a plan showing the exact location of the structure or improvements have been approved in writing by the Association with respect to quality of workmanship and materials, harmony of external design with existing structure or structures, and location as provided in Article XI. Any alteration in the exterior color of any structural improvement shall likewise be subject to the prior approval of the Association. The prohibitions set forth herein shall not apply to Declarant.

(k) Exterior Radio and Television Equipment. No towers, antennae, aerials, dishes, or other facilities for the reception or transmission of radio or television broadcasts or other means of communication shall be erected and maintained or permitted to be erected and maintained on any portion of the Properties without the prior written consent of the Association. Notwithstanding the approval of same by the Association, none of same may be visible from a street or roadway.

(l) Garbage Collection. All rubbish, trash, and garbage shall be removed from the Properties regularly and shall not be allowed to accumulate thereon. All refuse containers, clothes lines, woodpiles, storage areas, machinery, or equipment shall be kept in such a manner as not to be visible from neighboring property or contiguous streets. No incinerators shall be kept or maintained on any Lot.

(m) Taxes and Utilities. Each Owner shall pay any real and personal property taxes or charges assessed against his respective Lot and the utility charges for said Home.

(n) Infections Plant Diseases or Insects. No Owner shall permit any thing or condition to exist upon any portion of such Owner's Lot that shall induce, breed, or harbor infections, plant diseases, vermin or noxious insects.

(o) Reasonable Inspection and Entry. The Board shall have the right of inspection and entry in order to perform the duties and obligations of the Board under this Declaration and under the Bylaws. In addition, the Declarant, the Association, and their designees, shall have the right to enter upon a Lot for the purpose of cutting grass, hedges, shrubbery and providing maintenance agreed upon with the Owner thereof.

(p) Trade or Business. No gainful profession, occupation, trade or other nonresidential use shall be conducted in any Home or upon the Common or any portion thereof without the prior approval of the Board. The Board may disapprove such a trade or business in the event that it determines that the trade or business would have a negative impact on the Properties, including, without limitation, creating problems related to traffic, parking or security. In determining whether to approve a trade or business conducted in a Home, the Board shall be provided with detailed information on (i) the type of trade or business and (ii) the activities related thereto that could potentially affect the Properties. In the event that the Board approves a certain trade or business (the "Approved Use"), then so long as the activities related to that Approved Use do not materially change from the activities described to and approved by the Board, then the Board (whether or not the composition of the Board changes) shall not have the right to disapprove the Approved Use after the date of the original approval.

(q) Compliance with Law. The Association and each Owner shall comply promptly with all laws, statutes, ordinances, rules, and regulations of federal, state, or municipal governments or authorities applicable to use, occupancy, construction, and maintenance of any improvements upon the Lots.

(r) Damage from Plants. No Owner shall permit any plant, tree, shrubbery or other similar item to exist upon any portion of such Owner's Lot that shall damage or create a nuisance on another Lot. The Board shall determine conclusively, in its sole and absolute discretion, whether, for the purpose of this paragraph, a particular plant, tree, shrubbery, or other similar item is a nuisance and therefore to be removed from the Properties.

(s) Drapes. Any drapes or window treatments in any Home which can be seen from the exterior of a Home shall be lined or backed with material which is white, off-white or neutral so that no other color other than these hereinabove set out can be seen on the window treatment from the exterior.

Section 2. Additional Restrictions. The Board of Directors shall be entitled to invoke additional rules and regulations from time to time for the operation, use, and maintenance of the Properties located within its jurisdiction, including the Lots and the Common Area, provided such rules and regulations are not inconsistent with this Declaration.

Section 3. Inspection and Enforcement. The Board of the Association may establish procedures and policies for inspection of Homes and Lots and enforcement of existing requirements.

ARTICLE XII

General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the owner of any of the Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of 30 years from the date this Declaration is recorded. After the initial 30 year term has expired, the term of this Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by 67% of the then Owners, has been recorded within the year preceding the beginning of each successive period of 10 years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

Section 2. Amendment. This Declaration may be amended by a sixty-seven percent (67%) affirmative vote of the Members. Any amendment shall not become effective until recorded in the Registers Office of Williamson County, Tennessee. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Indemnification. The Association shall indemnify its officers and directors against any and all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other controversy or proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party, or may become involved, by reason of being or having been an officer or director of the Association. The officers and directors shall not be

liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 4. Declaration of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, his or her right of enjoyment to the Common Area and facilities to the members of his or her family, tenants, and social invitees, subject to such rules and regulations as the Board of Directors may adopt.

Section 5. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Home and such portion or portions of the Common Area adjacent thereto or as between adjacent Homes, due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more three feet, as measured from any point on the common boundary between each Home and the adjacent portion of the Common Area or as between said adjacent Homes, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an owner, tenant, or the Association. There also shall be reciprocal appurtenant easements of encroachment as between each Home and such portion or portions of the Common Area adjacent thereto or as between adjacent Homes, due to the placement or settling or shifting of roof overhangs, downspouts, gutters, eaves, foundations or fireplaces/chimneys constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary between each Home and the adjacent portion of the Common Area or as between said adjacent Homes, as the case may be, along a line perpendicular to such boundary at such point.

Each of the Home Owners grant the Association a permanent easement over that portion of its Lot between the street and the Home for the purpose of installing, maintaining, operating, and replacing the irrigation system benefiting the Homes and the Common Areas in proximity thereto. Each of the Home Owners further grant the Association a permanent easement over those portions of its Lot described in Article IV, Section I(b) for the purpose of enabling the Association to fulfill its maintenance obligations set forth in Article IV, Section I(b).

Each of the exterior Home Owners grant a permanent easement for ingress and egress through and across said exterior Home and Lot to the interior Homes and Lots located in the same string of Homes as the exterior unit. Said easement shall be for the placement, repair and maintenance of structural improvements and all plumbing, electrical, gas, air conditioning and heating utilities and improvements, including the right to repair, service and replace same, it being understood that some or all of such services and improvements shall

be placed adjacent to the exterior wall of exterior Homes and Lots to service interior Homes and Lots which do not have a side yard.

In the event that any streets or roadways granting ingress or egress to a Lot are included in the Common Area, all Owners of such Lots shall have a permanent easement for ingress and egress over such streets or roadways. Any conveyance or encumbrance of such streets or roadways shall be subject to such easement.

Section 6. Easements for Utilities, Etc.

(a) There is hereby reserved to the Declarant and granted to the Association blanket easements upon, across, over, and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining security and similar systems, irrigation systems, walkways, and all utilities, including, but not limited to, water, sewers, telephones, gas, and electricity. The Board shall, upon written request, grant such easements as may be reasonably necessary for the development, maintenance or alteration of any portion of the Properties.

(b) Declarant hereby reserves unto itself and the Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as set forth in this Declaration, Bylaws, and Association Rules.

(c) Notwithstanding anything herein to the contrary, this Declaration and the conveyance of each Lot shall be subject to all easements heretofore or hereafter granted by Declarant or by the Board for the installation and maintenance of utilities and drainage facilities necessary for the development of the Properties.

(d) Whenever sanitary sewer connections, water connections, or electricity, gas, or telephone lines are installed within the Properties, which connections or any portion thereof lie in or upon the Common Area or Lots owned by Owners other than the Owners of the Lots served by said connections, the Owner of each Lot served by said connections shall have the right, and hereby is granted an easement to the full extent necessary therefor, to enter upon or have the utility companies enter upon the Lot or Common Area upon which said connections, or any portion thereof, lie for the purpose of repairing, replacing, and generally maintaining said connections as and when the same may be necessary.

(e) Whenever sanitary sewer connections, water connections, or electricity, gas, or telephone lines are installed within the Properties, which connections serve more than one Lot, the owner of each Lot served by said connections shall be entitled to full use and enjoyment of such portions of said connections as serve his Lot.

(f) In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then upon the written request to the Association of any one of such Owners, the matter shall be submitted to the Board, which shall decide the dispute and make a Special Assessment against any or all of the Owners involved, which Special Assessment shall be collected and enforced in the manner provided by Article IX of this Declaration.

(g) Each of the easements provided for in this Declaration shall be deemed established upon the recordation of this Declaration and thenceforth shall be deemed covenants running with the land for the use and benefit of the Lots and the Common Area, as the case may be, superior to all other encumbrances applied against or in favor of any portion of the Properties. In furtherance of the easements provided for in this Declaration, the individual deeds to Lots may, but shall not be required to, set forth said easements.

Section 7. Construction and Sale by Declarant. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots and Homes shall continue, it shall be expressly permissible for Declarant to construct, maintain and carry on upon portions of the Properties, other than Lots owned by persons other than Declarant, such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such residences, including, but not limited to, business offices, signs, Homes, utilities, model units, and sales offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Homes and Lots owned by the Declarant as models and sales offices. Declarant shall also have the right to enter Lots to install roads, utilities, and other Common Area improvements. This Section may not be amended without the express written consent of the Declarant.

Section 8. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect. Each covenant and restriction shall be enforced to the fullest extent permitted by law.

Section 9. Right of Entry. The Association shall have the right to enter into any Lot or Home for emergency, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance, personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. It is intended that this right of entry shall include the right of the Association to enter a Lot or Home to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board. The Board may levy a Special Assessment against such Owner equal to the cost and expense incurred by the Association in curing such condition.

Section 10. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 11. FHA/VA Approval. As long as there is a Class B membership, the following actions will require prior approval of the Federal Housing Administration or the Veterans

Administration: annexation of additional properties, dedication of Common Area, and amendment of this Declaration.

ARTICLE XIII Regulation - The City Of Franklin

Each Owner hereby agrees that the City is authorized and empowered to require the Association and each Owner, jointly and/or severally, to provide for the orderly maintenance and upkeep of the Common Area. In the event that the City, or any agent thereof, determines that the Common Area are being maintained in a manner which is dangerous or detrimental to the health, safety and welfare of the community, pursuant to the provisions of the Franklin Municipal Charter and Code, the City and its agents, may upon ten (10) days notice to the Association enter upon the Common Area and make any repairs or improvements to the Common Area which the City and its agents deem necessary to remedy such conditions. Thereafter, the Association and each Owner shall be obligated to pay to the City its costs for all improvements, work and/or labor, supplied or furnished to the Common Area. The obligation to pay said costs shall be a personal obligation of the Association and each Owner, jointly and severally. All such costs shall be paid to the City within five days of receipt from the City of a statement for such costs, which receipt shall be required to be served upon the President of the Association only. All Owners hereby waive notice of receipt of said statement for such costs. In order to secure payment at and after the due date, there shall arise a continuing lien and charge against each Lot in favor of the City, the amount of which shall include costs and reasonable attorneys' fees to the extent permissible by law. The City may bring an action at law against the Association and/or any Owner, or foreclose the lien against any property owned by any Owner. However, it is understood that any such lien in favor of the City shall be subordinate to the lien of any deed of trust placed upon the Lot for the purpose of securing indebtedness incurred to purchase or improve such Lot. Neither the Association nor any Owner may waive or otherwise escape liability for the cost incurred by the City as described herein.

ARTICLE XIV Declarant's Rights

Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Register's Office of Williamson County, Tennessee.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration effective as of the date first set forth above.

CARTER DEVELOPMENT, LLC

By: John Y. Franks
Title: Chief Manager

STATE OF TENNESSEE)

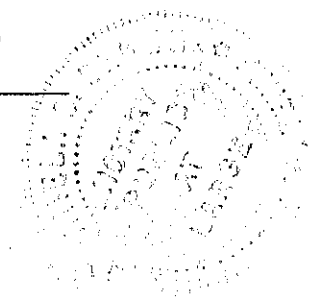
COUNTY OF Williamson)

Before me Pamela B. Brown, the undersigned authority, a Notary Public in and for the State and County aforesaid, John Y. Franks, with whom I am personally acquainted (or proved me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chief Manager of CARTER DEVELOPMENT, LLC, the within named bargainor, a Tennessee general partnership, and he as such Chief Manager being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the general partnership by himself as such Chief Manager

WITNESS MY HAND and official seal at my office on this the 5th day of June, 2002.

Pamela B. Brown
Notary Public

My Commission Expires: 10/13/04



Hardison Hills

Legal Description of 38.88-acre tract located in the 9th Civil District of Williamson County, City of Franklin, Tennessee.

Beginning at a point in the South Right of Way (R/W) of Downs Boulevard, said point being the northwest corner of Resubdivision of lot 21 of Bob Rucker Addition; thence with said south R/W and a curve to the left having a radius of 654.48 feet and a central angle of 3°55'47" with a chord which bears North 85°55'42" West 44.88 feet and having a length of 44.89 feet to a point; thence continue North 86°34'02" West, a distance of 120.75 feet; thence continue North 86°34'00" West, a distance of 480.65 feet to the beginning of a curve tangent to said line; thence with said curve having a length of 499.63 feet to the right and having a radius of 1290.00 feet and a central angle of 22°11'28"; thence leaving the R/W and with the south line of Earl Tywater property, North 89°46'35" West, a distance of 257.90 feet; thence leaving Tywater and with the east line of Rolling Meadows Subdivision the following 6 calls South 05°43'52" West, a distance of 191.16 feet; thence South 02°56'20" West, a distance of 375.32 feet; thence South 07°57'34" West, a distance of 347.93 feet; thence South 10°28'36" West, a distance of 33.84 feet; thence South 08°16'00" West, a distance of 77.85 feet; thence South 08°19'07" West, a distance of 718.66 feet; thence with the center of Carters Creek Pike South 83°27'35" East, a distance of 49.69 feet; thence leaving said Carters Creek Pike and with the west line of Fred Johnson and Upchurch and Albert North 09°01'52" East, a distance of 860.76 feet; thence with Upchurch and Albert South 84°15'29" East, a distance of 225.50 feet; thence South 30°15'29" East, a distance of 125.00 feet; thence with the City of Franklin North 67°44'14" East, a distance of 145.00 feet; thence continue South 22°15'46" East, a distance of 145.00 feet; thence continue South 67°44'31" West, a distance of 72.49 feet; thence continue South 22°15'29" East, a distance of 507.00 feet; thence continue South 19°44'31" West, a distance of 22.50 feet; thence continue South 18°20'07" East, a distance of 122.73 feet; thence with the north R/W of Carters Creek Pike (West Main Street) North 75°00'14" East, a distance of 60.00 feet; thence continue North 74°04'59" East, a distance of 340.00 feet; thence continue North 64°58'59" East, a distance of 69.00 feet; thence leaving said R/W and with the west line of George Bentley, North 03°18'59" East, a distance of 353.02 feet; thence continue North 81°57'08" East, a distance of 14.46 feet; thence with the west line of Elige Lawrence North 05°50'48" East, a distance of 123.14 feet; thence continue North 06°35'50" East, a distance of 193.07 feet; thence with Lawrence north line North 86°15'06" East, a distance of 262.71 feet; thence with the west line of Bob Rucker Lot Addition for the following 5 calls, North 07°35'36" West, a distance of 146.63 feet; thence North 12°59'59" East, a distance of 186.00 feet; thence North 11°27'13" East, a distance of 161.70 feet; thence North 28°35'13" West, a distance of 104.45 feet; thence North 03°09'30" West, a distance of 165.58 feet to the point of beginning.

EXHIBIT B

Designation of Lots Phase I of Hardison Hills

is Lot One (1) thru and including Lot Seventy-Four (74) for a total of
seventy-four (74) lots

Hardison Hills: Phase I

Legal Description of a 7.83-acre tract located in the 9th Civil District of Williamson County, City of Franklin, Tennessee.

Beginning at a point in the south Right of Way (R/W) of Down at a common southeast corner of Earl Tywater Property; thence leaving said R/W North 89°46'35" West, a distance of 257.90 feet; thence leaving Tywater and with the east line of Rolling Meadows Subdivision the following 2 calls South 05°43'52" West, a distance of 191.16 feet; thence South 02°56'20" West, a distance of 375.32 feet; thence with 8 new lines South 80°51'19" East, a distance of 486.08 feet; thence North 36°57'33" East, a distance of 284.73 feet; thence North 55°18'00" West, a distance of 8.23 feet; thence North 34°42'00" East, a distance of 38.02 feet to a point a curve to the right having a radius of 874.99 feet and a central angle of 3°51'27", a chord which bears North 55°20'15" West 58.90 feet, a length of 58.91 feet; thence North 53°22'28" West, a distance of 44.28 feet; thence North 36°13'48" East, a distance of 19.04 feet to the beginning of a curve tangent to said line; thence with said curve to the left having a length of 122.93 feet along the curve having a radius of 251.37 feet and a central angle of 28°01'12"; thence North 08°15'26" East, a distance of 79.95 feet to the south R/W of Downs Boulevard; thence with a curve to the right having a radius of 1290.00 feet and a central angle of 16°33'15" and having a chord of North 72°39'09" West 371.42 feet and a length of 372.71 feet, to the Point of Beginning.

EXHIBIT C
Association Bylaws

AMENDED AND RESTATED BYLAWS OF HARDISON
HILLS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Members

Section 1. Identity.

(a) These are the Bylaws of Hardison Hills Homeowners Association, Inc. (the "Association"), a corporation not for profit, incorporated under the laws of the Tennessee Nonprofit Corporation Act.

(b) The Association has been organized for the purpose of serving as the property owners association for the residential subdivision known as Hardison Hills, in accordance with the Declaration of Covenants, Conditions and Restrictions pertaining to such subdivision dated June 5, 2002 and filed of record in the Register's Office for Williamson County, Tennessee (as the same may be modified, amended or restated, the "Declaration"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Declaration.

Section 2. Members. Every Person who is the record owner of a joint or undivided fee interest in any Lot shall be deemed to be a member of the Association (each such person or entity, a "Member"). Membership shall be appurtenant to and may not be separated from such fee interest ownership, and any transfer of a Lot shall operate automatically to transfer to the new record owner thereof the membership in the Association appurtenant thereto. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate that Member's membership. In the event that any Lot is owned jointly by two or more persons, each joint owner shall be a Member for as long as that person owns the joint interest in the Lot. Notwithstanding the foregoing, Declarant may at any time assign, pledge, hypothecate or alienate its membership and/or Declarant's rights as Declarant herein, but any transfer by Declarant of title to a Lot shall automatically transfer the membership in the Association appurtenant thereto, free and clear from any such assignment, pledge, hypothecation or alienation.

Section 3. Classes of Membership. The Association shall have two classes of Membership:

(a) Class A. Class "A" Members shall be all Members with the exception of the Class "B" Members, if any.

(b) Class B. Class "B" Members shall be Declarant and any successor of Declarant who takes title to any of the Properties for the purpose of development and

sale and who is designated as such in a recorded instrument executed by Declarant or its successor, so long as Declarant (or its successor) owns any Lots.

Section 4. Succession. The membership of each Member shall terminate when such Member ceases to be an Owner, and upon the sale, transfer or other disposition of such Member's ownership interest in a Lot, membership in the Association shall automatically be transferred to the new Owner succeeding to such ownership interest

Section 5. Regular Meeting. The first regular annual meeting of Members (the "First Meeting"), subject to the terms hereof, shall be held on the second Tuesday of March, 2003. Subsequent to the First Meeting, there shall be a regular annual meeting of Members within fifteen (15) days before or after each anniversary of the First Meeting. All such meetings of Members shall be held at such place in Williamson County, Tennessee, and at such time as specified in the written notice of such meeting which shall be sent to all Members at least ten (10) days prior to the date of such meeting.

Section 6. Special Meetings. Special meetings of all Members may be called by the President or by a majority of the Members of the Board, or by Members having at least three-fifths (3/5) of the votes entitled to be cast at such meeting. Said special meetings shall be called by sending written notice to all Members not less than ten (10) days prior to the date of said meeting, stating the date, time and place of said special meeting and the matters to be considered.

Section 7. Delivery of Notice of Meeting. Any notice to the Members required to be sent or given by the Bylaws shall be deemed to have been sent if such notice is in writing and is delivered to each Member by hand delivery, overnight courier, facsimile transmission or other form of wire or wireless communication or is sent by U.S. Mail, postage prepaid or by e-mail, to the address provided in writing from time to time by such Member to the Association.

Section 8. Voting.

(a) Class A. Class "A" Members shall be entitled on all issues to one vote for each Lot in which they hold the interest required for membership by Section 1 hereof, there shall be only one vote per Lot. When more than one Person holds such interest in any Lot, the vote for such Lot shall be exercised as those Persons themselves determine and advise the Secretary of the Association prior to any meeting according to the procedures and other requirements set forth in the Bylaws. In the absence of such advice, the Lot's vote shall be suspended in the event more than one Person seeks to exercise it.

(b) Class B. Class "B" Members shall be entitled to ten (10) votes for each Lot owned by such Class "B" Member. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following: (i) when seventy-five percent (75%) of the Lots are deeded to the Owners, excluding the Declarant, or (2) on January 1, 2015. From and after the happening of these events, whichever occurs earliest, the Class "B" Member shall be deemed to be a Class

"A" member entitled to one (1) vote for each Lot in which it holds the interest required for membership herein.

Section 8. Quorum. A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy and holding a majority of the votes entitled to be cast at such meeting.

ARTICLE 11

Board of Directors

Section 1. Number, Election and Term of Office. The Association shall be governed by a Board of Directors (the "Board") composed of five (5) individuals (the "Directors" and each a "Director") appointed or elected as provided in these Bylaws, except that the Interim Board (as defined below) shall be composed of three (3) individuals. Prior to the First Meeting, the Board shall be an interim board composed of those individuals named in the Charter of this Association (the "Interim Board"). The Interim Board shall have and shall exercise all powers and obligations given to the Board by these Bylaws. At the First Meeting and at each annual meeting thereafter, Directors shall be appointed or elected as follows:

(a) As long as the Declarant is a Member, the Declarant may appoint up to three (3) Directors, to serve for a one (1) year term. Directors appointed by the Declarant do not have to be Members.

(b) The remaining Directors, including those seats, if any, as to which Declarant may decide, from time to time, not to exercise its appointment right, shall be elected by majority vote by the Membership to serve a one year term. Directors elected by the Members are required to be Members. Voting by proxy is allowed,

Any Director so appointed or elected may be appointed or elected to subsequent terms as a Director without limitation.

Section 2. Qualification. Except for members of the Interim Board and any Directors appointed by Declarant, each Director shall be a Member. If a Director shall cease to be a Member during that Director's term, he or she shall thereupon cease to be a Director and such place on the Board shall be deemed vacant.

Section 3. Vacancies. Any vacancy occurring in the Board shall be filled by majority vote of the remaining Directors. Any Director so elected to fill a vacancy shall hold office for the remainder of the unexpired term.

Section 4. Meetings. A regular annual meeting of the Board shall be held not less than ten (10) days following the regular annual meeting of Members. Special meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less than forty-eight (48) hours' notice in writing to each Director, delivered by hand delivery, overnight courier, mail, email, telegram or facsimile transmission or another form of wire or wireless communication. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A Director's attendance at a meeting shall constitute his or her waiver of notice of said meeting.

Section 5. Removal. Any Director may be removed from office for cause by the vote of three-fifths (3/5) of the total vote of the Members.

Section 6. Compensation. Directors shall receive no compensation for their services as Directors, unless expressly provided for in resolutions duly adopted separately by each of the Class "A" Members and the Class "B" Members.

Section 7. Quorum. Three (3) Directors shall constitute a quorum.

Section 8. Powers and Duties. The Board shall have the following powers and duties:

- (a) to elect and remove the Officers of the Association as hereinafter provided;
- (b) to administer the affairs of the Association and the Common Areas, including the purchasing of casualty and liability insurance authorized by the Declaration;
- (c) to formulate policies for the administration, management and operation of the Common Areas;
- (d) to adopt rules and regulations, with written notice thereof to all Owners, governing the administration, management, operation and use of the Common Areas;
- (e) to provide for the maintenance, repair, and replacement of the Common Areas, certain elements of the Homes as set forth in the Declaration and other expenses authorized by the Declaration and payments therefor, to approve payment vouchers or to delegate such approval to the Officers;
- (f) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Areas, certain components of the Homes as set forth in the Declaration and other expenses authorized by the Declaration;
- (g) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;
- (h) to designate a site and architectural review board in accordance with Article X of the Declaration;
- (i) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
- (j) to estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Members their respective shares of such estimated expenses, as hereinafter provided;
- (k) to exercise any other powers and duties ascribed to the Board in the Declaration; and
- (l) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the Members, as expressed in a resolution duly adopted at any annual or special meeting of the Members.

Section 9. Non-Delegation. Nothing in this Article or elsewhere in these Bylaws shall be considered to grant to the Board, the Association or to the Officers of the Association any powers or duties which, by law, have been delegated to the Members.

ARTICLE III

Officers

Section 1. Designation. At each regular annual meeting, the Directors, present at said meeting shall elect the following Officers of the Association by a majority vote:

(a) a President, who shall be a Director and who shall preside over the meetings of the Board and of the Members, and who shall be the chief executive officer of the Association;

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Members, and who shall, in general, perform all the duties incident to the office of Secretary;

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; and

(d) such additional Officers as the Board shall see fit to elect.

Section 2. Powers. The respective Officers shall have the general powers usually vested in such Officers; provided that the Board may delegate any specific powers to any other Officer or impose such limitations or restrictions upon the powers of any Officer as the Board may see fit.

Section 3. Term of Office. Each Officer shall hold office for the term of one (1) year and until the successor shall have been appointed or elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the remaining members thereof at a special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for the remaining unexpired term. Any Officer may be removed for cause at any time by vote of three-fifths (3/5) of the total members of the Board at a special meeting thereof.

Section 5. Compensation. The Officers shall receive no compensation for their services as Officers.

ARTICLE IV

Assessments

Section 1. Annual Budget. The Board shall cause to be prepared, at least 60 days before the beginning of the fiscal year and 30 days prior to the meeting at which the budget shall be presented to the Members, a budget covering the estimated costs of operating the Association during the coming fiscal year (the "Operating Budget"), together with a budget that shall take into account the number and nature of replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset for the coming fiscal year (the "Capital Budget"), said fiscal year to be determined by the Board. The Operating Budget and the Capital Budget shall be collectively referenced as the "Budget". The Operating Budget shall include a capital contribution establishing a reserve fund in accordance with the Capital Budget. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association as shown on the Capital Budget, with respect both to the amount and timing of Assessments over the period of the Budget. The Capital Budget shall also provide for the establishment of separate reserve accounts to hold proceeds of the Assessments imposed on Homes or capital expenditures such as those set forth in Article IV, Section 1(c) of the Declaration. To the extent that the assessments and other cash income collected from the Members during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account in preparing the new Budget.

The Board shall cause a copy of the Budget, and the amount of each General Assessment, Extra Assessment, and Premium Assessment to be levied against each Residential Unit for the following year, to be delivered to each Member at least 10 days prior to each annual meeting. The Board shall set Assessments based on the Operation Budget and the Capital Budget, provided that the Board may not increase Assessments more than ten percent (10%) per annum without a two-thirds majority vote of the Members of the Association. The Budget shall become effective unless disapproved at the meeting by a majority vote of the total Association membership. In the event the Members disapprove the proposed Budget or the Board fails for any reason to determine the Budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the Budget in effect for the then current year shall continue for the succeeding year. Each Owner shall pay the monthly or quarterly or annual assessment relating to such Owner's Residential Unit on or before the first day of each applicable month to the Association or as may be otherwise directed by the Board.

Section 2. Assessments.

(a) The Board may impose and collect the following Annual Assessments for Common Expenses from time to time:

(i) General assessments for expenses determined by the Board to benefit the Association and/or the Lots as a whole, including without limitation, expenses incurred by the Association in fulfilling its maintenance obligations set forth in Article IV, Section 1(a), Section 1(b) and Section 1(c) of the Declaration ("General Assessments"). General Assessments shall be allocated equally among all Lots.

(b) In addition to the Annual Assessments, the Board may levy, during any calendar or fiscal year, but in no event prior to the First Meeting of the Members, special assessments, applicable only to that year, to be used solely to defray, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a capital improvement, including the necessary fixtures and personal property related thereto ("Special Assessments"). The Board may levy a Special Assessment against all Lots for such expenses determined by the Board to benefit the Association and/or the Lots as a whole, and may levy a Special Assessment against particular portions of the Properties for such expenses as may be determined by the Board to benefit less than the Association as a whole. The Board may also levy a Special Assessment against particular Lots to reimburse the Association for costs incurred in maintaining such Lots and Homes upon failure of the Owner to do so, as set forth in this Declaration. Except for Special Assessments imposed upon particular Lots to reimburse the Association for costs incurred in maintaining such Lots and Homes upon failure of the Owner to do so and except for Special Assessments imposed under Article IV, Section 5 of the Declaration, a Special Assessment must be approved by vote or written consent of (a) 67% of each class of Members in the Association present and voting, either in person or by proxy, and entitled to vote at a meeting of the members of the Association called for such purpose at which a quorum is present; or (b) 67% of the Lot Owners directly affected or benefited by the Special Assessment, in the opinion of the Board, if less than all of the Owners are benefited.

(c) Each Unit Owner shall pay to the Association at closing a start-up assessment fee equal to one month's Assessment to provide the Association with initial working capital. This one time Assessment shall be in addition to the regular Assessments provided for above.

(d) Until the Class "B" membership terminates and converts to Class "A" membership pursuant to Article I, Section 8 of these Bylaws, the Class "B" Members shall from time to time pay the Association any amounts required to make up any shortfall in the Budget, to the extent that such shortfall arises from (i) actual operating costs (including amounts allocated to or drawn from reserve funds) exceeding budgeted operating costs, or (ii) budgeted operating costs (including amounts allocated to or drawn from reserve funds) exceeding actual income. To the extent a shortfall arises from subsection (ii) of this paragraph and the lack of income results from the failure of a Class "A" Member to pay Assessments, the Class "B" Members shall not be obligated to make up such shortfall. As long as the Class "B" Members continue to make up the shortfall in the Budget as set forth in this paragraph, the Class "B" Members shall not be obligated to pay any General Assessments imposed on any Lot or Home owned by Class "B" Members.

Section 3. Partial Year or Month. For the first fiscal year and thereafter until the First Board is elected, the annual budget shall be approved by the Interim Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly or quarterly or annual assessments for each Member shall be proportionate to the number of months and days in such period covered by such budget.

Section 4. Annual Report. Within ninety (90) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Member a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

Section 5. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the Assessments, determined in accordance with the Budget for such year, are insufficient or inadequate to cover the estimated expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Member, and thereupon a supplemental assessment shall be made to each Member for his proportionate share of such supplemental budget.

Section 6. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures of the Association, specifying and itemizing the Common Expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

ARTICLE V

Amendments

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of

additional properties, mergers and consolidations, mortgaging of the Common Area, dissolution and amendment of the Bylaws.

Notwithstanding the foregoing, these Bylaws may be amended by a seventy-five percent (75%) affirmative vote by the Members. Any amendment shall not become effective until recorded in the Register's Office of Williamson County, Tennessee.

EXHIBIT D

BK 2469 PG 647



EXHIBIT E			
BASE BUDGET			
The following annual budget is calculated on the basis of Hardison Hills at full community buildout, including all Phases, and are predicated on year 2002 dollars.			
GENERAL ASSESSMENT (applicable to all homes within Hardison Hills)		Annual	Year 15
Landscape Maintenance-includes entrance feature,	\$48,500	\$48,500	\$48,500
Resurfacing of pavement and all common grounds	\$116,271		\$116,271
Electric and Utilities	\$7,600	\$7,600	\$7,600
Irrigation Pump (sprinkler)	\$1,000	\$1,000	\$1,000
Pool and Pool Facilities	\$3,000	\$3,000	\$3,000
Entry signs	\$500	\$500	\$500
Pool Maintenance (labor and chemicals)	\$4,500	\$4,500	\$4,500
Insurance for Common Area	\$3,000	\$3,000	\$3,000
Pool and Pool Facilities (included in Multi-peril see below)	\$0	\$0	\$0
Liability Insurance (included in Multi-peril see below)	\$0	\$0	\$0
License and Fees	\$300	\$300	\$300
Administration	\$6,000	\$6,000	\$6,000
Miscellaneous and Contingency	\$2,300	\$2,300	\$2,300
Reserves *	see below		
Pool Equipment	\$3,250	\$3,250	\$3,250
Irrigation Pump	N/A		
Fountains	N/A		
Home Exterior Maintenance	\$2,000	\$2,000	\$2,000
Exterior Painting	\$2,000	\$2,000	\$2,000
Roof	\$352,560		\$352,560
Miscellaneous			
Multi-peril building insurance	\$54,600	\$54,600	\$54,600
TOTAL BASE ANNUAL BUDGET FOR GENERAL ASSESSMENT	\$607,381	\$138,550	\$607,381
GENERAL ASSESSMENT PER UNIT PER MONTH	\$45		
Annual collections (\$45.00 X 12 months X 312units = \$168,480.00)		\$168,480	\$168,480
* Annual reserves/surplus years 1 through 15)		\$29,930	
Accumulated reserves until year 15 (\$29,930 X 15 years = \$448,950.00)			\$448,950
Balance of reserves at end of 15 year period			\$10,049

State of Tennessee, County of WILLIAMSON
 Received for record the 06 day of
 JUNE 2002 at 8:05 AM. (REC# 478337)
 Recorded in official records
 Book 2469 Pages 611- 648
 Notebook 69 Page 242
 State Tax \$.00 Clerks Fee \$.00,
 Recording \$ 192.00, Total \$ 192.00,
 Register of Deeds SADIE WADE
 Deputy Register JENNY LANEY