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BK 1691 PG 42

KEYSTONE

A RESIDENTIAL DEVELOPMENT

DEVELOPER

HERITAGE DEVELOPMENT CORPORATION

March 1, 1998

TABLE OF CONTENTS

	<u>PAGE</u>
OFFERING INFORMATION	A-1
AGREEMENT FOR SALE OF LOT(S)	B-1
WARRANTY DEED SAMPLE	C-1
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS	D-1
ARTICLES OF INCORPORATION	E-1
CORPORATE BYLAWS	F-1

KEYSTONE

Offering Information

Keystone is a residential development (hereinafter referred to as the "Development") that will be established by Heritage Development Corporation, a Tennessee corporation (hereinafter referred to as the "Developer"), under the terms of that certain Declaration of Covenants, Conditions and Restrictions for Keystone, to be filed in the Register's Office for Williamson County, Tennessee (hereinafter referred to as the "Declaration"). Keystone shall be constructed in a series of four or more sections, comprising a total of 121 residential lots. All of the land underlying proposed Sections I, II, III and IV shall be submitted initially to the Declaration. Under the terms of the Declaration, the use of the property is to be limited to that of a residential development. The ownership interest of each owner of a lot in Keystone will be subject to the provisions of the Declaration.

Keystone will be governed in accordance with the provisions of the Declaration, and the Charter and corporate bylaws of Keystone Homeowner's Association, Inc., a Tennessee non-profit corporation that will be organized to manage its affairs (hereinafter referred to as the "Association"). Each purchaser of a lot in Keystone will acquire title to the lot and shall become a member of the Association, which will hold title to all property and improvements of Keystone other than the individual lots. Each lot owner becomes a voting member of the Association at the time he receives a deed to his lot and all subsequent sales or transfers of the lot will automatically convey the ownership interest appurtenant to such lot as well as membership in the Association to the new lot owner. Each lot owner shall be entitled one vote for each lot owned; (class "A" lots)- provided however, that under the terms of the Declaration lots still owned by the Developer are described as class "B" lots and shall be entitled to four votes per lot under a system of weighted votes. When eighty (80%) of the lots within the Development are owner occupied, all lots are automatically converted to class "A" status and are entitled to one vote. The Association will manage the affairs of the Development, thereby relieving lot owners of the need to arrange for maintenance, cleaning services, repairs and landscaping services with respect to the common areas and recreational facilities. The Association will arrange for all necessary utilities for the common areas, in compliance with Williamson County regulations, including common recreational facilities, procure hazard insurance with respect to common areas, and secure liability insurance to protect the Association and all lot owners in regards to occurrences on or about the common areas of Keystone. Individual lot owners will furnish repairs, maintenance and landscaping services for their individual lots, and shall maintain their respective lots in an aesthetically pleasing manner. The Association will reserve the right to enter upon any lot to remove unsightly materials or to provide for general landscape maintenance, should the owner of such lot neglect to do so. Any charges for such services shall be added to the assessment due and owing with respect to such as provided below. When all lots within the Development have been converted to Class A Status (or seven years from the date of the first such sale, whichever first occurs) members of the Board of Directors of the Association will be elected at the annual meeting of members of the Association as prescribed in the Association's Corporate Bylaws. Until such time, members of the Board of Directors will be appointed by the Developer. By virtue of the foregoing retained control and the weighted voting described above, the Developer shall retain substantial control of the Development for a significant period of time.

The Association intends to appoint a manager of the Association to be responsible for common area utilities, maintenance, and insurance, as well as collection of assessments from lot owners. All of these services will be paid for by the lot owners pursuant to monthly assessments to be set and levied by the Board of Directors of the Association in accordance with the Declaration. Each lot owner shall be personally liable for such assessments. Should any owner fail to pay his assessment when due, his voting rights in the Association will be suspended, and interest and costs of collection may be charged upon the delinquent assessment. The projected amount of the initial annual assessment to be levied during 1998 and subsequent years is anticipated to be \$600 per lot, prorated at \$50 per month, beginning with the month in which the home buyer takes title from the Builder. This amount will be subject to change during any year in the event actual costs should exceed projections.

To ensure that each lot owner will conduct his affairs in a manner so as to insure the maintenance of the Development as a first -class development, the Board of Directors of the Association may establish Rules and Regulations governing the use of the lots and the common areas by lot owners as well as their respective tenants, contractors, agents, employees and invitees.

Prospective purchasers of lots will be required to execute an Agreement for Sale of Lot(s) in the form set forth on page B-1 through B-6 hereof. The Agreement provides among other matters for the Rules Relating To Construction and the Allocation of Closing Costs. A lot purchaser may desire and is encouraged to secure independent legal representation of his own choosing for the purpose of reviewing Keystone documentation to insure that his interest is adequately protected.

Each lot purchaser is required to commence and complete construction of the improvements on his lot within two (2) years from the date of closing, and failure to so complete construction shall result in the Developer having the absolute right to repurchase the lot and any incomplete improvements constructed thereon within the following one (1) year period at the original purchase price paid for such lot together with the actual cost of such incomplete improvements without allowance for any profit or overhead by such lot owner. Should the lot owner attempt to convey his lot in violation of the exclusive option to purchase agreement referenced above, any profits from said sale shall be held by such lot owner in trust for the benefit of the Developer.

The conveyance of ownership of a lot in Keystone shall be pursuant to a Warranty Deed as set forth on page C-1 and C-2 of this Offering Brochure by direct purchase from the Developer upon payment of the total purchase price for the lot. A lot purchaser will be responsible for the cost of recording the Warranty Deed to his lot and any title insurance coverage he may desire. Financing of the purchase of the lot may be secured by a purchaser from any financing institution, and all fees or other costs in connection with such financing will be borne by the purchaser.

The Developer will warrant that the improvements to the common areas of Keystone will be in good order and free from defects in material, workmanship or installation for a period of (1) year from the completion of the Section in which such lot is located, provided that such defect is not the result of

vandalism, catastrophe or cause beyond the control of the Developer or due to the negligence or other fault of the purchaser, purchaser's contractors or agents. The Developer's liability under the warranty shall be limited to the repair or replacement of any defective item or condition and the Developer will have no liability for loss of use, injuries to person or property or other consequential damages resulting from such defect or condition, and Developer expressly disclaims any other warranty or liability for the condition of soils, subsurface conditions or any other matter that might affect Purchaser's cost of erecting improvements upon the lot.

Legal matters relating to the establishment of Keystone and the offering of lots as described in this Offering Brochure have been performed for the Developer by Stephen Miller, Attorney, 222 2nd Ave. North, Suite 360-M, Nashville, Tenn. 37201, as counsel for the Developer. However, the opinions of Developer's counsel will be rendered for the sole benefit of the Developer and should not be relied upon by prospective purchasers.

The succeeding sections of this Offering Brochure contain material documentation relating to the creation of Keystone and proposed contractual arrangements between the Developer and purchasers of lots.

Prospective purchasers of lots should be aware the Developer reserves the right to alter, amend, or revoke the offer to sell lots in Keystone as set forth in this Offering Brochure at any time prior to the execution of an Agreement of Sale of Lot(s) without notice to such prospective purchaser.

**AGREEMENT FOR SALE OF BUILDING LOT (S)
KEYSTONE SUBDIVISION**

Heritage Development Corporation, a Tennessee corporation (hereinafter referred to as "Seller"), hereby agrees to sell and _____ (herein referred to as "Purchaser") hereby agrees to purchase the real estate hereinafter described in consideration of the following mutual covenants and conditions:

1. Property to be Conveyed. Lot Number (s) _____ (hereinafter referred to as the "Lots") as described on the proposed Plan of Keystone to be recorded in the Register's Office for Williamson County, Tennessee (hereinafter referred to as "ROWC"), subject to the proposed Declaration of Covenants, Conditions, and Restrictions (the "Declaration"), the Plat, and the Charter of Keystone Homeowners Association, Inc.; and the unrecorded Corporate By-laws of Keystone Homeowners Association, Inc. (hereinafter referred to as the "Association"), being part of the same property conveyed to Seller pursuant to the Warranty Deed of record in book _____, Page _____, ROWC all of which have been furnished to and examined by Purchaser on or before the date of Purchaser's execution of this Agreement. Prior to the Closing Date as described in Section 4 hereof (hereinafter referred to as the "Closing Date"), Seller shall cause the Lots to be developed in accordance with the plans furnished to Purchaser and the foregoing documentation as recorded in the ROWC, together with such additional amendments thereto as may be expressly permitted therein. Complete information in regard to such amendments and recordation will be furnished to Purchaser on or before the Closing Date.

2. Purchase Price. The Purchase Price for each of the Lots shall be \$ _____. (Totaling \$ _____).

3. Earnest Money. Purchaser has paid earnest money to Seller in the amount of \$ _____ upon the execution of the Agreement (hereinafter referred to as the "Earnest Money"). The Earnest Money shall be deposited in an account maintained by Seller, at a financial institution whose deposits are insured by an agency of the United States Government.

4. Closing Date. The closing of the sales and purchases contemplated by this Agreement shall occur no later than _____ at the offices of Seller, 4261 Columbia Pike, Franklin, Tennessee 37064, or at a location agreed upon by Purchaser and Seller. An interest adjustment to the Purchase Price less the amount of the Earnest Money, at a rate equal to two percent (2%) over the "prime rate" charged from time to time by First American National Bank in Nashville, Tennessee will be made to purchase price if Seller allows Purchaser to extend the Closing Date for any reason. Possession of the Lot shall be transferred to Purchaser at Closing.

5. Taxes and Assessments. Purchaser shall pay all taxes due with respect to each Lot conveyed hereunder after the Closing Date, provided that taxes for the year in which the Closing Date occurs shall be prorated and the portion due with respect to the period ending with the Closing Date will be paid by Seller. Purchaser and the Lot herein conveyed shall not be subject to Association fees and assessments until such time as a certificate of occupancy is issued for the residence to be built upon the Lot; provided however that the Association may impose a special assessment at closing to establish a working capital fund. Association fees and assessments will not otherwise be charged to owners of vacant lots.

6. Utilities. The Lot(s) are building sites, and all utilities (water, natural gas, and conduit for electricity) shall be made available at the boundary of the Lots by Seller. However, all such utilities may not be installed at the Closing Date, and unavailability of utilities shall not relieve the Purchaser of its obligations hereunder. Seller warrants that all such utilities shall be available as soon as installation can be completed by the utility companies involved. Purchaser shall be responsible for all costs and expenses of connection and running lines to the utility services.

7. Rules Relating to Construction. These Lot(s) are being offered solely to homeowners and builders as building sites. Purchaser shall be required to obtain a building permit and commence the construction of permanent improvements upon each Lot conveyed hereunder, in strict compliance with the requirements of the Restrictions, and in compliance with Williamson County regulations, within one year from the date of execution of this Agreement. In the event Purchaser shall Fail to commence construction of permanent improvements within one year of the date of sale, Seller shall have the option to repurchase such Lot for a sum equal to the consideration stated herein, together with the actual costs of any improvements constructed on each Lot, without regard to any allowance for profit or contribution to overhead. In the interest of minimizing problems and inconveniences during the construction of a number of residences at the same time within Keystone, Purchaser agrees to be bound by the rules and regulations attached hereto as Exhibit "A" and made part of this Agreement.

8. Allocation of Closing Costs. The closing costs in regard to the transactions contemplated by this Agreement shall be allocated between Seller and Purchaser as follows:

- (a) Seller shall pay for the preparation of the deed, the release of the development loan, if applicable, and the portion of attorneys and settlement fees allocated to Seller for Sellers transactions as reflected on the Settlement Statement;
- (b) Purchaser shall pay all costs in connection with the recordation of the Warranty Deed from Seller to Purchaser, and the portion of attorney's and settlement fees allocated to Purchaser's transactions as reflected on the Settlement Statement

- (c) Purchaser shall pay all costs in connection with any financing obtained by Purchaser for the purpose of enabling Purchaser to acquire title to the Lot(s).
- (d) Seller shall pay any "greenbelt" or rollback taxes which may be determined to be due and owing.
- (e) Purchaser shall pay the cost of any title insurance desired by Purchaser.
- (f) Purchaser shall pay the cost of the water tap fee to HB & TS Utility District.
- (g) Purchaser shall pay for design of LPP and MLPP system, and shall pay for septic permit from Williamson County Sewer Department, and installation of septic system.
- (h) Purchaser shall pay any special assessment levied by the Association in order to establish a working capital fund.

9. Lender Approval. The obligations of Seller and Purchaser hereunder shall be subject to the approval of this Agreement by Franklin National Bank of Franklin as the holder of the development loan providing financing for the development of the Lots (herein referred to as the "Development Loan").

10. Warranties. Seller warrants that the roads and any landscaped areas as shown on the proposed plan of Keystone and the common area amenities described in the Restrictions will be fully developed within twenty four (24) months after the Closing Date. Such time period shall be extended by reason of any causes not reasonably within the control of Seller, including requirements of governmental agencies. All such improvements shall be constructed in a good and workmanlike manner and shall be free from defects in material, workmanship or installation for a period of one (1) year from the delivery thereof. By acceptance of a deed to a Lot in Keystone, Purchaser shall be deemed to have accepted the foregoing improvements in their then condition, subject to the foregoing warranty, and to the further condition that Seller complete all such items as provided herein with comparable materials and quality standards to that portion of the improvements then completed. Subject to the foregoing, Seller's judgment relative to design and aesthetic considerations shall be controlling.

11. Conveyance of Title. If all sums payable by Purchaser to Seller hereunder have been fully paid as provided herein, Seller shall convey merchantable title to the Lots to Purchaser on the Closing Date pursuant to a deed that shall contain covenants of general warranty of title and freedom from all liens and encumbrances, except all rights of way and other easements, zoning and other governmental laws and regulations, covenants, and restrictions, duly enacted amendments thereto, any additional easements and restrictions authorized thereby, and all pertinent provisions of this Agreement. A proposed form of warranty deed has been furnished to and examined by Purchaser on or before the date of Purchaser's execution of this Agreement.

12. Default. In the event that Purchaser shall fail to perform any of the covenants and conditions of this Agreement prior to closing or pay any sum when due hereunder, and such default shall continue for a period of ten (10) days after written notice thereof has been given by Seller to Purchaser, Seller may elect to consider this Agreement as breached, mail a written notice of cancellation of this Agreement to the Purchaser, and retain as fixed, ascertained and liquidated damages any and all sums of money paid hereunder by Purchaser. In lieu of the foregoing remedy, Seller shall have the right to bring an action for specific performance and recovery of costs and attorney's fees against Purchaser on account of such breach. Seller may, without cause and at its sole discretion, void this contract at any time prior to the Closing Date by giving written notice to Purchaser. If for any reason Seller fails or refuses to perform Seller's obligations under this Agreement, the Earnest Money shall be returned to Purchaser and Purchaser shall have no other rights or remedies against Seller.

13. Assignment. This agreement shall not be assignable by Purchaser, whether voluntarily or by operation of law, without the prior written consent of Seller and the holder of the Development Loan. Seller may assign this Agreement to the holder of the Development Loan upon the condition that the holder thereof recognize the rights of the Purchaser under this Agreement. Subject to the foregoing limitation, the provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto as well as, their respective heirs, executors, administrators, successors, and assigns.

14. Notices. All notices required or permitted hereunder shall be deemed to have been duly given when personally delivered or deposited in the United States Mail, postage prepaid and addressed to the Seller at 4261 Columbia Pike, Franklin, Tennessee 37064., and to the Purchaser at _____ or to such other address as may have been previously furnished in writing.

15. Severability and Survival. The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be constructed in all respects as if such invalid or unenforceable provision were omitted. The representations, undertakings and warranties of the parties hereunder shall not merge with the delivery of the Deed but shall survive the closing of the sale of the lot.

16. Entire Agreement. This Agreement is the entire Agreement between the parties and may be amended only by an instrument in writing signed by the party against whom enforcement of any change is sought. Seller is not liable or bound in any manner by express or implied warranties, promises, statements, representations, or information pertaining to the Lots or other interest to be conveyed, made or furnished by any real estate broker or salesman, or any agent, employee, servant or other person representing or purporting to represent or act on behalf of Seller, unless such warranties, guaranties, promises, statements, or representations, or information are expressly set forth herein or in the Offering Brochure as to which Purchaser has acknowledged receipt on or before the execution of this Agreement.

17. Disclaimer. Purchaser has examined and is satisfied as to all legal consequences of this Agreement, the purchase and ownership of the Lot, the availability of utilities, zoning ordinances, and any investment potential of the Lot, to the extent that such matters have been of concern.

18. Time is of the Essence. Time is of the essence in this Agreement, it being understood that each date or time for performance set forth herein, particularly the Closing date, have been the subject of specific negotiations by the parties.

19. Governing Law. This agreement shall be governed, construed and enforced in accordance with the laws of the State of Tennessee.

20. Other Terms and Conditions.

a. Purchaser understands and agrees that no building, fence, wall, swimming pool, mailbox, or other structure can be constructed on the Lot without prior written approval of the Architectural Review Committee of Keystone Subdivision. These obligations shall survive Closing. A full set of House Construction Plans including front, rear, and side elevations will be delivered to Seller's office for approval, and will remain with Seller during the construction process of the house. Review process to be completed within five (5) calendar days.

b. Purchaser understands and agrees that each spec home to be constructed in Keystone Subdivision will be listed for sale by Folk Jordan Better Homes and Gardens, or co-listed by Folk Jordan Better Homes and Gardens and a realty company selected by the Builder.

c. Purchaser has been furnished with a copy of the Covenants, Conditions and Restrictions of Keystone Subdivision, and Purchaser agrees to strictly adhere to said restrictions at all times.

d. If Buyer is obtaining a loan, the loan closing costs and prepaid costs will be paid by Buyer. Hale & Hale will be the closing agent for Seller.

e. Commission shall be earned at such time as this Contract is accepted by all parties and all conditions herein met. Commissions shall be paid by Seller at closing: _____% to Folk Jordan Better Homes & Gardens _____

MISCELLANEOUS PROVISIONS: _____

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement on the dates indicated below, the latest of which shall be deemed to be the Effective Date thereof.

Purchaser

Heritage Development Corp.

BY: _____

BY: _____

DATE: _____

DATE: _____

Phone: _____

Exhibit "A"**Rules and Regulations Relating to Construction**

- (a) The construction of permanent improvements on the Lot(s) shall commence within one year from the date of the Agreement for sale of Lot(s). Once begun, construction shall proceed in an expeditious manner to completion and no residence shall be left in a partially completed state.
- (b) Vehicles belonging to contractors and laborers shall be parked at locations designated by Seller's representatives.
- (c) Roads within the development shall be kept open for traffic and shall not be blocked except as may be temporarily necessary for the delivery of materials and the connection of utility services.
- (d) All work on the premises shall be done in a neat and orderly fashion with debris to be removed regularly throughout the course of construction. Upon completion of construction all excess building materials shall be removed from the property.
- (e) The right is reserved to Seller to inspect each residence at any time during construction and until occupied in order to determine compliance with the restrictions and with the approved plans and specifications. For this purpose, Seller shall be furnished a key to each house during the construction period, provided that all such keys will be returned to Purchaser at the time of occupancy.
- (f) While the Seller may defer final paving of the streets and completion of landscaping until a substantial completion of houses within each area of the development, any damage to the physical improvements within the common areas (i.e. roads, landscaped open areas, etc.) shall be repaired by the contractor causing any such damage at his expense.
- (g) Building materials and equipment shall not be stored on driveways, common areas or other lots without the prior consent of the Seller.
- (h) Absolutely no fires, for the burning of refuse or discarded construction materials, underbrush or any other material shall be permitted anywhere within Keystone, except in areas designated therefore by the Seller. Seller reserves the right to further designate the times at which such materials may be burned and to require that a contractor or builder desiring to use said burning site provide adequate supervision to insure the safety of the entire project.

THIS INSTRUMENT PREPARED BY:
Stephen Miller, Attorney
222 2nd Avenue North Suite 360-M
Nashville, Tennessee 37201

BK 1691 PG 54

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
KEYSTONE

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS (hereinafter referred to as the "Declaration") is made and published this 1st day of March, 1998, by and between Heritage Development Corporation, a Tennessee corporation having its principal place of business located in Franklin, Tennessee (hereinafter referred to as "Developer") and any and all persons, firms or corporations hereafter acquiring any of the within described property:

WITNESSETH:

WHEREAS, Developer is the owner of a subdivision in the County of Williamson, State of Tennessee, known as Keystone, Section I of which is shown upon a plat of record in Book 1463, Page 283, Register's Office for said County, Section I being the first part of an overall development, a master plan for which is on file in the Office of the Planning Commission of Williamson County, Tennessee; and

WHEREAS, it is in the best interest of Developer, as well as to the benefit, interest and advantage of each and every person or other entity hereafter acquiring any of the within described property that certain covenants, conditions and easements, assessments, liens and restrictions governing and regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land; and

WHEREAS, Developer desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the real property in the Keystone community; and for the continued maintenance and operation of such recreational and common areas as may be provided;

NOW, THEREFORE, in consideration of the premises, the Developer agrees with any and all persons, firms, corporations or other entities hereafter acquiring any of the property hereinafter described, that the same shall be and is hereby subject to the following restrictions, covenants, conditions, easements, assessments and liens (all hereafter collectively referred to as "Restrictions") relating to the use and occupancy thereof, said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and which shall inure to the benefit of each Owner thereof. Every person or other party hereafter acquiring any of the within described properties made subject to this

Declaration, shall be deemed to have assented to this Declaration and Restrictions by virtue of acceptance of a deed to any of the properties or any interest therein.

ARTICLE I

DEFINITIONS

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

1.1 "Keystone" shall mean and refer to that certain residential community which is being developed in four or more sections on real property now owned by Developer in Williamson County, Tennessee, in accordance with the master plan on file in the office of the Planning Commission for such county.

1.2 "Association" shall mean and refer to Keystone Homeowners Association, Inc., a nonprofit corporation to be organized and to exist under the laws of the State of Tennessee, its successors and assigns.

1.3 "Common Area(s)" shall mean and refer to any and all real property owned by the Association, or such other property to which the Association may hold legal title whether in fee or for a term of years, for the non-exclusive use, benefit and enjoyment of the members of the Association subject to the provisions of the Declaration, such Common Areas to include, without limitation, the streets, sidewalks, and other passageways to the extent not dedicated to and accepted by any governmental body, parks, recreational areas, club house, and walls and fences constructed by Developer. Common Areas with respect to the properties made subject to this Declaration or subsequently by Supplementary Declaration(s) shall be shown on the plat(s) of Keystone and designated thereon as "Common Areas" or "Open Space" and which shall constitute "general common elements" within the meaning of the Tennessee Horizontal Property Act.

1.4 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, and Restrictions applicable to the properties as is recorded in the Office of the Register of Deeds for Williamson County, Tennessee.

1.5 "Developer" shall mean and refer to Heritage Development Corporation, a Tennessee corporation having a principal place of business in Franklin, Tennessee, its successors and assigns.

1.6 "Member" shall mean and refer to any person or persons who shall be an Owner and, as such, shall be a member of the Association.

1.7 "Owner" shall mean and refer to the record owner, whether one or more persons or entities of the fee interest in any Site which is a part of Keystone excluding, however, those parties having such interest merely as a security interest for the performance of an obligation.

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

1.9 "Properties" shall mean and refer to any and all of that certain real property within that certain 159.09 acre residential subdivision being developed by Developer in Williamson County, Tennessee, which subdivision is and shall be commonly known as Keystone, including common areas and private elements as provided in the Tennessee Horizontal Property Act.

1.10 "Site" or "Lot" shall mean and refer to any plot of land to be used for single-family residential purposes and so designated on the subdivision plat or survey of Keystone which shall be of public record and which shall constitute "private elements" within the meaning of the Tennessee Horizontal Property Act.

ARTICLE II

PROPERTIES SUBJECT TO THIS DECLARATION

2.1 Property. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Williamson County, Tennessee, and is more particularly described and shown on Exhibit "A" attached hereto and made a part hereof by this reference. Keystone is to be built in four (4) or more sections. All of the real property shown on Exhibit "A" shall be submitted to these restrictions, subject to the Developer's right to construct improvements on the properties in phases and the right to submit certain additional land designated thereon as Sections II, III, IV, etc. to the restrictions set forth herein as provided below. The plan of record for Keystone establishes a 75' street bufferyard, sign, and landscaping easement on Lots which border Highway 31 on the perimeter of the Properties. The lots impacted by this easement are the four lots fronting on Keystone Court and backing up to Highway 31, as well as Lot 129 fronting on Keystone Drive.

2.2 Additional Sections. Without further assent or permit, Developer hereby reserves the right, exercisable from time to time to construct on the real property submitted to this Declaration pursuant to Paragraph One hereof three (3) or more additional sections. The total number of lots which may be constructed on the property to be submitted to this Declaration shall be one hundred twenty one (121) Lots, regardless of the number of Sections in which the development occurs.

2.3 Additional Tracts. Without further assent or permit, Developer hereby reserves the right, exercisable from time to time, to subject all or part of other, contiguous real property described as Section II, III and IV on Exhibit "A" to the restrictions set forth herein, in order to extend the scheme of this Declaration to such property to be developed as part of Keystone in compliance with Williamson County regulations, and to thereby bring such additional contiguous properties within the jurisdiction of the Association.

2.4 Supplementary Declaration. The additions herein authorized shall be made by filing of record one or more supplementary Declarations in respect to the creation of additional Lots or the addition of other properties to be then subject to this Declaration and which shall extend the jurisdiction of the Association to such property and thereby subject such addition to assessment for its just share of the Association's expenses and shall also require the filing of such additional plats as are required for such sections in the Register's Office for Williamson County. Each supplementary Declaration must subject the added property or additional Lots to the covenants, conditions, and restrictions contained herein.

2.5 Consent to Rezoning. Every Owner shall be deemed to have consented to any rezoning of Section II, III and IV or more that may be necessary to the development of such property as part of Keystone. Owners of any Sites in the additional property shall succeed to all of the rights and obligations of membership in the Association.

2.6 Extension of Development Rights to Adjacent Property. The Developer shall have the rights described in Paragraphs 2.2 and 2.3 of this Article II, exercisable without approval of the Association or any other person or entity. The Developer shall have the voting rights as specified hereinafter with respect to any added Sites, subject to the original limitations as to duration of weighted voting.

2.7 Compatibility of Construction. Developer warrants that any additional Lots to be constructed on Section II, III and IV or more together with any common areas to be added hereunder shall be compatible in style and quality of construction with the remainder of Keystone.

The Association may not assert as a reason to object to the new development plan the fact that existing Association facilities will be additionally burdened by the property to be added by the new development.

ARTICLE III

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. (a) Every person or entity who is the Owner of record of a fee interest in any Site within the Properties shall be a member of the Association, subject to and bound by the Association's Articles of Incorporation, Bylaws, Rules and Regulations. The foregoing is not intended to include persons or entities who hold an interest in any Site merely as security for the performance of an obligation. Ownership of such Site shall be the sole qualification for membership. When any Site is owned of record in tenancy by the entireties or tenancy in common or by some other legal entity, membership as to such Site(s) shall be joint and the right of such membership (including the voting power arising therefrom) shall be exercised only as stipulated in Paragraph 3.2 herein below.

(b) During any period in which a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association, or be in violation of the covenants or restrictions imposed on Owners of Lots in Keystone, the voting rights and right to the use of the Common Areas or any other facilities which the Association may provide may be suspended by the Board of Directors until such assessment is paid. In the event of violation other than the non payment of an assessment, a member's voting and use rights may be suspended by the Board only after a hearing. Such hearing shall be held by the board (or a committee thereof) only after giving such member ten (10) days prior written notice specifying each alleged violation and setting the time, place and date of and procedure for the hearing. Determination of the default or violation and imposition of the sanction shall be made by a majority vote of the Board or the Committee thereof. The rights of the Association under this paragraph are in addition to the right to enforce maintenance restrictions in paragraph 6.3, below.

(c) No membership or initiation fee shall be charged, nor shall members be required to pay at any time any amount to carry on the business of the Association except to pay when due the charges, assessments and special assessments levied upon each Member's Lot as specified in the Declaration, the Bylaws, or as the Developer or the Directors of the Association may from time to time hereafter adopt.

3.2 Voting and Voting Rights. (a) The voting rights of the Members shall be appurtenant to the ownership of the Site. There shall be two classes of Sites with respect to voting rights:

- (i) Class A. Class A Sites shall be all Sites except Class B Sites as the same are hereinafter defined, and the Owner(s) of each such Class A site shall be entitled to one (1) vote. When two or more persons hold an interest (other than a leasehold or security interest) in any site, all such persons shall be

Members. The vote for such Site shall be exercised by one of such persons as proxy and nominee for all persons holding an interest in a Site and in no event shall more than one (1) vote be cast with respect to any Site.

- (ii) Class B. Class B Sites shall be all Sites owned by Developer which have not been converted to Class A Sites as provided below. Developer shall be entitled to four (4) votes for each Class B Site which it retains. The Class B Sites shall cease to exist and shall be converted to Class A Sites when 80% of the total lots in Keystone are improved by owner-occupied residences.

(b) Any member who is delinquent in the payment of any charges duly levied by the Association against a Site owned by such Member shall not be entitled to vote until all such charges, together with such reasonable penalties as the Board of Directors of the Association may impose, have been paid.

(c) Members shall vote in person or by proxy executed in writing by the Member. No proxy shall be valid after eleven (11) months from the date of its execution or upon conveyance by the Member of his Site. No proxy shall be valid unless in a form approved by the Board of Directors as an official proxy. A corporate Member's vote shall be cast by the President of the Member corporation or by any other officer or proxy appointed by the President or designated by the Board of Directors of such corporation. The vote of a limited liability company Member shall be cast by the chief manager of such company.

(d) Voting on all matters except the election of directors shall be by voice vote or by show of hands unless a majority of the Members present at the meeting shall, prior to voting on any matters, demand a ballot vote on that particular matter. Where directors or officers are to be elected by the Members, the official solicitation of proxies for such elections may be conducted by mail.

(e) The Developer shall have the right, in its discretion, to appoint at least one (1) representative on the Board of Directors during the first seven (7) years after the date hereof notwithstanding the sale of all the Sites within Keystone to Owners within such time frame.

ARTICLE IV

COMMON AREA PROPERTY RIGHTS

4.1 Ownership of the Common Areas shall be vested in the Association, shall remain undivided and shall not be subject to partition or division of co-ownership. Every owner shall have a non-exclusive right and easement of enjoyment in and to the Common Areas, including any Common Areas which may be added to Keystone, which shall be appurtenant to and shall pass with the title for every Site subject to the provisions of this Declaration, the Charter and Bylaws of the Association, including, but not limited to, the following:

- (a) The right of the Association to limit the use of the Common Area to Owners, their families, and guests;
- (b) The right of the Association to suspend the voting and enjoyment rights of an Owner for any period during which any assessment against his Site remains unpaid, or for an infraction of the Association's published rules and regulations;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to a public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least two-thirds (2/3) of the votes appurtenant to Class A Sites and Class B Sites agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this paragraph shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage, utilities and drainage facilities upon, over, under and across the Common Areas when such easements are requisite for the convenient use and enjoyment of the Properties.
- (d) The Developer hereby retains the right to maintain a sales office on the Common Areas or on a designated lot of the Developer's choice.

4.2 The right and easement of enjoyment granted to every Owner in paragraph 4.1 may be exercised by members of the Owner's family. An Owner may, with the approval of the Board of Directors of the Association, delegate his right of enjoyment in the Common Area to his tenants who occupy the residence of the Owner within the Properties.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

5.1 Monthly or Annual Assessment for Maintenance Fund. For each Class A Site owned within the Properties, every Owner covenants, and each subsequent Owner of any such Site, by acceptance of a deed therefor, whether or not it is so expressed in such deed, is deemed to covenant and agree to pay to the Association monthly or annual assessments or charges for the creation and continuation of a maintenance fund in the amount hereafter set forth, which may be levied by the Board of Directors of the Association.

5.2 Purpose of Assessments. The assessments levied by the Association shall be used to provide funds for such purposes as the Association may determine are for the benefit of its Members, which purposes shall include maintenance, landscaping and beautification of the Common Areas, wall and fences constructed by the Developer, and maintenance of all landscaped areas and recreational areas. Funds may also be used to provide other services for the Association Members to promote the health, safety and welfare of the residents of the community and in particular for the acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area, including but not limited to the cost of repair, replacement and additions thereto, the employment of a general manager and other personnel; the cost of labor, equipment, materials, management and supervision thereof; the payment of taxes assessed against the Common Area; the procurement and maintenance of insurance; the employment of attorneys, accountants and other personnel whom the Directors may determine to be useful; the employment of security personnel to provide any service which is not readily available from any governmental authority; and such other needs as may arise. In addition, the Association shall maintain and operate recreational areas, and a management office and the Association shall assess the membership all reasonable costs so incurred.

5.3 Creation of the Lien and Personal Obligation of Assessment. In order to secure payment at and after due date, as each assessment becomes due there shall arise a continuing lien and charge against each Site, the amount of which shall include costs and reasonable attorneys fees to the extent permissible by law. Each such assessment, together with such interest, costs and reasonable attorneys fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. Such personal obligation shall not pass to successors in title unless expressly assumed by them, provided such assumption shall not relieve such Owner of such obligation if the same is not paid when due by the successor assuming it. The lien securing the obligation shall nevertheless be enforceable against the Site even after sale to a subsequent purchaser for value from such Owner. The Board of Directors may also cause a separate notice of lien to be filed of record in connection with any action to collect the assessment herein provided.

5.4 Exempt Property. The assessments, charges and liens created under this Article V shall not apply to the Common Area, nor shall it apply to any Site, the title to which is vested either in any mortgagee subsequent to foreclosure; provided, however, that upon the resale of such property by such mortgagee the assessment herein provided shall again commence and accrue and shall be fully applicable to such Site upon the conveyance to any subsequent Owner. Any Site which Developer may hereafter designate for common use as part of the Common Area or otherwise shall be exempt from the assessments and charges created herein. In addition, all property dedicated to and accepted by a local public authority, all land granted to or used by a utility company shall be exempt from such assessments.

5.5 Special Assessments. In addition to the monthly or annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only, provided that any such assessment shall have affirmative votes or not less than a two-thirds (2/3) majority of a meeting of the members, held after not less than five (5) days notice in writing.

5.6 Date of Commencement of Annual or Monthly Assessment: Due Dates: Certificate of Payment. Annual or monthly assessments provided herein shall commence as to each Site effective as to the first date of month in which a certificate of occupation is issued with regard to the improvements contracted on such, without proration. The Developer may at its option establish a working capital fund equal to two (2) months' assessments for each Site. Each Site's share of the working capital fund shall be collected and transferred to the Association at the time of closing of the sale of each Site and maintained in an account for the use and benefit of the Association. In such event, amounts paid into the fund shall not be considered as advance payment of regular assessments. The purpose of the fund is to insure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Developer. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Site and in the event the Board elects not to fix such assessment rate as herein provided, the amount of the prior year's annual assessments shall be the fixed amount. Written notice of any changed assessment rate shall be sent to every Owner. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Site have been paid to date.

5.7 Effect of Non-Payment of Assessment: Remedies of the Association. Any assessment not paid within the due date shall bear interest at the maximum legal contract rate and to the extent allowed by law. The Association, its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Site to which the assessment relates, and interest, costs and reasonable

attorneys' fee for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot. By acceptance and recordation of deed to a Site, each Owner grants to the Association irrevocably the power to sell the Site at Public auction to the highest and best bidder for cash in accordance with the procedures, terms and conditions governing Judicial or Trust Sales provided by Tennessee law.

5.8 Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any deed of trust (sometimes hereinafter called "mortgage") on any Site. The sale or transfer of any Site shall be subject to any assessment lien. The sale or transfer of any Site which is subject to any mortgage, pursuant to a foreclosure thereof, or under a power of sale or any proceeding in lieu of foreclosure thereof, however, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, but the Association shall have the lien upon the proceeds from foreclosure or sale junior only to the said foreclosed mortgage but senior to the equity of redemption of the mortgagor or trustor.

ARTICLE VI

ARCHITECTURAL, MAINTENANCE AND USE RESTRICTIONS

Anything in this Declaration to the contrary notwithstanding, the Developer shall have the responsibility of enforcing the restrictions set forth in this Article including the right to approve the initial design and construction of all improvements on the sites while the Developer is still the owner of class "B" Lots. After all Lots have been converted to class "A" status, the Board of Directors of the Association shall assume and be responsible for the enforcement hereof. References in this Article to the Developer shall, therefore, apply to the Association after it has been incorporated and has assumed the enforcement of these restrictions.

Except as provided for in Paragraph 10.8 & 10.9 hereinafter, the following architectural, maintenance and use restrictions shall apply to each and every Lot now or hereafter subjected to this Declaration,

6.1 Approval of Plans and Architectural Review Committee. No construction, reconstruction, remodeling, alteration or addition to any structure, building, fence, wall, driveway, path or other improvement of any nature shall be constructed without obtaining the prior written approval of the Developer as to the location of the same and as to its plans and specifications, which shall be in compliance with Williamson County regulations. For this purpose, the Developer shall establish an Architectural Review Committee which shall have full authority to review and act upon requests for approval of plans. As a prerequisite to consideration of such approval, and prior to the

beginning of the contemplated work, one (1) complete set of building plans must be submitted to the Developer for approval. The Architectural Review Committee shall be the sole arbiter of the same and may withhold approval for any reason, including purely aesthetic considerations. Upon approval being given, construction shall commence within ninety (90) days, and shall proceed to completion promptly and in strict compliance with the approved plans, otherwise the approval shall be void. The failure of the Developer to act upon any set of plans within thirty (30) days from the date of the submission of the same shall constitute the approval of such plans. All plans of proposed residences to be constructed in Keystone must be of a architectural style as specified in Paragraph 6.2 hereof, and the Architectural Review Committee may refuse approval of any plans which in its sole judgment, are inconsistent with the overall purpose and aesthetic values of Keystone or the architectural standard described in Paragraph 6.2 hereof.

6.2 Improvement, Setback, and Use Restrictions.

(a) All structures must be of architectural styles acceptable to the Developer in Developer's sole discretion and built to comply with the approved Site plan and plans and specifications therefore and applicable building codes. Before any house may be occupied it must be completely finished and a certificate of occupancy issued therefore. The owner of any residence must complete landscaping prior to assuming occupancy.

(b) Minimum setback requirements have been established but are not intended to gender uniformity. They are intended to avoid overcrowding and monotony. It is therefore intended that setbacks may be staggered, where appropriate, so as to preserve trees and to assure vistas of open areas. The Developer reserves the right to approve the Site and location of each house or other structure on each Site and to arrange the same in such manner as it shall deem in the best interest of the overall development. No building or structure, or any part thereof, shall be located on any Site nearer to the front line nor to a side street line than the minimum setback lines shown on the recorded plan or as specified in these Restrictions. Interior Lots shall provide the minimum side yard provided on the recorded plan. For the purpose of determining compliance with the minimum setback requirement, eaves, open or covered stoops and steps extending beyond the front wall of a structure shall not be considered as a part thereof.

(c) The total living area of the main structure upon any Lot, exclusive of the open porches, patios, garages, carports, and breezeways, shall not be less than two thousand nine hundred (2,900) square feet, nor more than that maximum square footage as indicated on the recorded Site Plan for each Site, and shall comply with the maximum and minimum ratios of land to building area as shown on the recorded plan.

(d) Boundary walls may be erected, provided that the same are set back from the street at least as far as the front building line. Without prior approval of the Architectural Review Committee, no walls, other than retaining walls may be constructed along the front Lot line of any Site; no retaining wall shall extend to a height greater than three (3) feet above the earth being retained, unless approved by Developer; no boundary wall, nor any wall enclosing a patio or courtyard, shall extend to a height greater than eight (8) feet from ground level (except) with the consent of all adjoining Site Owners. All boundary and retaining walls or fences must be of brick, stone, stucco or material acceptable to the Architectural Review Committee.

(e) Unless otherwise approved by Developer, swimming pools must be located to the rear of the main dwelling and shall be no nearer than five (5) feet to any Site line. Any swimming pools to be constructed within Keystone must be approved by Williamson County Environmental Department, and by the Keystone Architectural Review Committee. No above ground pools will be permitted. Developer reserves the right to establish a uniform mail box and mail box location system, including the designation of materials for construction.

(f) Incinerators for garbage, trash or other refuse shall not be used nor permitted to be erected or placed on any Lot. Any and all equipment, woodpiles, garbage cans, refuse or storage piles placed on any Lot, whether temporary or permanent, shall be walled in to conceal the same from view of neighboring Lots, roads, streets and open areas. Plans for all screening walls and enclosures must be approved by the Architectural Committee. Trash pick-up service must be contracted for by each homeowner, to be picked up at the residence door, thereby preventing trash containers from being placed in the front yards or near the street in driveways.

(g) No lumber, brick, stone, block, or concrete or other building materials, nor any other thing used for building purposes shall be stored on any Site except for the purpose of construction on such Site, and then only for such length of time as is reasonably necessary for the construction of the improvements then in process.

(h) All utility meters, air conditioning compressors, and other like equipment shall not be visible from neighboring Lots, roads, streets and open areas. Outdoor television antennas may be installed, with the prior approval of the Architectural Review Committee. Satellite dishes shall not be allowed, unless approved by the Association Architectural Committee as to size, model and location on the Site.

(i) No owner shall excavate or extract earth from any of the Lots subject to this Declaration for any business or commercial purpose. No elevation changes shall be permitted which will materially affect the surface grade of surrounding Site except to the extent that fill may be required on certain Site as shown on the recorded plan. All fill shall be subject to the approval of the Architectural Review Committee, as to the nature of the fill employed and as to the manner and methods of installation.

- (j) Outside clothesline and clothes hanging devices shall not be permitted. Eave lights may not be installed or directed so as to shine on the residence of adjacent property owners.
- (k) Sales of personal property on the premises by "garage sale", "patio sales" and similar sales to the general public are prohibited, unless approved by the Board of Directors.
- (l) Any builder or Owner who damages any public areas in any way shall be responsible for repairing the same at his sole expense.
- (m) All driveways shall be constructed of exposed aggregate concrete for uniform appearance and must be installed before occupancy, unless prior written approval is received from Developer.
- (n) All residences shall be roofed with high line dimensional shingles in color and weight to be approved by the Architectural Review Committee.
- (o) If exterior siding is desired by a builder or homeowner, a residence shall be permitted a maximum of 5% exterior approved siding material, unless a greater percentage is otherwise approved by the Architectural Review Committee in advance of the start of construction, which approval shall be at the sole and absolute discretion of the Architectural Review Committee. In this regard, the Architectural Review Committee shall not be governed by previous approvals or denials and shall be free to impose its own comprehensive standards as to percentage of coverage and as to quality and type of material.
- (p) Any repainting on Keystone residences must be approved by the Architectural Review Committee of the Association.
- (q) No trailer, basement house, tent, garage, barns or other outbuildings shall be erected or used as either a temporary or permanent residence. Any other type outbuilding shall not be permitted without permission of developers.
- (r) No school buses, trailer trucks, dump trucks, or mobile homes are to be parked or stored on any lot. The Developer may use a small portable building or mobile home as a temporary or permanent residence or office.
- (s) No duplexes are permitted on any lot without permission of Developer.
- (t) A perpetual easement is reserved on each lot, as shown on the recorded plat, for the construction and maintenance of utilities, such as electricity, gas, water, sewerage, drainage, etc., and no structure of any kind shall be erected or maintained upon or over said easement.

(u) All owners of lots in the subdivision shall consult with the Williamson County Building Superintendent concerning sizing of driveway culverts. Each lot owner will be responsible for putting a driveway culvert and culvert headwalls where required, satisfactory to Williamson County standards.

(v) Any garage erected on said lot shall be attached to the residence, or garage can be installed in basement of any residence. No detached garage will be permitted on any lot, and said garages shall open to either the side or rear. Any residence with less than a three car garage must have written approval from the Developer. Carports will not be permitted.

(w) The Developer of this subdivision, or its assigns, reserve the right to enter upon any lot for the purpose of cutting grass and cleaning up such lot, if the same be reasonably required, charging the expense thereof to the residence owner.

(x) For the purpose of the beauty and continuity of the subdivision the Developer reserves the right to prohibit any builder or group of builders from building the same residence in its same exterior form or elevation in lots adjoining or in a close proximity.

(y) All buildings or structures of any kind constructed on any Lot shall have masonry foundations, and no exposed block or concrete foundations shall be exposed to the exterior above grade level. Brick, stone, or stucco is accepted. Any exceptions must be approved in writing by the Developer.

(z) Drainage and sewer easements as shown on the recorded plat shall be for the purpose of construction, maintaining, opening or sizing storm drains, sewerage lines and open ditches.

(zz) In order to preserve and protect the decorum of the community, the developer reserves the right to restrict the advertising and placement of signs on or relating to properties for sale or resale within the premises of Keystone, Sections I through IV or more and to designate the size, design, wording and placement of signs and other advertising material used in connection therewith.

6.3 Maintenance. (a) All Sites, together with the exterior of all improvements located thereon shall be maintained in neat and attractive conditions by their respective Owners. To provide uniformity in the maintenance of the landscaping, the Developer shall contract with one or more landscaping services to provide maintenance service for the Common Area. The cost of such maintenance shall be treated as a Common Area charge for all areas and paid by the Homeowners Association.

In the event any Owner shall fail to complete his residence according to the approved plans or to maintain the improvements situated upon his or her Lot in a manner satisfactory to the Association, including any landscaping, the Association may, upon the vote of two-thirds (2/3) of the Association's Directors, and after ten (10) days notice in writing to the Site Owner, and his continued failure to commence the correction of the matter in issue, enter upon said Site and complete, repair, or maintain such improvements or landscaping and the costs attributable thereto shall be added to and become a part of the assessment to which such site is subject and the owner shall be personally liable for the cost so incurred; provided, however, only three (3) days notice shall be required for nonperformance of routine landscape maintenance.

6.4 Residential Use. Unless otherwise designated on the recorded plat, each Site shall be used only for private, single family residential purposes and not otherwise.

6.5 Parking of Automobiles. A minimum of two (2) off-street parking spaces for each residence must be provided by such Site Owner, which shall be located off of the service drive at the rear of the residence, where there is a service drive; or in the Owner's driveway. Additional parking will be permitted at the front of the residence for guests of residents. Additionally, the Developer may permit the use of certain designated open spaces for the parking of automobiles on special occasions.

6.6 Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred, pastured or maintained on any Site, except household pets which shall be kept thereon in reasonable numbers as pets for the sole pleasure of the occupants, but for not any commercial purpose or use. No pets shall be permitted outside of the residences or an enclosed courtyard, or in the Common Areas unless accompanied by their Owners and except on a leash. The Association may take appropriate measures to insure compliance with this provision, including having pets placed in the city pound.

6.7 Nuisances and Unsightly Materials. No house or other structure on any site shall be used for any commercial or business purpose. Each Owner shall refrain from any act or use of his Site which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. In this regard, each Owner shall refrain from engaging in inherently dangerous activities such as the assembly and disassembly of motor vehicles or other mechanical devices, the shooting of firearms, fireworks, or pyrotechnic devices of any type or size. No noxious, offensive or illegal activity shall be carried on upon any Site. Boats and recreational vehicles may be stored on the property, but may not be visible from neighboring Lots, streets, roads or open areas. No motorized off-road vehicle of any kind whatsoever shall be permitted to be operated in the streets or Common Areas at Keystone. No airplane, helicopter, gyrocopter, or any other motorized flying device whatsoever shall be permitted to land on or be operated in the streets, lots, or common areas at Keystone. However, residents may own and operate motorcycles as a means of transportation only and may be operated for purpose of access to their residence.

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

6.9 Recreational Activities. All recreational activities shall be restricted to the areas indicated for these purposes on the record plat for Keystone.

6.10 Rules and Regulations. The Board of Directors may establish reasonable rules and regulations from time to time, all of which shall be binding upon every Owner.

ARTICLE VII

EASEMENTS

7.1 General. Each Site now or hereafter subjected to this Declaration shall be subject to all easements shown or set forth on the recorded plat(s) or survey upon which such Lot is shown. No structure(s) of any type shall be erected or placed upon any part of a Lot or Common Areas which will interfere with the rights and use of any and all easements shown on such recorded plat.

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

ARTICLE VIII

SALE OR LEASE OF SITES

8.1 Right of First Refusal. To assure a community of congenial Owners and thus protect the value of the Sites in Keystone, any Owner who desires to sell or lease any Site or Sites, prior to the completion of improvements there on, shall first offer the same for sale or lease to Developer at the same price and on the same terms at which the highest bona fide offer has been made to the Owner therefor. An Owner desiring to sell or lease an unimproved or partially improved Site shall give Developer notice via certified mail, return receipt requested, of his desire to sell or lease such Site(s) together with such other information as may be requested. Within seven (7) days thereafter, Developer may (1) approve the transaction; (2) furnish a purchaser or lessee approved by the Association who will accept the transaction upon terms as favorable as those stated in the notice; (3) purchase or lease upon the same terms and conditions subject to the right of the Developer to obtain an appraisal which shall govern if the appraised value is less than the price at which the Owner intended to sell or lease; or (4) fail to respond in which event the transaction will be deemed approved. The right of first refusal granted by this Declaration to Developer shall continue until residences have been completed and certificates of occupancy issued with respect to all Sites in Keystone. This right of first refusal does not apply to the holder of a first mortgage or deed to secure debt upon the exercise of any power of sale

or upon becoming the Owner of a Site, or upon the exercise of any power of sale or upon becoming the Owner of a Site, or upon the sale of said site thereafter; provided, however, that in any event, such sale or lease shall remain subject to the covenants and restrictions of this Declaration.

8.2 Sales and Resales. In order to preserve and protect the decorum of the community, the Developer reserves the right to restrict the advertising and placement of signs on or relating to properties for sale or resale within the premises of Keystone and to designate the size, design, wording and placement of signs and other advertising material used in connection therewith. No for sale signs or directional signs or open house signs except those of the Developer or its affiliates shall be placed at the entrance along Highway 31, or anywhere inside the development on the Common Areas. This right of the Developer shall continue for a period of seven (7) years from the date hereof; thereafter this right shall be exercisable by the Association through its Board of Directors.

ARTICLE IX

PROVISIONS FOR PROTECTION OF MORTGAGES

9.1 Special Actions Requiring Mortgagee Approval. Notwithstanding anything herein to the contrary, unless each of the mortgagees of the individual Sites, as the case may be, have given their prior written approval, the Association shall not be entitled to:

- (a) By act or omission, seek to abandon the Properties or terminate the restrictions declared herein; except as provided by statute in case of substantial loss of the Sites and Common Areas;
- (b) Partition or subdivide any Site;
- (c) Change the pro rata interest or obligations appurtenant to a Site or Lot for purposes of levying assessments and charges and determining shares of Common Areas and Proceeds of the Properties.
- (d) By act or omission, seek to abandon, partition or subdivide, encumber, sell or transfer the Common Areas. The granting of easements for public purposes consistent with the intended use of the Common Areas shall not be deemed to transfer within the meaning of this clause;
- (e) Use hazard insurance proceeds for losses to any common facilities for other than the repair, replacement or reconstruction of such improvements, except as provided by statute.

9.2 Special Rights of Mortgagees. A mortgagee, or beneficiary of any deed of trust shall be entitled to the following rights:

- (a) Upon request, such mortgagee is entitled to written notification from the Association of any default in the performance of any individual Owner of any obligation under the Declaration.
- (b) Upon request, such mortgagee is entitled to receive copies of any other notices permitted or required by this Declaration to be given to an Owner.
- (c) Any mortgagee shall have the right to examine the books and records of the Association during regular business hours, and such books and records shall be made available to such mortgagees upon written request, delivered at least seven (7) days prior to the date on which such inspection is requested.

9.3 Conformity with Federal Home Loan Mortgage Corporation Regulations. Notwithstanding anything to the contrary contained in these restrictions, all terms, conditions, and regulations now existing, or which may be promulgated from time to time, by the Federal Home Loan Mortgage Corporation pertaining to planned residential developments of the same type as Keystone are hereby incorporated as terms and conditions of this Declaration and shall be binding upon Developer, the Association and the Owners, so long as such terms and conditions are not inconsistent with the laws of the State of Tennessee and do not infringe on any substantial property rights of individual Owners. Any agreement for the professional management for the Association, whether it be by the Developer, its successors and assigns, or any other person or entity, may be terminated on ninety (90) days written notice and the terms of any such contract shall so provide and shall not be of a duration in excess of three (3) years. The Association shall give to the Federal Home Loan Mortgage Corporation or any lending institution servicing such mortgages as are acquired by the Federal Home Loan Mortgage Corporation, notice in writing of any loss to or the taking of the common facilities if such loss or taking exceeds Ten Thousand Dollars (\$10,000). The Association may rely on the information contained in book entitled "Mortgages" as must be established pursuant to this Declaration for a list of mortgages to be notified hereby.

9.4 Notice of Mortgage. Any Owner who mortgages his ownership interest shall notify the Association in such manner as the Association may direct, of the name and address of his mortgagees. The Association shall maintain such information in a book entitled "Mortgages".

9.5 Subordination of a Lien for Assessments. Any holder of a mortgage or deed of trust which comes into the possession of a Site pursuant to the remedies provided in such instrument, or by foreclosure or deed (or assignment) in lieu of foreclosure, shall take such Site free and clear of any claims for unpaid assessments of charges against the mortgaged Site which accrued prior to such holder coming into possession as provided in paragraphs 5.4 and 5.8, above. While a mortgagee is in possession of a Site, such Site shall be exempt from assessment as provided in paragraph 5.4. Moreover, such Mortgagee shall not be required to follow the procedures set forth in paragraph 8.1 as a condition of reselling such lot.

GENERAL PROVISIONS

10.1 Covenants Running with the Land All provisions, conditions, restrictions, options, benefits and burdens contained in this Declaration and the Bylaws attached hereto and forming a part hereof shall be construed as covenants running with the land and with every part thereof and every interest therein, including, but not limited to, every Site and the incidents and appurtenances of every Site; and every Owner and every claimant of any interest of any nature at any time in the Properties, or any Site, either present or future, and every Owner's heirs, executors, administrators, successors and assigns shall be bound by and entitled to the benefits of the same.

10.2 Acceptance of Development. By the acceptance of a deed to a Site, any purchaser of a Site shall be deemed to have accepted and approved the entire plans for Keystone, and all improvements constructed by that date, including, without limitation, the utilities, drains, roads, septic areas, landscaping, management office, decorative masonry, or landscaping along Highway 31, and all other improvements as designated on the Plat of record in Book 1463, Page 283, Register's Office for Williamson County, Tennessee. Such purchaser agrees that all improvements constructed after the date of purchase consistent with such plans, and of the same quality of then existing improvements, shall be accepted. Security will be provided at the Developers discretion, and no owner shall have any cause of action for failure to provide adequate security.

10.3 Amendment. The covenants and restrictions of this Declaration may be amended by the Developer as a matter of right until such time as all of the lots in Keystone have been converted to Class A status or until seven (7) years from the date of recording this Declaration, whichever first occurs. No such amendment may change the percentage of ownership interest of a Lot or Site or otherwise operate to diminish an Owner's rights without the consent of the affected Owner and Mortgagees. This Declaration and the Bylaws of the Association may also be amended by a vote of at least two thirds (2/3) of the Members of the Association; provided however that nothing herein contained shall require the holder of a mortgage or deed of trust to join in an amendment unless the amendment changes the size of the Lot or Site or the pro rata interest of said Lot or Site in the Common Areas. Any such amendment shall not become effective until the instrument evidencing such amendment and its adoption has been duly recorded in the Register's Office for Williamson County Tennessee.

10.4 Enforcement. Each owner, tenant, occupant or invitee shall be governed by and shall comply with the provisions of this Declaration, the Bylaws, and the decisions, resolutions and regulations from time to time adopted by the Board of Directors; and failure to comply with the same or any default shall entitle the Board of Directors or other unit owners to the following relief:

(a) Any such default shall be grounds for an action by the Board of Directors on behalf of the other Owners or by the Owners to recover any sums or amounts due, to recover damages or to secure injunctive relief, foreclosures of any lien, or any combination thereof.

(b) Any Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by the Owner's act, neglect or carelessness or by that of the Owner's invitees, employees, agents or lessees, but only to the extent that such expenses are not met by the proceeds of insurance carried by the Board of Directors, or by insurance carried by an injured or damaged Owner (where insurance is carried, it is agreed and intended that such insurance shall provide, if possible, that no insurer shall have any right of subrogation against, or any right of action against, the Developer, any Owner, any Owner's lessees, invitees, employees or agents).

(c) In any proceeding arising because of an alleged default by an Owner, the Board of Directors shall be entitled to recover from the Owner the costs of the proceeding and reasonable attorney's fees.

(d) The failure of the Board of Directors to enforce any right, provision, covenant or condition which may be granted by the Declaration and Bylaws shall not constitute a waiver of the right of the Board of Directors to enforce such right, provisions, covenant or condition in the future.

(e) Invalidation of any one or more of the terms, covenants restrictions or provisions of this Declaration or the Bylaws by judgment, court order, legislation or regulation shall not affect, alter, modify or impair any other term, covenant, restriction or provision of such documents.

10.5 Termination. (a) Merger of Filial Estates With Principal Property. All of the owners of units constituted into a horizontal property regime may by deed waive this regime and regroup or merge the filial estates with the principal property, provided that the filial estates are unencumbered or, if encumbered, that the creditors in whose behalf the encumbrances are recorded accept as security the undivided portions of the property owned by the debtors.

(b) Horizontal Property Regime Following Merger. The merger provided for in the preceding section shall in no way bar the subsequent constitution of the property into another horizontal property regime whenever so desired and upon observance of the provisions of the Horizontal Property Act of the State of Tennessee.

(c) Alternatively, the horizontal property regime herein created may be terminated at any time and in such manner and upon such terms as are mutually agreeable by the unanimous agreement, consent and act, expressed in writing and duly acknowledged and recorded, of all Site owners, and of all mortgagees who have liens upon Sites.

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

10.7 Unintentional Violation of Restrictions. In the event of unintentional violation of any of the foregoing restrictions with respect to any Lot, the Developer or its successors reserves the right (by and with the mutual written consent of the Owner or Owners for the time being of such Lot) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular Lot.

10.8 Existing Improvements. The existing improvements, including but not limited to the frame houses, horse barn, swimming pool and out buildings located on Lots 131 and 226 (5.1 acres including 2800 sq. foot residence) are subject to and bound by the terms, conditions, and restrictions set forth in this Declaration: except that all such existing improvements shall be deemed in all respects to comply with this Declaration in their existing state. All future construction, modifications, and additions thereto must have Architectural Review Committee approval prior to beginning the construction. In the event of a total or substantially total loss to any of the herein mentioned pre-existing improvements, notwithstanding anything stated herein to the contrary, the reconstruction of such improvements shall strictly comply with all terms and conditions set forth in this Declaration.

10.9 Special Access to Pool and Recreational Area. Notwithstanding anything stated in this Declaration to the contrary, each owner of a lot in SouthPoint Subdivision, Williamson County, Tennessee, the same described in Plat Book _____, page _____, ROWC, Tennessee, together with their immediate family, to include children, spouse, and blood relatives, and accompanied guests shall have the option, right and privilege, but not the obligation, to use the 3.80± acre common and recreational area serving the Keystone Subdivision, Williamson County, Tennessee, the first phase of which is of record in Plat Book 1463, Page 283, ROWC, Tennessee. Any such use will be subject to the payment in advance of \$120.00 to the Keystone Homeowners Association, which payment will permit said lot owner to then use the common and recreational area for the next succeeding twelve (12) months. The Keystone Homeowners Association may increase such payment only proportion to any increase imposed upon its members also. Also, said lot owners will be subject to the same rules and regulations pertaining to the recreational facilities to which Keystone Homeowners Association members are subject.

IN WITNESS WHEREOF, the Developer has caused this Declaration of Covenants, Conditions and restrictions to be duly signed this 1st day of March, 1998.

Heritage Development Corporation

BY: Kathy Hester, President

KATHY HESTER, PRESIDENT

STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

Before me, Jammy Harris, a Notary Public in and for the County and State aforesaid, personally appeared Kathy Hester, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged herself to be President of Heritage Development Corporation, the within named bargainor, a corporation, and that he as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by herself as President.

WITNESS my hand and official seal at office in Nashville, Tennessee, this
2 day of July, 1998.

Jammy Harris
Notary Public



My Commission Expires:
March 21, 2001

**CHARTER
OF
KEYSTONE HOMEOWNERS ASSOCIATION, INC.**

The undersigned persons, under the Tennessee nonprofit Corporation Act adopts the following charter for the above corporation:

ARTICLE I

The name of the corporation is KEYSTONE HOMEOWNERS ASSOCIATION, INC.

ARTICLE II

The corporation is a mutual benefit corporation. This corporation is not a religious corporation.

ARTICLE III

The address of the initial registered office of the corporation in the State of Tennessee is c/o Heritage Development Corporation, 4261 Columbia Pike, Franklin, Tennessee 37064. The registered agent at such address shall be Lanny Hester.

ARTICLE IV

The name and address of the incorporator is : Stephen M. Miller, 222 2nd Avenue North Ste. 360M, Nashville, Tennessee 37201

ARTICLE V

The complete address of the corporation's principal office is : 4261 Columbia Pike, Franklin, Williamson County, Tennessee.

ARTICLE VI

The Corporation is not for profit.

ARTICLE VII

The purposes for which the corporation is organized are:

(a) To own, operate, manage, and maintain the Common Areas and administer the affairs of Keystone, a Residential Development, established pursuant to that certain Declaration of Covenants, Conditions, and Restrictions dated March 1, 1998, filed for record in Book 1463, Page 283, and the Plat filed for Record in Plat Book _____, Page _____, all in the Register's Office for Williamson County, Tennessee (hereinafter referred to as the "Declaration" and the "Plat") on behalf of Heritage Development Corporation (hereinafter the "Developer").

(b) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of Keystone in accordance with the Declaration.

ARTICLE VIII

The Corporation is to have Members, and each Owner, as the term is defined in the Declaration, shall be a Member of the Corporation and no other person or entity shall be entitled to membership. No Owner shall be required to pay any consideration whatsoever solely for his membership in the Corporation. An Owner's exercise and enjoyment of rights a Member of the Corporation, Shall be conditioned on the absence of the terms and conditions of these Articles OF Incorporation, the By-laws and the Declaration.

ARTICLE IX

a) The share of an Owner in the funds and assets of the corporation cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Lot in the Residential Development.

b) Each Lot or Site in the Residential Development that is sold by the Developer shall be designated as a Class A Site. The Owner of a Class A Site shall be entitled to one (1) vote with regard to any action requiring Member approval. Each Site owned by the Developer shall be designated as a Class B Site. The Owner of Class B Sites shall be entitled to four (4) votes with regard to any action requiring Member approval. At such time as certificates of occupancy have been issued for eighty (80%) per cent of the Lots in the Residential Development, all Class B Sites shall be converted to Class A Status.

c) At any regular or special meeting of the Members of the Corporation, the presence in person or by proxy, of more than fifty (50%) per cent of the total votes entitled to be cast by Members qualified to vote shall constitute a quorum for the transaction of business. Special meetings of the Members, for any purpose or purposes, may be called by the President, the Board of Directors, or by Members constituting not less than twenty five (25%) per cent of the total votes entitled to be cast by Members qualified to vote at such meeting.

d) No Owner other than the Developer shall be entitled to vote at any meeting of the Corporation until evidence of ownership of a Lot in the Residential Development has been presented to the Corporation. The vote of each Owner may only be cast by such Owner or by a proxy given by such Owner to his duly authorized representative. If title to a Lot shall be in the name of two or more persons as Owners, any one of such Owners may vote as the Owner of the Lot at any meeting of the Corporation and such vote shall be binding on such other Owners who are not present at such meeting until written notice to the contrary has been received by the Corporation, in which case the unanimous action of all such Owners (in person or by proxy) shall be required to cast their vote as Owners. If two or more of such Owners are present at any meeting of the Corporation then unanimous action shall also be required to cast their vote as Owners.

- e) No cumulative voting of Members interests shall be permitted.
- f) An Owner in default with respect to any provision of the Declaration shall not be entitled to vote at any meeting of the Corporation so long as such default is in existence, subject to the notice and hearing procedures established by the By-laws of the Corporation.
- g) The terms "Developer", "Keystone", "Lot", "Owner", and "Site", as used herein, shall have the same meanings as those described to them in the Declaration.

ARTICLE X

- a) The number of Directors of the Corporation shall be fixed by the Bylaws of the Corporation but shall not be less than three (3). The initial Directors of the Corporation shall be appointed by the Developer. The Directors shall thereafter be elected by the Members at the annual meeting of Members as provided in the Bylaws of the Corporation to serve in accordance with the terms of office established in such Bylaws. The Developer, at its option, may appoint one member of the Board of Directors for seven (7) years following the recordation of the Declaration.
- b) Directors may take any action which they are required or permitted to take without a meeting on written consent setting forth the action so taken, signed by all of the Directors entitled to vote thereon.
- c) To the extent permitted by Tenn. Code Ann. § 48-52-102(3), or any future amendments thereto, a director shall not be liable to the Corporation or its Members for breach of fiduciary duty as a director; provided that such breach does not involve breach of the director's duty of loyalty to the Corporation or a knowing violation of law or the authorizing distributions in violation of the Tennessee Nonprofit Corporation Act.

ARTICLES XI

Upon dissolution of the Corporation, and after payment of all creditors as required by law, the assets of the Corporation shall be liquidated in accordance with a plan adopted by the Board of Directors and the proceeds distributed to the Members on the same basis as the Members are entitled to vote.

IN WITNESS WHEREOF, the undersigned, having capacity to contract and acting as the Incorporator under the Tennessee General Corporation Act, has adopted the foregoing Charter for Keystone Homeowners Association, Inc.

Dated this 1st day of March, 1998

Stephen M. Miller, Incorporator
Stephen M. Miller, Incorporator