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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
THE VILLAS AT CLOISTER, PHASE II

Prepared By:
Larry K. Tolbert, Attorney
425 W. College Street
Murfreesboro, Tennessee 37220
Phone: (615) 893-9125
Fax: (615) 893-4266
Email: Ltolbert@tolbert-law.com

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
THE VILLAS AT CLOISTER, PHASE II**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 16th day of September, 2015, by O'Brien Loyd Venture, a joint venture, hereinafter referred to as "Declarant" or "Developer".

The "Declarant" is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant intends by this Declaration to impose upon the Properties (as defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within the Properties. "Declarant" desires to provide a flexible and reasonable procedure for the overall development of the Properties, and to establish a method for the administration, maintenance, preservation, use and enjoyment of such Properties as are now or hereafter subjected to this Declaration.

"Declarant" hereby declares that all of the property described in Exhibit "A" and any additional property as is hereafter subjected to this Declaration by Supplemental Declaration (as defined herein) shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner thereof.

"Declarant", as the owner and developer of THE VILLAS AT CLOISTER, PHASE II, desires to complete the development of THE VILLAS AT CLOISTER, PHASE II, an R-12 Multi Family Development, including the infrastructure thereof and the common amenities attendant thereto.

"Declarant" has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an agency to which should be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created.

"Declarant" has caused or will cause to be incorporated under the laws of the State of Tennessee, as a non-profit corporation, The Cloister Homeowners' Association, Inc., for the purpose of exercising the functions aforesaid.

Now, therefore, the Declarant hereby declares that the real property described in Exhibit "A" hereof is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to herein as the "Covenants, Conditions and Restrictions" or as the "Restrictions") hereinafter set forth which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding upon all parties having any right, title or interest in the described

properties or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof.

Article I Definitions

Section 1. "Additional Maintenance Area" shall mean those portions of a Residential Unit which the Association is responsible for maintaining, pursuant to Article VIII, Section 2 hereof, and those portions of a Residential Unit which by contract with the Owner the Association undertakes to maintain.

Section 2. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by the terms of this Declaration or by contract becomes the responsibility of the Association. The office of any property manager employed by or contracting with the Association, if located on the Properties, or any public rights-of-way within or adjacent to the Properties, may be part of the Area of Common Responsibility.

Section 3. "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of The Cloister Homeowners' Association, Inc., as filed with the Secretary of State of the State of Tennessee.

Section 4. "Association" shall mean and refer to The Cloister Homeowners' Association, Inc., a Tennessee nonprofit corporation, its successors or assigns. The "Board of Directors" or "Board" shall be the elected body having its normal meaning under Tennessee corporate law.

Section 5. "Base Assessment" shall mean and refer to assessments levied against all Units in the Properties to fund Common Expenses.

Section 6. "By-Laws" shall mean and refer to the By-Laws of The Cloister Homeowners' Association, Inc., attached hereto as Exhibit "B" and incorporated herein by reference, as they may be amended from time to time.

Section 7. "Class "B" Control Period" shall mean and refer to the period of time during which the Declarant, as the Class "B" Member, is entitled to appoint at least a majority of the members of the Board of Directors, as provided in Article III, Section 2(b) of the hereof Declaration, and Article III, Section 2 of the By-Laws.

Section 8. "Common Area" shall mean all real and personal property, including the Properties, but excluding Residential Units, components thereof and easements appurtenant thereto, now or hereafter owned by the Association for common use and enjoyment of the Owners, including, but not limited to, all lawns, any and all streets, roads, bridges, parking areas, drainage facilities, ponds, waterways, fences, structures, sidewalks, curbs, signs, lights, common utilities and other improvements. The initial Common Area shall be conveyed to the Association prior to the conveyance of a Unit to any Unit purchaser.

Section 9. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association and maintaining the Common Area, and those portions of the Additional Maintenance Area which the Association is responsible for maintaining pursuant to Article VIII, Section 2, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.

Section 10. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Properties. The Board of Directors and the New Construction Committee may more specifically determine such standard.

Section 11. "Declarant" shall mean and refer to, O'Brien Loyd Joint Venture, a joint venture, or its successors, successors-in-title or assigns who take title to any portion of the property described in Exhibit "A" for the purpose of development and sale and are designated as the Declarant hereunder in a recorded instrument executed by the immediately preceding Declarant.

Section 12. "Member" shall mean and refer to a Person or entity entitled to membership in the Association, as provided herein.

Section 13. "Mortgage" shall mean and refer to a mortgage, a deed of trust, a deed to secure debt or any other form of security deed.

Section 14. "Mortgagee" shall mean and refer to a beneficiary or holder of a mortgage.

Section 15. "Mortgagor" shall mean and refer to any Person who gives a Mortgage.

Section 16. "Owner" shall mean and refer to one (1) or more Persons or entities, including Declarant, who holds the record title to any Residential Unit which is part of the Properties, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Residential Unit is sold under a recorded contract of sale and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner.

Section 17. "Person" means a natural person, a corporation, a partnership, a trustee or other legal entity.

Section 18. "Properties" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additional property as is hereafter subjected to this Declaration by Supplemental Declaration.

Section 19. "Special Assessment" shall mean and refer to assessments levied in accordance with Article X, Section 4 of this Declaration.

Section 20. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration which subjects additional property to this Declaration or imposes, expressly or by reference, additional restrictions and obligations on the land described therein, or both.

Section 21. "Residential Unit" or "Unit" shall mean a portion of the Properties (as shown on a Recorded Plat), intended for any type of independent ownership, for use and occupancy as a residence by a single family, whether a residence is constructed thereon or not. All Residential Units shall be shown and identified as numbered lots or units upon the Recorded Plat. A Residential Unit shall include all easement rights appurtenant to such Unit as set forth herein or as shown on the Recorded Plat.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units planned for such parcel until such time as a certificate of occupancy is issued on all or a portion thereof by the local government entity having jurisdiction, after which the portion designated in the certificate of occupancy shall constitute a separate Unit or Units as determined above and the number of Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

Article II Property Rights

Every Owner shall have a right and easement of enjoyment in and to the Common Area, subject to this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Unit shall be deemed to have delegated all such rights to the Unit's lessee. Each Owner shall have an exclusive easement for the use of his or her driveway patio or other improvements designated for the exclusive use of such Owner's residential Unit.

Declarant reserves the right to amend this Declaration unilaterally at any time, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Properties then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for THE VILLAS AT CLOISTER, PHASE II, desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for THE VILLAS AT CLOISTER, PHASE II.

Article III Membership and Voting Rights

Section 1. Membership. Every Owner, as defined in Article 1, shall be deemed to have a membership in the Association.

No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Unit owned. In the event the Owner of a Unit is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. A Member or the Member's spouse, subject to the provisions of this Declaration and the By-Laws may exercise the rights and privileges of membership. The membership rights of a Unit owned by a corporation or partnership shall be exercised by the individual designated by the Owner in a written instrument provided to the Secretary, subject to the provisions of this Declaration and the By-Laws.

Notwithstanding the foregoing, Declarant may at any time assign, pledge, hypothecate or alienate its membership, but any transfer by Declarant of title to a residential Unit shall automatically transfer the membership in the Association appurtenant thereto, free and clear from such assignment.

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

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

Class "A" Members shall be entitled to one (1) equal vote for each Unit in which they hold the interest required for membership under Section 1 hereof; there shall be only one (1) vote per Unit.

In any situation in which more than one (1) Person holds the interest in a Unit required for membership, the vote for such Unit shall be exercised as those Persons determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one (1) Person seeks to exercise it.

(b) Class "B". The Class "B" Members shall be the Declarant and any successor of the Declarant who takes title for the purpose of development and sale and who is designated as such in a recorded instrument executed by Declarant or its successor. The Class "B" member shall originally be entitled to four (4) votes for each residential Unit owned. The rights of the Class "B" Member, including the right to approve actions taken under this Declaration and the By-Laws, are specified elsewhere in this Declaration and the By-Laws. The Class "B" Member shall be entitled to, in its sole discretion, appoint the members of the Board of Directors during the Class "B" Control Period, subject only to Article III, Section 6, of the By-Laws. For a period of one (1) year after the date of termination of the Class "B" Control Period the Declarant shall have the right to participate in the decision-making process and the right to disapprove all actions of the Board of Directors and any committee as provided in Article III, Section 3, of the By-Laws. The Class "B" Control Period shall terminate, and the Class "B" membership shall terminate and become converted to Class "A" membership, upon the earlier of:

(i) when the total outstanding Class "A" votes with respect to the Properties equals ninety-five (95%) percent or more of the total number of Units planned for the property;

(ii) December 31, 2029; or

(iii) when, in its discretion, the Class "B" Member so determines.

From and after the happening of these events, whichever occurs earliest, the Class "B" member shall be deemed to be a Class "A" member entitled to one vote for each Residential Unit in which it holds the interest required for membership under Section 1 hereof. At such time, the Declarant shall call a meeting, as provided in the By-Laws for special meetings, to advise the membership of the termination of Class "B" status.

Notwithstanding any provisions to the contrary contained in this Declaration or the By-Laws, during the Class "B" Control Period, any action, policy or program of the Association requiring approval by the vote of the Members of the Association shall not be taken or adopted until also approved in writing by the Class "B" Member.

Article IV Maintenance

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Area, and the Additional Maintenance Area, such maintenance to be funded as hereinafter provided, subject to any insurance then in effect. This maintenance shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon the Common Areas and the Additional Maintenance Area, as set forth more fully in Article VIII. Maintenance may also include such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, or by a contract or agreement for maintenance thereof by the Association.

Except as otherwise specifically provided herein, all costs associated with the maintenance, repair and replacement of Common Areas shall be a Common Expense to be allocated among all Units as part of the Base Assessment.

Section 2. Owner's Responsibility. In accordance with this Declaration, and except as provided in Article VIII, all maintenance of the interior portions of the residential Unit, all structural components of the residential Unit, entry doors, windows, glass and other improvements not maintained by the Association shall be the sole responsibility of the Owner thereof. If any Owner fails properly to perform his or her maintenance responsibility, the Association may perform it and assess all costs incurred by the Association against the Unit and the Owner thereof, in accordance with Article X, Section 4.

Article V
Insurance and Casualty Losses

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

The Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million (\$1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a One Million (\$1,000,000.00) Dollar limit per occurrence, if reasonably available, and a Five Hundred Thousand (\$500,000.00) Dollar minimum property damage limit.

Premiums for all insurance shall be Common Expenses of the Association and shall be included in the Base Assessment, as defined in Article I and as more particularly described in Article X, Section 1. The policy may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss of repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

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

(a) All policies shall be written with a company licensed to do business in Tennessee which holds a Best's rating of BBB+ or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies shall be for the benefit of the Association and its Members and their Mortgagees, as their interests may appear.

(c) Exclusive authority to adjust losses under policies obtained by the Association on the Properties shall be vested in the Association's Board of Directors provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

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

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

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

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

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

(iii) a statement that no policy may be cancelled, invalidated, suspended, or subject to non-renewal on account of the actions of any one or more individual Owners;

(iv) a statement that no policy may be cancelled, invalidated, suspended or subject to non-renewal on account of the conduct of any director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification or non-renewal.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, a fidelity bond or bonds on directors, officers, employees and other Persons handling or responsible for the Association's funds, if reasonably available, and flood insurance, if required. The amount of fidelity coverage shall be determined in the directors' best business judgment but, if reasonably available, may not be less than three (3) months' assessments on all Units, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty(30) days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

Section 2. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board

of Directors or its duly authorized agent shall proceed with filing and adjusting all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Members representing at least seventy-five (75%) percent of the total vote of the Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to Common Area shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

Section 3. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as herein provided. Any proceeds remaining after defraying such costs of repair or reconstruction to the Common Area or Residential Units shall be retained by and for the benefit of the Association and placed in a capital improvements account. In the event no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

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

(b) With regard to insurance proceeds relating to any Additional Maintenance Area, such proceeds are to be used exclusively for the reconstruction and repair of such improvements as are damaged.

Section 4. Repair and Reconstruction. If the damage or destruction to the Common Area is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners on the same basis as provided for Base Assessments. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article VI
No Partition

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property, which may or may not be subject to this Declaration.

Article VII
Condemnation

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least seventy-five (75%) percent of the total Association vote and the Declarant, as long as the Declarant owns any property described on Exhibit "A") by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, so long as the Declarant owns any property described in Exhibit "A" of seventy-five (75%) percent of the total vote of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

Article VIII
Annexation of Additional Property

Section 1. Annexation without Approval of Class "A" Membership. As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, from time to time at any time until all property described on Exhibit "A" has been subjected to this Declaration or January 1, 2029, whichever is earlier, to subject to the provisions of this Declaration and the jurisdiction of the Association, all or any portion of the real property described in Exhibit "A", attached hereto and by reference made a part hereof. Such annexation shall be accomplished by filing in the public records of Rutherford County, Tennessee, and an amendment to this Declaration annexing such property. Such Supplemental Declaration shall not require the consent of Members. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other Person the said right, privilege and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibit "A" and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

(a) The Declarant, or if not the owner, with consent of the owner, may annex real property other than that described on Exhibit "A", and following the expiration of the right in Section 1, any property described on Exhibit "A", to the provisions of this Declaration and the jurisdiction of the Association so long as annexation takes place before January 1, 2029.

Annexation shall be accomplished by filing of record in the public records of Rutherford County, Tennessee, and a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein.

Section 2. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, located within the properties described in Exhibit "A" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 3. Amendment. This Article shall not be amended without the prior written consent of Declarant, so long as the Declarant owns any property described in Exhibit "A" hereof.

Article IX
Rights and Obligations of the Association

In addition to the powers delegated to it by the Charter, the Association shall have the obligation to perform each of the following duties:

Section 1. Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area, together with all easements for operation and maintenance purposes and for the benefit of the Association or its Members over and within the Common Area and all improvements thereon (including, without limitation, furnishings and equipment related thereto and common landscaped areas), the Association shall maintain lien-free title to the Common Area excepting only the lien of current taxes not yet due and payable.

Section 2. Additional Maintenance Obligations. In addition to the operation, maintenance and management duties of the Association set forth in Section 1 above, the Association shall provide for the maintenance, care, repair and replacement of the following portions of the Residential Units:

(a) The exterior landscaping, walkways, porches, decks and balconies located upon or about each Residential Unit, with the exception of elevated decks and/or balconies. The Association shall have the right, however, to contract with the Owner of any Residential Unit for the maintenance of such elevated decks, balconies and for the maintenance of such other areas and items as the Board may deem appropriate. The Association also shall maintain the exterior of each Residential Unit as follows: painting, maintenance and nonstructural repair of exterior building surfaces as the Board shall deem necessary and proper, including roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, replacement of trim caulking and other repairs to roof covers (to include the repair and replacement of all non-structural components of the roof of each Residential Unit), and other miscellaneous repairs of a nonstructural nature. Such exterior maintenance shall not include glass surfaces (whether windows or sliding glass doors, storm doors, front or rear entry doors, screens or patio covers). The balance of the Residential Units and the improvements located thereon shall be maintained by the Owner of the particular Residential Unit involved. In the event that an Owner fails to maintain his/her Unit and the improvements thereon in a manner satisfactory to the Board, the Association, after approval by a two-thirds (2/3) vote of the Board, shall have the right, through its agents and employees, to enter upon said Unit and to repair, maintain, and restore and maintain the Unit and the exterior portion of the Unit, including the lot on which it is situated, and any other improvement situated thereon. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such Unit is subject.

Notwithstanding the foregoing, if the need for exterior maintenance and repair by the Association as required by this paragraph is caused by the willful or negligent conduct or act of an Owner, his/her family, guest, invitees or other Persons using or occupying his/her Residential Unit with his/her express or implied permission, the cost of such repair or maintenance shall be assessed against such Owner and shall be due and payable thirty (30) days from the date of notice thereof, such Assessment to be collected and enforced as provided in Article VIII of this Declaration. Such Assessment shall not require the approval of any of the Members; provided, however, that any Owner against which any such assessment is levied shall be entitled to notice, a hearing and an opportunity to do the corrective work required, as provided by Article XI, Section 3 hereof, prior to any Assessment being levied against such Owner in accordance with the provisions of this paragraph. For the sole purpose of performing the exterior maintenance upon each Residential Unit required by this Section 2, the duly authorized employees or agents

of the Association shall have the right, after reasonable notice to the Owner, to enter upon or into any Residential Unit at reasonable hours of any day except Sunday.

(b) The duly authorized agents or employees of the Association shall have the right to enter in or upon any Residential Unit or into any structure thereon, without notice to the Owner thereof, when, in the judgment of the Association, acting through its Board of Directors, such entrance is necessary to prevent damage to such Residential Unit or surrounding Residential Units by fire, criminal act, natural disaster, or other similar emergency.

Section 3. Water and Other Utilities in Common Area. To acquire, provide and/or pay for, water, sewerage, garbage disposal, electrical, telephone, gas and other necessary utility services for the Common Area and all utility services to enable the Association to maintain the Additional Maintenance Areas as provided in Section 2 of this Article VIII.

Section 4. Taxes and Assessments. To pay all real and personal property taxes and assessments separately levied upon or assessed against the Association and/or on the property owned by the Association. Such taxes and assessments may be contested or compromised by the Association; provided that they are paid or a bond in an amount at least equal to such taxes and assessments is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes or assessments.

Section 5. Insurance. To obtain from reputable insurance companies qualified to do business in the State of Tennessee, with a financial rating by Best's Insurance Reports of BBB+ or better, and maintain in force at all times such insurance as is required by this Declaration.

Section 6. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold or other property interests within the Properties conveyed to it by the Declarant.

Section 7. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the recreational facilities. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided by the By-Laws of the Association. The Association, acting through the Board by contract or other agreement, shall have the right to enforce city and/or county ordinances or permit The City of Murfreesboro and/or Rutherford County, Tennessee, to enforce ordinances on the Properties for the benefit of the Association and its Members.

Section 8. Implied Rights. The Association may exercise any other right, or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Article X
Assessments

Section 1. Creation of Assessments. There are hereby created Assessments for Common Expenses as may from time to time specifically be authorized by the Board of Directors. The Annual Assessment shall be allocated equally among all Residential Units within the Association, except for Units owned by the Declarant, for which the Annual Assessments shall be separately determined. The Annual Assessments shall be for expenses determined by the Board and this Declaration to be for the benefit of the Association as a whole except for the Annual Assessments charged for Units owned by the Declarant which Assessments shall only be for expenses determined by the Board to be for the use and benefit of Declarant, and which Assessment shall exclude expenses which do not benefit Declarant. Special Assessments may be levied against all Residential Units when all Units are benefited, or against a Residential Unit or residential Units in Particular portions of the Properties when, in the opinion of the Board, the Special Assessments benefit less than the Association as a whole. Each Owner, by acceptance of his or her deed, is deemed to covenant and agree to pay these assessments. All such assessments, together with interest at the highest allowable under the laws of Tennessee, cost and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the residential Unit against which each assessment is made.

Each such assessment, together with interest, cost and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Residential Unit at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except no first Mortgagee who obtains title to a residential Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of the title. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual assessment for delinquents; unless the Board otherwise provides, the assessments shall be paid in monthly installments.

Base Assessments shall be levied equally on all Units. Special Assessments shall be levied as provided in Section 3 below. Each Owner, by acceptance of his or her deed or recorded contract of sale, is deemed to covenant and agree to pay these assessments.

All assessments, together with interest at a rate not to exceed ten (10%) percent or the highest rate allowed by Tennessee law as computed from the date the delinquency first occurs, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, but his or her grantee shall not be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance unless the obligation is expressly assumed by them. No first Mortgagee who obtains title to a Unit pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to acquisition of title.

The Association shall, upon demand at any time, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Unit. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual Base Assessment for delinquents, including Owners delinquent in the payment of fines imposed in accordance with Article III, Section 22, of the By-Laws. Unless the Board otherwise provides, the Base Assessment shall be paid in monthly installments.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of the Unit. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association or from any action taken to comply with any law, ordinance or with any order or directive of any municipal or other governmental authority.

So long as the Declarant has an option unilaterally to subject additional property to this Declaration, the following shall apply: The Declarant shall be obligated for the difference between the amount of assessments levied on all Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year.

The Association is specifically authorized and encouraged to seek public and private funds to help defray, in whole or in part, the expenses for which assessments would be necessary. To the extent received, such funds shall be used to reduce the assessments otherwise required by the budget in Section 2.

Section 2. Computation of Annual Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of each fiscal year, to prepare a budget covering the estimated Common Expenses of the Association during the coming year. The budget may include a capital contribution establishing a reserve fund in accordance with a capital budget separately prepared. The Base Assessment to be levied for the coming year against each Unit subject to assessment under Section 7 below shall be computed by dividing the budgeted Common Expenses by the total number of Units subject to assessment as of sixty (60) days before the end of the current fiscal year. The Board shall cause a copy of the Common Expense budget and notice of the amount of Base Assessment to be levied against each Unit for the following year to be delivered to each Owner at least thirty (30) days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the members by the vote of Members representing at least a majority of both classes

of the total Association membership. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Members as provided for special meetings in Article II, Section 4, of the By-Laws.

Notwithstanding the foregoing, however, in the event the proposed budget is disapproved or the Board fails for any reason so to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year.

Section 3. Special Assessments. In addition to the assessments authorized in Section 1 of this Article, the Association may levy a Special Assessment or Special Assessments from time to time; provided, such assessment shall have the affirmative vote or written consent of Members representing at least fifty-one (51%) percent of the total vote in the Association and the written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved, if the Board so determines.

The Board may also levy a Special Assessment against any Member, without the necessity of a vote of the Members, to reimburse the Association, for costs incurred in bringing a Member and his Unit into compliance with the provisions of this Declaration, any amendments thereto, the Articles, the By-Laws and the Association rules, which Special Assessment may be levied upon the vote of the Board after notice to the Member and an opportunity for a hearing.

Section 4. Lien for Assessments. Upon recording of a notice of lien on any Residential Unit, there shall exist a perfected lien for unpaid assessments prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which by law would be superior thereto, and (2) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value.

Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure.

The Association, acting on behalf of the Owners, shall have the power to bid for the Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period in which a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be assessed or levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid common expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 5. Capital-Budget and Contribution. The Board of Directors may annually prepare a capital budget to take into account the number and nature of replaceable assets, the expected life of each asset and the expected repair or replacement cost. The Board may set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and

timing by annual assessments over the period of the budget. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the budget and assessment, as provided in Section 2 of this Article.

Section 6. Date of Commencement of Annual Assessments. The assessments provided for herein shall commence as to all Units upon conveyance of the first Unit to a person other than a builder or developer holding title solely for purposes of development and/or resale. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessments shall be adjudged according to the number of days remaining in the fiscal year at the time assessments commence on the Unit.

Section 7. Subordination of the Lien to First Mortgages. The lien of assessments, including interest, late charges (subject to the limitations of Tennessee law) and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Unit. The sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to judicial or non-judicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from lien rights for any assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit obtains title pursuant to remedies under the Mortgage, its successors and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from Owners of all the Units, including such acquirer, its successors and assigns.

Section 8. Capitalization of Association. Upon acquisition of record title to a Unit by the first purchaser thereof other than the Declarant or an owner who purchases solely for the purpose of constructing a dwelling thereon for resale, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount as determined by the Board. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use to cover operating expenses and other expenses incurred by the Association pursuant to the terms of this Declaration and the By-Laws. Thereafter, the Management Agent, as employed by the Board, shall be permitted to charge a reasonable transfer fee upon acquisition of record title as to each succeeding unit purchaser.

Article XI Architectural Standards

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the committees established in Sections 1 and 2 of this Article XI. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

The Declarant at the time of sale and/or the plat is recorded for each phase/section of THE VILLAS AT CLOISTER, has the right to establish additional restrictions and/or design standards as they relate to the size (minimum square footage) of a Residential Unit and the exterior materials.

Section 1. Modifications Committee. The Board of Directors may appoint a Modifications Committee ("MC") to consist of at least three (3) and no more than five (5) members, all of whom shall be appointed by the Board of Directors. The "MC", if established, shall have exclusive jurisdiction over modifications, additions or alterations made on or to existing Residential Units or structures containing Residential Units and the open space, if any, appurtenant thereto.

The Modifications Committee shall promulgate detailed standards and procedures governing its areas of responsibility and practice. In addition thereto, the following shall apply: Plans and specifications showing the nature, kind, shape, color, size, materials and location of such modifications, additions or alterations, shall be submitted to the MC for approval as to quality of workmanship and design and as to harmony of external design with existing structures, location in relation to surrounding structures. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his or her Residential Unit, or to paint the interior of his Unit any color desired. In the event that the "MC" fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the request for approval shall be deemed approved.

Section 2. No Waiver of Future Approvals. The approval of the MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters whatever subsequently or additionally submitted for approval or consent.

Section 3. Variance. The MC may authorize variances from compliance with any of the provisions of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) estop the Committee from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit or the terms of any financing shall not be considered a hardship warranting a variance.

Section 4. Enforcement In General.

(a) Enforcement of the standards as specified in this Declaration may be by any proceedings at law or in equity against:

(i) Any person or persons violating or attempting or threatening to violate a covenant or restriction, either to restrain a violation or to recover damages. Therefore, failure by the Declarant, community association or owner to enforce any restriction herein contained shall in no event be deemed a waiver of the rights to do so thereafter nor constitute an acquiescence in or an estoppel against enforcing any, actual or future, breaches or violations of these covenants and restrictions.

(b) In the event any cost or expenses including attorneys' fees, are incurred by the Declarant, community association or any residential unit owner or occupant of a residential unit in connection with their action to correct or abate any violation or breach of the provisions hereof, provided reasonable notice to the owner or owners of the subject residential unit or units to abate said violation or breach has been given, such cost and expenses shall be a lien against the owner or owners of the unit or units committing such a breach of violation and such charges shall be subject to the provisions for lien rights and collection as specified in Section 6 below. No such cost or expenses shall be a lien when the nonexistence of a violation or breach hereof has been established by a court of competent jurisdiction. The court shall determine the method of handling a violation.

Section 5. Covenant and Creation of the Lien of Personal Obligation for Court Ordered Violation in Section 4.

Each Owner of any Residential Unit by acceptance of a deed whether or not it shall be so expressed in such deed of conveyance, shall be deemed to covenant and agree, to pay any court ordered violation costs and other costs or expenses incurred in Section 4, together with such interest thereon and costs of collection thereof, including attorneys fees, as provided herein, and same shall be a charge on the land and shall be a continuing lien upon the unit against which each such obligation is made. It shall also be the personal obligation of each person who was an owner of such property at the time of the violation.

Section 6. Assignment. The rights and powers retained by the Declarant shall be freely assignable and shall inure to the benefit of its successors and assigns.

Article XII
Use Restrictions

The Properties shall be used only for residential, recreational and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for the Declarant or the Association) as may more particularly be set forth in this Declaration or amendments hereto.

The Association, acting through its Board of Directors, shall have authority to make and to enforce standards and restrictions governing the use of the Properties.

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

(a) Residential Use. Except as otherwise provided in this Declaration, each Residential Unit shall be used as a residence and for no other purposes, and there shall not be within any Residential Unit more than one single-family except as otherwise provided in this Declaration. The Common Area shall be used for recreational, social and other purposes directly related to the single-family use of the Residential Units authorized hereunder.

(b) Maintenance of Interior. Each Owner shall be responsible for the maintenance of, and shall maintain, the interior of his or her Residential Unit, including interior walls, windows, glass, ceilings, doors (interior and exterior entry) and permanent fixtures and appurtenances thereto, patios and other easement areas appurtenant to such unit, and such other portions of the Unit for which care and maintenance is his or her responsibility, in a clean, sanitary and attractive condition, reserving to each Owner, however, complete discretion as to choice of furniture, furnishings and interior decorating.

(c) Association to Landscape Common Area and additional Maintenance Areas. The Association shall have the right and the obligation at any time to plant, replace, maintain and cultivate shrubs, trees, grass, plantings and other landscaping upon the Common Area. The Owners must obtain prior written approval from the Declarant or its assigns before modifying any plantings or landscaping improvements.

(d) Signs. No sign of any kind shall be erected and displayed to the public view on any Residential Unit or portion of the Common Area, except for (1) directional or standard "For Sale" sign, established by Declarant or the Association, (2) signs used by Declarant, or by its successors or assigns, to advertise the Properties, provided such signs are located on the Common Area or on Residential Units owned by Declarant or its assigns.

(e) Parking and Garages. Ownership of a Non-Garage Residential Unit (if any) shall entitle the owner thereof to the use of not more than two (2) automobile, van or pick-up truck assigned parking spaces which shall be provided by the Association on the Common Area and Limited Common Area, and which spaces shall be as near and convenient to said Unit as reasonably possible, together with the right of ingress and egress in and upon said parking area. Residential Units (if any) with a garage shall utilize driveway and garage as two (2) allotted parking spaces. Unit Owners or tenants will be allowed two (2) vehicles only. Commercial vehicles, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall not be parked, stored or permitted on the premises. The Board of Directors may impose rules and regulations not inconsistent with this Declaration with respect to the maintenance and use of parking spaces provided on the Common Area and the uses, operating and control of motor vehicles thereon.

(f) Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Residential Unit.

(g) Animals and Pets. No animals, reptiles, rodents, livestock, birds, fish or poultry of any kind shall be raised, bred or kept in or on any portion of the Common Area except that dogs, cats or such other household pets approved by the Association may be kept in the Residential Unit. Dogs, cats or other usual and common household pets not to exceed a total of two (2) may be permitted in a Unit. Pets are not permitted to roam free, and in the sole discretion of the Association, which endanger the health, make objectionable noise or constitute a nuisance or inconvenience to the Owners of other Units or the owner of any portion of the Properties shall be removed upon request of the Board; if the owner fails to honor such request, the pet may be removed by the Board and turned over to the appropriate agency for keeping or disposal. No pets shall be kept, bred or maintained for any commercial purpose. Dogs which are household pets shall at all times whenever they are outside a Unit be confined on a leash held by and under the physical control of a responsible person. No dog runs are allowed.

(h) Nuisance. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy an Owners enjoyment of his or her respective Residential Unit.

(i) Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly or unkempt condition on his or her Unit. The pursuit of hobbies or other activities, including, specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any part of the Properties.

(j) Antennas. No exterior antennas, aerials or other apparatus for the transmission of television, radio or other signals of any kind shall be placed, allowed or maintained upon any portion of a Residential Unit or Common Area. Satellite dishes up to one meter in diameter may be placed on units if not seen from street but, under no circumstances shall the satellite system be installed without the written consent of the Board. No satellite dishes may be installed upon open space. The Declarant and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish or other apparatus for a master antenna or cable system for the benefit of all the Units.

(k) Basketball Equipment, Clotheslines, Garbage Cans, Tanks, etc. No basketball equipment, clothes lines, above-ground tank, and other similar items shall be placed, allowed or maintained upon any portion of the Common Area, including any Residential Unit. All garbage cans shall be located or screened so as to be concealed from view of neighboring

Units, streets and property located adjacent to the Unit, except that garbage cans may be placed at curbside on days designated for trash pick-up for that particular Unit. All rubbish, trash, and garbage shall be regularly removed from the Properties and shall not be allowed to accumulate thereon.

(l) Temporary Structures and Detached Storage Buildings. No structure of a temporary character, or other out-buildings including storage buildings shall be placed or used on or about the Common Area and Limited Common Area.

(m) Guns. The discharge of firearms within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types.

(n) Tents, Trailers and Temporary Structures. Except as may be permitted by the NCC during initial construction within the Properties, no tent, utility, shed, shack, trailer or other structure of a temporary nature shall be placed upon a Unit or any part of the Properties.

(o) Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. Declarant hereby reserves a perpetual easement across the Properties for the purpose of altering drainage and water flow. Septic systems are prohibited on the Properties.

(p) Tree/Shrubbery Removal. Except as may be permitted by the Board during initial construction within the Properties, no trees or shrubbery shall be removed, except for diseased or dead trees or shrubbery.

(q) Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

(r) Air Conditioning Units. Except as may be permitted by the Board or its designee, no window air conditioning units may be installed in any Unit.

(s) Lighting. Except for seasonal Christmas decorative lights, which may be displayed between December 1 and January 10 only, all exterior lights must be approved in accordance with Article XI of this Declaration.

(t) Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Properties. Exterior sculpture, fountains, flagpoles, flags and similar items must be approved in accordance with Article XI of this Declaration.

(u) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the appropriate committee pursuant to Article XI hereof.

(v) Leasing of Units.

(1) Definition. "Leasing" for purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity or emolument.

(2) General. Units may be rented only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Units or assignment of leases unless prior written approval is obtained from the Board of Directors. No transient tenants may be accommodated in a Unit. All leases shall be in writing and shall be for an initial term of no less than twelve (12) months, except with the prior written consent of the Board of Directors. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the rules and regulations.

(3) Compliance with Declaration, By-Laws and Rules and Regulations. Every Owner shall cause all occupants of his or her Unit to comply with the Declaration, By-Laws and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Areas caused by such occupants, notwithstanding the fact that such occupants of a Unit are fully liable and may be sanctioned for any violation of the Declaration, By-Laws and rules and regulations adopted pursuant thereto.

(w) Parks. Any park, tot lot or other areas or equipment furnished by the Association or erected within the Common Area, if any, shall be used at the risk of the user, and the Association shall not be held liable to any person for any claim, damage or injury occurring thereon or related to use thereof.

(x) Fences, Exterior Structures. No fences, ornamental screens, awnings, screen doors, sunshades, walls or hedges shall be erected or permitted upon the Common Area except such as are installed in accordance with the initial construction of the improvements or approved by the Association. The prohibitions set forth herein shall not apply to the Declarant or its assigns.

(y) Business Use. No trade or business may be conducted in or from any Unit, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Properties; (c) the business activity does not involve persons coming onto the Properties who do not reside in the Properties or door-to-door solicitation of

residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor.

(z) Playground Equipment. No playground equipment, including but not limited to, swing sets, slides, seesaws, playhouses and/or climbing apparatuses, shall be allowed upon the Common Area except those (if any) installed by the Declarant or its Assigns to be used by all the residents.

(aa) Taxes and Utilities. Each Owner shall pay any real and personal property taxes or charges assessed against his/her respective Residential Unit and the utility charges for said Residential Unit.

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

Article XIII General Provisions

Section 1. Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

Section 2. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend this Declaration. After such conveyance, the Declarant may amend this Declaration so long as it has the unilateral right to annex property described in Exhibit "A" to this Declaration for development as part of the Properties and so long as the amendment has no material adverse effect upon any right of any Owner; thereafter and otherwise, this Declaration

may be amended only by the affirmative vote (in person or by alternate) or written consent, or any combination thereof, of Members representing sixty-seven (67%) percent of the total votes of the Association, and the written approval of the Class "B" Member so long as the Class "B" membership exists. So long as the Class "B" membership exists, any amendment to this Declaration shall also require the written consent of the U. S. Veterans Administration ("VA") if the VA has guaranteed the Mortgage on any Unit. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the public records of Rutherford County, Tennessee.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

Section 3. Indemnification. The Association shall indemnify every officer, director and committee member against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director or committee member. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, committee member or former *officer, director or committee* member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 4. Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A", the Association and the designees of each (which may include, without limitation, The City of Murfreesboro and/or Rutherford County, Tennessee, and any utility), blanket easements upon, across, over and under all of the Common Area and, to the extent shown on any plat, over the Units for ingress, egress, installation, replacing, repairing and maintaining cable television systems, master television antenna systems, security, and similar systems, roads, walkways, bicycle pathways, drainage systems, street lights, signage and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas and electricity.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier easements across all Units and on the Common Area for ingress, egress, installation, reading, replacing, repairing and maintaining water meter boxes.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement on said Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Area to the City of Murfreesboro and/or Rutherford County, Tennessee, or any other local, state or federal governmental entity, subject to such approval requirements as may be contained in Article XIV, Section 2 of this Declaration.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 6. Right of Entry. The Association shall have the right, but not the obligation, to enter into any Unit for emergency, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after 24 hours notice to the Owner. This right of entry shall include the right of the Association to enter a Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board.

(a) In the event that an Owner fails to comply with the provisions of this Article or any other provisions of this Declaration, the Board shall notify such Owner in writing of such lack of compliance, which notice shall specify the nature of such lack of compliance. If, within five (5) days following receipt of such notice, such Owner (1) fails to remedy such lack of compliance and (2) fails to deliver written notice to the Board requesting a hearing before the Board with regard to the matters of non-compliance set forth in such notice, the Association may enter upon such Owners Residential Unit for the purpose of remedying the non-compliance set forth in such notice and shall not be liable for trespass in connection with such entry. If the Owner timely requests a hearing before the Board, the Board shall promptly hold a hearing and shall provide the Owner with at least seven (7) days' written notice concerning the date, time and place thereof. The decision of a majority of the members of the Board present at the hearing will be binding upon the Association and the Owner. The cost of remedying an Owner's failure to comply with the provisions of this Article and/or Declaration shall be assessed to the Owner by the Board. Such assessment shall be due and payable thirty (30) days from the date of the

written notice thereof and shall be collected and enforced in the manner provided in Article IX of this Declaration.

Section 7. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 8. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five (75%) percent of the Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article X hereof, (c) proceedings involving challenges to *ad valorem* taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 9. Use of the Words, "THE VILLAS AT CLOISTER, PHASE II". No Person shall use the words, "THE VILLAS AT CLOISTER, PHASE II" or any derivative thereof in any printed or promotional material without the prior written consent of the Declarant. However, Owners may use the term, "THE VILLAS AT CLOISTER, PHASE II" in printed or promotional matter where such term is used solely to specify that particular property is located within THE VILLAS AT CLOISTER, PHASE II, community.

Article XIV Mortgagee Provisions

The following provisions are for the benefit of holders of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the Unit number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

(b) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any

default in the performance by an Owner of a Unit of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of eligible holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the first Mortgagees or Members representing at least two-thirds (2/3) of the total Association vote entitled to be cast thereon consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Properties shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.);

(c) By act or omission change, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Units and of the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision.);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first

Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 4. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

Section 5. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 6. Applicability of Article XIV. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, By-Laws or Tennessee law for any of the acts set out in this Article.

Section 7. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Article XV Declarant's Rights

Section 1. Any or all of the special rights and obligations of the Declarant may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the public records of Rutherford County, Tennessee.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Units shall continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient or incidental to the construction or sale of such Units, including, but not limited to, business offices, signs, model units and sales offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use Units owned by the Declarant and any clubhouse or community center which may be owned by the Association, as models and sales offices, respectively.

So long as Declarant continues to have rights under this paragraph, no Person shall record any declaration of covenants, conditions and restrictions or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions or declaration of condominium or similar

instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

Section 2. Landscaping Buffers. Within the areas designated on the Preliminary Plan as the exterior boundary Landscape Buffers (if any), healthy trees larger than eight (8) inches in diameter at a distance of five (5) feet above the ground level shall not be cut or removed without the prior written consent of the Board of Directors.

The Board of Directors may determine, in its sole discretion, under what conditions and requirements trees may be removed and replaced, and may impose additional reasonable restrictions and requirements as it deems appropriate, in its sole discretion, in connection with the maintenance and preservation of the Landscape Buffers (if any).

Section 3. These Restrictions shall apply to that property described in Exhibit A, attached hereto and incorporated herein by reference.

Section 4. Declarant shall choose the specific housing product to be constructed within the development.

This article may not be amended without the express written consent of the Declarant. The rights contained in this article shall terminate only upon the recording by Declarant of a written statement that all sales activity has ceased and that Declarant releases such rights by express reference thereto.

ARTICLE XVI Common Open Space - Zoning Ordinance Section

Any common open space established by an adopted final development plan for a Horizontal Property Regime Condominium shall be subject to the following:

a. The Murfreesboro Planning Commission may require that the landowner provide for and establish an organization for the ownership and maintenance of any common open space, and such organization shall not be dissolved nor shall it dispose of any common open space, by sale or otherwise (except to an organization conceived and established to own and maintain the common open space), without first offering to dedicate the same to the "City of Murfreesboro" and the said dedication be approved by the City of Murfreesboro Planning Commission. However, the conditions of any transfer shall conform to the adopted final development plan.

b. In the event that the organization established to own and maintain common open space, or any successor organization, shall at any time after the establishment of the planned unit development fail to maintain the common open space in reasonable order and condition in accordance with the adopted master development plan, the zoning administrator may serve written notice upon such organization and/or the owners or residents of the horizontal property regime condominium and hold a public hearing. After thirty (30) days when deficiencies of maintenance are not corrected, the zoning administrator shall call upon any public or private agency to maintain the common open space for a period of one year. When the zoning

administrator determines that the organization is not prepared for the maintenance for the common open space, such agency shall continue maintenance for yearly periods.

c. The entire cost of such correction shall be a lien upon each of the Residential Units from the date the lien is filed in the Register's Office for Rutherford County, Tennessee.

ARTICLE XVII Party Walls

Section 1. General Rules of Law to Apply. Each wall or fence built as a part of the original construction of a structure upon the Properties and placed on the dividing line between two Residential Units shall constitute a party wall and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

ARTICLE XVIII Obligation To Rebuild

Section 1. Damage and Destruction - Duty to Rebuild. If all or any portion of a residence constituting a part of a residential Unit is damaged or destroyed by vandalism, malicious mischief, fire, windstorm or other casualty, it shall be the duty of the Owner of said Residential Unit to rebuild, repair or reconstruct said residence in a manner that will restore it substantially to its appearance and condition immediately prior to casualty.

Section 2. Time Limitation. The Owner of any damaged residence shall be obligated to proceed with all due diligence and commence reconstruction within forty-five (45) days after damage occurs and to complete reconstruction within six (6) months after the damage occurs for any major structural damage and within sixty (60) days for any minor non-structural damage, unless prevented by causes beyond their reasonable control, except that disputes concerning insurance coverage shall not be deemed an adequate cause for delay.

ARTICLE XIX Cost Sharing

Section 1. Cost Sharing. Declarant has heretofore entered into a certain AGREEMENT with *The Villas at Cloisters Homeowners Association, Inc.* (governing entity for an adjacent residential condominium development) for the sharing of certain costs, a copy of same being attached hereto, Exhibit "C", which AGREEMENT is ratified and shall be binding on the undersigned Declarant, the Association, and Declarant's successors in interest.

IN WITNESS WHEREOF, the undersigned "Declarant" has executed this Declaration this 16th day of September, 2015.

O'Brien Loyd Venture
A Joint Venture

BY: _____
JAMES M. O'BRIEN, III, Partner

STATE OF TENNESSEE

COUNTY OF RUTHERFORD

Before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, personally appeared JAMES M. O'BRIEN, III, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be a Partner of O'Brien Loyd Venture, a joint venture, the within named bargainor, and that he as such Partner executed the foregoing (DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE VILLAS AT CLOISTER, PHASE II) instrument for the purposes therein contained.

WITNESS MY HAND and official seal at office in Murfreesboro, Tennessee, this the 16th day of September, 2015.

Notary Public
My Commission expires: _____

EXHIBIT "A"

LEGAL DESCRIPTION

Tract I

Being all Lots of THE VILLAS AT CLOISTER, PHASE II, according to plat and survey of same appearing of record in Plat Book 38, page 218, of the Register's Office of Rutherford County, Tennessee, to which plat reference is hereby made for more complete details as to location and description of said lot.

Being a portion of the same property conveyed to O'Brien Loyd Venture by deeds of record at Record Book 1285, page 1763 Register's Office, Rutherford County, Tennessee.

Tract II

Located in the 7th Civil District of Rutherford County, Tennessee. Bound on the north by Bess Buchanan Hartman (Record Book 357, page 1652); on the east by the remaining property of St. James Development, LLC (Record Book 595, page 1976); on the south by the remaining property of St. James Development, LLC (Record Book 595, page 1976); The Cloister, Section II (Plat Book 30, page 233) and the Brooks, Lot 1 (Plat Book 30, page 225); and on the west by the remaining property of St. James Development, LLC (Record Book 595, page 1976).

Beginning at an iron pin in the northeast corner of Lot 94, The Cloister, Section II; thence with the north lines of Lots 94, 93, and 92, The Cloister, Section II, respectively, N-86°53'18"-W, 287.60 feet to an iron pin; thence with the north line of Lot 1, The Brooks, N-51°15'53"-W, 63.67 feet to an iron pin; thence continuing with the north line of Lot 1, The Brooks N-03°06'42"-E, 83.27 feet to an iron pin; thence N-86°53'18"-W, 58.52 feet to an iron pin; thence N-75°29'51"-W, 31.61 feet to an iron pin; thence N-89°14'26"-W, 87.51 feet to an iron pin, being the southwest corner of this tract; thence with the east line of the remaining property of St. James Development, LLC, N-14°30'00"-E, 42.61 feet to an iron pin; thence continuing with said line, N-03°06'42"-E, 77.75 feet to an iron pin; thence N-36°44'15"-W, 204.69 feet to an iron pin; thence N-86°00'54"-W, 56.91 feet to an iron pin; thence N-03°59'06"-E, 168.58 feet to an iron pin, being the northwest corner of this tract thence with the south line of Bess Buchanan Hartman, S-86°32'30"-E, 70.55 feet to fence corner; thence continuing with said line, S-84°14'07"-E, 128.00 feet to a fence corner; thence S-04°06'24"-W, 133.99 feet to an iron pin set; thence S-87°02'00"-E, 752.13 feet to an iron pin, being the northeast corner of this tract; thence with the west line of the remaining property of St. James Development, LLC, S-03°10'51"-W, 430.47 feet to an iron pin, being the southwest corner of this tract; thence with the north line of the remaining property of St. James Development, LLC, N-86°53'18"-W, 254.35 feet to the pin at the beginning, containing 8.01 acres, more or less, Tax Map 93, Parcel 11.00 Record Book 595, Page 1976.

EXHIBIT "B"

BY-LAWS

Of

THE CLOISTER HOMEOWNERS' ASSOCIATION, INC.

Prepared by:
Larry K. Tolbert, Attorney
425 W. College Street
Murfreesboro, Tennessee 37130
Phone: 615/893-9125
Fax: 615/893-4266
Email: Ltolbert@tolbert-law.com

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BY-LAWS
OF
THE CLOISTER HOMEOWNERS' ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

Section 1. Name. The name of the Association shall be The Cloister Homeowners' Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of Tennessee shall be located in the County of Rutherford. The Association may have such other offices, either within or outside the State of Tennessee, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for THE VILLAS AT CLOISTER, PHASE II, (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

Article II

Association: Membership, Meetings, Quorum, Voting, and Proxies

Section 1. Membership. The Association shall have two (2) classes of membership; Class "A" and Class "B", as is more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first annual meeting of the Association shall be held within thirty (30) days from date control of Association passes from Class B to Class A Members. Meetings shall be of the Members or their proxies. Subsequent regular annual meetings shall be set by the Board so as to occur at least ninety (90) but not more than one hundred twenty (120) days before the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by the resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Members representing at least fifty (50%) percent of the total votes of the Association. The notice of any special meetings shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meetings of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meetings, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business, which might have been transacted at the meeting originally called, may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members or their alternates representing at least fifteen (15%) percent of the total votes of the Association remain in attendance, and provided

further that any action taken is approved by at least a majority of the Members required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Members may vote by proxy, provided the proxy is signed, dated and filed with the Secretary prior to the meeting for which it is valid.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of Members representing twenty-five (25%) percent of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without A Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by all of the Members entitled to vote with respect to the subject matter thereof, and any such consent shall have the same force and effect as a unanimous vote of the Members.

Article III

Board of Directors: Number, Powers, and Meetings

A. Composition and Selection

Section 1. Governing Body, Composition. A Board of Directors, each of whom shall have one (1) vote shall govern the affairs of the Association. Except with respect to directors appointed by the Declarant, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of an Owner who is a corporation or partnership, the person designated in writing to the secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Directors During Class "B" Control. The Directors shall be selected by the Class "B" Member acting in its sole discretion, subject only to Article III, Section 6, hereof, and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(a) When ninety-five (95%) percent of the Units planned for the property have certificates of occupancy issued thereon and have been conveyed to Persons other than the Declarant or builders holding title solely for purposes of development and sale; or

(b) December 31, 2029

Within thirty (30) days thereafter, the Class "B" Member shall cause the Board to call a meeting, as provided in Article II, Section 4, of these By-Laws for an annual meeting, to advise the membership of termination of the Class "B" Control Period and to elect Directors from Class "A" Members.

Section 3. Declarant Participation. This Section 3 may not be amended without the express, written consent of the Declarant.

After termination of the Class "B" Control Period, the Declarant shall have the right to participate in the decision-making process and the right to disapprove all actions of the Board and the Architectural Review Committee, as is more fully provided in this Section. These rights shall be exercisable only by the Declarant, its successors, and assigns who specifically take this power in a recorded instrument, and shall terminate one (1) year from the date of termination of the Class "B" Control Period. Declarant participation shall be as follows:

No action authorized by the Board of Directors or Modifications Committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 8, 9, and 10, of these By-Laws and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program to be implemented by the Board, any committee thereof, or the Association. The Declarant its representatives or agents shall make its concerns, thoughts and suggestions known to the members of the subject committee and/or the Board. The Declarant shall have the right to disapprove any policy or program authorized by the Board of Directors or any committee thereof, and any action to be taken by the Board, any committee thereof, the Association, or any individual member of the Association, if Board, committee or Association approval is necessary for such action. This right may be exercised by the Declarant, its representatives or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Notwithstanding any provision herein to the contrary, the Declarant shall not have the right to require any action or counteraction on behalf of any committee, the Board or the Association and shall not exercise its rights hereunder to reduce the

level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors. The number of directors in the Association shall be not less than three (3) nor more than five (5), as provided in Section 6 below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the termination of the Class "B" Control Period, the Association shall call an annual meeting to be held at which Class "A" Members shall elect five (5) directors, who shall serve as at-large directors. The directors elected by the Class "A" Members shall not be subject to removal by the Declarant acting alone and three (3) shall be elected for a term of one (1) year and two (2) for a term of two (2) years.

(b) At the first annual meeting of the membership after the termination of the Class "B" Control Period and at each annual meeting of the membership thereafter, the directors shall be selected by vote of the membership. Each Class "A" Member shall be entitled to cast one (1) vote with respect to each vacancy to be filled.

At the expiration of the initial term of office of each member of the Board of Directors, a successor shall be elected to serve for a term of two (2) years. The Directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director elected by the Class "A" Members may be removed, with or without cause, by the vote of Class "A" Members representing a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. A director who was elected at large solely by the votes of Class "A" Members may be removed from office prior to the expiration of his or her term only by the votes of a majority of Class "A" Members. Upon removal of a director, a successor shall then and there be elected by the Class "A" Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Class "A" Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting, at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability or resignation of a director, a vacancy may be declared by the Board and it may appoint a successor.

B. Meetings

Section 8. Organization Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by a majority of directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) by written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set up for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered, telephoned or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meetings of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business, which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless as proved by Members representing a majority of the total vote of the Association at a regular or special meeting of the Association; provided, any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 15. Open Meetings. Subject to the provisions of Section 16 of this Article, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak.

Section 16. Action Without a Formal Meeting. An action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties

Section 17. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as directed by the Declaration Articles, or these By-Laws to be done and exercised exclusively by the Members or the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) Preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the common expenses;

(b) Making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Units proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) Providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility;

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property and the Area of Common Responsibility and, where, appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) Collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) Making and amending rules and regulations;

(g) Opening of bank accounts on behalf of the Association and designating the signatories required;

(h) Making or contracting for the making of repairs, additions, and improvements to or alterations of the common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) Enforcing by legal means the provisions of the Declaration, these By-Laws and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) Paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) Making available to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagee, and the holders, insurers and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Unit and all other books, records and financial statements of the Association; and

(n) Permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties.

Section 18 Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f) (g), and (i) of Section 17 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 19. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) Accounting as defined by generally accepted accounting principles, shall be employed;

(b) Accounting and controls should conform to generally accepted accounting principles;

(c) Cash accounts of the Association shall not be commingled with any other accounts;

(d) No remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finders fees, service fees, prizes, gifts or otherwise, unless first disclosed and approved by the Board;

(e) Any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) Commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

- (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
- (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying the monthly installments of assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board of Directors);

(g) An annual report consisting of at least the following shall be distributed to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant; provided, during the Class "B" Control Period, the annual report shall include certified financial statements.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Area of Common Responsibility without the approval of the Members of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Member approval in the same manner provided in Article X, Section 4, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five (5 %) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 21. Rights of the Association. With respect to the Area of Common Responsibility, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums or cooperatives, and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3) of all Directors of the Association.

The Association shall not be bound, either directly or indirectly, by any contract, lease or other agreement (including any management contract) executed during the Class "B" Control Period unless such contract, lease or other agreement contains a right of termination exercisable

by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Section 22. Enforcement. The Board shall have the power to impose reasonable fines against Owners or occupants, which shall be an assessment on the Unit, shall constitute a lien upon the property of the violating Owner, and may be collected in the same manner provided for the collection of assessments in Article X of the Declaration. The Board also shall have the authority to suspend an Owner's right to vote, or to use the Common Area, for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Unit. In the event that any occupant of the Unit violates the Declaration, By-Laws or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws or any rule or regulation shall not be deemed a waiver of the right, of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors or the Covenants Committee, if any, may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(c) Appeal. Following a hearing before the Covenants Committee, if any, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of

parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2 Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3 Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 5. Resignation. Any officer may resign at any time given written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V

Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the provisions in the Declaration, these By-Laws and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article III, Section 22 of these By-Laws.

Article VI Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Tennessee law, the Articles of Incorporation, the Declaration or these By-Laws.

Section 3. Conflicts. If there are conflicts between the provisions of Tennessee law, the Articles of Incorporation, the Declaration and these By-Laws, the provisions of Tennessee law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account and minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

and (ii) hours and days of the week when such an inspection may be made;

(iii) payment of the cost of reproducing copies of the documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing, and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) If to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member; or

(b) If to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first Unit, Declarant may unilaterally amend these By-Laws. After such conveyance, the Declarant may unilaterally amend these By-Laws so long as it has the unilateral right to annex property in "THE VILLAS AT CLOISTER, PHASE II" to the Declaration for development as part of the Properties and so long as the amendment has no material adverse effect upon any right of any Owner; thereafter and otherwise, these By-laws may be amended only by the affirmative vote (in person or by proxy) or written consent, or any combination thereof, of Class "A" Members representing sixty-seven (67%) percent of the total votes of the Association, and the written approval of the Class "B" Member, so long as the Class "B" membership exists. So long as the Class "B" membership exists, any amendment to these By-Laws shall also require the written consent of the U.S. Veteran administration ("VA") if the VA has guaranteed the Mortgage on any Unit. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall be effective until recorded in the public records of Rutherford County, Tennessee.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of The Cloister Homeowners' Association, Inc., a Tennessee non-profit Corporation.

That the foregoing By-Laws constitutes the original By-Laws of said association, as duly adopted at a meeting of the Board of Directors thereof held on the _____ day of _____, 2015.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this the _____ day of _____, 2015.

LARRY K. TOLBERT, Secretary, pro tem