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This instrument prepared by:
John M. Jordan, Attorney
4235 Hillsboro Road
Nashville, Tennessee 37215

IDENTIFICATION REFERENCE

Aug 6 | 14 PM '85

FELIX Z. WILSON II REGISTER
DAVIDSON COUNTY, TN

MASTER DEED
FOR
HERMITAGE VILLA CONDOMINIUMS

BOOK 5623 PAGE 595

THIS MASTER DEED, made and entered into by Hillsboro Property Managment Company, Inc., a Tennessee corporation, for convenience hereinafter referred to as the "Developer";

W I T N E S S E T H

WHEREAS, the Developer is the beneficial title holder of real estate located at 4202-4289 Lebanon Road, in the city of Hermitage, County of Davidson, and State of Tennessee, and being more particularly described as Exhibit "A" hereto and referred to as the "Parcel".

WHEREAS, the Developer intends to and does hereby submit the above-referenced Parcel of real estate together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anywise pertaining thereto (hereinafter called the "Property") to the provisions of the Horizontal Property Act of the State of Tennessee; and

WHEREAS, the Developer further desires to establish for its own benefit and for the mutual benefit of all future owners or occupants of the Property or any part thereof, and intends that all future owners or occupants of the Property or any part thereof, and intends that all future owners, occupants, mortgagees, and any other persons hereinafter acquiring any interest in the Property shall hold said interest subject to certain rights, easements and privileges in, over and upon said premises and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof, hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the co-operative aspects of residence on the Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property;

NOW, THEREFORE, the Developer, as the legal title holder of the real estate hereinbefore described, and for the purposes above set forth, declares as follows:

1. Definitions. As used herein, unless the context otherwise requires:

(a) "Act" means the "Horizontal Property Act" of the State of Tennessee.

(b) "Association" means The Hermitage Villa Condominiums Homeowners' Association.

(c) "Board" means the Board of Directors of The Hermitage Villa Condominiums Homeowners' Association.

(d) "Building" means the building or buildings located on the Parcel and forming part of the Property and containing the Units. The "Building" is delineated on the Plat of Hermitage Villa condominiums which is attached hereto as Exhibit B. When more than one building is shown on the Plat (or an amended plat, or by incremental development), then the word "Building" shall be used in the plural context.

(e) "By-Laws" means the By-Laws of The Hermitage Villa Condominiums Homeowners' Association, attached hereto as Exhibit D and made a part hereof, as amended from time to time. For purposes of the Act, all provisions contained in the body of this Master Deed dealing with the administration and maintenance of the Property shall be deemed to be a part of the By-Laws.

(f) "Common Elements" means all of the Property except for the Units, and, without limiting the generality of the foregoing, shall include those items defined as "General Common Elements" in the Act, including the following:

(1) The Parcel;

(2) All foundations, bearing walls and columns, roofs, halls, lobbies, stairways, and entrances and exits or communication ways;

(3) Crawl space and roofs, except as otherwise herein provided or stipulated;

(4) All garbage collection units and, in general, all other devices or installations existing for common use;

(5) Pipes, ducts, electrical wiring and conduits (except pipes, ducts, electrical wiring and conduits situated entirely within a Unit and serving only such Unit); and

(6) All limited common areas as defined herein.

(7) All other elements of the Building desirable or rationally of common use or necessary to the existence upkeep and safety of the condominium regime established by this Master Deed.

(g) "Developer" means Hillsboro Property Management, a Tennessee corporation, its successors and assigns, provided such successors or assigns are designated in writing by Developer as a successor or assign of the rights of Developer set forth herein.

(h) "Limited Common Elements" means all Common Elements contiguous to and serving exclusively a single Unit or one or more adjoining Units as an inseparable appurtenance thereto, the enjoyment, benefit or use of which is reserved to the lawful Occupants of such Unit or Units either in this Master Deed, on Exhibit B or by the Board. Said Limited Common Elements shall include such fixtures and equipment located within or adjacent to a Unit and serving only such Unit or Units, and any portions of the perimeter walls, concrete walks, doors, windows, and entryways, and all associated fixtures and structures therein, as lie outside the Unit Boundaries.

(i) "Majority" or "majority of the Unit Owners" means the owners of more than fifty percent (50%) of the undivided ownership of the Common Elements. Any specific percentage of Unit Owners means that percentage of Unit Owners who in the aggregate own such specified percentage of the entire undivided ownership of the Common Elements.

(j) "Master Deed" means this instrument, by which the Property is submitted to the provisions of the Act, as hereinafter provided, and such Master Deed as amended from time to time.

(k) "Occupant" means a person or persons in possession of a Unit, regardless of whether said person is a Unit Owner.

(l) "Parcel" means the parcel or tract of real estate described above in this Master Deed, submitted to the provisions of the Act.

(m) "Person" means a natural individual, corporation, partnership, trustee or other legal entity capable of holding title to real property.

(n) "Plat" means the plat of survey of the Parcel of record, submitted to the provisions of the Act. The plat shows the number of each Unit, expressing its area, location and other data necessary for identification, a copy of said Plat is attached hereto as Exhibit "B". Developer reserves the right to declare and establish Limited Common Elements and amend obvious errors and other errors on the Plat without joinder of any Unit Owner. No dedication to the public is intended by the recording of this Plat.

(o) "Property" means all the land, property and space comprising the Parcel, and all improvements and structures erected, constructed or contained therein or thereon, including the Building and all easements, rights and appurtances belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners, submitted to the provisions of the Act.

(p) "Record or Recording" refers to the record or recording in the office of the Register of Deeds in Davidson County, Tennessee.

(q) "Unit" means an enclosed space consisting of one or more rooms occupying all or part of a floor or floors in the Building, which enclosed space is not owned in common with the Unit Owners of other Units. Each Unit is numbered as shown on the Plat, and the boundaries of each Unit shall be and are the interior surfaces of its perimeter walls, floor and ceilings, and a Unit includes both the portion of the Building so described and the air space so encompassed, excepting Common Elements. A floor plan of the units is attached hereto as exhibit C. Any Unit may be jointly or commonly owned by more than one Person. It is intended that the term "Unit" as used in this Master Deed shall have the same meaning as the term "Apartment" as used in the Act.

(r) "Unit Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Unit and of the undivided interest in the Common Elements appurtenant thereto and shall be deemed the same as a "co-owner" under the Act. Unless specifically provided otherwise herein, the Developer shall be deemed a Unit Owner so long as it is the legal title holder of any Unit. No person or persons who hold an interest in a Unit solely for the purpose of securing an obligation shall be deemed to be a Unit Owner hereunder.

2. Submission of Property to the Act. The Developer expressly intends to, and by recording this Master Deed does hereby, submit and subject the Parcel and the Property to the provisions of the Horizontal Property Act of the State of Tennessee.

3. Plat. The Plat, whether recorded now or incrementally, shall set forth the numbers, areas, locations and other data, as required by the Act.

4. Units. The legal description of each Unit shall consist of the identifying number or symbol of such Unit as shown on the Plat. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe a Unit by its identifying number or symbol as shown on the plat and every such description shall be deemed good and sufficient for all purposes, as provided in the Act. Except as provided by the Act, no Unit Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause his Unit to be separated into any tracts or parcels different from the whole Unit as shown on the Plat.

5. Property To Be Sold In Phases. The condominium units are to be sold in five phases. The area of each phase and the units in each phase are described in Exhibit B. The developer will sell units to phases in numerical order according to the following format:

Developer will sell not less than one half of the units of Phase One. As soon as those units are sold, the Developer may start selling units in Phase Two. From that time on, as soon as one half (1/2) of the total number of units in any phase is sold, the developer may commence selling units in the next phase.

These five phases will be distinct phases for purposes of Veterans

Administation and Fair Housing Administration and Tennessee Housing Development Agency condominium approavl. Right and responsibilities of unit owners, however, will be identical regardless of which phase of the Property they own.

6. (a) Association of Unit Owners and Administration and Operation of the Property. There has been or will be formed an Association having the name "THE HERMITAGE VILLA CONDOMINIUMS HOMEOWNERS' ASSOCIATION", a Tennessee corporation, which Association shall be the governing body for all of the Unit Owners, for the maintenance, repair, replacement, administration and operation of the Property, as provided in the Act, this Master Deed and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to the Master Deed as Exhibit D and made a part hereof. The Board of Directors of the Association shall serve in accordance with the provisions of the By-Laws. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions of the Master Deed and By-Laws. Each Unit Owner shall be a member of the Association so long as he is a Unit Owner. A Unit Owner's membership shall automatically terminate when he ceases to be a Unit Owner. Upon the conveyance or tranfer of a Unit Owner's ownership interest to a new Unit Owner, the new Unit Owner shall simultaneously succeed to the former Unit Owner's membership in the Association. The aggregate number of votes for all members of the Association shall be NINETY SIX (96) which is equal to the number of units which have been subjected to the regime by Plat or amended Plat by the Developer, and each Unit Owner shall be entitled to one voter per Unit owned. Each Unit Owner's respective percentage of ownership interests in the Common Elements shall be 1.042% which is the result of a fraction, the numerator being the number of Units owned by that Unit Owner and the denominator being the number of Units subjected to this regime.

(b) Management of Property. The Board shall have the authority to engage the services of an agent (herein sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Property, or any part thereof, to the extent deemed advisable by the Board, subject to the provisions of subparagraph (c) below. The cost of such services shall be a common expense, as defined in Paragraph 10, below.

(c) Initial Management Contract. The First Board, appointed as provided herein, shall ratify and approve the Management Agreement between the Developer, on behalf of the Association, and a management corporation, which may be a corporation related to the Developer or may be the Developer, to act as Managing Agent for the Property for a term commencing on the date this Master Deed is recorded, which ratification and approval shall be subject to the By-Laws of the Association. Such Management Contract shall be cancellable upon 30 days' notice for good cause and upon 90 days notice for any reason.

(d) Use by Developer. During the period of sale by the Developer of any Units, the Developer, and said Developer's agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from said Units. While the Developer owns any of the Units and until each unit sold by it is occupied by the purchasers, the Developer and its employees may use and show one or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

(e) Non-Liability of the Directors, Board, Officers, and Developer. Neither the directors, Board, officers of the Association, nor the Developer shall be personally liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever such as directors, Board, officers, or Developer, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The Unit Owners shall indemnify and hold harmless each of the directors, Board, officers, or Developer, and their respective heirs, executors, administrators, successors and assigns in accordance with the By-Laws.

7. Board's Determination Binding. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions of interpretation or application of the provisions of the Master Deed or By-Laws, the determination thereof by the Board shall be final and binding on each and all such Unit Owners.

8. Ownership of the Common Elements. Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements allocated to the respective Unit owned by such Unit Owner, as set out in Paragraph 6(a) hereof. The percentages of ownership interests shall remain constant unless hereafter changed by recorded amendment to this Master Deed consented to in writing by the Unit Owners, in accordance with Paragraph 21 below, except for obvious scrivener's mistakes, which Developer may correct without joinder of others. Said ownership interest in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners in common in accordance with their respective percentages of ownership. the ownership of each Unit shall not be conveyed separate from the percentage of ownership in the Common Elements corresponding to said Unit. The undivided percentage of ownership in the Common Elements corresponding to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering said Unit may refer only to the fee title to that Unit.

9. Use of the Common Elements. Each Unit owner shall have the right to use the common Elements (except the Limited Common Elements and portions of the Property subject to leases made by or assigned to the Board) in common with all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements shall extend to not only each Unit Owner, but also to his agents, servants, tenants, family members, customers, invitees and licensees. However, each Unit Owner shall have the right to the

exclusive use and possession of the Limited common Elements contiguous to and servicing such Unit alone. Such rights to use the Common Elements, including the Limited Common Elements, shall be subject to and governed by the provisions of the Act, Master Deed, By-Laws and rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of the Master Deed and By-Laws. All income derived by the Association from leases, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

10. Storage Areas; Parking Rules. Storage areas shall be Limited Common Elements to those Units to which they are assigned originally by the Developer by Unit Deed, and shall be used by the Unit Owner of such Limited Common Element in such manner and subject to such rules and regulations as the Board may prescribe. No storage areas may be conveyed separate from the Unit to which it is originally allocated as a Limited Common Element.

Parking spaces shall be part of the Common Elements, and may be allocated and reallocated, from time to time, to the respective Unit Owners, and shall be used by such Unit Owners in such manner and subject to such rules and regulations as the Board may prescribe.

11. (a) Common Expenses. Each Unit Owner, including the Developer, shall pay his proportionate share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in the conformance with the Master Deed and By-Laws (which expenses are herein sometimes referred to as "common expenses"), including, but not limited to, the maintenance and repair thereof and any and all replacements and additions thereto. Except for its responsibilities as a Unit Owner, as provided herein, Developer shall not have any responsibility for the maintenance, repair or replacement of any part of the Common Elements after the date this Master Deed is recorded. Such proportionate share of the common expenses for each Unit Owner shall be in accordance with his percentage of ownership in the Common Elements. Payment of common expenses, including any prepayment thereof required by contract for a sale of a Unit, shall be in such amounts and at such times as determined in the manner provided in the By-Laws. No Unit Owner shall be exempt from payment of his proportionate share of the common expenses by waiver or non use or enjoyment of the Common or Limited Common Elements or by abandonment of his Unit. If any Unit Owner shall fail or refuse to make any such payment of the common expenses when due, the amount thereof together with interest thereon at the rate of 18% per annum, or such greater percentage as may then be permitted under the law of the State of Tennessee, after said common expenses become due and payable, shall constitute a lien on the interest of such Unit Owner in the Property as provided in the Act.

(b) Enforcement of Lien. FOR AND IN CONSIDERATION of the privileges, protections, mutual enjoyment and use of the common Elements and the premises contained herein, the receipt of which is hereby acknowledged and any assumption of the obligations by transferees as

required hereunder, and to secure the payment of said Common Expenses, principal, interest, and attorney fees, a lien is expressly retained by the Association on each and every Unit Owner's Unit and prorata interest in the Common Elements (referred to in this subparagraph 11(b) as "property").

And now, for the purpose of better and more effectually securing the payment of said lien indebtedness; rendering unnecessary court proceedings for the enforcement of said lien in the event of the non-payment of said indebtedness and payments thereof, as they become due, and for the consideration of one dollar paid in cash, receipt of which is acknowledged, the said Unit Owners, their heirs, administrators, and assigns, hereinafter referred to as trustors, hereby transfer and convey unto John M. Jordan, Trustee, his successors and assigns, the real estate hereinbefore described, with the appurtenances, estate, title and interest thereto belonging upon the following uses and trusts:

Trustors agree to pay their prorata share of Common Expenses when due and further agree to pay all taxes and assessments thereon, general or special, and to pay them when due, and, upon demand of said trustee or the lawful owner and holder of said indebtedness, to pay, discharge, or remove, any and all liens (except a First Mortgage or Deed of Trust) which may be hereafter placed against said property and which shall adversely affect the lien of this instrument or enforcement of said property in good repair and preservation, and in case the trustee or his successors or the lawful owner and holder of said indebtedness shall hereafter be required to appear in any court or tribunal to enforce, or defend the title to, or possession of, said property, or the lien of this instrument, or appear in any court to prove the above indebtedness, all the costs and expenses of such appearance or proceedings, together with a reasonable attorney's fee, shall be allowed, and be payable by trustors upon demand of the trustee or lawful owner or holder of said indebtedness, and, upon failure to do any of these things, then said trustee, or the lawful owner and holder of said indebtedness may do any or all of these things and the amounts so paid shall bear interest at the rate of 18% per annum, or at the then highest contract rate of interest then legally collectible in Tennessee from the date of payment and shall be and become a part of the indebtedness secured hereby.

Now, if trustors shall pay their prorata share of Common Expenses aforesaid when due, and pay any and all sums when due, as aforesaid, then this trust conveyance shall be of no further force or effect. But if said indebtedness, or any payment thereof, or interest thereon, is not paid promptly when due, or if, failing to pay said other sums when due, as herein provided, trustors fail to reimburse the trustee, or lawful owner and holder of said indebtedness for all sums, with interest, so expended by said trustee, or lawful owner and holder of said indebtedness, within thirty days from date of such payment, this trust conveyance shall remain in full force and effect, and the said trustee, or his successor in trust,

is hereby authorized and empowered, upon giving twenty days' notice by three publications in any newspaper, daily or weekly, published in Davidson County, Tennessee, to sell said property at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from the equity of redemption, exemptions of every kind, which are hereby expressly waived; and the said trustee, or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser. The Association may bid at any sale under this trust conveyance. The Trustee may, at any time after default in the payment of any of said indebtedness, enter and take possession of said property, and shall only account for the net rents actually received by him. It is further agreed that, in the event the trustee fails, before selling said property, as herein provided, to enter and take possession thereof, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the trustee of a deed for said property. In case of sale hereunder, the proceeds will be applied by the trustee as follows:

1st. To the full and complete satisfaction of the interest of the first mortgage holder, unless arrangements have been made for the assumption of the first mortgage by the subsequent purchaser.

2nd. To the payment of all costs, charges and expenses of executing this conveyance and enforcing said lien as herein provided; also reasonable attorney's fees for advice in the premises, or for instituting or defending any litigation which may arise on account of the execution of this conveyance, or the enforcement of said lien; also the expenses of any such litigation.

3rd. To the payment of all taxes which may be unpaid on said premises.

4th. To the payment of all unpaid indebtedness herein secured, and any and all sums expended in the protection of said property, as herein authorized.

5th. The residue, if any, will be paid to trustors, their order, representatives or assigns.

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

The word "Trustors" when used herein shall apply to

parties both singular and plural.

This transfer and conveyance, and the lien for common expenses payable by a Unit Owner which is secured by the transfer and conveyance shall both be subordinate to the lien of a recorded First Mortgage or Deed of Trust on the interest of such Unit Owner, regardless of whether the First Mortgage or Deed of Trust was recorded before or after this instrument, except for the amount of the proportionate share of common expenses which become due and payable from and after the date on which the Mortgagee or Beneficiary accepts a conveyance of any interest therein (other than as security) or forecloses its Mortgage or Deed of Trust. While the lien for assessments may be extinguished, the personal indebtedness therefor shall remain and be the personal obligation of the Unit Owner who owned the Unit when the assessment came due. Any delinquent assessments (after lien extinguishment) may be reallocated and assessed among all Units as a common expense. This subparagraph (c) shall not be amended, changed, modified or rescinded without the prior written consent of all First Mortgages and Beneficiaries of record.

12. Mortgages and Deeds of Trust. Each Unit Owner shall have the right, subject to the provisions herein, to make separate mortgages and deeds of trust for his respective Unit together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to make or create, or cause to be made or created from the date hereof, any mortgage, deed of trust or other lien on or affecting the Property or any part thereof, except only to the extent of his own Unit and the respective percentage interest in the Common Elements corresponding thereto.

13. Separate Real Estate Taxes. Real estate taxes shall be separately taxed to each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Elements, as provided in the Act. In the event that such taxes for any year are not separately taxed to each Unit Owner, but rather are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective percentage of ownership interest in the Common Elements, and, in said event, such taxes shall be a common expense.

14. Insurance. The Board shall have the authority to and shall obtain insurance for the property, exclusive of the additions within, improvements to and decorating of the Units or Limited Common Elements by the Unit Owners, against loss or damage by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements and the Units, and against such other hazards and for such amounts as the Board may deem advisable. Insurance replacement cost shall be deemed the cost of restoring the Common Elements, Units or any part thereof to substantially the same condition in which they existed prior to damage or destruction. Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Board of the Association, as the trustee for each of the Unit Owners in direct ratio to said Unit Owner's respective percentage of ownership in the Common Elements, as set forth in the Master Deed, and for the holders of mortgages on his Unit, if any. The policy of insurance

should also contain, if possible, a waiver of subrogation rights by the insurer against individual Unit Owners. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Unit Owners, premiums for such insurance shall be separately billed to each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Elements.

In the event of damage to or destruction of any Building as a result of fire or other casualty covered by Insurance proceeds (unless more than two thirds (2/3) of any Building requires reconstruction) the Board shall, in its sole and absolute discretion, determine, and without intervention of any Unit Owner arrange for the prompt repair and restoration of the damaged portions of all Units, Buildings and Common Elements substantially in accordance with the original plans and specifications therefor. Where the insurance indemnity is insufficient to cover the cost of such repairs and restoration, the deficit shall be paid by all Unit Owners directly affected the the damage, in a fair proportion deemed by the Board in its absolute discretion. In its absolute discretion, the Board shall determine which Unit Owners are "directly affected" by the casualty, as long as its determination bears a reasonable relation to actual events. The Board shall not be responsible for the repair, replacement or restoration of any improvements, betterments, wall, ceiling or floor decorations or covering or furniture, furnishings, fixtures, appliances or equipment installed in the Unit by a Unit Owner or Occupant unless insurance therefor is specifically provided for in the insurance policy obtained by the Board.

Reconstruction shall not be compulsary where the whole or more than two thirds (2/3) of all Buildings, and/or Common Elements are destroyed or damaged by fire or other casualty, as determined by the Board. In such case, and unless otherwise unanimously agreed upon by the Unit Owners, the insurance proceeds shall be delivered to the Unit Owners or their Mortgagees, as their interests may appear, in proportion to the percentage interest of each Unit Owner in the Common Elements; and the Board, as soon as reasonably possible and as agent for the Unit Owners, shall sell the Property, in its then condition, free from the effect of this Master Deed, which shall terminate upon such sale, on terms satisfactory to the Board, and the net proceeds of such sale, and the net proceeds of all insurance policies shall thereupon be distributed to the Unit Owners or their Mortgagees, as their interest may appear, in proportion to the percentage interest of each Unit Owner in the Common Elements. If the Board fails to consummate a sale pursuant to this paragraph within twenty four (24) months after the destruction or damage occurs, then the Managing Agent, or the Board shall, or if they do not, any Unit Owner or Mortgagee may, record a sworn declaration setting forth such decision and reciting that under the provisions of this Master Deed the prohibition against judicial partition provided for in this Master Deed has terminated and that judicial partition of the Property may be obtained pursuant to the laws of the State of Tennessee. Upon final judgment of a court of competent jurisdiction decreeing such partition, this Declaration shall terminate.

Reconstruction also shall not be compulsory where the whole or more than two thirds (2/3) of any single Building is destroyed as

determined by the board. In such case, and unless otherwise unanimously agreed upon by the Unit Owners and first mortgagees affected, the net proceeds of insurance policies shall be divided among all the Unit Owners and first mortgagees affected by the casualty in proportion to their respective interests as determined in the sole discretion of the Board after paying from the share of each affected Unit Owner or first mortgagee, as their interest may appear, the just amount of any unpaid liens on his Unit, in the order of priority of such liens. Provided, however, that no such disbursement of the aforesaid insurance proceeds to any Unit Owner shall occur, unless simultaneously with such disbursement each affected Unit Owner delivers to the Board a recordable deed quitclaiming his interest in his Unit or affected portion thereof to the Board (as trustee for the remaining Unit Owners) and also delivers to the Board a recordable release of any liens on his Unit or affected portion thereof. Upon the recording of the aforesaid deeds and releases each such Unit or affected portion thereof shall be deemed thereafter to be Common Elements. Upon the withdrawal of any Unit or portion thereof, the percentage of interest in the Common Elements appurtenant to such Unit or portion thereof shall be reallocated among the remaining Units on the basis of the percentage of interest of each remaining Unit. If only a portion of a Unit is withdrawn, the percentage of interest appurtenant to that Unit shall be reduced accordingly, as determined by the Board. After the Board has effected any such withdrawal, the responsibility for the payment of future assessments for any such withdrawn Unit or portion thereof shall cease.

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

The Association shall have a duty to maintain in effect casualty and liability insurance and fidelity bond coverage, as specified in Sections 501 through 504 of the FNMA Conventional Home Mortgage Selling Contract Lending Guide (herein referred to as the "FNMA Lending Guide") as it may be amended from time to time. The casualty and liability requirements are more fully described in Paragraph 16 hereof.

The Board shall also have authority to and shall obtain comprehensive public liability insurance, in such amounts as it deems desirable, and workmen's compensation insurance and other liability insurance as it deems desirable, insuring each Unit Owner, mortgagee of record, if any, the Association, its officers, directors, Board and employees, the Developer, and the Managing Agent, if any, from liability in connection with the Common Elements. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Unit Owners, premiums for such insurance shall be separately billed to each Unit Owner for his corresponding percentage of ownership in the Common Elements. The Board shall retain in safe-keeping any such public liability policy for fifteen (15) years after the expiration date of the policy.

The Board shall also have authority to and may obtain such insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officer of the Association, and member of any committee appointed pursuant to the By-Laws of the Association from liability arising from the fact that said person is or was director or officer of the Association, or a member of such a committee. The premiums for such insurance shall be a common expense.

Each Unit Owner shall be responsible for obtaining his own insurance on the contents of his own Unit and the Limited Common Elements serving his Unit, as well as his additions and improvements thereto, decorating, furnishings, fixtures, and personal property therein, and personal property stored elsewhere on the Property. In addition, in the event a Unit Owner desires to insure against his personal liability and loss or damage by fire or other hazards above and beyond the extent that his liability, loss or damage is covered by the liability insurance and insurance against loss or damage by fire and such other hazards obtained by the Board for all of the Unit Owners as part of the common expenses, as above provided, said Unit Owner may, at his option and expense, obtain additional insurance.

15. Hazard Insurance. The Association shall maintain hazard insurance of at least the following requirements until the Federal National Mortgage Association amends Sections 501 through 504 of the FNMA Lending Guide at which time the amended insurance limits shall be required:

A. Required Coverage. The hazard insurance policy shall protect against at least the following:

1) loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement; and

2) all other perils customarily covered for similar types of projects, including those covered by the standard "all risk" endorsement.

B. Master (or blanket) policy. The Association shall maintain a "master" or "blanket" type of insurance policy, with premiums being paid as a common expense. The policy shall cover all of the general and limited common elements that are normally included in coverage, including fixtures and building service equipment and common personal property and supplies belonging to the owners' association.

The policy shall also cover fixtures, equipment and other personal property inside individual units, whether or not the property is part of the common elements.

C. Amount of Insurance. Insurance should cover 100% of the current replacement cost of the project facilities, including the individual units in a condominium project. Coverage, however, does not need to include land, foundations, excavations or other items that are

usually excluded from insurance coverage.

D. Special Endorsements. The insurance shall have the following special endorsements:

1) Agreed Amount and Inflation Guard Endorsement, when it can be obtained;

2) Construction code endorsements, if there is a construction code provision that requires changes to undamaged portions of the buildings even when only part of the project is destroyed by an insured hazard. Typical endorsements include Demolition Cost Endorsements, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement; and

3) Steam Boiler Coverage Endorsement, providing at least $50,000 coverage for each accident at each location.

In addition, the policy for the project shall provide that:

1) any Insurance Trust Agreement shall be recognized;

2) the right of subrogation against unit owners will be waived;

3) the insurance shall not be prejudiced by any acts or omissions of individual unit owners that are not under the control of the owners' association; and

4) the policy shall be primary, even if a unit owner has other insurance that covers the same loss.

D. Named Insured. The insurance shall show the following as the named insured:

"Association of the Owners of the Hermitage Villa Condominium, for the use and benefit of the individual owners."

The "loss payable" clause shall show the Association or the insurance trustee as a trustee for each unit owner and the holder of each unit's mortgage.

The policy shall also contain the standard mortgage clause and must name as mortgagee either FNMA or the servicers for the mortgages.

F. Notices of Changes or Cancellation. The insurance policy shall require the insurer to notify in writing the owners' association or insurance trustee and each first mortgage holder named in the mortgage clause at least ten (10) days before it cancels or substan-

tially changes a condominium project's coverage.

G. Flood Insurance. If any part of the project is in a special flood hazard area - as defined by the Federal Emergency Management Agency - the owners' association shall maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy shall cover the buildings and any other property located within the designated hazard area.

The amount of insurance should be at least equal to the lesser of

1) 100% of the current replacement cost of all buildings and other insurable property located in the flood hazard area; or

2) the maximum coverage available for the property under the National Flood Insurance Program.

H. Liability Insurance. The Association shall maintain a comprehensive general liability insurance policy covering all common areas, public ways and any other areas that are under its supervision. The insurance shall also cover commercial spaces that are owned by the owners' association, even if they are leased to others. The policy shall provide coverage of at least $1,000,000 for bodily injury and property damage for any single occurrence.

The liability insurance shall provide coverage for

1) bodily injury and property damage that results from the operation, maintenance or use of the project's common areas; and

2) any legal liability that results from law suits related to employment contracts in which the owners' association is a party.

The policy shall provide for at least ten (10) days' written notice to the Association before the insurer can cancel or substantially modify it. Similar notice must also be given to each holder of a first mortgage on an individual unit in the project.

I. Fidelity Bonds. The Association shall have blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the owners' association, whether or not they receive compensation for their services.

Except for fidelity bonds that a management agent obtains for its personnel, all other bonds shall name the Association as an obligee and shall have their premiums paid as a common expense by the Association.

The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage

shall at least equal the sum of three (3) months assessments on all units in the project, plus the Association's reserve funds.

The bonds shall include a provision that calls for ten (10) days' written notice to the Association or insurance trustee before the bond can be cancelled or substantially modified for any reason. The same notice shall also be given to each servicer that services a FNMA -owned mortgage in the project.

16. Maintenance, Repairs and Replacements. Each Unit Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within his own Unit or exclusively serving his own Unit or the Board may cause the same to be done at the expense of the Unit Owner. Maintenance of, repairs to and replacements within the Common Elements, except those referred to in the preceding sentence, shall be the responsibility of and shall be furnished by the Association. The cost of maintenance of, repairs to and replacements within the Common Elements shall be part of the common expenses, subject to the By-Laws, rules and regulations of the Association. The expenses for maintenance, repair or replacement of a Unit's Limited Common Elements may be assessed in whole or in part to Unit Owners benefitted thereby, and, further, at the discretion of the Board, the Board may direct Unit Owners who stand to be benefitted by such maintenance of, repairs to and replacement within the Limited Common Elements to arrange for such maintenance, repairs and replacement in the name and for the account of such benefitted Unit Owners, pay the cost thereof with their own funds, and procure and deliver to the Board such indemnities, lien waivers and contractor's and subcontractor's sworn statements as may be required to protect the Property from all furnishers', mechanics' or materialmen's lien claims that may arise therefrom.

If, due to the act or neglect of a Unit Owner, or of his agent, servant, tenant, family member, invitee, licensee or household pet, damage shall be cause to the Common Elements or to a Unit or Units owned by others, or maintenance, repair and replacement are required which would otherwise be a common expense, then such Unit Owner shall pay for such damage or such maintenance, repair and replacements, as may be determined by the Association, to the extent not covered by the Association's insurance or sufficient proceeds are not collected from the insurance carrier.

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

17. Alterations, Additions or Improvements. Except as provid-

ed in Paragraph 20 herein, no alteration of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without prior written approval of the Board. The Board may authorize and charge as common expenses alterations, additions and improvements of the Common Elements as provided in the By-Laws. No Unit Owner may make alterations, additions or improvements within the Unit of the Unit Owner without the prior written approval of the Board, and such Unit Owner shall be responsible for any damage to other Units, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions or improvements.

18. Decorating. Each Unit Owner, at his own expense, shall furnish and be responsible for all decorating within his own Unit and Limited Common Elements serving his Unit, as may be required from time to time, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting and other interior furnishings and fixtures. Drapes shall be lined to the satisfaction of the Board. Each Unit Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floor and ceilings of his Unit, and such Unit Owner shall maintain said interior surfaces in good condition at his sole expense, as may be required from time to time. Said maintenance and use of interior surfaces shall be subject to the rules and regulations of the Association, but each such Unit Owner shall have the right to decorate such interior surfaces from time to time as he may see fit and at his sole expense. Decorating of the Common Elements (other than interior surfaces within the Units as above provided and other than of Limited Common Elements) and any redecorating of Units, to the extent such redecorating of Units is made necessary by damage to Units caused by maintenance, repair or replacement of the Common Elements by the Association, shall be furnished by the Association as part of the common expenses. All windows forming part of a perimeter wall of a Unit shall be cleaned and washed at the expense of the Unit Owner of that Unit.

19. Encroachments. If any portions of the Common Elements shall actually encroach upon any Unit, or if any Unit shall actually encroach upon any portions of the common Elements, or if any Unit shall actually encroach upon another Unit, as the Common Elements and Units are shown by the Plat, there shall be deemed to be mutual easements in favor of the owners of the Common Elements and the respective Unit Owners involved, to the extent of such encroachments, so long as the same shall exist.

20. Transfer of a Unit--Notice to Association.

A. Unrestricted Transfers. A Unit Owner may, without restriction under this Master Deed, sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person.

B. Limit on Term of Lease. No Unit, or interest therein, shall be leased by a Unit Owner except for a minimum term to be set by the Board and for no more than two (2) years. A copy of every such lease, as and when executed, shall be furnished to

the Board. The lessee under every such lease shall be bound by and subject to all of the obligations, under the Master Deed and By-Laws, of the Unit Owner making such lease and the lease shall expressly so provide. The Unit Owner making such lease shall not be relieved thereby from any of said obligations. The Board shall be a third party beneficiary of any such Lease and shall have the power to enforce its terms and conditions for the Association's benefit. The Board may establish a standard lease form, the terms of which shall be a prerequisite to the leasing of any Unit and shall be used exclusively by all Unit Owners.

C. Notice to Association of Certain Transfers. Whenever a Unit Owner shall propose to sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person or entity said Unit Owner shall give the Association not less than thirty (30) days prior written notice of the proposed transfer, which notice shall briefly describe the type of transfer proposed by the Unit Owner and shall state the name and address of the proposed transferee. The notice shall also include a copy of the proposed lease, contract for sale or other documents, if any effecting said transfer. The Board shall be furnished a photocopy of the final executed lease and recorded deed.

D. Association's Right to Purchase at a Foreclosure Sale. The Board shall have the power and authority to bid and purchase, for and on behalf of the remaining Unit Owners, any Unit, or interest therein, at a sale pursuant to a deed of trust or mortgage foreclosure, a foreclosure of the lien for common expenses under the Act, or an order or direction of a court, or at any other involuntary sale, upon the consent or approval of the Unit Owners.

E. Financing of Purchase by Association. The Board shall have authority to make such mortgage arrangements and special assessments proportionately among the respective Unit Owners, and other such financing arrangements, as the Board may deem desirable, in order to close and consummate the purchase or lease of a Unit, or interest therein, by the Association. However, no such financing arrangement may be secured by an encumbrance on any interest in the Property other than the Unit, or interest therein, to be purchased or leased, and the percentage interest in the Common Elements appurtenant thereto.

F. Miscellaneous. (a) A transfer or lease of a Unit, or interest therein, by or to the Board, the Developer or the holder of any deed of trust or mortgage (or purchaser at foreclosure) on a Unit which comes into possession of the mortgaged Unit pursuant to remedies provided in such deed of trust or mortgage, pursuant to foreclosure of such deed of trust or mortgage, or pursuant to a deed (or assignment) in lieu of foreclosure of such deed of trust or mortgage, shall not be subject to the provisions of this Paragraph 19. The

provisions of this Paragraph 19 shall in no way impair the rights of a first mortgagee to any of the following:

1. Foreclose or take title to a condominium unit pursuant to the remedies provided in the mortgage, or

2. Accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor, or

3. Sell or lease a unit acquired by the mortgagee.

The Association shall hold title to or lease any Unit, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board, for the sole benefit of all remaining Unit Owners. The Board shall have the authority at any time to sell, lease or sublease said Unit on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit be sold for less than the amount paid by the Association to purchase said Unit unless Unit Owners owning at least fifty (50%) percent of the total ownership of the Common Elements first authorize the sale for such lesser amount.

(b) All notices referred to or required under this Paragraph 20 shall be given in the manner provided in this Master Deed for the giving of notices.

(c) The provisions of this Paragraph 20 with respect to the Association's right shall be and remain in full force and effect until the Property as a whole shall be sold or removed from the provisions of the Act, as provided therein, unless the provisions of this Paragraph 20 are sooner rescinded or amended by the Unit Owners.

(d) The Board may adopt rules and regulations, from time to time, not inconsistent with the provisions of this Paragraph 18, for the purpose of implementing and effectuating said provisions.

(e) If any transfer or lease of a Unit is made or attempted without complying with the provisions of this Paragraph 18, such transfer or lease shall be subject to each and all of the rights of, and remedies and actions available to, the Association hereunder and otherwise.

21. Use and Occupancy Restrictions. Subject to the provisions of the By-Laws, no part of the Property may be used for purposes other than housing and the related common purposes for which the Property was designed and as allowed by municipal zoning laws. Each Unit or any two or more adjoining Units used together shall be used as a residence or such other use permitted by this Master Deed, and for no other purpose.

With the Board's written permission, that part of the Common Elements separating and located between and exclusively serving two or

more adjacent Units used together, (including, without limitation, portions of any hallways and walls) may be altered to afford ingress and egress to and from such Units and to afford privacy to the Occupants of such Units when using such Common Elements, and that part of the Common Elements so altered may be used by the Unit Owner or Owners of such Units as a licensee pursuant to a license agreement with the Association, provided (a) the expense of making such alterations shall be paid in full by the Unit Owners or Owners making such alterations; (b) such Unit Owner or Owners shall pay in full the expense of restoring such Common Elements to their condition prior to such alteration in the event such Units shall cease to be used together, as aforesaid; (c) such alteration shall not interfere with use and enjoyment of the Common Elements (other than the aforesaid part of the Common Elements separating such adjacent Units).

No Unit in the Property may be partitioned or subdivided without amendment hereof and the prior written approval of at least the holder of any first deed of trust or mortgage lien on such Unit.

The Common Elements shall be used only by the Unit Owners and their agents, servants, tenants, family members, customers, invitees and licensees for access, ingress to and egress from the respective Units and for such other purposes incidental to use of the Units; provided, however, the storage areas, attics, and other areas designed for a specific use shall be used for the purposes approved by the Board. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner, and shall be subject to any lease, concession or easement, presently in existence or entered into by the Board at some future time, affecting any part of all of said Common Elements.

22. Remedies. In the event of any violation of the provisions of the Act, Master Deed, By-Laws or rules and regulations of the Board or Association by any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) the Association, or its successors or assigns, or the Board, or its agent, shall have each and all of the rights and remedies which may be provided for in the Act, Master Deed, By-Laws, or said rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Unit Owner and/or others for enforcement of any lien and the appointment of a receiver for the Unit and ownership interest of such Unit OWner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Unit and to sell the same as provided in Paragraph 10(b) and as provided hereinafter in this Paragraph 21, or for any combination of remedies, or for any other relief. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of eighteen (18%) percent per annum, or at the then highest contract rate of interest then legally collectible in Tennessee, shall be charged to and assessed against such defaulting Unit Owner, and shall be added to and deemed part of his respective share of the common expenses, and the Board shall have a lien for all of the

same, as well as for nonpayment of his respective share of the common expenses, upon the Unit and ownership interest in the Common Elements of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or located elsewhere on the Property, provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the interest of such Unit Owner, except for the amount of the interest of such Unit Owner, except for the amount of the proportionate share of said common expenses which become due and payable from and after the date on which the said mortgage or deed of trust owner or holder accepts a conveyance of any interest therein (other than as a security) or forecloses the lien of its mortgage or deed of trust. In the event of any such default by any Unit Owner, the Board and the manager or managing agent, if so authorized by the Board, shall have the authority to correct such default, and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Unit Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. This paragraph shall not be amended, changed, modified or rescinded without the prior consent of all holders of record of mortgage and deed of trust liens against Units in the Building..

The violation of any restriction or condition or regulation adopted by the Board or the breach of any covenant or provisions herein contained, shall give the Board the right, in addition to any other rights provided for in this Master Deed; (a) to enter (either peaceably or forceably without liability to such Unit Owner for such entry) upon the Unit, or any portion of the property upon which, or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provision hereof, and the Board, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession (either peaceably or forceably without liability to such Unit Owner for such entry) of such Unit Owner's interest in the property and to maintain and action for possession of such unit in the manner provided by law.

If any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) shall violate the Act, or any of the covenants or restrictions or provisions of this Master Deed or the regulations adopted by the Board, and if such default or violation shall continue for ten (10) days after notice to the Unit Owner in writing from the Board, or shall occur repeatedly during any ten (10) day period after such written notice or request to cure such violation from the Board, then the Board shall have the power to issue to said defaulting Owner a notice in writing terminating the rights of the said defaulting Owner to continue as a Unit Owner and to continue to occupy, use or control his Unit, and thereupon an action in equity may be filed by the Board against such defaulting Owner for a decree of mandatory injunction against such defaulting Owner or Occupant, or in the alternative, for a decree declaring the termination of said defaulting Owner's right to

occupy, use or control the Unit owned by him on account of said violation, and ordering that all the right, title and interest of said defaulting Owner in the Property shall be sold (subject to the lien of any existing deed of trust or mortgage) at a judicial sale upon such notice and terms as the court shall determine, except that the court shall enjoin and restrain the said defaulting Owner from reacquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to said defaulting Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Unit and the Unit Owner's corresponding percentage of the ownership in the Common Elements, and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall provide, that the purchaser shall take the interest in the Unit Ownership sold subject to this Master Deed. An aggrieved Unit Owner or first mortgagee may bring an action in law or equity to require the enforcement of this Master Deed and the By-Laws by the Board, or may bring an action to enjoin or specifically require a party to perform what is required of him or it hereunder.

As one of its remedies in the event the Board finds that there is excessive noise in one Unit which it characterizes to be a nuisance, the Board may require that walls and/or floors between the unit wherein the excessive noise originates and adjacent Units, be insulated at the sole cost of the Unit Owner of the Unit wherein the excessive noise originates and the cost thereof shall be deemed to be a maintenance expense allocable solely to the Unit Owner of the Unit wherein the excessive noise originates, and shall be assessed against the Unit Owners. The Board may cause such insulation to be installed without the consent of the said Unit Owner and work may be done on or about such Unit wherein the excessive noise has originated, as an easement through and over Common Elements for such purpose.

23. Amendment. Subject to the provisions of Paragraph 31 hereof, the provisions of this Master Deed may be changed, modified or rescinded by an instrument in writing, setting forth such change, modification or rescission, signed by Unit Owners owning not less than sixty seven percent (67%) of the total ownership of Common Elements and acknowledged, provided, however, that all lien holders of record have been notified by certified mail of such change, modification or rescission, and an affidavit by the secretary of the Association certifying to such mailing is made a part of such instrument.

However, if the Act, the Master Deed or the By-Laws require the consent or agreement of all Unit Owners or of all lien holders for any action specified in the Act or in this Master Deed, then any instrument changing, modifying or rescinding any provision of this Master Deed with respect to such action shall be signed by all the Unit Owners or all lien holders or both as required by the Act or this Master Deed. The

change, modification or rescission, whether accomplished under either of the provisions of these paragraphs, shall be effective upon recording of such instrument in the office of the Register of Deeds of Davidson County, Tennessee; provided, however, that no provisions in this Master Deed may be changed, modified or rescinded so as to conflict with the provisions of the Act.

24. Notices. Notices provided for in the Act, Master Deed or By-Laws shall be in writing, and shall be addressed to the Association or Board, or any Unit Owner, as the case may be, at 4201C Sweden Road, Hermitage, Tennessee, or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Unit Owners. Any Unit Owner may designate a different address for notices to him (other than to his or her Unit) by giving written notice to the Association. Notices addressed as above shall be delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof.

Upon written request to the Board, the holder of any recorded mortgage or trust deed encumbering any Unit shall be given a copy of all notices permitted or required by this Master Deed to be given to the Owner or Owners whose Unit is subject to such mortgage or deed of trust.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit estate number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by an owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

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

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

25. Severability. If any provision of the Master Deed or By-Laws, or any section, sentence, clause, phrase, word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Master Deed and the By-Laws and of the application of any such provision, section, sentence, clause, phrase or word in any

other circumstances shall not be affected thereby and the remainder of this Master Deed or the By-Laws shall be construed as if such invalid part was never included therein.

26. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Master Deed 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 survivor of the now living descendants of the Governor of Tennessee, Lamar Alexander.

27. Rights and Obligations. Each Grantee of the Developer, by the acceptance of a deed of conveyance accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Master Deed. All future Unit Owners and Occupants shall be subject to and shall comply with the provisions of this Master Deed. Any restrictions or rules in the By-Laws which are more than administrative in nature such as, but not limited to, reservations and future rights of the Developer are hereby incorporated into and made a part of this Master Deed by reference. All rights, benefit and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner though the provisions of this Master Deed were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

All present and future Unit Owners, tenants and Occupants of a Unit shall be subject to, and shall comply with, the provisions of the By-Laws appended hereto and recorded herewith, pursuant to Tennessee Code Annotated Sect. 66-27-111, as they may be amended from time to time, are assumed, accepted and ratified by such Unit Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease, thereof.

The terms and conditions of the Master Deed, By-Laws and Rules and Regulations may be incorporated by reference in, and become part of, the agreement between any first mortgagee and any present or future Unit Owner who enters into such an agreement with a first mortgagee. When so incorporated, any default in the terms and conditions of the Master Deed, By-Laws and Rules and Regulations may be considered as a default by the first mortgagee, whereupon said first mortgagee, after exercising its option to declare a default, shall then have all of the rights and privileges arising as a result of a default under its agreement with said Unit Owner.

28. Condemnation. In the event of a taking in condemnation or by eminent domain of a part of the Common Elements, the award made for such taking shall be payable to the Board for and on behalf of the Association. If a majority of the Board in their sole and absolute

discretion approve the repair and restoration of such Common Elements the Board shall arrange for the repair and restoration of such Common Elements, and the Board shall disburse the proceeds of such award to the contractors engaged such repair and restoration in appropriate progress payments. In the event that the Board does not approve the repair and commence restoration of such Common Elements within 120 days after taking by the public or private authority, the Board shall disburse the net proceeds of such award on a fair and reasonable basis to the mortgagees directly affected by the condemnation and the balance to the Unit Owners directly affected. The decision of the Board as to fairness and reasonableness shall be binding upon all parties if such decision reasonably relates to the given facts.

If any Unit or portion thereof or the common elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first deed of trust or mortgage on a Unit will be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of any document establishing the Property will entitle the owner of a Unit or other party to priority over such institutional holder with respect to the distribution to such Unit to the proceeds of any award or settlement.

28. Rights Reserved. The Unit Owner's right of enjoyment in the property commonly owned by the Association as herein created shall be subject to:

(a) The right of the Association, as provided in its By-Laws, to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, and for such period as it considers appropriate of any infraction of its published rules and regulations; and

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

(c) The right of the Association to diminish in any way or to dedicate or transfer all or any part of the Common Elements to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the members entitled to vote thereon, provided that no such diminution or dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless the Developer, (its successors or assigns) and members of the Association entitled to case fifty one (51%) percent of the total votes of all classes of members entitled to vote has been recorded, agreeing to such dedication, transfer, purpose or condition; and

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

30. Federal Home Loan Mortgage Corporation Regulations, etc. Notwithstanding anything to the contrary contained in this Master Deed, or in the By-Laws which are attached hereto, all terms, conditions and regulations which are now existing, or which may be amended from time to time, by the Federal Home Loan Mortgage Corporation pertaining to condominiums are hereby incorporated as terms and conditions of the Master Deed and By-Laws and such shall be governing upon the Property, the Developer, and the Association, so long as such terms or conditions are not inconsistent with the laws of the State of Tennessee as found in T.C.A. 66-27-101 et seq., as amended.

Specifically, without limitation upon the foregoing, the following declarations shall be fully effective and controlling over any terms of the Master Deed or By-Laws which are in conflict. Any portions of such Master Deed or By-Laws which are in conflict. Any portions of such Master Deed or By-Laws which are in conflict with this Paragraph 29, or with any portion of Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association regulations pertaining to condominiums, are hereby deleted, such regulations are substituted therefore and to the extent that it is necessary to amend this instrument so that the Seller's Warranties will be deemed to be true (as defined in the Sellers Guide, issued by the Federal Home Loan Mortgage Corporation, Part III, Subsection 3.207), then this instrument and the accompanying By-Laws shall be deemed to be so amended to conform thereto, and so that the legal guidelines and underwriting standards set forth in Sections 401 through 611 of the "FNMA Lending Guide" shall be incorporated herein by reference, and any conflicting provisions herein shall be deemed to be amended to conform thereto, anything herein to the contrary notwithstanding. The following additional rights of mortgagees are itemized as follows:

(a) A first mortgagee under a condominium unit at his request is entitled to written notification from the Association of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under the Master Deed, By-Laws, or any of the condominium documents, which is not cured within thirty (30) days.

(b) Any first mortgagee of a condominium Unit who comes into possession of the Unit pursuant to the remedies provided in the mortgage, deed of trust, foreclosure of the mortgage or deed of trust, or deed in lieu of foreclosure shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit, which accrue prior to the time such holder comes into possession of the Unit (except for claims for a prorata share of such assessments or charges resulting from a prorata reallocation of such assessments or charges to all Units including the mortgaged Unit).

(c) Unless at least seventy five (75%) percent of the first mortgagees (based upon one (1) vote for each mortgage owned) of condominium Units have given their prior written approval, the Association shall not be entitled to:

(i) Change the prorata interest or obligations of any condominium Unit for (a) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (b) determining the prorata share of each Unit in appurtenant real estate and any improvements thereon, which are owned by the Unit Owners in the condominium project in undivided prorata interests ("Common Elements").

(ii) Use hazard insurance proceeds for losses to any condominium property (whether to individual Units or Common Elements) for other than the repair, replacement, or reconstructions of such improvements, except as provided by T.C.A. 66-27-118 (and as it may be amended from time to time) in case of substantial loss to the Units and/or Common Elements to the condominium project.

(iii) Amend the Master Deed, By-Laws or recorded plat in such a manner as to adversely affect the rights or security enjoyed by a first mortgage lien holder.

(d) First mortgagees shall have the right to examine the books and records of the Association and/or the Property; and upon request, be permitted or entitled to receive an annual audited financial statement of the Property within ninety (90) days following the end of any fiscal year of the Property; and written notice of all meetings of the Association and be permitted to designate a representative to attend such meetings.

(e) An adequate reserve fund for the replacement of Common Elements will be established and funded by regular monthly payments rather than by special assessments.

(f) As set forth in T.C.A. 66-27-120 (and as it may be amended from time to time), all taxes, assessments and charges which may become liens prior to the first mortgage under the laws of the State of Tennessee shall relate only to the individual condominium Unit and not to the condominium project as a whole.

(g) No Unit Owner, or any other party shall have priority over any rights of the first mortgagees of condominium Units pursuant to their mortgages in the case of a distribution to condominium Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of condominium Units and/or Common Elements.

(h) Any agreement for professional management of the condominium project or any other contract of the Association, whether it be by the Developer, its successors and assigns, or any other person or entity, may be terminated without penalty on ninety (90) days written notice and the terms of any such contract shall so provide and shall not be of a duration in

excess of three (3) years. This Property shall be managed by professional management at all times.

(i) The Association shall give to the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association or any leading institution servicing such mortgages as acquired by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, notice in writing of any loss to or the taking of, the Common Elements of the condominium project if such loss or taking exceeds Ten Thousand Dollars ($10,000.00). The Association may rely upon the information contained in the book entitled "Mortgages of Units" as must be established pursuant to the By-Laws, for a list of mortgagees to be notified hereby. All first mortgagees shall register with the "Book of Mortgages".

(j) The interest of a first mortgagee in a mortgaged Unit shall be superior to the interests of any other person, group, partnership, corporation or entity of any kind, including any interest the Board, the Developer or any Unit Owner may have in any portion of the premises, regardless of the nature of the interest or the manner in which it is acquired.

(k) Notwithstanding the above, any first mortgagee shall have all of the rights granted to a first mortgage herein, and in addition shall have all of the rights granted to an institutional first mortgagee under its Deed of Trust, and under the Laws of the State of Tennessee.

(l) To the extent that the Federal National Mortgage Association shall have an interest in, or be the owner of, or participate in, any first mortgages or deeds of trust affecting any of the Units, then:

(1) Any lien of the Association resulting from nonpayment of assessments against a unit must be subordinate to the first mortgage or deed of trust lien against that unit.

(2) An adequate reserve fund for replacement of common element components must be established, which must be funded by monthly payments rather than extraordinary special assessments. In addition, there must be a working capital fund for the initial months of operation of the project equal to at least two (2) months' estimated common-area charge for each unit.

(3) The Association shall give the holders of first deeds of trust and mortgages prompt notice of any default in the unit mortgagor's obligations under the condominium documents not cured within thirty (30) days of default.

(4) The holders of first deeds of trust or mortgages shall have the right to examine the books and records of

the Association and to require annual reports and other financial data.

(5) A reasonable method for dealing with any condemnation of the Property shall be provided, specifying written notice to first mortgagees of any such proceedings and not disturbing mortgagee's first lien priority.

(6) The Association shall have the right to maintain existing improvements regardless of any present or future encroachments of the common elements upon another unit.

(7) The unit shall not be subject to any unreasonable restraints on alienation which would adversely affect the title or marketability of the unit, or the ability of the mortgage holder to foreclose its first mortgage lien and thereafter to sell or lease the mortgage unit.

(8) Appropriate fidelity bond coverage must be required for any person or entity handling funds of the Association, including, but not limited to, employees of the professional managers.

30. Developers Rights.

(a) Developer intends to complete the development of the Property in accordance with current plans. Notice is given that Developer reserves the right to subject the whole Property with cross easements and restrict the whole Property according to the terms of this Master Deed and By-Laws; and to satisfy future municipal requirements. The Common Elements of any Units initially covered hereby shall inure to the benefit of the co-owners of any new Units which may become subjected to this regime by amended Plat, and the Common Elements of each new Unit shall inure to the benefit of the co-owners of Units recorded earlier, each to enjoy the Common Elements of the other and to have and to hold the same as if each new Unit had been developed and subjected to this regime simultaneously. All Common Elements shall be jointly maintained and the expenses relative thereto borne in proportion as provided in Section 6(a) of the Master Deed.

(b) The developer reserves the right to modify the Master Deed and By-Laws for a period of up to one (1) year after the date of recording the Master Deed. He may make modifications, however, only to make the Master Deed and By-Laws acceptable to the Veterans Administration or the Fair Housing Administration or to correct typographical or obvious errors. He may make these changes in the Master Deed and By-Laws without joinder of any unit owner.

IN WITNESS WHEREOF, the said Developer has caused its name to be signed to these presents by its duly authorized officials, this 5th day of August, 1985.

BOOK 6623 PAGE 624

HILLSBORO PROPERTY MANAGEMENT, CO. INC.

By: Gary Waller, President
Gary Waller, President

STATE OF TENNESSEE)
)
COUNTY OF DAVIDSON)

Before me, the undersigned, a Notary Public of the State and County aforesaid, personally appeared Gary Waller, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged himself to be president (or other officer authorized to execute the instrument) of the Hillsboro Property Management Co., Inc., the within bargainor, a corporation, and that he as such executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as President.

Witness my hand and seal, at Office in Nashville, Tennessee, this 5th day of August, 1985.

Notary Public

My Commission Expires: 1-19-1988

Legal Description

TRACT I:
Being Lot Nos. 342, 343, and 344 on the Plan of Hermitage Estates, Section II as of record in Book 3700, page 23, Register's Office for Davidson County, Tennessee, to which plan of reference is hereby made for a more complete description.

Being the same property conveyed to A.H. Johnson and wife, Malvin Johnson, by deed from Ridgeway, Inc., as of record in Book 4474, page 261, Register's Office for Davidson County, Tennessee.

TRACT II:
Being Lot Nos. 1 through 45 on the Plan of Hermitage Estates, Section VI as of record in Book 4175, page 156, Register's Office for Davidson County, Tennessee, to which plan of reference is hereby made for a more complete description.

Being the same property conveyed to A.H. Johnson and wife, Malvin Johnson, by deed from Ridgeway, Inc., as of record in Book 4474, page 261, Register's Office for Davidson County, Tennessee.

Included in the above description but partially excluded from this conveyance is the below described two tracts of property which are or will be condemned by the State of Tennessee in order to expand Lebanon Road:

The first tract of land will be owned by the State of Tennessee in fee simple.

Beginning at the point of intersection of the northwest margin of State Route 24 (U.S. 70) and the northeast margin of Sweden Drive; thence with the said northeast margin northwestwardly 5 feet more or less to a point; thence with the proposed right of way on a curve right with 5958.8 radius 289 feet more or less to a point; thence north 38 degrees 07 minutes 17 seconds east 902 feet more or less to a point; thence on a curve right with a 7735.0 radius 185 feet more or less to a point; thence north 39 degrees 29 minutes 32 seconds east 84 feet more or less to a point; thence on a curve left with a 7735.0 radius 160 feet more or less to a point; thence north 38 degrees 18 minutes 01 seconds east 104 feet more or less to a point with the existing margin of Monaco Drive southeastwardly 5 feet more or less to a point; thence with the existing margin of State Route 24 (U.S. 70) southwestwardly 1727 feet to the point of beginning and containing 17,658 square feet and being part of the property conveyed by Ridgeway Incorporated, to A.H. Johnson and wife, Malvin Johnson, of record in Book 4474, page 261, Register's Office for Davidson County, Tennessee.

This Property is located on the northwest side of State Route 24 (U.S. 70) between Sweden Drive and Monaco Drive in Davidson County, Tennessee.

EXHIBIT A
Page 2

The second tract of property will be owned by the Homeowner's Association. The State of Tennessee, however, will have a temporary construction easement. The title to the property described in the temporary construction easement for the use of the State of Tennessee, its contractors or its assigns for a period of three (3) years:

Beginning at a point 48 feet left of station 155+10.12 on the proposed S.R. 24 (U.S. 70) with the meander of the slope northeastwardly 1726 feet more or less to a point; thence southeastwardly 7 feet more or less to a point; thence with the proposed margin of S.R. 24 (U.S. 70) south 28 degrees 18 minutes 01 seconds west 104 feet more or less to a point; thence on a curve left with a 7735.0 radius 160 feet more or less to a point; thence south 39 degrees 29 minutes 32 seconds west 84 feet more or less to a point; thence on a curve left with a 7735.0 radius 185 feet more or less to a point; thence south 38 degrees 07 minutes 17 seconds west 902 feet more or less to a point; thence on a curve left with a 5958.8 radius 289 feet more or less to the point of beginning and containing 15,812 square feet.

EXHIBIT B
PAGE 1

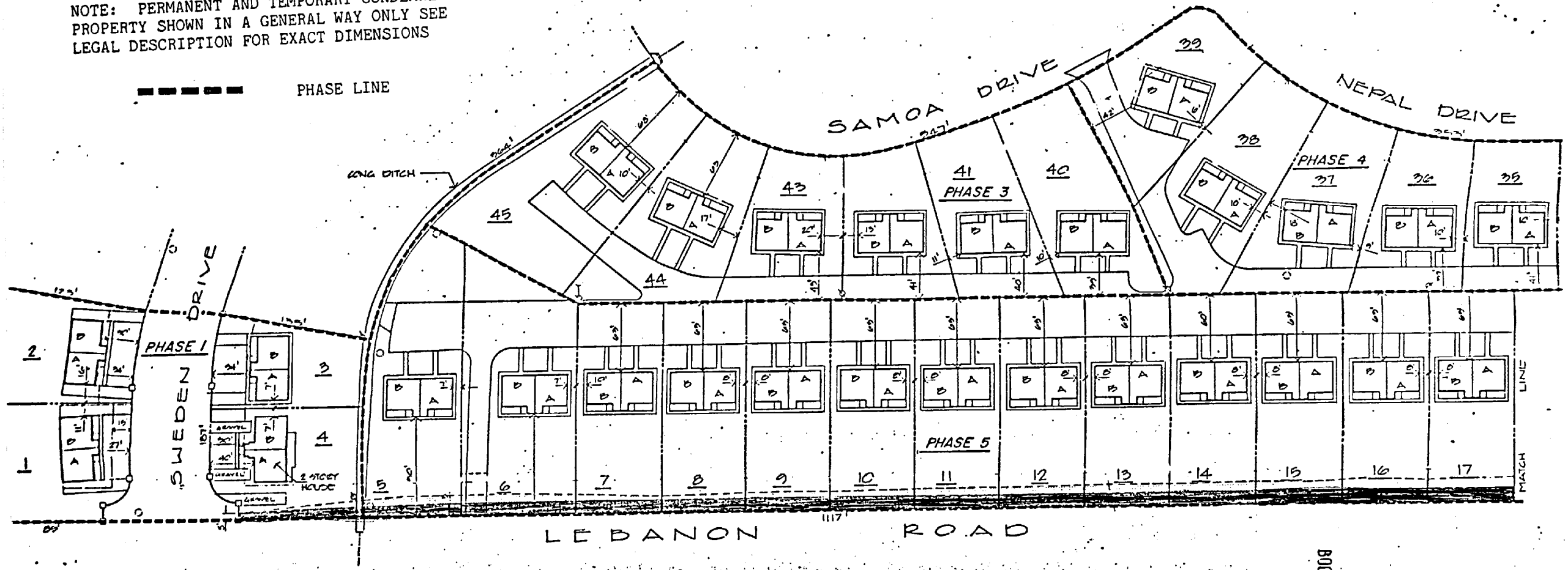
Condemned Property

Permanent

Temporary

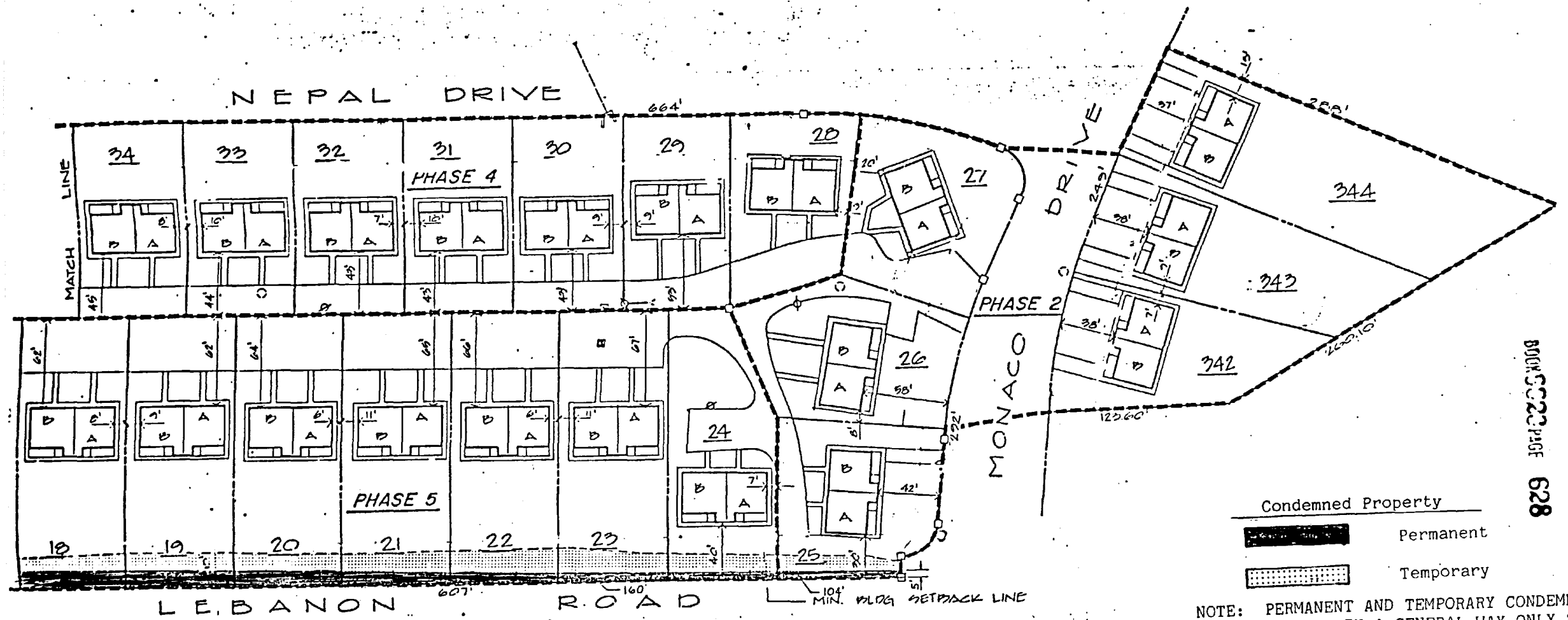
NOTE: PERMANENT AND TEMPORARY CONDEMNED PROPERTY SHOWN IN A GENERAL WAY ONLY SEE LEGAL DESCRIPTION FOR EXACT DIMENSIONS

PHASE LINE



BOOK 6623 PAGE 627

EXHIBIT B
PAGE 2

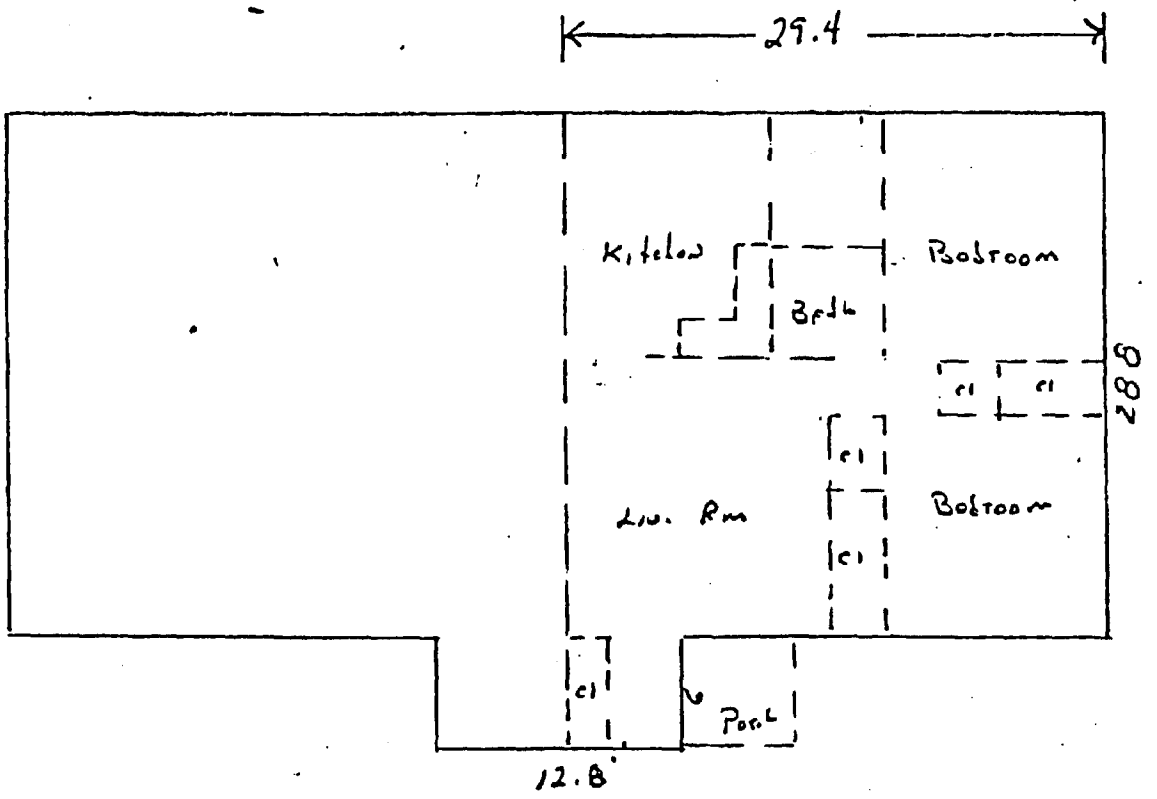


BOOK 5522 PAGE 628

HERMITAGE VILLA CONDOMINIUMS

Lot Number	Address	Map and Parcel
1A	4200A Sweden Drive	75-6-A 1
1B	4200B Sweden Drive	75-6-A 2
2A	4202A Sweden Drive	75-6-A 3
2B	4202B Sweden Drive	75-6-A 4
3A	4203A Sweden Drive	75-6-A 5
3B	4203B Sweden Drive	75-6-A 6
4A	4201A Sweden Drive	75-6-A 7
4B	4201B Sweden Drive	75-6-A 8
5A	4204 Lebanon Road	75-6-A 9
5B	4206 Lebanon Road	75-6-A 10
6A	4208 Lebanon Road	75-6-A 11
6B	4210 Lebanon Road	75-6-A 12
7A	4212 Lebanon Road	75-6-A 13
7B	4214 Lebanon Road	75-6-A 14
8A	4216 Lebanon Road	75-6-A 15
8B	4218 Lebanon Road	75-6-A 16
9A	4220 Lebanon Road	75-6-A 17
9B	4222 Lebanon Road	75-6-A 18
10A	4224 Lebanon Road	75-6-A 19
10B	4226 Lebanon Road	75-6-A 20
11A	4228 Lebanon Road	75-6-A 21
11B	4230 Lebanon Road	75-6-A 22
12A	4232 Lebanon Road	75-6-A 23
12B	4234 Lebanon Road	75-6-A 24
13A	4236 Lebanon Road	75-6-A 25
13B	4238 Lebanon Road	75-6-A 26
14A	4240 Lebanon Road	75-6-A 27
14B	4242 Lebanon Road	75-6-A 28
15A	4244 Lebanon Road	75-6-A 29
15B	4246 Lebanon Road	75-6-A 30
16A	4248 Lebanon Road	75-6-A 31
16B	4250 Lebanon Road	75-6-A 32
17A	4252 Lebanon Road	75-6-A 33
17B	4254 Lebanon Road	75-6-A 34
18A	4256 Lebanon Road	75-6-A 35
18B	4258 Lebanon Road	75-6-A 36
19A	4260 Lebanon Road	75-6-A 37
19B	4262 Lebanon Road	75-6-A 38
20A	4264 Lebanon Road	75-6-A 39
20B	4266 Lebanon Road	75-6-A 40
21A	4268 Lebanon Road	75-6-A 41
21B	4270 Lebanon Road	75-6-A 42
22A	4272 Lebanon Road	75-6-A 43
22B	4274 Lebanon Road	75-6-A 44
23A	4276 Lebanon Road	75-6-A 45
23B	4278 Lebanon Road	75-6-A 46
24A	4280 Lebanon Road	75-6-A 47
24B	4282 Lebanon Road	75-6-A 48
25A	370 Monaco Drive	75-6-A 49
25B	372 Monaco Drive	75-6-A 50

Lot Number	Address	Map and Parcel
26A	374 Monaco Drive	75-6-A 51
26B	376 Monaco Drive	75-6-A 52
27A	380 Monaco Drive	75-6-A 53
27B	382 Monaco Drive	75-6-A 54
28A	4265 Nepal Drive	75-6-A 55
28B	4263 Nepal Drive	75-6-A 56
29A	4261 Nepal Drive	75-6-A 57
29B	4259 Nepal Drive	75-6-A 58
30A	4257 Nepal Drive	75-6-A 59
30B	4255 Nepal Drive	75-6-A 60
31A	4253 Nepal Drive	75-6-A 61
31B	4251 Nepal Drive	75-6-A 62
32A	4249 Nepal Drive	75-6-A 63
32B	4247 Nepal Drive	75-6-A 64
33A	4245 Nepal Drive	75-6-A 65
33B	4243 Nepal Drive	75-6-A 66
34A	4241 Nepal Drive	75-6-A 67
34B	4239 Nepal Drive	75-6-A 68
35A	4237 Nepal Drive	75-6-A 69
35B	4235 Nepal Drive	75-6-A 70
36A	4233 Nepal Drive	75-6-A 71
36B	4231 Nepal Drive	75-6-A 72
37A	4229 Nepal Drive	75-6-A 73
37B	4227 Nepal Drive	75-6-A 74
38A	4225 Nepal Drive	75-6-A 75
38B	4223 Nepal Drive	75-6-A 76
39A	4231 Samoa Drive	75-6-A 77
39B	4229 Samoa Drive	75-6-A 78
40A	4227 Samoa Drive	75-6-A 79
40B	4225 Samoa Drive	75-6-A 80
41A	4223 Samoa Drive	75-6-A 81
41B	4221 Samoa Drive	75-6-A 82
42A	4219 Samoa Drive	75-6-A 83
42B	4217 Samoa Drive	75-6-A 84
43A	4215 Samoa Drive	75-6-A 85
43B	4213 Samoa Drive	75-6-A 86
44A	4211 Samoa Drive	75-6-A 87
44B	4209 Samoa Drive	75-6-A 88
45A	4207 Samoa Drive	75-6-A 89
45B	4205 Samoa Drive	75-6-A 90
342A	381 Monaco Drive	75-6-A 91
342B	383 Monaco Drive	75-6-A 92
343A	379 Monaco Drive	75-6-A 93
343B	377 Monaco Drive	75-6-A 94
344A	375 Monaco Drive	75-6-A 95
344B	373 Monaco Drive	75-6-A 96



NASHVILLE, TN

BY-LAWS

OF

HERMITAGE VILLA CONDOMINIUMS

BOOK6623PAGE 632

ARTICLE I

Members
(Unit Owners)

SECTION 1. Eligibility. The Members of The Hermitage Villa Condominiums Homeowners' Association, a Tennessee not-for-profit corporation, shall consist of the respective Unit Owners of the Property known as The Hermitage Villa Condominiums, located at 4204 - 4280 Lebanon Road, Hermitage, Tennessee (called "Property"), in accordance with the respective percentages of ownership interest in the Common Elements of the Property owned by the respective Unit Owners (these and other terms are used in these By-Laws as they are defined in the Master Deed for The Hermitage Villa Condominiums Homeowners' Association, which Master Deed is recorded in the office of the Register of Deeds of Davidson County, Tennessee. The words "member" or "members" as used as in these By-Laws means and shall refer to "Unit Owner" or "Unit Owners", as the case may be, as defined in the Master Deed). If a Unit Owner is a trust, then the member shall be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, the member may be an officer, partner or employee of such Unit Owner or beneficiary.

SECTION 2. Succession. The membership of each Unit Owner shall terminate when he ceases to be a Unit Owner, and upon the sale, transfer or other disposition of his ownership interest in the Property, his membership in the Association shall automatically be transferred to the new Unit Owner succeeding to such ownership interest.

SECTION 3. Regular Meetings. The first regular annual meeting of Unit Owners (the "First Meeting") may be held, subject to the terms hereof, on any date, at the option of the Board, provided, however, that said First Meeting shall be held not less than sixty (60) days and not more than ninety (90) days after the date of recording of the within By-Laws and Master Deed. Subsequent to the First Meeting, there shall be a regular annual meeting of Unit Owners held each year within thirty (30) days of the anniversary of the First Meeting. All such meetings of Unit Owners shall be held at such place in Davidson County, Tennessee, and at such time as specified in the written notice of such meeting which shall be delivered to all Unit Owners at least twelve (12) days prior to the date of such meeting.

SECTION 4. Special Meetings. Special Meetings of the Unit Owners may be called by the President or by a majority of the directors

of the Board, or by Unit Owners having at least fifty (50%) percent of the votes entitled to be at such meeting. Said Special Meetings shall be called by delivering written notice to all Unit Owners not less than twelve (12) days prior to the date of said meeting, stating the date, time and place of said Special Meeting and the matters to be considered.

SECTION 5. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally or by mail to a Unit Owner at the address given to the Board by said Unit Owner for such purpose, or to the Unit Owner's Unit, if no address for such purpose has been given to the Board.

SECTION 6. Voting. The aggregate number of votes for all members of the Association shall be equal to the number of Units which have been subjected to this regime by Plat or amended Plat by the Developer, and each Unit Owner shall be entitled to one voter per Unit owned. Each Unit Owner's respective percentage of ownership interests in the Common Elements shall be 1.042%, which is the result of a fraction, the numerator being the number of Units owned by that Unit Owner and the denominator being the number of Units subjected to this regime. If any Unit Owner consists of more than one person, the voting rights of such Unit Owner shall not be divided but shall be exercised as if the Unit Owner consisted of only one person in accordance with the proxy or other designation made by the persons constituting such Unit Owner. The Developer may exercise the voting rights with respect to Units owned by it.

No Unit Owner who is in default in the payment of his assessments hereunder shall be entitled to exercise his right to vote hereunder until he has cured such default. A Unit Owner shall be deemed to be in default if he has not paid his assessments to the Board, or their agent, within fifteen (15) days after receipt of notice of assessment. A Unit Owner may protest the amount of the assessment, but it still must be paid during the pendency of the protest to the Board.

SECTION 7. Quorum. A quorum of Unit Owners for any meeting shall be constituted by Unit Owners represented in person or by proxy and holding a majority of the votes entitle to be cast at such meeting.

ARTICLE II

Board of Directors

SECTION 1. Number, Election and Term of Office. The Board of Directors of the Association (referred to in the Horizontal Property Act of the State of Tennessee as the "board of administrators," and sometimes referred to herein as the "Board") shall consist of between five (5) and seven (7) members (hereinafter referred to as "directors"). Directors shall be deemed to be elected at the regular annual meeting of Association members by the vote of Unit Owners. Those candidates for election as director receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected. Every director, shall hold office for the term of one (1) year and until his successor shall be elected and qualified. Each member of the Association, on each

ballot, shall be required to cast his vote for as many persons as there are Directors to be selected. Any holder of first mortgages or deeds of trust on more than fifty (50%) percent of the Units may designate a board member. If the holder of the first mortgages does not chose to designate a board member, that board member shall be elected as herein stated. Such holder shall not be required to appoint such board member and such board member shall not be required to be a unit owner. Such holder shall receive actual notice of all board meetings at least two (2) weeks prior to such meetings addressed to such person and address as may be designated in writing from time to time by such holder.

SECTION 2. Qualification. Except for directors elected at the first board meeting, each director shall be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of trust, a director may be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, a director may be an officer, partner or employee of such Unit Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a director and his place on the Board shall be deemed vacant.

SECTION 3. Vacancies. Any vacancy occurring in the Board shall be filled by majority vote of the remaining members thereof, except that a vacant position on the Board which was last filled by a member of the First Board may be filled by a person appointed by the Developer. Any director so elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the director which he succeeds.

SECTION 4. Meetings. A regular annual meeting of the Board shall be held within seven (7) days following the regular annual meeting of Unit Owners. Special Meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, delivered personally or by mail or telegram. Any director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A director's attendance at a meeting shall constitute his waiver of notice of said meeting.

SECTION 5. Removal. Any director may be removed from office for cause by the vote of two thirds (2/3) of the total undivided ownership of the Common Elements.

SECTION 6. Compensation. Directors shall receive no compensation for their services as directors, unless expressly provided for in resolutions duly adopted by the Unit Owners.

SECTION 7. Quorum. A majority of the total number of elected directors shall constitute a quorum.

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

(a) to elect and remove the officers of the Association as hereinafter provided;

(b) to administer the affairs of the Association as hereinafter provided;

(c) to engage the services of an agent (hereinafter sometimes called the "Managing Agent") to maintain, repair, replace, administer and operate the Property or any part thereof for all of the Unit Owners, upon such terms and for such compensation and with such authority as the Board may approve.

(d) to formulate policies for the administration, management and operation of the Property and the Common Elements thereof;

(e) to adopt rules and regulations, written notice thereof to all Unit Owners, governing the administration, management, operation and use of the Property and the Common Elements, and to amend such rules and regulations from time to time;

(f) to provide for the maintenance, repair, and replacement of the Common Elements and payments therefor, and to approve payment vouchers or to delegate such approval to the officers or the manager or Managing Agent;

(g) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Property and the Common Elements; and to delegate any such powers to the Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

(h) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(i) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;

(j) to estimate the amount of the annual budget, and to provide the manner of assessing and collection from the Unit Owners their respective shares of such estimated expenses, as hereinafter provided;

(k) to enter into any lease agreement for lease of any Unit owned or leased by the Association upon such terms as the Board may approve;

(l) unless otherwise provided herein or in the Master Deed, to comply with the instructions of a majority of the Unit Owners (as said majority is defined in Paragraph 1(i) of the Master Deed), as expressed in a resolution duly adopted at any annual or Special Meeting of the Unit Owners;

(m) to exercise all other powers and duties of the board of managers or Unit Owners as a group referred to in the Horizontal Property Act of the State of Tennessee, and all powers and duties of a board of managers or a board of directors referred to in the Master Deed or these By-Laws.

SECTION 9. Non-Delegation. Nothing in this Article or elsewhere in these By-Laws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the Unit Owners. Except as expressly authorized by the Act or the Master Deed or these By-Laws, the Directors and Officers may not enter into any contractual agreement, or bind the Association or any Unit Owner, or sue or be sued in any other than in its operating or management capacity.

ARTICLE III

Officers

SECTION 1. Designation. At each regular annual meeting, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

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

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Unit Owners, and who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Managing Agent;

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; the office of Secretary and Treasurer may be held by one person;

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

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

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

SECTION 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the remaining members thereof at a Special Meeting of said Board. Any director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed for cause at any time by vote of two thirds (2/3) of the total membership of the Board at a Special Meeting thereof.

SECTION 5. Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by the Unit Owners.

ARTICLE IV

Assessments

SECTION 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year to the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other common expenses. To the extent that the assessments and other cash income collected from the Unit Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall also take into account the estimated net available cash income for the year from the lease, operation or use of the Common Elements. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board.

SECTION 2. Assessments. The estimated annual budget for each fiscal year shall be approved by the board, and copies thereof shall be furnished by the Board, to each Unit Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month of each succeeding month of the year covered by the annual budget, each Unit Owner shall pay, as his respective monthly assessment for the common expenses, one twelfth (1/12) of his proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with his respective ownership interest in the Common Elements. The Board may determine different allocations with respect to a part of such charges whenever it appears to the Board that such an allocation would be unfair. The allocations shall be applied uniformly to all Owners of like situations. The allocation of the Board shall be final and binding upon all parties. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each

Unit Owner shall pay continue to pay each month the amount of his respective monthly assessment as last determined. Each Unit Owner shall pay his monthly assessment on or before the first day of each month to the Managing Agent or as may be otherwise directed by the Board. No Unit Owner shall be relieved of his obligation to pay his assessment by abandoning or not using his Unit, the Common Elements, or the Limited Common Elements.

SECTION 3. Partial Year or Month. For the first fiscal year, the annual budget shall be approved by the First Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Unit Owner shall be proportionate to the number of months and days in such period covered by the current annual budget, and which assessment shall be computed by the Board.

SECTION 4. Annual Report. Within forty five (45) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Unit Owner a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

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

SECTION 6. Expenditures. Except for expenditures and contracts specifically authorized by the Master Deed and By-Laws, or by the annual Budget or by a Supplemental Budge, the Board shall not approve any single expenditure in excess of One Thousand Dollars ($1,000.00) unless required for emergency repair, protection or operation of the Common Elements or Limited Common Elements, nor enter into any contract for more than three (3) years without a ninety (90) day cancellation clause without the prior approval of two thirds (2/3) of the total ownership of the Common Elements, and without securing consents of mortgagees, if necessary.

SECTION 7. Lien. It shall be the duty of every Unit OWner to pay his proportionate share of the common expenses and limited common expenses, as provided in the Master Deed, and as assessed in the manner herein provided.

If any Unit Owner shall fail or refuse to make any such payment of the common expenses or limited common expenses when due, the amount thereof together with the interest thereon at the rate of eighteen (18%) percent per annum or at the then highest contract rate of

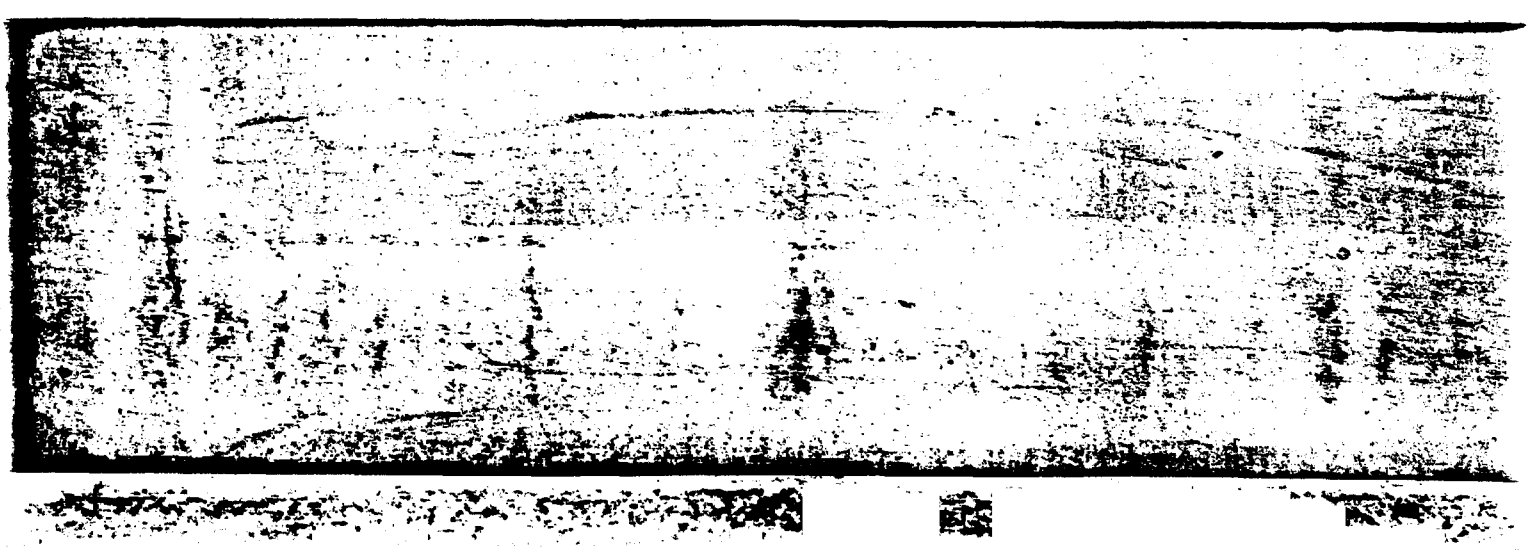
interest then legally collectible in Tennessee after said common expenses become due and payable, shall constitute a lien, as provided in the Act, enforceable by the Board, on the interest of such Unit Owner in the Property, provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses and limited common expenses which are due and payable from and after the date on which such mortgage owner or holder either accepts a conveyance of any interest therein (other than as security), or files suit to foreclose its mortgage or deed of trust. The provisions of this paragraph of this Section 7 shall not be amended, changed, modified or rescinded in any way without the prior written consent of all such lien holders of record.

The Association or its successors and assigns, or the Board or its agents, shall have the right to enforce the lien as provided in Paragraph 10(b) of the Master Deed or to maintain a suit to foreclose any such lien, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with legal interest and reasonable attorneys' fees to be fixed by the Court. Furthermore, if any Unit Owner shall fail or refuse to pay when due his proportionate share of the common expenses or limited common expenses and such Unit Owner withholds possession of his Unit after demand by the Board or the Association in writing setting forth the amount claimed, the Board or the Association shall have the right to possession of such Unit or halt or inhibit the use of drives, walks and utility services by such defaulting Unit Owner or Occupant. The Board or the Association shall have the right to exercise and enforce any and all rights and remedies as provided for in the Horizontal Property Act, the Master Deed or these By-Laws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

SECTION 8. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Elements and Limited Common Elements, specifying and itemizing the common expenses and limited common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

The Board shall, upon receipt of ten (10) days written notice to it or the Association and upon payment of a reasonable fee, furnish to any Unit Owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

SECTION 9. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the Property or the Common Elements, rather than a lien against only a particular Unit Ownership. When less than all the Unit Owners are responsible for the existence of any such lien, the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorneys' fees, incurred by reason of such lien.



SECTION 10. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages of the Unit Owners as from time to time existing.

ARTICLE V

Use and Occupancy Restrictions

SECTION 1. General. No unlawful, noxious or offensive activities shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board cause unreasonable noise or disturbance to others.

Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Unit which may increase the cost or case the cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board), or paint or decorate or adorn the outside of his Unit, or install outside his Unit any canopy or awning, or outside radio or television antenna, or C. B. radio transmitters, or other equipment, fixtures or items of any kind, without the prior written permission of the Board. No owner of a Unit, shall display, hang, store or use any sign outside his Unit, in a hallway or elsewhere, or which may be visible from the outside of his Unit without the prior written permission of the Board.

With the exception of a lender in possession of a condominium unit following a default in a first deed of trust or mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease his Unit for transient or hotel purposes. No Unit Owner may lease less than the entire Unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Master Deed and the By-Laws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing.

No structure of a temporary character, trailer, tent, shack, garage, barn, or other out-buildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof.

SECTION 2. Animals. No animals shall be raised, bred or kept

in any Unit, except for dogs, household cats and small birds owned as household pets by a Unit Owner, provided that said pet is not kept for any commercial purpose, and provided that said pet shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board, and provided that said pet shall not in the absolute judgment of the Board constitute a nuisance to others. No pet may weigh more than twenty five (25) pounds.

SECTION 3. Trash. Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed on in a clean and sanitary manner as prescribed from time to time in rules and regulations of the Board.

SECTION 4. Activities. The Board may from time to time reasonably prohibit certain activities in the regime and such prohibition shall be final and binding upon all co-owners.

SECTION 5. Tanks. No exposed above-ground tanks will be permitted for the storage of fuel, water or any other substance.

SECTION 6. Mail Boxes. Mail boxes of a type consistent with the character of the regime shall be selected and placed by the Developer of each Unit and shall be maintained by the Association to complement the residences and the neighborhood.

SECTION 7. Clotheslines. Outside clotheslines will not be permitted on any parcel.

SECTION 8. Signs. No signs shall be erected or maintained on any parcel, including any professional lettered, builder or realtor sign, or sign of the Owner advertising the residence for sale or rent.

SECTION 9. Maintenance of Property. The Developer reserves the right to cut grass and weeds on the Property and charge the cost of such cutting to the Association.

SECTION 10. Outside Lights. No outside lights shall be permitted except with the written permission of the Developer or of the Board.

SECTION 11. Storage. Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall only be stored or kept in the Unit or Unit Storage Room, of the respective Unit. There shall be no storage of boats, trailers, campers, and motor homes on the Property.

SECTION 12. Wiring. No Unit Owner shall overload the electrical wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written consent of the Board.

SECTION 13. Use by Developer. During the period of sale by the Developer of any Units, the Developer, and said Developer's agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from said Building and Property as may be required for purposes of said sale of Units. While the Developer owns any of the Units and until each Unit sold by it is occupied by the purchasers, the Developer and its employees may use and show one or more of such unsold or unoccupied Units as a model Unit or Units and may use one or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

ARTICLE VI

Contractual Powers

No contract or other transaction between this corporation and one or more of its Directors or between this corporation and any corporation, firm or association in which one or more of the Directors of this corporation are directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

(a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or

(b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

All contracts shall be terminable by the Board upon ninety (90) days notice, at the election of the Board and without penalty to the Association. Any such contract, interest or quorum must be consistent with TCA 48-816.

ARTICLE VII

Amendments

These By-Laws may be amended or modified from time to time by action or approval of two thirds (2/3) of the total ownership of the Common Elements. Such amendments shall be recorded in the Office of the Register of Deeds of Davidson County.

ARTICLE VIII

Indemnification

SECTION 1. General. The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the Board and Developer, against all contractual and other liabilities to others arising out of contracts made by or other acts of such directors, Board, officers, committee members or Developer, on behalf of the Unit Owners, or arising out of their status as directors, Board, officers, committee members or Developer, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board, committee member or Developer may be involved by virtue of such persons being or having been such director, officer, Board, committee member, or Developer; provided, however, that such indemnity shall not be operative with respect to:

(a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Developer, or

(b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Developer.

SECTION 2. Success on Merits. To the extent that the Developer or a member of the Board or Directors or an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 3. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article VIII.

SECTION 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article, provided, however, that the liability of any Unit Owner arising out of any contract made by or other acts of the directors, Board, officers, members of such committees, or Developer, or out of the aforesaid indemnity in favor of the directors, Board, officers, members of such committees, or Developer, shall be limited to such proportion of the total liability hereunder as said Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every Agreement made by the directors, Board, officers, members of such committees, Developer or by the Managing Agent on behalf of the Unit Owners shall provide that the directors, Board, officers, members of such committees, Developer or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements. The indemnification provided by this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of the members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be Developer or a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity.

ARTICLE IX

Mortgage

SECTION 1. Notice to Board. A Unit Owner who mortgages his Unit shall notify the Board of the name and address of his mortgagee and shall file a conformed copy of the note and deed of trust or mortgage with the Board; the Board shall maintain such information in a book entitled "Mortgages of Units".

SECTION 2. Notice of Unpaid Common Charges. The Board whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid common charges due from, or any other default by the owner of the mortgaged Unit.

SECTION 3. Notice of Default. The Board, when giving notice to a Unit Owner of a default in paying common charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

SECTION 4. Examination of Books. Each Unit Owner and each

mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more often than once a month.

SECTION 5. Interest of Valid First Mortgagee. The interest of a valid first mortgagee shall be superior to the interest of the Board in the event of a default, and nothing in this instrument shall be construed to the contrary. If the first mortgagee has incorporated the terms of these By-Laws, the Master Deed and the contract in its Deed of Trust, then said first Mortgagee may at its option declare a default in its Deed of Trust by reason of any default hereunder, and may proceed to enforce its rights according to the terms of the Deed of Trust notwithstanding any enforcement instituted by the Board.

ARTICLE X

Definition of Terms

The terms used in these By-Laws, to the extent they are defined therein, shall have the same definition as set forth in the Master Deed for the Hermitage Villa Condominiums Homeowners' Association, which Master Deed is recorded in the office of the Register of Deeds of Davidson County, Tennessee.

The term "member", as used in these By-Laws, means "Unit Owner" as defined in the Master Deed.

ARTICLE XI

Conflicts

These By-Laws are set forth to comply with the requirements of Chapter 27 of Title 66, Tennessee Code Annotated as it may be amended from time to time, and to allow the By-Laws to control in specific situations where such law allows. In case any of the By-Laws conflict with the provisions of said statue or of the Master Deed, the provisions of said statute or of the Master Deed, as the case may be, shall control.