Box 31

THIS INSTRUMENT PREPARED BY
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MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME OF THE HILLSBOROUGH CONDOMINIUMS

BOOK 6822 PAGE 721

THIS MASTER DEED, made by HILLSBOROUGH-HARDING JOINT VENTURE, a Tennessee partnership (the "Developer");

WITNESSETH:

WHEREAS, Developer is the owner in fee simple of a certain tract or parcel of real estate located in the City of Nashville, County of Davidson, State of Tennessee, and more particularly described in Exhibit A, which is attached hereto and made a part hereof by reference (the "Land"); and

WHEREAS, this entire residential community comprising the Land and Buildings, as hereinafter defined, is herein called THE HILLSBOROUGH CONDOMINIUMS, a plat of which is attached hereto as Exhibit B and made a part hereof by reference (the "Plat"); and

WHEREAS, it is the desire, intent and purpose of Developer, by this Master Deed, to submit the Land, together with all structures, improvements and other permanent fixtures now or hereafter erected thereon and all rights and privileges belonging or in any wise appertaining thereto, to a horizontal property regime as allowed and permitted by the Tennessee Horizontal Property Act, being Chapter 124 of the Public Acts of 1963 of the State of Tennessee, and being Sections 66-27-101, et seq., of Tennessee Code Annotated; and to establish a "condominium project" in which each individual unit may be and shall be owned; possessed, sold, conveyed and encumbered as if it were sole and entirely independent of the other units in the condominium buildings and in which the unit owner has an exclusive ownership of his unit and has a common right to share with other co-owners in the common elements of the land and buildings not constituting an individual unit; and

WHEREAS, Developer is further desirous of establishing for its own benefit and for the mutual benefit of all future owners or occupants of the Land and improvements thereon, or any part thereof, certain easements and rights in, over and upon the property and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Developer desires and intends that the several owners, mortgagees, occupants and any other persons hereafter acquiring any interest in the Land and improvements thereon shall at all times enjoy the benefits of, and shall hold their interests subject to, the rights, easements, privileges and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of such property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness thereof;

NOW, THEREFORE, for and in consideration of the premises and in consideration of the reliance hereon by the purchasers of individual units and of their purchase of individual units pursuant hereto, and as authorized by said Horizontal Property Act of the State of Tennessee, Developer, for itself and its successors and assigns, does declare, covenant, establish and confirm unto its grantees and unto their heirs, successors and assigns, as well as to any and all other persons hereafter having or acquiring any interest of any nature whatsoever in or to any part of the Land and improvements thereon as follows:

ARTICLE I
ESTABLISHING OF HORIZONTAL PROPERTY REGIME

Section 1. The said Land and improvements thereon shall be and are herewith constituted and established as a condominium project and a horizontal property regime as defined in and as authorized by the Tennessee Horizontal Property Act and shall continue as such forever, unless terminated in the manner hereinafter provided.

Section 2. Each Unit, as hereinafter defined, in the Buildings, as hereinafter defined, may be and shall be individually transferred, conveyed and encumbered and shall be the subject of ownership, possession, mortgage or sale and of all types of juridic acts inter vivos or mortis causa as if it were sole and entirely independent of the other Units in the condominium Buildings, and the corresponding individual title and interest with respect to each Unit shall be recordable. In any deed, mortgage, lease or other instrument of conveyance or encumbrance of, or by which a lien is created upon, any interest or estate in a Unit or Units within the condominium, it is sufficient to describe any such Unit or Units by setting forth the name of the property, THE HILLSBOROUGH CONDOMINIUMS, the number of the Unit as it appears on the Plat, and the numbers of the volumes and initial pages of the records of the Office of the Register of Deeds of Davidson County, Tennessee.

Section 3. A Unit Owner shall have an exclusive ownership of his Unit and shall have a common right to share with other Co-Owners in the Common Elements, as hereinafter defined, of the property. Each Co-Owner may use the elements held in common in accordance with the purposes for which they are intended. Any transfer, conveyance or encumbrance of an individual Unit, whether by deed, mortgage, last will and testament, inheritance or otherwise, shall be deemed also to transfer, convey or encumber the undivided interest of the Unit Owner in the Common Elements belonging to and appertaining to said Unit, without specifically or particularly referring to the same. No Unit Owner, whether by deed, mortgage, last will and testament, inheritance or otherwise, shall have any right to transfer, convey or mortgage his Unit without also transferring, conveying or mortgaging as an incident thereto his undivided interest in the Common Elements; conversely, no Unit Owner shall have any right to transfer, convey or mortgage any part of his undivided interest in such Common Elements without also transferring, conveying or mortgaging his Unit to which his undivided interest in such Common Elements is incident.

Section 4. Any Unit may be held and owned by one (1) person or by more than one (1) person, as tenants in common, as tenants by the entirety, or in any other real estate tenancy relationship now or hereafter recognized under the laws of the State of Tennessee.

Section 5. The Common Elements, as hereinafter defined, shall remain undivided and shall not be the object of an action for partititon or for division of co-ownership by judicial proceedings or otherwise.

Section 6. Each Unit Owner, his personal representatives, successors, heirs and assigns shall, at all times, comply with the provisions and requirements of this Master Deed, the By-Laws hereinafter set forth and all amendments thereof, and shall promptly pay, when due, all assessments and his pro rata share of the expenses of administration and of maintenance and repair of the Common Elements, as hereinafter defined; failure to comply with any such provision or requirement or failure to make any such payment shall be grounds for foreclosure of the lien securing

payment of the sum due or for an action to enforce the lien securing or to recover the sum due, for damages and/or for injunctive relief as hereinafter provided.

Section 7. Each and all of the rights, privileges and benefits and each and all of the duties, burdens, requirements and restrictions contained in the Horizontal Property Act of the State of Tennessee, resulting from the establishment of a horizontal property regime in accordance therewith, shall be applicable to the said Land and improvements thereon and to each Unit Owner, both with respect to his Unit and to his undivided interest in the Common Elements, except to the extent that any express contrary provision is validly made in this Master Deed or in the By-Laws forming a part hereof, and to that end, the said Tennessee Horizontal Property Act is incorporated herein by reference as fully as though set out herein in full.

ARTICLE II
DEFINITIONS

Section 1. Unless otherwise stated herein, all words and phrases used in this Master Deed shall have the definitions given in the Tennessee Horizontal Property Act, as the same now exists or may hereafter be amended.

Section 2. "Act" means the Horizontal Property Act of the State of Tennessee.

Section 3. "Property" means the Land described in Exhibit A to this Master Deed, and all improvements and structures erected, constructed or contained therein or thereon, including the Buildings, and all easements, rights and appurtenances belonging thereto, and all fixtures, equipment and furnishings intended for the mutual use, benefit or enjoyment of the Unit Owners.

Section 4. "Condominium Unit" or "Unit" means a part of the Property, including one (1) or more rooms and occupying one (1) or more floors or a part or parts thereof, designed or intended for independent use as a residential dwelling or such other incidental uses permitted by this Master Deed, as set forth on the Plat. Each Unit shall consist of the space enclosed and bounded by the horizontal and vertical planes constituting the interior surfaces of the perimeter walls, floors and ceilings of such Unit as shown on the Plat.

Section 5. "General Common Elements" and "Common Elements" are synonymous and shall mean all of the Property, except the Units, and shall include, but shall not be limited to, the Land, foundations, main walls, roofs, yards, gardens, the premises for the lodging of janitors or persons in charge of the Buildings, all installations of central services such as power, light, gas, cold and hot water, refrigerator, reservoirs, water tanks and pumps, and the like, garbage incinerators and, in general, all devices or installations existing for common use, paved parking areas, pipes, ducts, electrical wiring and conduits (except pipes, ducts, electrical wiring and conduits situated entirely within a Unit and serving only said Unit), public utility lines, structural components of the Buildings, outside walks and driveways, roadways, landscaping, swimming pools, social rooms, recreational facilities, and all other portions of the Property, except the individual Units. Developer or the Board, as hereinafter defined, may from time to time designate portions of the Common Elements as Limited Common Elements including, but not limited to, the furnace, air conditioner, and water heater located within or adjacent to a Unit and serving only such Unit, pipes, ducts, electrical wiring and conduits located entirely within a

Unit and serving only such Unit, balconies and patios, which will serve exclusively the Unit to which they are assigned.

Section 6. "Person" means an individual, firm, corporation, partnership, trust or other legal entity capable of holding title to real property.

Section 7. "Unit Owner" or "Co-Owner" means the Person whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit. Developer shall be deemed to be a Unit Owner so long as it is the owner or holder of title to any Unit.

Section 8. "Unit Ownership" means a part of the Property consisting of one (1) Unit and the undivided interest in the Common Elements appurtenant thereto.

Section 9. "Building" or "Buildings" means the building or buildings located on the Land and forming part of the Property and containing the Units, as shown by the Plat.

Section 10. "Association" means the organization of all Unit Owners, who shall automatically be and become members thereof as an incident of Unit Ownership, which such Association, through its Board of Directors, shall be responsible for and govern the administration of the Property, and which such Association shall be the Council of Co-Owners defined in the Act. Such Association may be formed as a non-profit corporation by action of its Board of Directors.

ARTICLE III
DESCRIPTION OF LAND AND BUILDINGS

The Plat attached hereto as Exhibit B, and by this reference made a part hereof, sets forth the areas, locations and other data as required by the Act, including (a) the Land and its exterior boundaries; (b) the Buildings; and (c) each Unit of the Buildings.

ARTICLE IV
DESCRIPTION AND NUMBER OF UNITS

Section 1. Within the condominium Buildings are situated seventy-one (71) separate individual Units, all for residential purposes. Each Unit is identified on the Plat by a distinguishing number or other symbol. The legal description of each Unit shall refer to such identifying number or symbol.

Section 2. The ownership of undivided interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

ARTICLE V
DESCRIPTION OF GENERAL COMMON ELEMENTS

Section 1. All Common Elements and the General Common Elements are subject to the joint use and enjoyment of each and all of the Unit Owners.

Section 2. Without in any way limiting the generality of the above definition of General Common Elements and Common Elements, the said General Common Elements shall include, without limitation:

Each and all of those applicable Common Elements enumerated and defined in Section 66-27-102 of Tennessee Code Annotated, subsection (a)(7), paragraphs (A) through (G) thereof; each and all of the Common Elements shown on the Plat; each and all of the Land, foundations, main walls, roofs, yards, gardens, the premises for the lodging of janitors or persons in charge of the Buildings, all installations of central services such as power, light, gas, cold and hot water, refrigerator, reservoirs, water tanks and pumps, and the like, garbage incinerators and, in general, all devices or installations existing for common use, paved parking areas, pipes, ducts, electrical wiring and conduits (except pipes, ducts, electrical wiring and conduits situated entirely within a Unit and serving only said Unit), public utility lines, structural components of the Buildings, outside walks and driveways, roadways, landscaping, swimming pools, social rooms, recreational facilities, and all other portions of the Property, except the individual Units.

Section 3. The undivided right, title and interest of each Unit Owner as an incident and appurtenance to his ownership of such Unit, in the Land and in the other General Common Elements and in all of the improvements and facilities thereon (excepting always the individual Units, as above described and as shown on the Plat) and his pro rata share in the income, if any, and of expenses and assessments and his undivided interest in the General Common Elements and facilities and improvements thereon and in the funds and property held by the Board of Directors of the Association, shall be on the basis of the ratio which the finished, heated square footage of his Unit bears to the total finished, heated square footage of all the Units in the Buildings.

ARTICLE VI
OWNERSHIP OF THE COMMON ELEMENTS

Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements which bears the same ratio as the ratio which the finished, heated square footage of each Unit bears to the total finished, heated square footage of all the Units in the Buildings. Said ownership interests in the Common Elements shall be undivided interests, and the Common Elements shall be owned by the Unit Owners as tenants in common in accordance with their respective percentages of ownership as set out above. The ownership of each Unit and of the Unit Owner's corresponding percentage of ownership in the Common Elements shall not be separated.

ARTICLE VII
ADMINISTRATION AND OPERATION OF THE PROPERTY

Section 1. The governing body of the Association of Unit Owners for the administration and operation of the Property, as provided in the Act and in this Master Deed and in the By-Laws, shall be its Board of Directors who shall be elected in the manner provided in the By-Laws. The Board of Directors of such Association shall constitute the board of administration provided for in the Act, and all right, title, powers, privileges and obligations vested in or imposed upon the board of administration in the Act and in this Master Deed and in the By-Laws shall be held or performed by the Association or by the duly elected members of the Board of Directors thereof and their successors in office. The By-Laws for the governing body shall be the By-Laws appended hereto as Exhibit C and made a part hereof. As used herein, the word "Board" shall mean the Board of Directors of the Association of Unit Owners, which shall constitute the board of administration of the Property.

Section 2. The Board shall be elected by the Unit Owners in accordance with the By-Laws, except the First Board, which shall be appointed as provided in the By-Laws. Neither the Board, the Association nor the Unit Owners shall be deemed to be conducting a business of any kind. All funds collected by the Board shall be held and expended for the purposes designated in the Master Deed and By-Laws and (except for such adjustments as the Board may require to reflect delinquent, prepaid and special assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners and shall be administered 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 shall be a Unit Owner, and such membership shall automatically terminate when he ceases to be a Unit Owner, and upon transfer of his ownership interest, the new Unit Owner succeeding to such ownership interest shall likewise succeed to such membership in the Association.

Section 3. The Board shall have the authority to engage the services of a manager or managing agent to maintain, repair, replace, administer and operate the condominium project to the extent deemed advisable by the Board. The Board shall require that such manager or managing agent have fidelity bond coverage on its employees handling Association funds. The cost of such services shall be a common expense. The First Board, appointed as provided in the By-Laws, shall ratify and approve the Management Agreement between Developer, on behalf of the Association, and a management corporation, which may be an affiliate of Developer, to act as manager or managing agent for the condominium project for a term commencing on the date this Master Deed is recorded and terminating not more than three (3) years later.

ARTICLE VIII
INDEMNITY

The members of the Board and the officers thereof or of the Association shall not be liable to the Unit Owners for any mistake of judgment or any acts or omissions taken or made in good faith as such members or officers. The Association shall indemnify and hold harmless such members or officers unless any such actions shall have been taken in bad faith or contrary to the provisions hereof. Further, the Association shall indemnify and hold harmless each of such members of the Board or officers thereof or of the Association in accordance with the provisions made for such indemnification in the By-Laws. The liability of any Unit Owner arising out of any contract made by such members or officers or out of the aforesaid indemnity shall be limited to such proportion of the total liability thereunder as his percentage interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Each agreement made by such members or officers or by the managing agent on behalf of the Unit Owners or the Association shall be executed by such members or officers or the managing agent, as the case may be, as agents for the Unit Owners or for the Association.

ARTICLE IX
BOARD'S DETERMINATION BINDING

In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any question 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 of such Unit Owners.

ARTICLE X
USE OF THE COMMON ELEMENTS

Each Unit Owner shall have the right to use the Common Elements (except the Limited Common Elements) in common with all other Unit Owners, as may be required for the purposes of access and ingress to, egress from, and use, occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements shall extend to each Unit Owner, and the agents, servants, tenants, family members and invitees of each Unit Owner. Each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements serving exclusively his Unit. Such rights to use and possess the Common Elements, including the Limited Common Elements, shall be subject to and governed by the provisions of the Act and of this Master Deed and the By-Laws herein and the rules and regulations of the Board. The Board shall have the exclusive authority from time to time to adopt or amend administrative rules and regulations governing the use, occupancy and control of the Common Elements as more particularly provided in the By-Laws. Automobile parking spaces and storage areas on the Property (except storage areas within the Units or designated as Limited Common Elements) shall be part of the Common Elements and shall be allocated by the Board to the respective Unit Owners for their exclusive use. The Board shall have the authority to lease or to grant licenses or concessions with respect to parts of the Common Elements, subject to the provisions of the Master Deed and By-Laws, including specifically, but not by way of limitation, common parking areas, laundry areas, parking spaces and storage areas not allocated to Unit Owners, and recreational areas.

ARTICLE XI
COMMON EXPENSES AND ASSESSMENTS

Section 1. All charges, costs, and expenses whatsoever incurred by the Association for or in connection with the administration of the Property, including, without limitation, the operation thereof, all maintenance, repair, replacement, and restoration of the Common Elements and any additions and alterations thereof, all labor, services, materials, supplies, and equipment therefor, water to be provided on a common meter basis, all liability whatsoever for loss or damage arising out of or in connection with the Common Elements or any accident, fire or nuisance thereof, all real property taxes (except real property taxes and such other taxes which are or may hereafter be assessed separately on each Unit and the common interest in the Common Elements appertaining thereto or the personal property or other interest of the owner), and all premiums for hazard, liability and other insurance herein required with respect to the Property shall constitute common expenses of the condominium project and all Unit Owners shall be severally liable for such common expenses in the same proportion as their percentage shares in the Common Elements. The Board shall from time to time, as provided in the By-Laws, assess the common expenses against all the Units according to their respective obligations therefor, and the unpaid amount of such assessments against any Unit shall constitute a lien against such Unit.

Section 2. For and in consideration of the privileges, protections, mutual enjoyment and use of the Common Elements and the premises contained herein and the sum of One ($1.00) Dollar, the receipt and sufficiency of which are hereby acknowledged, the said Unit Owners, jointly and each separately, for themselves, their heirs, executors, administrators, successors and assigns (the "Trustors"), hereby transfer and convey unto Peter H. Curry, Trustee, his

successors in trust and assigns, their respective Units and corresponding interests in the Common Elements, together with the appurtenances, estate, title and interest thereto belonging for the purpose of securing payment of their pro rata share of the common expenses and all other assessments thereon, whether common or special, when due. If Trustors shall pay their pro rata share of the common expenses and all other assessments, common or special, when due as aforesaid, then this trust conveyance shall be of no further force or effect. But if said indebtedness, or any payment thereof, is not paid promptly when due, this trust conveyance shall remain in full force and effect, and the said Trustee, or his successor in trust, is hereby authorized and empowered, upon giving twenty (20) days' notice by three (3) publications in any newspaper, daily or weekly, published in Davidson County, Tennessee, to sell the respective Units and corresponding interests in the Common Elements at the front door of the Courthouse in said County to the highest bidder for cash, at public outcry, free from the equity of redemption, homestead, dower, distributive share and all other rights or 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 and purchase 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 the respective Units 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 the respective Units 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 therefor. In case of sale hereunder, the proceeds will be applied by the Trustee first, to the payment of all costs, charges and expenses of executing this trust conveyance and enforcing said lien as herein provided, including reasonable attorney's fees, and second, to the payment of all unpaid indebtedness herein secured. Any balance of proceeds remaining after satisfaction of such charges and unpaid common expenses and assessments shall be paid to Trustors, or their order. The Association may, at any time and from time to time, by instrument in writing, substitute and appoint a successor or successors to the Trustee, which instrument executed, acknowledged and recorded in the Office of the Register of Deeds of Davidson County, Tennessee, shall be conclusive proof of the proper substitution and appointment of such successor Trustee, who shall have all the right, title, estate, powers, duties and privileges of the predecessor Trustee, without the necessity of any conveyance from such predecessor Trustee. Suit to recover any money judgment for unpaid common expenses or other assessments, common or special, shall be maintainable without foreclosing or waiving the lien securing the same.

ARTICLE XII
SEPARATE MORTGAGES

Section 1. Each Unit Owner shall have the right, subject to the provisions herein, to grant or make a separate deed of trust or mortgage on his respective Unit, together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to grant or make or cause to be granted or made any deed of trust or mortgage or other lien on or affecting the Property or any part thereof, except only to the extent of his Unit and his respective ownership interest in the Common Elements.

Section 2. Any first deed of trust or mortgage on a Unit shall be superior to the lien for unpaid common expenses if, but only if, all such expenses with respect to such Unit

having a due date on or prior to the date such first deed of trust or mortgage is filed for record have been paid. The lien for unpaid common expenses subordinated is only such lien as relates to assessments authorized hereunder having a due date subsequent to the date such first deed of trust or mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such first deed of trust or mortgage or the sale or transfer of the encumbered Unit pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the encumbered Unit pursuant to sale under power contained in such first deed of trust or mortgage. The sale or transfer of any Unit which is subject to any first deed of trust or mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer, and subsequent to the recordation of the first deed of trust or mortgage which has been foreclosed. No sale or transfer shall relieve any Unit from the lien for any assessment thereafter becoming due. Except as herein provided, the sale or transfer of any Unit shall not affect any assessment lien.

ARTICLE XIII
SEPARATE REAL ESTATE TAXES

It is understood that real estate taxes are to 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 for any year such taxes are not separately taxed to each Unit Owner, but 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.

ARTICLE XIV
INSURANCE

Section 1. The Board shall have the authority to and shall obtain insurance for the Property against loss or damage by fire and such other hazards as the Board may deem desirable, for the full insurable replacement cost of the Common Elements and the Units. The Board shall also have the authority to and shall obtain comprehensive public liability insurance, including liability for injuries to and death of persons and property damage, in such limits as it shall deem desirable and workmen's compensation insurance and other liability insurance as it may deem desirable, insuring each Unit Owner, the Association, its officers, members of the Board, the Developer, the manager and managing agents of the Buildings, if any, and their respective employees and agents, from liability in connection with the Common Elements and the streets and sidewalks adjoining the Property and insuring the officers of the Association and members of the Board from liability for good faith actions within the scope of their respective authorities. Such insurance coverage shall include cross liability claims of one (1) or more insured parties against other insured parties. Such insurance shall be written in the name of the Association, and the premiums for such insurance shall be common expenses.

Section 2. Each Unit Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under policies purchased by the Board except in any case where the damage is restricted to one (1) Unit, subject to the rights of the mortgagee of such Unit Owner. In addition to the aforesaid insurance required to be

carried by the Association, any Unit Owner may, if he wishes, at his own expense, insure his own Unit for his own benefit and carry any and all other insurance he deems advisable.

Section 3. Each Unit Owner shall be responsible for insurance on the contents of his own Unit and furnishings and personal property therein, and his personal property stored elsewhere on the Property, and his personal liability to the extent not covered by the liability insurance for all of the Unit Owners obtained as part of the common expenses as above provided.

Section 4. In the event of damage to or destruction of any Buildings or Common Elements as a result of fire or other casualty covered by insurance proceeds [unless more than two-thirds (2/3) of any Building or Buildings requires reconstruction], the Board shall, in its discretion, with the prior written approval of a majority of the mortgagees of the Units affected, but without the 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 by the damage, in proportion to each Unit's percentage of ownership in the Common Elements. The Board shall not be responsible for the repair, replacement or restoration of any 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 compulsory where the whole or more than two-thirds (2/3) of all the Buildings 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 and their mortgagees, the insurance proceeds shall be delivered to the Unit Owners or their mortgagees, as their interests may appear, in proportion to the respective percentage interests of the Unit Owners 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 interests may appear, in proportion to the respective percentage interests of the Unit Owners 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 Board shall, or if it does not, any Unit Owner or mortgagee may, record a sworn declaration setting forth such circumstance and reciting that under the provisions of this Master Deed the prohibition against judicial partition 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 horizontal property regime shall terminate.

Reconstruction shall also not be compulsory where the whole or more than two-thirds (2/3) of any Building is 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 affected and their mortgagees, the insurance proceeds shall be divided among all the Unit Owners affected by the casualty and their mortgagees, as their interests may appear, in proportion to their respective

interests in such Building. The respective interests in the Building shall be computed by dividing the square footage of each Unit in the Building by the total square footage of all Units therein. The Board shall be solely responsible for computing such interests. In addition, the Association, exclusive of the Unit Owners affected, shall pay to them the value of their respective interests in the Land. The interest in the Land of each such affected Unit Owner shall be computed by the Board and shall be an amount equal to 1/71st of the fair market value of the Land. The fair market value of the Land shall be determined by an appraiser selected by majority vote of the Unit Owners affected, an appraiser selected by the Board, and an appraiser selected by joint agreement of the first two appraisers. The three appraisers shall jointly agree on the fair market value of the Land as if it were in an unimproved state as of the date of the fire or other casualty. In the event the three appraisers are unable to agree upon such fair market value, the Board shall compute such fair market value by computing the average of the three appraisals. The Board may deliver to each affected Unit Owner, or his mortgagee, the value of his interest in the Land either in cash or in five (5) annual installments with interest on the unpaid balance at the rate of six percent (6%) per annum. The Board shall not have the authority to make a cash settlement unless a majority of the unaffected Unit Owners agree by written consent. The Board shall pay from the interest of each affected Unit Owner in the Land the 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 or payment for the value of his interest in the Land shall occur, unless simultaneously with such disbursement each affected Unit Owner delivers to the Board a recordable deed quitclaiming his interest in his Unit to the Association and recordable releases of any liens on his Unit. Upon the recording of the aforesaid deed and releases, each such Unit shall be deemed thereafter to be Common Elements. Upon the withdrawal of any Unit, the percentage interest in the Common Elements appurtenant to such Unit shall be reallocated among the remaining Units on the basis of the percentage interest of each remaining Unit. After the Board has effected any such withdrawal, responsibility for the payment of assessments for any such withdrawn Unit shall cease.

Section 5. Unless the insurance policy shall expressly prohibit a waiver of subrogation or shall be rendered invalid by an agreement providing for a waiver of subrogation, neither the Unit Owners, their mortgagee(s), the Board nor the insurers shall have any right of action against any other Unit Owner or the Board, it being the intention of this provision that all insurance carried for the use and benefit of any Unit Owner shall inure to protect every other Unit Owner and the Board, including the family, servants, agents, invitees, and guests of each.

ARTICLE XV
MAINTENANCE, REPAIRS AND REPLACEMENTS

Section 1. Each Unit Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Unit. Maintenance, repairs and replacements of the Common Elements shall be furnished by the Board as part of the common expenses, subject to the rules and regulations of the Board; provided that, at the discretion of the Board, maintenance, repairs and replacements of the Limited Common Elements may be assessed in whole or in part to Unit Owners benefited thereby and further, at the discretion of the Board, it may direct such Unit Owners, in the name and for the account of such Unit Owners, to arrange for such maintenance, repairs and replacements, to pay the cost

thereof, and to procure and deliver to the Board such lien waivers and contractor's and subcontractor's sworn statements as may be required to protect the Property from all mechanic's or materialmen's lien claims that may arise therefrom.

Section 2. The Board may cause to be discharged any mechanic's lien or other encumbrance which, in the opinion of the Board, may constitute a lien against the Land or Common Elements, rather than against a particular Unit and its corresponding percentage of ownership in the Common Elements. 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 reasonable attorney's fees) incurred by reason of such lien.

Section 3. Whenever the Board shall determine, in its discretion, that any maintenance or repair of any Unit is necessary to protect the Common Elements or any other portion of the Buildings, the Board may cause a written notice of the necessity for such maintenance or repair to be served upon such Unit Owner, which notice may be served by delivering a copy thereof to any occupant of such Unit, or by mailing the same by certified or registered mail addressed to the owner at the Unit. If such Unit Owner fails or refuses to perform any such maintenance or repair within a reasonable time stated in the notice (or any extension thereof approved by the Board), the Board may cause such maintenance and repair to be performed at the expense of such Unit Owner.

Section 4. If, due to the act or neglect of a Unit Owner, or of a member of his family or household pet or of a guest or other authorized occupant or visitor of such Unit Owner, damage shall be caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be at the common expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Board, to the extent not covered by insurance.

Section 5. The Board shall have exclusive authority to take, or refrain from taking, any action pursuant to this Article XV. All expenses which, pursuant to this Article XV, are chargeable to any Unit Owner, may be specifically assessed to such Unit Owner, shall be payable by such Unit Owner as prescribed by the Board, and shall constitute a lien against such Unit enforceable as herein provided.

ARTICLE XVI
ALTERATIONS, ADDITIONS OR IMPROVEMENTS

No alterations of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior written approval of the Board. The Board may authorize and charge as common expenses (or in the case of Limited Common Elements may charge to the Unit Owner benefited thereby) alterations and improvements of, and additions to, the Common Elements; provided, however, that in the event the costs thereof are to be charged as common expenses the Board shall not approve such alterations, improvements or additions requiring expenditure in excess of Five Thousand ($5,000.00) Dollars without the approval of Unit Owners having at least two-thirds (2/3) of the total vote. Any Unit Owner may make alterations, additions or improvements to his Unit without the prior written approval of the Board, but in any event such Unit Owner shall be responsible for any damage to other Units, the Common Elements, or the Land as a result of such alterations, additions or improvements.

ARTICLE XVII
DECORATING

Each Unit Owner shall furnish and be responsible for, at his own expense, all of the decorating within his own Unit from time to time, including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps, and other furnishings and interior decorating. Since the boundaries of each Unit are the finished undecorated interior surfaces of the perimeter walls, floors and ceilings thereof, the owner of such Unit shall be entitled to the exclusive use of such surfaces, and such Unit Owner shall maintain such surfaces in good condition at his sole expense as may be required from time to time, which said maintenance and use shall be subject to the rules and regulations of the Board, and each such Unit Owner shall have the right to decorate such surfaces from time to time in such manner as he may see fit and at his sole expense. The use of and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Buildings, shall be subject to the rules and regulations of the Board. Decorating of the Common Elements (other than interior surfaces within the Units as above provided), and any redecorating of Units to the extent made necessary by any damage to existing decorating of such Units caused by maintenance, repair or replacement work on the Common Elements by the Board, shall be furnished by the Board as part of the common expense.

ARTICLE XVIII
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 any other Units, as the Common Elements and Units are shown by the survey comprising 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.

ARTICLE XIX
RESTRICTIONS ON LEASING

A copy of every lease of a Unit or Units, as and when executed, shall be furnished to the Board within ten (10) days after its execution. 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. No lease of a Unit or Units hereunder shall be effective unless and until the Unit Owner complies fully with all provisions of this Article XIX. The Board shall have the express authority to require at any time that any Unit Owner who is leasing his Unit place on deposit with the Board such sums as the Board may require and determine to be used as an indemnity against any loss or damage to the Common Elements which might be caused by such Unit Owner's tenant. Except as limited herein, the amount of such deposit and the times and reasons for requiring the same shall be determined by the Board in the reasonable exercise of its discretion. The terms of the indemnity shall be such terms as are reasonably satisfactory to the Board. The Board shall furnish the Unit Owner a notice in writing which shall constitute that Unit Owner's notice to place such sums on deposit. The deposit shall be in cash, but in no event may the Board require a deposit in excess of Two

Hundred Fifty ($250.00) Dollars. In the event the Unit Owner fails to comply with the terms of the aforesaid notice within ten (10) days from the date said notice is mailed or delivered to him, the Board may at its option elect to terminate the subject lease. The Board shall give the Unit Owner and his tenant notice of such election in writing. Within ten (10) days after said notice is placed in the United States mail addressed to the Unit Owner at his last known address or within ten (10) days after a written notice of such election is delivered to the residence of the tenant, whichever shall last occur, the tenant shall forthwith and immediately vacate the subject Unit and the Unit Owner shall take such further actions as might be necessary on his part to insure that said tenant vacates said Unit. Each Unit Owner hereby agrees to indemnify and hold harmless the Association from all costs and expenses, including reasonable attorney's fees, incurred by the Association in enforcement of the Association's rights hereunder, including the above described rights against all tenants of Units. In the event the Board, in its reasonable discretion, determines that any tenant of a Unit Owner is guilty of violating the rules and regulations and/or this Master Deed and By-Laws, the Board, in addition to all other rights and remedies which it may have, shall have the right to terminate any lease of such tenant by giving both the tenant and the Unit Owner ten (10) days' notice as described above.

ARTICLE XX
USE AND OCCUPANCY RESTRICTIONS

Section 1. No Unit shall be used for other than residential purposes. Notwithstanding the foregoing, a Unit Owner may maintain a personal professional library in his Unit, keep his personal business or professional records or accounts in his Unit, and handle his personal business or professional telephone calls or correspondence therein.

Section 2. The Common Elements shall be used only for access, ingress and egress to and from the respective Units by the occupants residing therein and their respective guests, household help and other authorized visitors, and for such other purposes which are incidental to the residential use of the respective Units; provided, however, that the common parking areas, storage areas and other special areas shall be used for the purposes approved by the Board.

Section 3. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner, nor shall anything be stored in the Common Elements without the prior consent of the Board, except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep his own Unit in good order and repair.

Section 4. Nothing shall be done or kept in any Unit or in the Common Elements which would increase the rate of insurance on the Buildings, or contents thereof, applicable for residential use, without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of insurance on the Buildings, or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Elements.

Section 5. Unit Owners shall not cause or permit anything to be placed on the outside walls of the Buildings, or paint, decorate or adorn the outside of their Units, without the prior written consent of the Board. No outdoor television antenna, radio transmitter, canopy or awning may be erected or installed on the exterior of any Unit, without the prior written consent of the Board.

Section 6. No animals, rabbits, livestock, fowl or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Elements, except that dogs, cats, or other household pets may be kept in Units, subject to rules and regulations adopted by the Board; provided that they are not kept, bred, or maintained for any commercial purpose and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three (3) days' written notice from the Board. All dogs owned by Unit Owners and kept in a Unit shall be on a leash while outside the Unit. All such dogs shall be exercised by their owners at places on the Property which do not interfere with the use and enjoyment of the same by other Unit Owners.

Section 7. No unlawful, noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

Section 8. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

Section 9. No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Property except at such locations and in such forms as shall be determined by the Board, except as Developer is permitted under Section 10 below, and except by a mortgagee which has acquired title by foreclosure or by deed in lieu of foreclosure (with the approval of the Board, which approval shall not be unreasonably withheld).

Section 10. Until all of the Units have been sold by Developer and occupied by the purchasers, Developer may use and show one (1) or more of such unsold or unoccupied Units as a model Unit or Units and sales offices and may maintain customary signs in connection therewith. Developer and its agents shall be entitled to access, ingress, and egress to and from the Buildings and Property as may be required for purposes of the sale of Units owned by Developer.

Section 11. No Unit Owner shall overload the electrical wiring in the Buildings, 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 air conditioning system or plumbing system without the prior written consent of the Board or manager or managing agent.

Section 12. No Unit Owner shall do any act or any work that will impair the structural soundness or integrity of the Buildings or impair any easement or hereditament.

Section 13. It is strictly prohibited to store or park a house trailer, motor home, camper, pleasure or fishing boat, motor, or trailer on or about the Property without the prior written consent of the Board.

Section 14. Each Unit Owner shall maintain his Unit in good order and condition, at his own expense.

Section 15. Trash, garbage and other waste shall be kept only in sanitary containers and shall be disposed of in a clean and sanitary manner as prescribed in the rules and regulations of the Board.

Section 16. Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys and other articles, shall not be stored or kept in the common areas, except in the common storage area specifically allocated to such Unit Owner.

Section 17. Invalidation of any one (1) or more of the covenants and restrictions or other provisions herein or hereafter contained by judgment or court order shall in no way affect any of the other covenants and restrictions herein or hereafter contained, which shall remain in full force and effect.

Section 18. Each Unit Owner shall comply with the provisions and requirements of this Master Deed, including the administrative By-Laws attached hereto, the decisions and resolutions of the Association and of the Board, and with reasonable rules and regulations adopted from time to time by the Board for the common comfort, safety, convenience, and protection of the Unit Owners in their use and enjoyment of their Units and of the Common Elements and adopted for the orderly administration of the condominium project and of the condominium Buildings and with all amendments thereof. Without in any manner intending to limit the generality of the foregoing, the Board shall have the right but not the obligation to promulgate rules and regulations limiting the use of the Common Elements to Unit Owners and their respective families, guests, invitees and servants, as well as to provide for the exclusive temporary use by a Unit Owner and his guests, for specific occasions, of such facilities. Such use may be conditioned upon, among other things, the payment by the Unit Owner of such assessment as may be established by the Board for the purpose of defraying the costs thereof.

ARTICLE XXI
REMEDIES FOR DEFAULT AND FOR BREACH OF COVENANTS, RESTRICTIONS, RULES AND REGULATIONS

Section 1. In the event of any default by any Unit Owner under the provisions of the Act, Master Deed, By-Laws or rules and regulations of the Board, the Board or its agents 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 any 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 hereinafter in this Article XXI provided, 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 reasonable attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the highest effective rate allowed by law until paid, 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 non-payment 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. 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.

Section 2. If any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) shall violate any of the covenants or restrictions or provisions of this Master Deed, the By-Laws, or the rules and regulations adopted by the Board, and such violation shall not be cured within thirty (30) days after notice in writing from the Board, or shall re-occur more than once thereafter, then the Board shall have the power to issue to said defaulting Unit Owner a ten-day notice in writing to terminate the rights of said defaulting Unit 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 said defaulting Unit Owner for a decree of mandatory injunction against said defaulting Unit Owner or occupant or, in the alternative, for a decree declaring the termination of said defaulting Unit 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 Unit Owner in his Unit and the Common Elements 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 Unit 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 attorney's fees and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Unit Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder, shall be paid to said defaulting Unit 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 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 so provide, that the purchaser shall take the interest in the Unit Ownership sold subject to this Master Deed and the By-Laws.

Section 3. In addition to the other remedies provided for herein, in the event of a default by a Unit Owner in the payment of such Unit Owner's respective share of the common expenses, which default continues for a period of ninety (90) days, the Board shall have the power and authority to sever all utility connections of such Unit, which connections are within the Common Elements.

ARTICLE XXII
AMENDMENT

Section 1. 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 having at least two-thirds (2/3) of the total vote, and certified by the secretary of the Board; provided, however, that all lien holders of record have been notified by certified mail of such change, modification or rescission, and an affidavit by said secretary certifying to such mailing is a part of such instrument.

Section 2. Notwithstanding the provisions of the foregoing Section 1, if the Act, or this Master Deed, or the By-Laws, requires 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 provisions 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 by this Master Deed, or by the By-Laws.

Section 3. The change, modification or rescission, whether accomplished under either Section 1 or Section 2 above, shall be effective upon recordation of such instrument in the Register's Office for Davidson County, Tennessee; provided, however, that no provision in this Master Deed may be changed, modified or rescinded so as to conflict with the provisions of the Act.

ARTICLE XXIII
NOTICE

Section 1. Notices provided for in the Act, Master Deed or By-Laws shall be in writing, and shall be addressed to the Board, or any Unit Owner, as the case may be, at The Hillsborough, ____ Hillsboro Road, Nashville, Tennessee 37215 (indicating thereon the number of the respective Unit if addressed to a Unit Owner), or at such other address as hereinafter provided. The Board may designate a different address for notices to it by giving written notice of such change of address to all Unit Owners at such time. Any Unit Owner may also designate a different address or addresses for notices to him by giving written notice of his change of address to the Board. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail or when delivered in person with written acknowledgment of the receipt thereof.

Section 2. 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 Unit Owner or Owners whose Unit is subject to such mortgage or trust deed.

ARTICLE XXIV
SEVERABILITY

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

ARTICLE XXV
PERPETUITIES AND OTHER RULES OF PROPERTY

If any of the options, privileges, covenants or rights created by this Master Deed would otherwise violate (a) the rule against perpetuities or some analogous statutory provision or (b) any other statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of the incumbent Governor of the State of Tennessee and of the incumbent President of the United States.

ARTICLE XXVI

RIGHTS AND OBLIGATIONS

Each grantee of Developer by the acceptance of a deed of conveyance, and each purchaser under any contract for such 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, and all rights, benefits, and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations 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 the Property, and shall inure to the benefit of such Person in like manner as though the provisions of this Master Deed were recited and stipulated at length in each and every deed of conveyance. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the rights described in this Article XXVI or described in any other part of this Master Deed or the By-Laws shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees of such Unit Ownerships as fully and completely as though such rights were recited fully and set forth in their entirety in such documents.

ARTICLE XXVII
TERMINATION OF HORIZONTAL PROPERTY REGIME

Section 1. All of the Co-Owners constituted into this horizontal property regime may by deed waive this regime and regroup or merge the records of the filial estates with the principal Property; provided that the filial estates are unencumbered or, if encumbered, that the creditors in whose behalf the encumbrances are recorded accept as security the undivided portions of the Property owned by the debtors.

Section 2. The merger provided for in the preceding section shall in no way bar the subsequent constitution of the Property into another horizontal property regime whenever so desired and upon observance of the provisions of the Act.

Section 3. Alternatively, the horizontal property regime herein created may be terminated at any time and in such manner and upon such terms as are mutually agreeable by the unanimous agreement, consent, and act, expressed in writing and duly acknowledged and recorded, of all Unit Owners and of all mortgagees who have liens upon Units.

ARTICLE XXVIII
GENERAL PROVISIONS

Section 1. The Board shall have the power and authority to bid and purchase any Unit, for and on behalf of the Associaton, at a sale pursuant to a deed of trust or mortgage foreclosure, a foreclosure of the lien for common expenses, or an order or direction of a court, or at any other involuntary sale, upon the consent or approval of Unit Owners having at least two-thirds (2/3) of the total vote. Such consent shall set forth a maximum price which the Board or its duly authorized agent may bid and pay for said Unit. The Board shall have the 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 by the Association. However, no such financing arrangement may be secured by an encumbrance on any

interest in the Property other than the Unit to be purchased or leased and the percentage interest in the Common Elements appurtenant thereto.

Section 2. No covenants, restrictions, conditions, obligations or provisions contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 3. The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a first class condominium.

Section 4. In the event title to any Unit Ownership is conveyed to a title holding trust, under the terms of which all powers of management, operation and control of the Unit Ownership remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder from time to time shall be responsible for the payment of all obligations, liens, or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Master Deed against such Unit Ownership. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Unit Ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title to such Unit Ownership.

Section 5. 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 and all mortgagees affected. If a majority of the Board in its discretion, with written consent of a majority of the mortgagees affected, approves 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 in such repair and restoration in appropriate progress payments. In the event that the Board and the mortgagees do not approve the repair and commence restoration of such Common Elements within one hundred twenty (120) days after taking by the public or private authority, the Board shall disburse the net proceeds of such award on the basis of the percentages of ownership in the Common Elements to the Unit Owners and the mortgagees as their respective interests may appear.

Section 6. The Unit Owners' right of enjoyment of the Common Elements shall be subject to:

(a) the right of the Association, as provided in the 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 for any infraction of its published rules and regulations;

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

(c) the right of the Association 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 upon by the members entitled to vote thereon, provided that

no such dedication or transfer shall be effective unless Unit Owners having at least three-fourths (3/4) of the total vote have agreed to such dedication or transfer; 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.

Section 7. Notwithstanding anything to the contrary contained in this Master Deed or in the By-Laws which are attached hereto, the regulations of the Federal Home Loan Mortgage Corporation ("FHLMC") pertaining to condominiums, as the same now exist or may hereafter be amended, are incorporated by reference in the Master Deed and the By-Laws as additional terms thereof, and the same shall apply to and govern the Property, Developer, and the Association, so long as they are not inconsistent with the Act. Without limiting the generality of the foregoing, the declarations set forth below shall be fully effective and shall control in the event of any conflict with the Master Deed or By-Laws. Any portions of the Master Deed or By-Laws which are in conflict with this paragraph or with any of the FHLMC regulations pertaining to condominiums, are hereby deleted and superseded by the following rights of mortgagees:

(a) Any first mortgagee of a Condominium Unit who obtains title to the Unit pursuant to the remedies provided in the mortgage or deed of trust, or pursuant to foreclosure of the mortgage or deed of trust, or by deed in lieu of foreclosure will not be liable for unpaid assessments or charges against such Unit which accrue prior to acquisition of title to such Unit by the mortgagee.

(b) Except as provided by statute in case of condemnation or substantial loss to the Units and/or Common Elements of the condominium project, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned), or owners (other than Developer) of the individual Condominium Units have given their prior written approval, the Association shall not be entitled to:

(i) by act or omission, seek to abandon or terminate the condominium project;

(ii) change the pro rata interest or obligations of any individual Condominium Unit for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or determining the pro rata share of ownership of each Condominium Unit in the Common Elements;

(iii) partition or subdivide any Condominium Unit;

(iv) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements, except for the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the condominium project; or

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(v) use hazard insurance proceeds for losses to any condominium Property (whether to Units or Common Elements) for other than the repair, replacement, or reconstruction of such condominium Property, except as provided by Tennessee Code Annotated, Section 66-27-118, in case of damage to or destruction of the whole or more than two-thirds (2/3) of the Units and/or Common Elements of the condominium project.

(c) As set forth in Tennessee Code Annotated, Section 66-27-120, all taxes, assessments and charges which may become liens prior to the first mortgage or deed of trust under the laws of the State of Tennessee shall relate only to the individual Condominium Units and not to the condominium project as a whole.

(d) No Condominium Unit Owner, or any other party, shall have priority over any rights of the first mortgagee of the Condominium Unit pursuant to its mortgage or deed of trust in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or taking of Condominium Units and/or Common Elements.

(e) Condominium dues or charges shall include an adequate reserve fund for maintenance, repair and replacement of those Common Elements which must be replaced on a periodic basis, and shall be payable in regular installments rather than by special assessments.

(f) A first mortgagee of a Condominium Unit, upon request, will be entitled to written notification from the Association of any default in the performance by the individual Unit borrower of any obligation under the Master Deed, By-Laws, or any of the condominium documents, which is not cured within sixty (60) days.

(g) Any agreement for professional management of the condominium project, or any other contract providing for services of Developer, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days' or less written notice.

(h) First mortgagees shall have the right to examine the books and records of the Association and/or the condominium project.

(i) The Association shall give to FHLMC or the Federal National Mortgage Association ("FNMA"), or any lending institution servicing such mortgages as are acquired by FHLMC or FNMA, notice in writing of any damage to or the taking of a Condominium Unit which exceeds One Thousand ($1,000.00) Dollars and any damage to or taking of the Common Elements of the condominium project which exceeds Ten Thousand ($10,000.00) Dollars. 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 or servicers to be notified hereby.

(j) The interest of a first mortgagee in a mortgaged Unit shall be superior to the interest of

any other person, group, partnership, corporation or entity of any kind, including any interest which the Board, Developer, or any Unit Owner may have in any portion of the Property, regardless of the nature of the interest or the manner in which it is acquired.

(k) In addition to all of the rights granted to a first mortgagee herein, it shall have all of the rights granted to an institutional first mortgagee under its mortgage or deed of trust and under the laws of the State of Tennessee.

Section 8. In the event of any conflict between the provisions of the Master Deed and the Act, the provisions of the Act shall control.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed this 1ST day of APRIL, 1986.

HILLSBOROUGH-HARDING JOINT VENTURE

BY: BEC DEVELOPMENT CORPORATION
as General Partner

By: _____
Title: President

STATE OF TENNESSEE
COUNTY OF DAVIDSON

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Before me, PETER H. CURRY, a Notary Public of the State and County aforesaid, personally appeared CHARLES C. BROWN, 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 of BEC Development Corporation, a Tennessee corporation, and that said corporation is a General Partner of Hillsborough-Harding Joint Venture, the within named bargainor, a partnership, and that he as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation as General Partner of the partnership by himself as President.

WITNESS my hand and seal, at office in Nashville, Tennessee, this 1ST day of April, 1986.

Notary Public

My Commission Expires: 10-19-88

EXHIBIT A

BEING a tract of land in Nashville, Davidson County, Tennessee, bounded on the south by Harding Place and on the east by Hillsboro Road, more particularly described as follows:

Beginning at an iron pin on the north margin of Harding Place, 451.97 feet west of the intersection of the north margin of Harding Place with the westerly margin of Hillsboro Road, both margins extended;

Thence, leaving Harding Place with a line common with Sheffield Condominiums, Phase II, as of record in Plat Book 5200, page 474, N 03° 10' 19" W, 330.42 feet to a concrete monument,

Thence, with the south line of Hilltop Acres, as of record in Plat Book 2330, page 156, N 88° 57' 52" E, 79.71 feet to a concrete monument;

Thence, with the east line of Hilltop Acres, N 02° 14' 48" W, 431.94 feet to the south margin of La Vista Drive;

Thence, with said drive, the following:
S 87° 07' 11" E, 145.32 feet to an iron pin and S 87° 39' 55" E, 109.10 feet to an iron pin;

Thence, S 84° 26' 29" E, 483.09 feet to an iron pin on the westerly margin of Hillsboro Road;

Thence, with said westerly margin the following:
S 25° 40' 46" W, 199.96 feet to an iron pin,
N 82° 00' 23" W, 15.83 feet to an concrete monument,
S 17° 28' 54" W, 105.79 feet to a concrete monument,
S 25° 40' 46" W, 343.37 feet to an iron pin;

Thence, with curve to the right having a central angel of 61° 30' 15", radius of 175 feet, 187.85 feet to an iron pin on the north margin of Harding Place;

Thence, with said north margin, S 87° 11' 01" W, 347.85 feet to the point of beginning.

Containing 429,553 square feet or 9.862 acres.

BEING the same property conveyed to Hillsborough-Harding Joint Venture by deed from Edgar F. Arnold and wife, Darla Arnold, of record in Book 6609, page 864; by deed from Arthur I. Ebbets, a single widower, of record in Book 6609, page 860; by deed from Martha Neyland Harris, and husband, Jackson Harris, of record in Book 6609, page 855; and by deed from Cumberland Place, a Tennessee General Partnership, of record in Book 6465, page 867, Register's Office for Davidson County, Tennessee.

EXHIBIT "B"

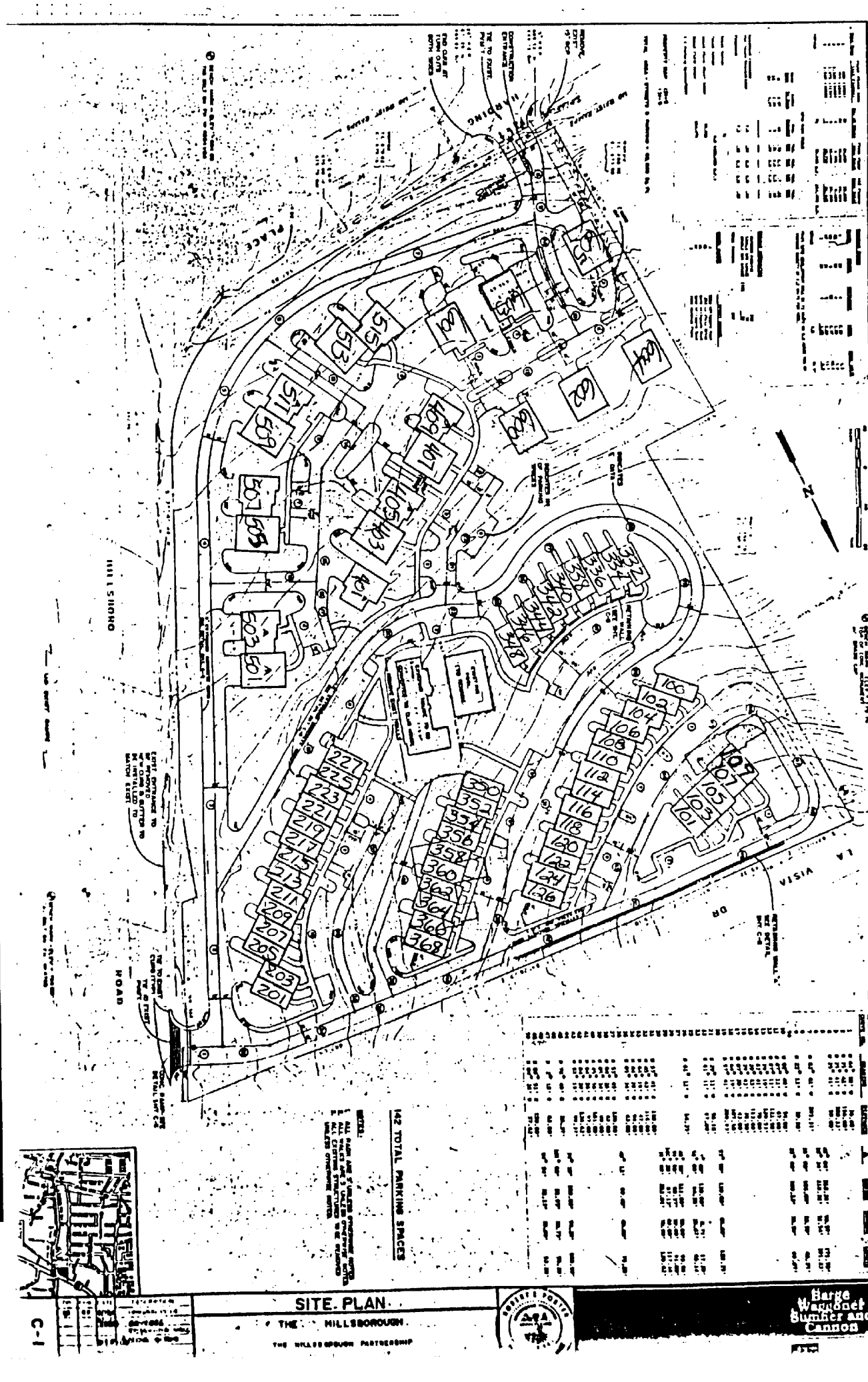

SITE PLAN
THE HILLSBOROUGH
THE HILLSBOROUGH PARTNERSHIP
142 TOTAL PARKING SPACES
Barge Waggoner Sumner and Cannon
C-1

EXHIBIT C

BOOK 6822 PAGE 747

BY-LAWS

OF

THE ASSOCIATION OF OWNERS OF

THE HILLSBOROUGH CONDOMINIUMS

ARTICLE I

OFFICE

The principal office of the Association shall be maintained at the address of the condominium project at 330 Ardsley Place, Nashville, Tennessee 37215.

ARTICLE II

ASSOCIATION OF UNIT OWNERS

Section 1. The members of the Association of Unit Owners of The Hillsborough shall consist of the Unit Owners of The Hillsborough Condominiums, a condominium project located on Hillsboro Road in Nashville, Davidson County, Tennessee. The terms used in these By-Laws shall have the same meanings as in the Master Deed for The Hillsborough Condominiums, as recorded in the Office of the Register of Deeds of Davidson County, Tennessee. The words "member" or "members," as used in these By-Laws, shall mean and refer to the "Unit Owner" or "Unit Owners," as the case may be, as defined in the Master Deed.

Section 2. There shall be one person with respect to each Unit Ownership who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known (and hereinafter referred to) as a "voting member." Such voting member may be the Unit Owner or one of the group composed of all the Unit Owners of a Unit Ownership, or may be some person designated by such Unit Owner or Owners to act as proxy on his or their behalf and who need not be a Unit Owner. Such designation shall be in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors of the death or judicially declared incompetence of any designator, or by written notice to said Board of Directors by the Unit Owner or Owners. Any or all such Unit Owners may be present at any meeting of the voting members and (those constituting a group acting unanimously) may vote to take any other action as a voting member either in person or by proxy. The total number of votes of all voting members shall be seventy-one (71), and each Unit Owner or group of Unit Owners of a Unit shall be entitled to one (1) vote. Developer shall be the voting member with respect to any Unit Ownership owned by Developer in the condominium project. Until such time as two-thirds (2/3) of the Units have been sold or until two (2) years after the recording of the Master Deed, whichever shall first occur, Developer shall be entitled to two (2) votes per Unit owned by it. If a Unit Owner is a trust, then the member of the Association shall be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, the member of the Association may be an officer, partner or employee of such Unit Owner or beneficiary. 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 Unit Ownership, his membership in the Association shall automatically be transferred to the new Unit Owner succeeding to such Unit Ownership.

Section 3. Meetings of the voting members shall be held at the principal office or at such other place in Davidson County as may be designated in any notice of a meeting. The presence in person or by proxy at any meeting of the voting members having a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein or in the Master Deed, any action may be taken at any meeting of the voting members at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting.

Section 4. The initial meeting of the voting members may be held, subject to the terms hereof, on any date, at the option of the Board of Directors; provided, however, that the initial meeting shall be held not less than thirty (30) days and not more than one (1) year after Developer has sold and delivered its deed for at least sixty-two (62) of the Units in the condominium project. Thereafter, each succeeding year there shall be an annual meeting of the voting members within fifteen (15) days of the anniversary of the initial meeting. All such meetings of the voting members shall be held on such date and at such time as may be designated by written notice of the Board of Directors delivered to the voting members not less than ten (10) days prior to the date fixed for said meeting.

Section 5. Special meetings of the voting members may be called at any time for the purpose of considering matters which, by the terms of the Master Deed, require the approval of all or some of the voting members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board of Directors, or by the voting members having one-fourth (1/4) of the total votes, and delivered not less than ten (10) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting and the matters to be considered.

Section 6. Notices of meetings required to be given herein may be delivered either personally or by mail to the persons entitled to vote at such meetings, addressed to each such person at the address given by him to the Board of Directors for the purpose of service of such notice, or to the Unit or the Unit Owner with respect to which such voting right appertains, if no address has been given to the Board of Directors.

Section 7. Any meeting of the Association may be adjourned from time to time to such place and time as may be determined by majority vote of the members present, whether a quorum be present or not, without notice other than the announcement at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 8. No Unit Owner who is in default in the payment of his assessments hereunder shall be entitled to exercise his right to vote 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 its agent within fifteen (15) days after receipt of notices of assessment.

ARTICLE III

BOARD OF DIRECTORS

Section 1. The direction and administration of the condominium project shall be vested in a Board of Directors

which shall constitute the "board of administration" described in the Tennessee Horizontal Property Act and which shall hereinafter be referred to as the "Board," consisting of five (5) persons who shall be elected in the manner hereinafter provided. Each member of the Board shall be one of the Unit Owners or a spouse of a Unit Owner; provided, however, that in the event a Unit Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, beneficiary of such trust, or manager of such other legal entity, shall be eligible to serve as a member of the Board.

Section 2. At the initial meeting the voting members shall elect a Board. Pending the initial meeting of the voting members, Developer shall appoint the members of the First Board. In all elections for members of the Board, the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. A majority of the total number of members on the Board shall constitute a quorum, and the acts of a majority of the Board members present at a Board meeting at which a quorum is present shall be the acts of the Board. Every member of the Board (except for members of the First Board) shall hold office for a term of three (3) years and until his or her successor shall have been elected and qualified; provided that two (2) members of the Second Board shall hold office until the first annual meeting after the initial meeting, two (2) other members of the Second Board shall hold office until the second annual meeting after the initial meeting, and one (1) other member of the Second Board shall hold office until the third annual meeting after the initial meeting. Vacancies in the Board shall be filled by election by the voting members present at the next annual meeting or at a special meeting of the voting members called for such purpose. Any director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the director whom he succeeds. Except as otherwise provided in the By-Laws, the condominium project shall be managed by the Board and the Board shall act by majority vote of those present at its meetings when a quorum exists. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt.

Section 3. The Board shall elect from among its members a president who shall preside over both its meetings and those of the voting members, and who shall be the chief executive officer of the Board, a secretary who shall keep the minutes of all meetings of the Board and of the voting members and who shall, in general, perform all the duties incident to the office of secretary, and a treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect.

Section 4. Any Board member may be removed from office with or without cause by the affirmative vote of the voting members having at least two-thirds (2/3) of the total votes, at any special meeting called for that purpose. A successor to fill the unexpired term of a Board member removed may be elected by the voting members at the same meeting or any subsequent meeting called for that purpose.

Section 5. All agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the president or any vice president, countersigned by the secretary or any assistant secretary of the Board.

Section 6. The Board shall have the following additional powers and duties:

(a) To administer the affairs of the Association and the condominium project.

(b) To engage the services of a manager or managing agent who shall manage and operate the condominium project for all the Unit Owners upon such terms and with such authority as the Board may approve; provided that the First Board, appointed as provided herein, shall ratify and approve a Management Agreement between Developer, on behalf of the Association, and a management corporation, which may be an affiliate of Developer, to act as managing agent for the condominium project.

(c) To formulate policies for the administration, management and operation of the condominium project.

(d) To adopt rules and regulations, with written notice thereof to all Unit Owners, governing the administration, management, maintenance, operation, use, conservation and beautification of the condominium project and for the health, comfort, safety and general welfare of the Unit Owners, and to amend such rules and regulations from time to time.

(e) To provide for and maintain the insurance coverage called for in the Master Deed.

(f) To provide for any construction, alteration, installation, maintenance, repair, painting and replacement for which the Board is responsible under the Master Deed and By-Laws and for such purposes to enter and to authorize entry into any Unit and/or Limited Common Elements, causing as little inconvenience to the Unit Owners as practicable and repairing any damage caused by any such entry at the expense of the maintenance fund.

(g) To provide for the designation, hiring and removal of employees and other personnel, including attorneys and accountants, 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 condominium project and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

(h) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the Unit Owners their respective shares of such estimated expenses as hereinafter provided.

(i) To pay out of the maintenance fund hereinafter provided for, the following:

(i) Water, waste removal, electricity and telephone and other necessary utility services for the Common Elements.

(ii) The services of a manager or managing agent or any other person or firm employed by the Board.

(iii) Payment for the maintenance, repair and replacement of the Common Elements.

(j) To bid for and purchase any Unit Ownership at a sale pursuant to a mortgage or trust deed foreclosure, or a foreclosure of the lien for common expenses under the Master Deed, or at a sale pursuant to an order or direction of a court, or other involuntary sale, upon the consent or approval of Unit Owners having at least two-thirds (2/3) of the total vote.

(k) To comply with the instructions of a majority of the Unit Owners, as expressed in a resolution duly adopted at any annual or special meeting of the Unit Owners.

(l) To exercise all other powers and duties of the Board of Directors of the Association as a group referred to in the Master Deed, these By-Laws or the Horizontal Property Act of the State of Tennessee.

(m) To make such reasonable rules and regulations from time to time as they in their discretion, may determine in order to curtail unreasonable parking, abandonment of vehicles, storage of vehicles, prohibiting trucks and other abuses of like nature.

(n) From time to time, to assign the use of particular automobile parking spaces and storage areas for the benefit of Unit Owners. Such assigned spaces and areas shall be made on a reasonable basis as may be designated by the Board. Nothing herein contained shall be construed to establish a contractual relationship between the Unit Owner and the Board of the Association pertaining to the use of a particular parking space or storage area.

(o) To purchase or lease premises for the lodging of janitors or persons in charge of the Buildings, upon such terms as the Board may approve.

(p) To establish or adopt a fiscal year for the Association.

(q) To provide for the incorporation of the Association as a non-profit corporation, if deemed advisable by the Board.

ARTICLE IV

ASSESSMENTS

Section 1. Each year on or before the first day of the last month of the Association's fiscal year, the Board shall estimate the total amount necessary to pay the cost of salaries, wages, professional fees, materials, insurance, services and supplies, and other common expenses which will be required during the ensuing fiscal year for the rendering of all services, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and

replacements and shall on or before fifteen (15) days thereafter notify each Unit Owner in writing as to the amount of such estimate, with reasonable itemization thereof. The annual budget shall also take into account the estimated net available cash income for the fiscal year from the operation or use of the Common Elements. Said "estimated cash requirement" shall be assessed to the Unit Owners according to each Unit Owner's percentage of ownership in the Common Elements as set forth in Exhibit B to the Master Deed. On or before the first day of the first month of the ensuing fiscal year, and the first of each and every succeeding month of said year, each Unit Owner shall be obligated to pay to the Board or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this section. On or before the date of the annual meeting of each fiscal year, the Board shall supply to all Unit Owners an itemized accounting of the maintenance expenses for the preceding fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited according to each Unit Owner's percentage of ownership in the Common Elements to the next monthly installments due from Unit Owners under the current fiscal year's estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's percentage of ownership in the Common Elements to the installments due in the succeeding three (3) months after rendering of the accounting.

Section 2. The Board shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the fiscal year shall be charged first against such reserve. If said "estimated cash requirement" proves inadequate for any reason, including non-payment of any Unit Owners' assessment, the Board may at any time levy a further assessment, which shall be assessed to the Unit Owners according to each Unit Owner's percentage ownership in the Common Elements. The Board shall serve notice of such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the next monthly maintenance payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

Section 3. For the first fiscal year and thereafter until the Second Board is elected, the annual budget shall be established 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 such budget. Commencing with the date of acquisition of his Unit, each Unit Owner shall pay his assessment for the following month or fraction thereof, which assessment shall be in proportion to his respective ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget.

Section 4. The failure or delay of the Board to prepare or serve the annual or adjusted estimate on the Unit Owners shall not constitute a waiver or release in any manner of the Unit Owners' obligation to pay the maintenance costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual estimate or adjusted estimate, the Unit Owners shall continue to pay the monthly maintenance charge at the then existing monthly rates

established for the previous period until the next monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

Section 5. The Board shall keep full and correct books of account in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for inspection by any Unit Owner or his representative, duly authorized in writing, at such reasonable time or times during normal business hours as may be requested by the Unit Owner. Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

Section 6. 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 highest effective rate allowed by law, shall constitute a lien against the Unit Ownership of such Unit Owner in the condominium project, as set forth in the Master Deed; provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on such Unit, except for the amount of such common expenses which become due and payable from and after the date on which such first mortgagee acquires title to the Unit by foreclosure or sale pursuant to its mortgage or trust deed or by deed in lieu of foreclosure. The Board shall have the right to enforce the lien as provided in the Master Deed or to institute 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 interest as herein provided and reasonable attorney's fees to be fixed by the court. Notwithstanding the foregoing, the Board or the Association shall have the authority to exercise and enforce any and all rights and remedies provided in the Tennessee Horizontal Property Act, the Master Deed or these By-Laws, or otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 7. 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 reasonable attorney's fees, incurred by reason of such lien.

Section 8. 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 proportion to their percentage interests in the Common Elements set forth in Exhibit B to the Master Deed.

Section 9. No Unit Owner may exempt himself from liability for the assessments provided for herein by waiver of the use or enjoyment of the Common Elements, by abandonment of his Unit, or by any other means.

ARTICLE V

CONTRACTUAL POWERS

No contract or other transaction between the Association and one or more of its directors or between the Association and any corporation, firm or other entity in which one or more of the directors of the Association are directors or are financially interested shall be void or voidable because such director or directors were present at the meeting of the Board which authorized or approved the contract or transaction or because his or their votes were counted, if (a) the fact of the common directorship or financial interest is disclosed or known to the Board and noted in the minutes and the Board 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 Association 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 which authorizes, approves or ratifies a contract or transaction.

ARTICLE VI

AMENDMENTS

These By-Laws may be amended or modified from time to time by action or approval of the voting members having at least two-thirds (2/3) of the total votes; provided, however, that no provision in these By-Laws may be amended or modified so as to conflict with the provisions of the Tennessee Horizontal Property Act. Such amendments shall be recorded in the Register's Office for Davidson County, Tennessee.

ARTICLE VII

INDEMNIFICATION

Section 1. Any person who is made a party to a suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he, his testator or intestate, is or was a director or officer of the Association, may be indemnified by the Association in accordance with Section 2 hereof against judgments, amounts paid in settlement and reasonable expenses, including attorney's fees, actually and necessarily incurred as a result of such suit or proceeding, or any appeal therein, except in relation to matters as to which such director or officer is adjudged to have breached his duty to the Association to act in good faith and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions. Any person made or threatened to be made a party to a suit or proceeding other than by or in the right of the Association to procure a judgment in its favor, whether civil or criminal, by reason of the fact that he, his testator or intestate, is or was a director or officer of the Association, may be indemnified by the Association in accordance with Section 2 hereof against judgments, fines, amounts paid in settlement and reasonable expenses, including attorney's fees, actually and necessarily incurred as a result of such suit or proceeding, or any appeal therein, if such director or officer acted in good faith for a purpose which he reasonably believed to be in the best interest of the Association and, in addition, in criminal actions or proceedings, had no reasonable cause to believe that his conduct was unlawful. The termination of any such civil or

criminal action, suit or proceeding by judgment, settlement (with or without court approval), or conviction, or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such director or officer did not act in good faith for a purpose which he reasonably believed to be in the best interest of the Association or that he had reasonable cause to believe that his conduct was unlawful.

Section 2. Any person referred to in Section 1 hereof who has been wholly successful, on the merits or otherwise, in the defense of any civil or criminal action, suit or proceeding of the character described in Section 1 hereof shall be entitled to indemnification as of right without any further action or approval by the Board. Except as provided in the immediately preceding sentence, any indemnification under Section 1 next above shall be made at the discretion of the Association, but only if (a) the Board, acting by majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, present or voting, shall find that the director or officer has met the applicable standard of conduct set forth in Section 1 hereof, or (b) if no such quorum of the Board is obtainable with due diligence, (i) independent legal counsel shall deliver to the Association their written opinion that indemnification is proper in the circumstances because such director or officer has met such standard or (ii) the Association members then entitled to vote for the election of directors shall determine by majority vote that such director or officer has met such standard.

Notwithstanding the foregoing, no person referred to in Section 1 hereof who has been made a party to any action, suit or proceeding of the character described in Section 1 hereof shall be entitled to indemnification with respect to any claim, issue or matter as to which such person, his testator or intestate, shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association, unless and except to the extent that the court in which such action, suit or proceeding was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 3. 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, only if authorized in the specific case (a) by the Board acting by majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding upon a finding that the director or officer has met the applicable standard of conduct set forth in Section 1 hereof, or (b) if no such quorum of the Board is obtainable with due diligence, (i) upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because such director or officer has met such standard or (ii) by majority vote of the Association members then entitled to vote for the election of directors upon a finding that the director or officer has met such standard, provided that the Association shall have received an undertaking by or on behalf of the person receiving such advancement to repay such amount if he is ultimately found not to be entitled to indemnification or, where indemnification is granted, such portion of the amount so advanced by the Association or allowed by the court in excess of the indemnification to which he is entitled.

Section 4. The rights of indemnification provided in this Article VII shall be in addition to any rights to which any such director, officer or other person may otherwise be

entitled under any by-law, agreement, vote of Association members, or otherwise, and shall be in addition to the power of the Association to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, regardless of whether the Association would have the power to indemnify him against such liability under this Article VII or otherwise.

Section 5. If any expenses or other amounts are paid by way of indemnification otherwise than by court order, by action of the Association members, or by an insurance carrier pursuant to insurance maintained by the Association, the Association shall, not later than the next annual meeting of Association members unless such meeting is held within three (3) months from the date of such payment, and, in any event, with fifteen (15) months from the date of such payment, mail to the Association members at the time entitled to vote for the election of directors a statement specifying the persons paid, the amounts paid, and the nature and status of the litigation or threatened litigation at the time of such payment.

Section 6. The indemnification provided for in this Article VII shall be a common expense, assessable to the Unit Owners in accordance with their percentage interests in the Common Elements set forth in Exhibit B to the Master Deed.

ARTICLE VIII

MORTGAGES

Section 1. 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. The Board, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid common expenses due from or any other default by the Unit Owner of the mortgaged Unit.

Section 3. The Board, when giving notice to a Unit Owner of a default in paying common expenses, or other default, shall send a copy of such notice to each holder or servicer of a mortgage encumbering such Unit whose name and address has theretofore been furnished to the Board.

Section 4. Each mortgagee of a Unit or its representative, duly authorized in writing, shall be permitted to examine the books of account of the Association's receipts and expenditures affecting the condominium project at such reasonable time or times during normal business hours as may be requested by the mortgagee.

ARTICLE IX

CONFLICTS

In the event of any conflict between the provisions of these By-Laws and the provisions of the Tennessee Horizontal Property Act or the Master Deed, the provisions of said Tennessee Horizontal Property Act or the Master Deed, as the case may be, shall control.