PREPARED BY & RETURN TO:
WALT, DYER & JAMES, ATTYS.
ONE BURTON HILLS BLVD., SUITE 130
NASHVILLE, TN 37215

MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME OF HARBOR VILLAGE

BOOK 7675 PAGE 804

THIS MASTER DEED, made and executed this 26 day of AUGUST, 1988, by Harbor Village Associates, Ltd., a Tennessee corporation (hereinafter referred to as the "Declarant");

WITNESSETH:

WHEREAS, Declarant 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, it is contemplated that certain improvements will be constructed on the Land for residential use; and

WHEREAS, this entire residential community comprising the Land and improvements to be constructed thereon is herein called HARBOR VILLAGE, Phase 1, a plan of which is attached hereto as Exhibit B and made a part hereof by reference (the "Plan"); and

WHEREAS, it is the desire, intent and purpose of Declarant, by this Master Deed, to submit the Land, together with all structures, improvements and other permanent fixtures 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, Tennessee Code Annotated §§ 66-27-101, et seq., as now or hereafter amended (the "Act"), 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 and in which the unit owner has an exclusive ownership of his unit and has a common right to share with other unit owners in the common elements of the land not constituting an individual unit; and

WHEREAS, Declarant 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 to be constructed 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

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 the Act, Declarant, 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 to be constructed thereon, as follows:

ARTICLE I
DEFINITIONS

Section 1. Unless otherwise stated herein, all words and phrases used in this Master Deed shall have the definitions given in the Act.

Section 2. "Association" shall mean Harbor Village Condominium Association, Inc., a Tennessee not-for-profit corporation, a copy of the Charter of which is attached hereto as Exhibit C and made a part hereof by reference. The members of the Association shall be the Unit Owners, who shall automatically be and become members thereof as an incident of Unit Ownership. The Association, through its Board of Directors, shall be responsible for and govern the administration and operation of the Property and shall be the "council of co-owners" defined in the Act.

Section 3. "By-Laws" shall mean the By-Laws of the Association attached hereto as Exhibit D and made a part hereof by reference, which shall govern the administration of the Property.

Section 4. "Common Elements" shall mean and include General Common Elements and Limited Common Elements as those terms are defined herein.

Section 5. "General Common Elements" shall mean all of the Property, except the Units.

Section 6. "Limited Common Elements" shall mean those portions of the General Common Elements designated herein for the exclusive use of one (1) Unit to which it is assigned, which will serve exclusively the Unit to which it is assigned. Without limiting the generality of the foregoing, parking spaces and yard areas are designated on the Plan as Limited Common Elements for the exclusive use of the Units to which they are assigned.

Section 7. "Person" shall mean an individual, firm, corporation, partnership, trust or other legal entity capable of holding title to real property.

Section 8. "Property" shall mean the Land described in Exhibit A to this Master Deed, and all improvements and structures erected, constructed or contained therein or thereon, 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 9. "Unit" shall mean a separate free standing building of one or more floors, as set forth and delineated on the Plan.

Section 10. "Unit Owner" shall mean the Person whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit. Declarant shall be deemed to be a Unit Owner so long as it is the owner or holder of title to any Unit.

Section 11. "Unit Ownership" shall mean a part of the Property consisting of one (1) Unit. and the undivided interest in the Common Elements appurtenant thereto.

ARTICLE II
ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME

Section 1. The Land and improvements to be constructed 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 Act and shall continue as such forever, unless terminated in the manner hereinafter provided.

Section 2. Each Unit 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, 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, it is sufficient to describe any such Unit or Units by setting forth the name of the Property, HARBOR VILLAGE, the identifying number or symbol of the Unit as it appears on the Plan, and the numbers of the volumes and initial pages of the records in the Register's Office for 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 Unit Owners in the Common Elements of the Property. Each Unit 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 shall remain undivided and shall not be the object of an action for partition or for division of co-ownership by judicial proceedings or otherwise.

Section 6. Each Unit Owner, his heirs, personal representatives, successors and assigns shall, at all times, comply with the provisions and requirements of this Master Deed, the By-Laws 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. 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 Act, resulting from the establishment of a horizontal property regime in accordance therewith, shall be applicable to the Land and improvements to be constructed 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 Act is incorporated herein by reference as fully as though set out herein in full.

ARTICLE III
DESCRIPTION OF LAND AND BUILDING

Section 1. The Plan sets forth the areas, locations and other data as required by the Act, including (a) the Land and its exterior boundaries, and (b) each Unit.

Section 2. Declarant reserves the right to amend the Plan upon completion of constructon of the Units if necessary in the opinion of Declarant to reflect any difference in the Units and Common Elements as constructed and as shown on the Plan or to correct any clerical or typographical errors.

ARTICLE IV
DESCRIPTION AND NUMBER OF UNITS

Section 1. On the Property shall be situated five (5) separate individual Units, all for residential purposes. Each Unit is identified on the Plan 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 interests in the Common Elements shall not be separated from the Units to which they appertain and shall be deemed to be conveyed or encumbered or released from liens with the Units even though such interests are not expressly mentioned or described in the conveyance or other instrument.

ARTICLE V
DESCRIPTION OF GENERAL COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Section 1. All 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, the said General Common Elements shall include, without limitation:

Each and all of the General Common Elements shown on the Plan; all of the Land, and all other portions of the Property

designated as General Common Elements herein and on the Plan, except the individual Units.

Section 3. Limited Common Elements shall include those portions of the General Common Elements set for and delineated for the exclusive use of one (1) Unit to which they are assigned, which will serve exclusively the Unit to which they are assigned.

Section 4. The undivided right, title and interest of each Unit Owner, as an incident and appurtenance to his ownership of such Unit, in the Common Elements (excepting always the individual Units, as above described and as shown on the Plan) and his pro rata share of expenses and assessments and his undivided interest in the Common Elements and in the funds and property held by the Board of Directors of the Association, shall be in the percentages set forth in Exhibit E.

ARTICLE VI
OWNERSHIP OF THE COMMON ELEMENTS

Section 1. Each Unit Owner shall be entitled to an equal percentage of ownership in the Common Elements. The aforesaid percentages of ownership interest shall remain constant unless hereafter changed by recorded Amendment to this Master Deed consented to in writing by all Unit Owners and the beneficiaries of all deeds of trust or mortgages encumbering the Units.

Section 2. The 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. The ownership of each Unit and of the Unit Owner's corresponding percentage of ownership interest 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. 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 in the percentages set forth in Exhibit E 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.

ARTICLE VIII
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 IX
USE OF THE COMMON ELEMENTS

Section 1. Each Unit Owner shall have the right to use the General 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 General 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, this Master Deed, the By-Laws herein, and the rules and regulations of the Board.

Section 2. 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.

ARTICLE X
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, 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 undivided interest in the Common Elements appertaining thereto or the personal property or other interest of the Unit 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 interests 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. In case of sale of a Unit to enforce the lien provided for herein, the proceeds will be applied first, to the payment of all costs, charges and expenses of enforcing said lien as herein provided, including reasonable attorney's fees; second, to the payment of all unpaid taxes with respect to such Units; and third, to the payment of all unpaid indebtedness herein secured. Any balance of proceeds remaining after satisfaction of such charges, taxes and unpaid common expenses and assessments shall be paid to the Unit Owner.

Section 3. 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 XI
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 XII
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 interest 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 XIII
INSURANCE

Section 1. The Board shall have the authority to and shall obtain insurance coverage as specified in the FNMA Landing Guide, Chapter Three, Part 5, Insurance Requirements, as the same may be amended or superceded from time to time.

Section 2. All policies of insurance shall show the named insured, in form and substance, similar to the following:

> "Harbor Village Condominium Association, Inc., for the use and benefit of the individual Unit Owners."

Premiums for insurance coverage obtained by the Board shall be common expenses.

Section 3. Each Unit Owner shall be responsible for insurance on his own Unit and the contents thereof, the furnishings and personal property therein, 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.

ARTICLE XIV
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 may be furnished by the Board as part of the common expenses, subject to the rules and regulations of the Board.

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 interest 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, 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 Unit 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 or repair to be performed at the expense of such Unit Owner. Notwithstanding the foregoing, in the event emergency maintenance or repair of any Unit is necessary to protect the Common Elements, the Board or the manager or managing agent shall have the right to enter upon such Unit for this purpose and shall have a key to each Unit in order to gain such entry. Any such emergency maintenance or repair shall likewise be performed at the expense of such Unit Owner.

Section 4. The Board shall have exclusive authority to take, or refrain from taking, any action pursuant to this Article XIV. All expenses which, pursuant to this Article XVII, 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 XV
ALTERATIONS, ADDITIONS OR IMPROVEMENTS

Section 1. 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, additions or improvements requiring expenditure in excess of One Thousand ($1,000.00) Dollars without the approval of Unit Owners having at least two-thirds (2/3) of the total vote.

Section 2. 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 XVI
EASEMENTS AND ENCROACHMENTS

Section 1. There shall be an easement appurtenant to each Unit through the Common Elements for the construction, installation, maintenance, repair and replacement of the Units and Common Elements.

Section 2. Every portion of the Property which contributes to the structural support of any other portion of the Property shall be burdened with an easement of structural support.

Section 3. If any portion of the Common Elements shall actually encroach upon any Unit, or if any Unit shall actually encroach upon any portion of the Common Elements or any other Unit as a result of the construction, reconstruction, repair, renovation, restoration, shifting, settlement or movement of any portion of the Property, 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 XVII
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;

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 General 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 Units or the Common Elements 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 the aforementioned insurance or which would be in violation of any law. No waste shall be committed in the Common Elements.

Section 5. 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 sucn 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 6. 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 7. 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 8. 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 Declarant is permitted under Section 9 below, and except by a mortgagee which has acquired title by foreclosure, by power of sale, or by deed in lieu of foreclosure (with the approval of the Board, which approval shall not be unreasonably withheld).

Section 9. During the period of construction of the Building on the Land by Declarant, Declarant and its contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress and egress to and from the

Land as may be required in connection with said construction. Until all of the Units have been sold by Declarant and occupied by the purchasers, Declarant 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. Declarant and its agents shall likewise be entitled to access, ingress, and egress to and from the Building and Land as may be required for purposes of the sale of Units owned by Declarant.

Section 10. 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 11. Each Unit Owner shall maintain his Unit in good order and condition, at his own expense.

Section 12. 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 13. 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 14. Each Unit Owner shall comply with the provisions and requirements of this Master Deed, the By-Laws, 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 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.

ARTICLE XVIII
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 foreclose the lien for common expenses as provided in Article X above and may prosecute any action or other proceeding 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 XVIII provided, or for any combination of remedies, or for any other relief. All expenses of the Board in connection with any such action or proceeding, 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 (10) 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 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 interest 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 XIX
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, this Master Deed or the By-Laws require the consent or agreement of all Unit Owners or of all lien holders for any action specified in the Act or in this Master Deed, then any instrument changing, modifying or rescinding any 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, this Master Deed or the By-Laws.

Section 3. Notwithstanding the provisions of the foregoing Section 1, the Declarant, subject to the following conditions and restrictions, may amend this Master Deed at any time prior to five (5) years from the date this Master Deed is recorded, in order to subject additional contiguous land thereto, more particularly described in Exhibit C attached hereto and made a part hereof by reference (the "Additional Land"), and to construct additional improvements thereon (the "Additional Units"):

(a) The Additional Units and other improvements constructed on the Additional Land will be consistent with the initial improvements on the Land in terms of quality of construction and shall be in accordance with an approved plan for the total development supported by detailed plats and plans.

(b) This Master Deed and the By-Laws may not be amended or merged with a successor condominium regime in connection with the expansion of the same without prior written approval of the Administrator of the Veterans Administration. Additionally, Declarant shall purchase at its expense a liability insurance policy in an amount determined by the Administrator of the Veterans Administration to cover any liability to which owners of previously sold Units may be exposed, said policy to be endorsed "as owner's interest might appear.

(c) Prior to the expansion of the Plan to include the Additional Land, all taxes, assessments, mechanics liens and other charges affecting the Additional Land prior to the addition of the same shall be paid or otherwise satisfactorily provided for by the Declarant. Additionally, any liens arising in connection with the Declarant's ownership of, and construction of improvements upon, the Additional Land shall not adversely affect the rights of existing Unit Owners, or the priority of first mortgages on the existing Units. The number of Units to be built on the Land and the number of Additional Units to be built on the Additional Land shall not exceed eleven (11) total units, so that each Unit Owner shall have no less than an 9.09% percentage of interest in the common elements. The number of Units to be built on the Land and the number of Additional Units to be built on the Additional Land shall be no less than eleven (11) total units, so that each Unit Owner shall have no more than a 9.09% percentage of interest in the common elements. The Declarant intends to build six (6) Additional Units.

(d) Upon the completion of construction of Additional Units, each Additional Unit shall be considered a Unit under this Master Deed and By-Laws for the purpose of determining the Unit Owners' ownership interest, common expense liabilities and voting rights.

Section 4. The change, modification or rescission, whether accomplished under either Section 1, Section 2, or Section 3 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 XX
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 circumstance shall not be affected thereby.

ARTICLE XXI
RIGHTS AND OBLIGATIONS

Each grantee of Declarant by the acceptance of a deed of conveyance, and each purchaser under any contract for such deed of conveyance, and all successors in title to any of the foregoing, shall, by acceptance of a conveyance to their Units, be deemed to have accepted 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 XXI 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 XXII
TERMINATION OF HORIZONTAL PROPERTY REGIME

Section 1. All of the Unit 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 1 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 XXIII
GENERAL PROVISIONS

Section 1. The Board shall have the power and authority to bid on 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 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 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 that 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. Each Unit Owner, by acceptance of a deed to his Unit, shall be deemed to have designated the Board to act as his representative in any such condemnation proceedings, negotiations, settlements or agreements, subject to the rights of the mortgagee of such Unit Owner. 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 interest in the Common Elements to the Unit Owners and/or their 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 and to the extent of any inconsistency with the same, the FNMA condensed legal guidelines pertaining to condominiums, as the same now exist or may hereafter be amended, to which reference is hereby made, shall apply to and govern the Property, Declarant, 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 section or with any of the FNMA condensed legal guidelines pertaining to condominiums, are hereby deleted and superseded by the following:

(a) The Association shall make available to Unit Owners and lenders and to holders, insurers or guarantors of any first mortgage, current copies of the Master Deed, By-Laws, other rules concerning the condominium project, and the books, records and financial statements of the Association. "Available" shall be deemed to mean available for inspection, upon request, during normal business hours or under other reasonable circumstances.

(b) Any holder of a first mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year.

If unaudited, such mortgage holder shall be allowed to have an audited financial statement prepared at its expense.

(c) The Association, prior to passage of control, shall not be bound either directly or indirectly to any contracts or leases (including professional management contracts) unless there is a right of termination of any such contract or lease, without cause, which is exercisable without penalty at any time after transfer of control, upon not more than ninety (90) days' notice to the other party.

(d) A working capital fund shall be established for the initial months of the condominium project's operation equal to at least two (2) months' assessments for each Unit. Each Unit's share of the working capital fund shall be collected and transferred to the Associaton at the time of closing of the sale of each Unit and maintained in a segregated account for the use and benefit of the Association. The purpose of the fund shall be to insure that the Board has cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered as advance payment of regular assessments. Within sixty (60) days after closing of the sale of the first Unit, Declarant shall pay each unsold Unit's share of the working capital fund to the Association. Declarant shall be entitled to reimbursement of this payment from the funds collected at closing when such unsold Units are sold.

(e) Declarant shall transfer control of the Association to the Unit Owners no later than the earlier of the following events:

(i) four (4) months after seventy-five (75%) percent of the Units in the condominium project have been conveyed to Unit purchasers; or

(ii) three (3) years following conveyance of the first Unit.

(f) All Units shall be allocated full assessments for common expenses no later than sixty (60) days after conveyance of the first Unit; provided that Declarant shall not be obligated to pay such assessments, and the same shall not constitute a lien, with respect to any unsold Units, but Declarant shall be obligated to cover

any deficit or shortage that may arise in the condominium project's initial period of operation, which shall be deemed to be the period ending on the date upon which Declarant transfers control of the Association to the Unit Owners pursuant to subsection (e) above.

(g) Any lien of the Association for common expense assessments or other charges becoming payable on or after the date of recordation of the first mortgage on any Unit shall be subordinate to the lien of such first mortgage. A lien for common expense assessments shall not be affected by any sale or transfer of a Unit, except that a sale or transfer pursuant to foreclosure of a first mortgage shall extinguish a subordinate lien for assessments which became payable prior to such sale or transfer. Any such sale or transfer pursuant to foreclosure shall not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of, any assessments made thereafter.

(h) Assessments against any Unit, with interest, costs and reasonable attorney's fees, shall become a lien upon such Unit if not paid when due in accordance with Tennessee law. Each assessment against a Unit shall also be the personal obligation of the Unit Owner at the time the assessment fell due. Such personal obligation shall not pass to successors in title unless assumed by them. Assessments shall be collected by the Association on a monthly basis.

(i) The Association shall have a reasonable right of entry upon any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the condominium project. The Association shall have the right to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the condominium project.

(j) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the common areas and those limited common areas which the Association may be obligated to maintain. Such fund shall be maintained out of regular assessments for common expenses.

(k) The Association shall maintain in effect hazard and liability insurance and fidelity bond coverage as specified in the FNMA Servicers Guide - Lending, Chapter Three, Part 5, Insurance Requirements for Condominiums and PUDs.

(l) Nothing contained in this Master Deed or in the By-Laws shall be construed to restrict a Unit Owner's right to mortgage his Unit or to limit a Unit Owner's financing options by requiring the use of a specific lending institution or a particular type of lender.

(m) Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any mortgage holder, insurer, or guarantor shall be entitled to timely written notice of:

(i) any condemnation or casualty loss that affects either a material portion of the condominium project or the Unit securing its mortgage;

(ii) any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage;

(iii) a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

(iv) any proposed action that requires the consent of a specified percentage of mortgage holders.

(n) The Unit Owners shall have the right to amend the project documents as hereinafter provided. Eligible mortgage holders (those holders of a first mortgage on a Unit estate who have requested the Association to notify them of any proposed action that requires the consent of a specified percentage of eligible mortgage holders) shall also have the right to join in the decision making about certain amendments to the project documents as hereinafter provided. Amendments of a material nature must be agreed to by Unit Owners representing at least sixty-seven (67%) percent of the total allocated votes in the Association. In addition, approval must be obtained

from eligible mortgage holders representing at least fifty-one (51%) percent of the votes of Unit estates that are subject to mortgages held by eligible holders. A change to any of the following shall be considered material:

(i) voting rights;

(ii) assessments, assessment liens, or subordination of assessment liens;

(iii) reserves for maintenance, repair and replacement of common areas;

(iv) responsibility for maintenance and repairs;

(v) reallocation of interests in the general or limited common areas, or rights to their use;

(vi) boundaries of any Unit;

(vii) convertibility of Units into common areas or vice versa;

(viii) expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project;

(ix) insurance or fidelity bonds;

(x) leasing of Units;

(xi) imposition of any restrictions on a Unit Owner's right to sell or transfer his or her Unit;

(xii) a decision by the Association to establish self management when professional management has been required previously by an eligible mortgage holder;

(xiii) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the project documents;

(xiv) any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or

(xv) any provisions that expressly benefit mortgage holders, insurers or guarantors.

When Unit Owners are considering termination of the legal status of the project for reasons other than substantial destruction or condemnation of the property, the eligible mortgage holders representing at least sixty-seven (67%) percent of the votes of the mortgaged Units must agree.

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.

Section 9. Beneficiary under a certain Deed of Trust of record in Book 7637, page 820, Register's Office for Davidson County, Tennessee, joins in this Master Deed (a) to acknowledge the same, (b) to consent thereto, (c) to declare its interest under said Deed of Trust subject to this Master Deed, and (d) to covenant and agree that upon the release of a Unit from the lien of said Deed of Trust, the percentage of ownership interest in the Common Elements incident and appurtenant to said Unit shall also be released from the lien of said Deed of Trust.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed as of the day and date first above written.

LEADER FEDERAL SAVINGS AND LOAN ASSOCIATION

BY: William F. Waldkirch AVP

William F. Waldkirch, III
assistant vice president

HARBOR VILLAGE ASSOCIATES, LTD., a Tennessee limited partnership

By: Robert R. Mallory

Robert R. Mallory
General Partner

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Personally appeared before me, the undersigned, Notary Public, Robert R. Mallory, with whom I am personally acquainted and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is a general partner of Harbor Village Associates, Ltd., a Tennessee limited partnership, and is authorized to execute this instrument on behalf of Harbor Village Associates, Ltd.

WITNESS my hand, at office, this 26th day of August, 1988

Notary Public

My Commission Expires:

State of Tennessee)

County of Davidson)

Personally appeared before me, the undersigned Notary Public, William F. Waldkirch, III, with whom I am personally acquainted and who acknowledged that he is the assistant vice president of Leader Federal Savings and Loan Association, the bargainor, a corporation, and that he, as such assistant vice president being so authorized to act, executed the forgoing instrument for the purposes therein contained by signing the name of the corporation by the said William F. Waldkirch, III as such assistant vice president.

Witness my hand and offical seal at Nashville, Tennessee, this 26th day of August, 1988.

My commission expires: 5-8-91

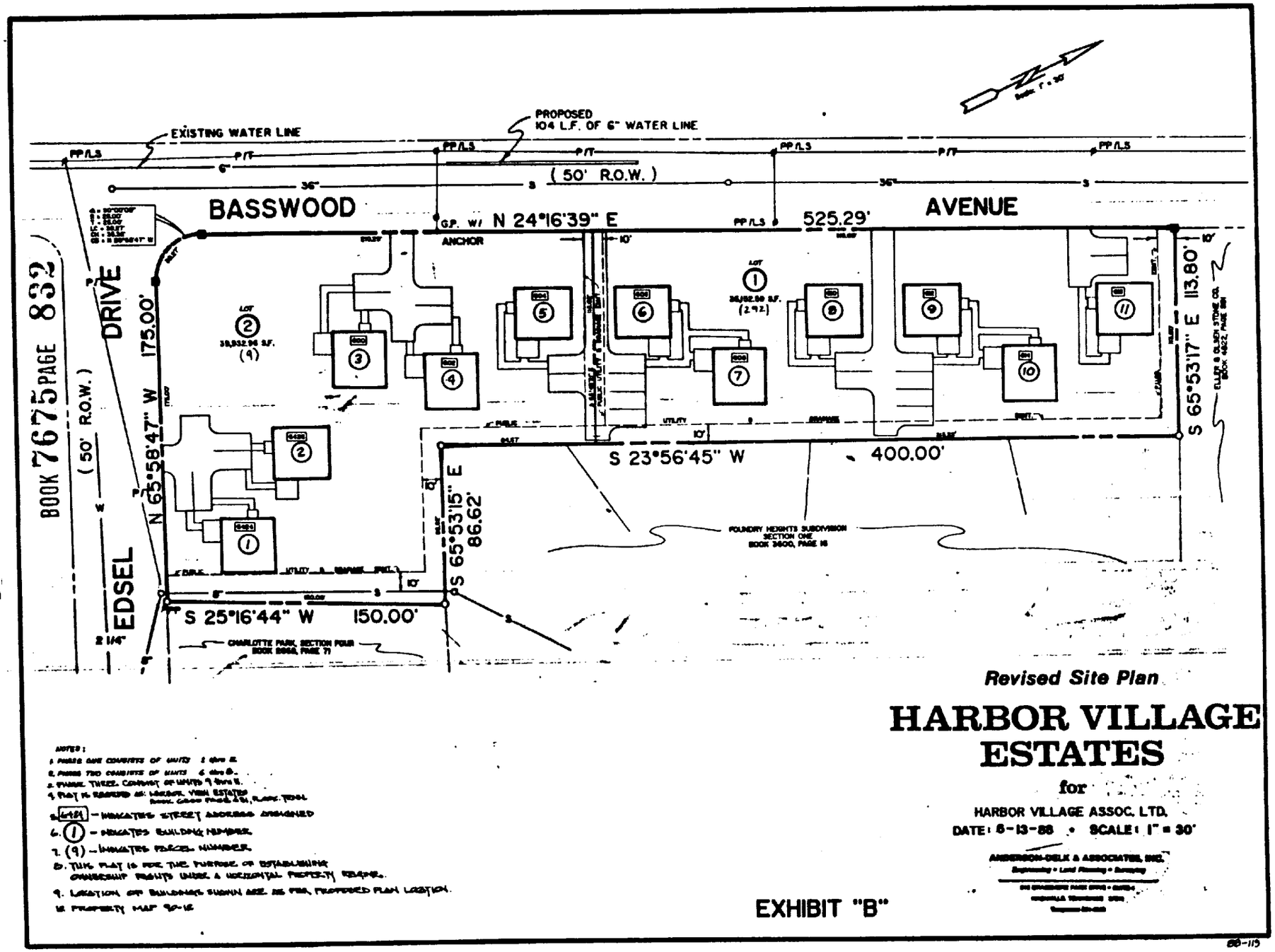
notary

EXHIBIT A

(THE LAND)

Land in Davidson County, Tennessee, being lots number 1 and 2 on the plan of Harbor View Estates, as of record in book 6200, page 681, Register's Office for Davidson County, Tennessee.

Being the same property conveyed to Harbor Village Associates, Ltd. by deed from Harbor View Associates, of record in Book 7637, page 817 Register's Office for Davidson County, Tennessee.



NOTES:
1. PHASE ONE CONSISTS OF UNITS 1 thru 11.
2. PHASE TWO CONSISTS OF UNITS 6 thru 8.
3. PHASE THREE CONSIST OF UNITS 9 thru 11.
4. PLAT IS RECORDED AS: HARBOR VIEW ESTATES BOOK 6968 PAGES 69, PLAT TOTAL
5. [6498] - INDICATES STREET ADDRESS ASSIGNED
6. (1) - INDICATES BUILDING NUMBER.
7. (9) - INDICATES PARCEL NUMBER.
8. THIS PLAT IS FOR THE PURPOSE OF ESTABLISHING OWNERSHIP RIGHTS UNDER A HORIZONTAL PROPERTY REGIME.
9. LOCATION OF BUILDINGS SHOWN ARE AS PER PROPOSED PLAN LOCATION.
10. PROPERTY MAP 90-16

RECORDER'S MEMO
Legibility of Writing, Typing or Printing in this
Document Unsatisfactory When Received.

"EXHIBIT C"

File: BOY61

Secretary of State
Corporations Section
James K. Polk Building, Suite 1800
Nashville, Tennessee 37219

DATE: 08/25/88
REQUEST NUMBER: 931-1322
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 08/25/88 1454
EFFECTIVE DATE/TIME: 08/25/88 1454
CONTROL NUMBER: 0206680

BOOK 7637 PAGE 813

TO:
O'HARE, SHERRARD & ROE
500 CHURCH STREET
4TH FLOOR
NASHVILLE, TN 37219

BOOK 7675 PAGE 833

RE:
HARBOR VILLAGE CONDOMINIUM ASSOCIATION, INC.
CHARTER - NONPROFIT

DAVIDSON COUNTY TENN. REGISTER'S OFFICE FILED
Aug 29 12 20 PM '88
IDENTIFICATION REFERENCE
627.11
08/29 0191 03CHECK 5.00

CONGRATULATIONS UPON THE INCORPORATION OF THE ABOVE ENTITY IN THE STATE OF TENNESSEE. THE CHARTER DOCUMENT IS ENCLOSED AND IS EFFECTIVE AS INDICATED ABOVE.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF THE STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING EACH ANNIVERSARY DATE OF INCORPORATION. THIS OFFICE WILL MAIL THE REPORT DURING THE ANNIVERSARY MONTH TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

RECORDER'S MEMO
Legibility of Writing, Typing or Printing in this Document Unsatisfactory When Received.

FOR: CHARTER - NONPROFIT

RECEIVED: $50.00
ON DATE: 08/25/88
RECEIPT NUMBER: 00000823019
ACCOUNT NUMBER: 00001430

FROM:
O'HARE, SHERRARD & ROE
500 CHURCH STREET
4TH FLOOR
NASHVILLE, TN 37219

Gentry Crowell

GENTRY CROWELL
SECRETARY OF STATE

SS-4458

931 1322

FILED

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STATE OF TENNESSEE
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SECRETARY OF STATE

BOOK 7637 PAGE 814

CHARTER

OF

HARBOR VILLAGE CONDOMINIUM ASSOCIATION, INC.

BOOK 7675 PAGE 834

Pursuant to the provisions of Section 48-52-102 of the Tennessee Nonprofit Corporation Act, as amended, the undersigned incorporator delivers the following charter:

I.

The name of the corporation is Harbor Village Condominium Association, Inc. (hereinafter referred to as the "Corporation").

II.

The purpose for which the Corporation is organized is to provide an entity, pursuant to the Tennessee Horizontal Property Act, Tennessee Code Annotated Section 66-27-101, et seq., as amended, (hereinafter referred to as the "Act"), for the administration and operation of Harbor Village Condominium Associates, Inc. (hereinafter referred to as the "Condominium"), a horizontal property regime located at 1600 Basswood Drive, Nashville, Tennessee 37209.

The Corporation shall have all of the powers and duties of a condominium homeowners association as set forth in the Act, and all of the powers and duties reasonably necessary to operate the Condominium as set forth in the Master Deed establishing the Condominiums (hereinafter referred to as the "Master Deed"), and as it may be amended from time to time, including, but not limited to, the following:

(a) to make and collect assessments against members to defray the costs, expenses, and losses of the Condominium;

(b) to use the proceeds of assessments in the exercise of its powers and duties, in accordance with the Master Deed and the By-Laws of the Association (hereinafter referred to as the "By-Laws");

(c) to maintain, repair, replace, and operate the Condominium property;

(d) to purchase insurance upon the Condominium property and insurance for the protection of the Corporation and its members;

(e) to reconstruct improvements after casualty and to further improve the property;

(f) to make and amend reasonable rules and regulations respecting the use of the property in the Condominium;

(g) to enforce, by legal means, the provisions of the Act, the Master

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STATE OF TENNESSEE
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GE... MITCHELL
SECRETARY OF STATE

Deed, this Charter, the By-Laws and the rules and regulations for the use of the Condominium property;

(h) to contract for the professional management of the Condominium; and

(i) to employ personnel to perform the services required for the proper operation of the Condominiums.

All funds, the titles of all properties acquired by the Corporation, and the proceeds thereof, shall be held in trust for the members or used to pay common expenses in accordance with the provisions of the Master Deed, this Charter, and the By-Laws.

III.

The Corporation will have members consisting of all unit owners in the Condominiums in accordance with the Master Deed and By-Laws. Change of membership in the Corporation shall be consummated by the transfer of title to a unit.

IV.

The address of the initial registered office of the Corporation shall be 1600 Basswood Drive, Nashville, Davidson County, Tennessee 37209. The initial registered agent at that office shall be Robert R. Mallory.

V.

The name and address of the incorporator of the Corporation is Robert R. Mallory, 51 Lindsley Avenue, Nashville, Tennessee 37219.

VI.

The address of the principal office of the Corporation shall be 1600 Basswood Drive, Nashville, Tennessee 37209.

VII.

The Corporation is a mutual benefit corporation and is not organized for profit.

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1988 AUG 25 PM 4:

VIII.

No director of the Corporation shall be personally liable for monetary damages as such to the Corporation or its members for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) under Section 48-58-304 of the Tennessee Nonprofit Corporation Act.

IN WITNESS WHEREOF, the undersigned has executed this Charter on this the 25th day of August, 1988.

Robert R. Mallory

Robert R. Mallory, Incorporator

EXHIBIT D

BY-LAWS

OF

HARBOR VILLAGE CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

NAME, CERTAIN TERMS, APPLICATION AND OFFICE

Section 1. The name of the horizontal property regime or condominium project is HARBOR VILLAGE.

Section 2. Unless the context indicates otherwise, all terms used in these By-Laws shall have the meanings ascribed to them in the Master Deed for HARBOR VILLAGE, dated 7-26-88, 1988, and recorded in the Register's Office for 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 3. The Units and the Common Elements shall be and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established by the Master Deed and these By-Laws, and these By-Laws shall apply to and govern the administration of the Property. Unless and until the horizontal property regime is terminated as provided in the Master Deed, all present and future Unit Owners, mortgagees, lessees and occupants of Units and their agents, employees, invitees, licensees and any other persons who may use the facilities of the Property in any manner shall be subject to and bound by the Master Deed and these By-Laws, and any amendments thereof.

Section 4. The principal office of the Association shall be maintained at the address of the condominium project at _____ Basswood Drive, Nashville, Tennessee 37209, or at such other place in Nashville, Tennessee, as may from time to time be fixed by the Board of Directors.

ARTICLE II

ASSOCIATION OF UNIT OWNERS

Section 1. The members of the Association shall consist of the Unit Owners of HARBOR VILLAGE.

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. Each Unit Owner or group of Unit Owners of a Unit shall be entitled to one (1) vote. Declarant shall be the voting member with respect to any Unit Ownership owned by Declarant in the condominium project. Until such time as three-fourths (3/4) of the Units have been sold or until three (3) years after the sale of the first Unit, whichever shall first occur, Declarant shall be entitled to three (3) 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 Nashville, Tennessee, 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 which are represented 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 one (1) month and not more than four (4) months after Declarant has sold and delivered its deed for three-fourths (3/4) of the Units in the condominium project, or three (3) years after conveyance by Declarant of the first Unit therein, whichever shall first occur. 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-third (1/3) of the total vote, 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 of Directors 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, Tennessee Code Annotated §§66-27-101, et seq. (the "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 [except the First Board, which shall consist of five (5) persons appointed by Declarant as 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, Declarant 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 the 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 one (1) member 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 two (2) other members 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 Association, 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, a Treasurer to keep the financial records and books of account, and such additional officers as the Board shall see fit to elect. Such officers shall be elected annually and shall hold office for a term of one (1) year and thereafter until their successors be elected and qualified; provided, however, that any officer may be removed from office with or without cause by the affirmative vote of a majority of the other Board members.

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 vote, 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 and 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.

(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 General 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 Act.

(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 a like nature.

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

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 interest in the Common Elements. 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 1. 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 interest 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 interest 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 Owner's 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 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.

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 vote; provided, however, that no provision in these By-Laws may be amended or modified so as to conflict with the provisions of the 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 Board 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, within 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 respective percentage interests in the Common Elements.

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 Act or the Master Deed, the provisions of the Act or the Master Deed, as the case may be, shall control.

The foregoing By-Laws of Harbor Village Condominium Association, Inc. are hereby adopted this 26th day of AUGUST, 1988.

Robert R Malloy

EXHIBIT E BOOK 7675 PAGE 851

Each unit owner shall be entitled to 9.09% interest in an to the Common Elements.

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