BOOK 8793 PAGE 347

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This instrument Prepared by:
WILLIAM D. CASTLEMAN, ATTORNEY
Suite 112 - Glancy Square
110 Glancy Street
Goodlettsville, TN 37072

IDENTIFICATION REFERENCE

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ELIX Z. WILSON III REGISTER
DAVIDSON COUNTY, TN

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**, hereinafter sometimes referred to as the "Declaration", set forth and entered into this the 12th day of November, 1992, by the undersigned, hereinafter sometimes referred to as the "**Declarant**":

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property in Goodlettsville, Davidson County, Tennessee, known as **GLANCY SQUARE**, a legal description of which is attached hereto as **Exhibit "A"**; and

WHEREAS, a Master Deed Establishing a Horizontal Property Regime of **GLANCY SQUARE** under Title 66, Chapter 27, of the Tennessee Code Annotated (the "Act") is being recorded simultaneously with these ***Declaration of Covenants, Conditions and Restrictions***, in Book _____, Page _____, Register's Office for Davidson County, Tennessee, along with its attendant ***By-Laws*** of record in Book _____, Page _____, said Register's Office, (hereinafter referred to as the ***"Horizontal Property Regime Documents"***); and

WHEREAS, the Declarant desires to use her best effort to obtain such necessary consents or subordinations as may be necessary from her mortgage lenders who have existing loans securing the Property; and

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, her heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

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

(a) "Association" shall mean and refer to **GLANCY SQUARE OFFICE OWNERS CORPORATION**, a Tennessee not-for-profit corporation, its successors and assigns.

(b) "Board" means the Board of Directors of **GLANCY SQUARE OFFICE OWNERS CORPORATION**.

(c) "By-Laws" means the By-Laws of **GLANCY SQUARE OFFICE OWNERS CORPORATION** attached hereto as **Exhibit B** and made a part hereof, as fully as if copied verbatim herein.

(d) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Office which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(e) "Property" (whether singular or plural) means all the land, property and space which is the subject of this Declaration (by amendment or otherwise), and all improvements and structures erected, construed or contained therein or thereon, including the Buildings and all easements, rights and appurtenances belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Owners.

(f) "Common Area" or "Common Elements" shall mean all real property, if any, owned by the Association for the common use and enjoyment of the Owners.

(g) "Office" means the offices shown on **Exhibit C**. Each Office is numbered as shown on **Exhibit C**, and the boundaries of each Office are shown thereon.

(h) "Member" shall mean and refer to every person or entity who holds membership in the Association.

(i) "Declarant" means **ELIZABETH ELLEN CASTLEMAN**, her heirs and assigns.

(j) "Building" means the buildings located on the Parcel and forming part of the Property and containing the Offices. The "Building" is delineated on the survey. When more than one building is shown on the survey (or an amended survey), the word "Building" shall be used in the plural context.

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

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

(m) "Survey" means the surveyor's representation of the Property prepared by Ragan-Smith Associates, Inc. and attached hereto as **Exhibit C**, showing the number of each Office, and expressing its area, location and other data necessary for identification.

(n) "Majority" or "majority of the Office Owners" means the owners of more than fifty (50%) percent of the membership in the Association, present and then eligible to vote. Any specific percentage of Office Owners means that percentage of Office Owners who in the aggregate own such specified percentage of the entire membership in the Association, present and then eligible to vote.

(o) "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area and dedicated streets.

(p) "Act" shall mean the Tennessee Horizontal Property Act, as amended, (Chapter 27 of Title 66 of Tennessee Code Annotated). All definitions contained in the Act shall be deemed to be definitions for purposes of this Declaration, including the definition of "Private Elements" and "Corporation".

(q) "Private Elements" means and includes the area shown on **Exhibit C** as being the Private Elements designated for each Office designated thereon.

(r) "Attorney's Opinion" shall mean that Attorney's Opinion attached hereto as **Exhibit D**, which opinion is obtained for purposes of Tennessee Code Annotated Section 66-27-103(b), which Attorney's Opinion reference to the attached certificate of a professional engineer or architect required by T.C.A. 66-27-104, for the purposes contained therein.

SECTION 2. Offices. The legal description of each Office shall consist of the identifying number of symbol of such Office as shown on **Exhibit C**. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe a Office by its identifying number or symbol as shown on **Exhibit C** and every such description shall be deemed good and sufficient for all purposes. No Office Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause his Office to be separated into any tracts or parcels different from the whole Office as shown on the survey.

SECTION 3.

(a) **Association of Owners and Administration and Operation of the Property**. There has been or will be formed an Association having the name **GLANCY SQUARE OFFICE OWNERS CORPORATION**, a Tennessee corporation, which Association shall be the governing body for all of the Owners, for the maintenance, repair, replacement, administration and operation of the Property, this Declaration and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to the Declaration as **Exhibit "B"** and made a part hereof. The Board of Directors of the Association shall be elected and shall serve in accordance with the provisions of the By-Laws. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be held and applied by it for the use and benefit of Owners in accordance with the provisions of the Declaration and By-Laws. Each Owner shall be a member of the Association so long as he is an Owner. An Owner's membership shall automatically terminate when he ceases to be an Owner. Upon the conveyance or transfer of an Owner's ownership interest to a new Owner, the new Owner shall simultaneously succeed to the former Owner's membership in the Association. The aggregate number of votes for all members of the Association shall be equal to 56. Each Owner's respective percentage of ownership interests in the Association shall be the result of a fraction, the numerator being ONE and the denominator being 56 (the number of the Offices submitted by survey).

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

SECTION 4. Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration or By-Laws, the determination thereof by the Board shall be final and binding on each and all such Owners.

SECTION 5. Ownership of the Association. Each Owner shall be entitled to 1/56th percent of the ownership in the Association, as set out in Section 3(a) hereof. The percentages of ownership interests shall remain constant

unless amended pursuant to the reservation set forth herein, or unless hereafter changed by recorded amendment to this Declaration as provided for herein or consented to in writing by the necessary Owners and first mortgagees, except for obvious scrivener's mistakes, which Declarant may correct without joinder of others. Said ownership interest in the Association shall be represented by a membership certificate, and the Association shall be owned by the owners in accordance with their respective percentages of ownership. The ownership of each Office shall not be conveyed separate from the percentage of ownership in the Association corresponding to said Office. The ownership in the Association corresponding to any Office shall be deemed conveyed or encumbered with that Office, even though the legal description in the instrument conveying or encumbering said Office may refer only to the fee title to that Office.

SECTION 6. Use of the Common Elements. Each Owner shall have the right to use the Common Elements, if any, in common with all other Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the respective Office owned by such Owner. Such right to use the Common Elements shall extend to not only each Owner, but also to his agents, servants, tenants, family members, customers, invitees and licensees. Such rights to use the Common Elements shall be subject to and governed by the provisions of the Declaration, By-Laws and rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of the Declaration and By-Laws. All income derived by the Association from leases, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

SECTION 7.

(a) **Common Expenses.** Each Owner shall pay his proportionate share of the expenses of the administration and operation of the Common Elements, if any, and of any other expenses incurred in conformance with the Declaration and By-Laws (which expenses are herein sometimes referred to as "common expenses"), including, but not limited to, the maintenance and repair thereof and any and all replacements and additions thereto. Such proportionate share of the common expenses for each Owner shall be in accordance with his percentage of ownership in the Association. Payment of common expenses, including any prepayment thereof required by contract for a sale of a Office, shall be in such amounts and at such times as determined in the manner provided in the By-Laws. No Owner shall be exempt from payment of his proportionate share of the common expenses by waiver or non use or enjoyment of the Common Elements or by abandonment of his Office. If any Owner shall fail or refuse to make any such payment of the common expenses when due in advance on the first day of each month, then (i) a late charge of $10, plus $1 for each day thereafter that such payment has not been made or (ii) the Board may, by resolution or rule, increase the said late payment charge to a reasonable amount, considering the time and circumstances involved. The Board's decision as to reasonableness shall be binding upon all parties, and such payment, together with such late payment charge (the "indebtedness"), shall constitute a lien on the interest of such Owner in the Property.

(b) **Enforcement of Lien.** FOR AND IN CONSIDERATION of the privileges, protections, mutual enjoyment and use of the Common Elements, if any, and the premises contained herein, the receipt of which is hereby acknowledged and any assumption of the obligations by transferees as required hereunder, and to secure the payment of said Common Expenses, principal, interest, and attorney fees, a lien is expressly retained by the Association on each and every Owner's Office and prorata interest in the Association (referred to in this subparagraph 7(b) as "property").

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

> Trustors agree to pay their prorata share of Common Expenses when due and further agree to pay all taxes and assessments thereon, general or special and to pay them when due, and, upon demand of said trustee or the lawful owner and holder of said indebtedness, to pay, discharge, or remove, any and all liens (except a First Mortgage or Deed of Trust) which may be hereafter placed against said property and which shall adversely affect the lien of this instrument or enforcement of the terms and provisions hereof; to keep the improvements on said property in good repair and preservation, and in case the trustee or its successors or the lawful owner and holder of said indebtedness shall hereafter be required to appear in any court or tribunal to enforce, or defend the title to, or possession of, said property, or the lien of this instrument, or appear in any court to prove the above indebtedness, all the costs and expenses of such appearance or proceedings, together with a reasonable attorney's fee, shall be allowed, and be payable by trustors upon demand of the trustee or lawful owner or holder of said indebtedness, and, upon failure to do any of these things, then said trustee, or the lawful owner and holder of said indebtedness may do any or all of these things and the amounts so paid shall bear interest at the then highest maximum effective rate of interest per annum for home loans then legally collectible in Tennessee from the due date and shall be and become a part of the indebtedness secured hereby.
>
> Now, if trustors shall pay their prorata share of Common Expenses aforesaid when due, and pay any and all sums when due, as aforesaid, then this trust conveyance shall be of no further force or effect. But if said indebtedness, or any payment thereof, or interest thereon, is not paid promptly when due, or if, failing to pay said other sums when due, as herein provided, trustors fail to reimburse the trustee, or lawful owner and holder of said indebtedness for all sums, with interest, so expended by said trustee, or lawful owner and holder of said indebtedness, within thirty (30) days from date of such payment, this trust conveyance shall remain in full force and effect, and the said trustee, or its successor in trust, is hereby authorized and empowered, upon giving twenty (20) days' notice by three publications in any newspaper, daily or weekly, published in Davidson County, Tennessee, to sell said property at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from the equity or right (statutory or otherwise) of redemption, homestead, dower, spouse's elective share and

all other rights and exemptions of every kind, which are hereby expressly waived; and the said trustee, or his successor in trust, is authorized and empowered to execute and deliver a deed to the purchaser. The Association may bid at any sale under this trust conveyance. The Trustee may, at any time after default in the payment of any of said indebtedness, enter and take possession of said property, and shall only account for the net rents actually received by it. It is further agreed that, in the event the trustee fails, before selling said property, as herein provided, to enter and take possession thereof, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the trustee of a deed for said property. In case of sale hereunder, the proceeds will be applied by the trustee as follows:

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

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

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

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

5th. The residue, if any, will be paid to trustor(s) legally entitled thereto, their order, representatives or assigns.

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

The word "Trustors" when used herein shall apply to parties both singular and plural.

This transfer and conveyance, and the lien for common expenses payable by an Owner which is secured by the transfer and conveyance shall both be

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

SECTION 8. Mortgages and Deeds of Trust. Each Owner shall have the right, subject to the provisions herein, to make separate mortgages and deeds of trust for his respective Office together with his respective ownership interest in the Association. No Owner shall have the right or authority to make or create, or cause to be made or created from the date hereof, any mortgage, deed of trust or other lien on or affecting the property or any part thereof, except only to the extent of his own Office and the respective percentage interest in the Association corresponding thereto.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the common Area which shall be appurtenant to and shall pass with the title to every Office, subject to the following provisions:

(a) the right of the Association (acting by the Board) to suspend the voting rights of an Owner for any period during which any assessment against his Office remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) the right of the Association (acting by the Board) to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument signed by at least two-thirds (2/3) of Members, agreeing to such dedication or transfer, has been recorded; providing, however, that such consent shall not be required for the dedication of utility or service easements;

(c) The right of the Association (acting by the Board) to grant private utility or drainage easements to private individuals or entities, to serve neighboring properties.

SECTION 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property. Membership in the Association may not be conveyed separate from ownership in the Office.

SECTION 3. Association's Right of Entry. The authorized representatives of the Association or the Board shall be entitled to reasonable access to the individual Offices as may be required to correct any existing violation of the provisions of this Declaration, or in connection with the preservation of any individual Office or in the event of an emergency, or in connection with maintenance

of, repairs or replacements within the Offices or Common Elements, or any equipment, facilities or fixtures affecting or serving the other Office or Common Elements, or to make any alteration required by any governmental authority.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. Every owner of a Office which is subject to a lien for assessments shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Office which is subject to assessment.

SECTION 2. The Association shall have one class of Voting membership.

ARTICLE IV

COVENANTS FOR MAINTENANCE ASSESSMENTS

SECTION 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Office owned within the Properties, hereby covenant, and each Owner for any Office, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(a) annual assessments or charges, if any, and

(b) special assessments for capital improvements, if any, such assessments, if any, to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land, and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties, and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, or for the use and enjoyment of the Common Area, if any, including but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area, if any, the procurement and maintenance of insurance, if necessary, in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, payment of common expenses, and such other needs as may arise.

SECTION 3. Maximum Annual Assessment. Until January 1, 1992, the maximum annual assessment shall be SIX HUNDRED ($600.00) DOLLARS per Office.

(a) From and after January 1, 1994, the maximum annual assessment may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Office to an Owner, the maximum annual assessment may be increased above 10% by a vote of at least a majority of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

SECTION 4. Payable Annual Assessment. The Board of Directors shall fix the payable annual assessment at an amount not in excess of the maximum annual assessment, subject to the provisions of Sections 7 and 8 of this Article.

SECTION 5. Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the Association (acting by and through the Board) may levy, in any calendar year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the costs of any construction, reconstruction, repair or replacement of a capital improvement, upon the Common Area, if any, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose, or for any common expense approved by the Board of Directors. All special assessments shall be fixed at uniform rate for all Offices and may be collected on a monthly basis, without additional fee or cost to such members paying on a monthly basis.

SECTION 6. Rate of Annual Assessment. Annual assessment must be fixed at a uniform rate for all Offices and may be collected on a monthly basis. The books and records for the Association will be kept in such a manner that it is possible to determine and ascertain (i) such sums as are expended by the Association for development, improvement, maintenance and upkeep of all recreational facilities of the Association, and (ii) such sums as are expended for other purposes.

SECTION 7. Date and Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Offices on the first day of May, 1992. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. Written notice of such assessment shall be sent to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on specified Offices have been paid. A properly executed certificate of the Association as to the status of the assessments on a Office is binding upon the Association as of the date of its issuance.

SECTION 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the then maximum applicable formula rate of interest legally chargeable under Title 47, Chapter 14, Sections 101 et seq., Tennessee Code Annotated, as it may be amended from time to time, on a per annum basis until reinstatement or the completion of foreclosure. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessments. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area, if any, or abandonment of his Office.

SECTION 9. Subordination of the Lien to Mortgages. The Liens provided for herein shall be subordinate to the lien of any first mortgage. Sale or

transfer of any Office shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Office which is subject to any first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as the payment thereof which become due prior to such sale or transfer provided, that such unpaid assessment shall be reallocated among the other Offices). No such sale or transfer shall relieve such Office from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 10. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments in any case.

ARTICLE V

MAINTENANCE, REPAIRS AND REPLACEMENTS

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

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

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

ARTICLE VI

PARTY WALLS

SECTION 1. General Rules of Law to Apply. Each wall which is built as a part of the construction of the homes upon the Properties and placed on the dividing line between Offices shall constitute a party wall, and to the extent to which it is inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

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

SECTION 3. Destruction by First or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use by each Owner without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

SECTION 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

SECTION 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

SECTION 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII

INSURANCE

SECTION 1. Casualty Insurance on Insurable Area. The Association shall keep all insurable improvements and fixtures of the Common Area, if any, insured against loss or damage by fire for the full insurance replacements cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are Common Expenses included in the Common Assessments made by the Association.

In addition to casualty insurance on the Common Area, if any, the Association, through the Board of Directors, shall have the option to obtain and continue in effect, on behalf of all Owners, adequate blanket casualty and fire insurance in such form as the Board of Directors deems appropriate in an amount

equal to the full replacement value, without deduction for depreciation or coinsurance, of all of the Office Units, including the structural portions and fixtures thereof, owned by such Owners. Insurance premiums from any such blanket insurance coverage, and any other insurance premiums paid by the Association shall be a common expense of the Association to be included in the regular Common Assessments of the Owners, as levied by the Association. The insurance coverage with respect to the Dwelling Offices shall be written in the name of, and the proceeds thereof shall be payable to the Association as Trustee for the Homeowners.

The Board shall also have the authority to obtain insurance for the Property, exclusive of the additions within, improvements to and decorating of the Offices by the Owners, against loss or damage by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage provisions for the full insurable replacement cost of the Common Elements and the Offices, and against such other hazards and for such amounts as the Board may deem advisable. Insurable replacement cost shall be deemed the cost of restoring the Common Elements, Offices or any part thereof to substantially the same condition in which they existed prior to damage or destruction, such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Board of the Association, as the trustee for each of the Owners in direct ratio to said Owner's respective percentage of ownership in the Association, as set forth in the Declaration, and for the holders of mortgages on his Office, if any. The policy of insurance should also contain, if possible, a waiver of subrogation rights by the insurer against individual owners. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Owners, premiums for such insurance shall be separately billed to each Owner for his Office and his corresponding percentage of ownership in the Association.

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

Reconstruction shall not be compulsory where the whole or more than two-thirds (2/3) of all the Buildings and/or Common Elements are destroyed or damaged by fire or other casualty, as determined by the Board. In such case, and unless otherwise unanimously agreed upon by the Owners, the insurance proceeds shall be delivered to the Owner of the damaged Building or its Mortgagee, as their interests may appear, in proportion to the percentage interest of such Owner in the Association; and the Board, as soon as reasonably possible and as agent for such Owner, shall sell the Property, in its then condition, free from the effect of this Declaration, which shall terminate upon such sale, on terms satisfactory to the Board, and the net proceeds of such sale, and the net proceeds of all insurance policies shall thereupon be distributed to the Owner or its Mortgagee, as their interest may appear, in proportion to the percentage interest of such Owner in the Association. If the Board fails to consummate a sale pursuant to this paragraph

within twenty-four (24) months after the destruction or damage occurs, then the Board shall, or if they do not, any Owner or Mortgagee may, record a sworn declaration setting forth such decision and reciting that under the provisions of this Declaration the prohibition against judicial partition provided for in this Declaration has terminated and that judicial partition of the Property may be obtained pursuant to the laws of the State of Tennessee. Upon final judgment of a court of competent jurisdiction decreeing such partition, this Declaration shall terminate.

Reconstruction also shall not be compulsory where the whole or more than two-thirds (2/3) of any single Building is destroyed as determined by the Board. In such case, and unless otherwise unanimously agreed upon by the Owners and first mortgagees affected, the net proceeds of insurance policies shall be divided among all the Owners and first mortgagees affected by the casualty in proportion to their respective interests as determined in the sole discretion of the Board, after paying from the share of each affected Owner or first mortgagee, as their interest may appear, the just amount of any unpaid lien on his Office, in the order of priority of such liens. Provided, however, that no such disbursement of the aforesaid insurance proceeds to any Owner shall occur, unless simultaneously with such disbursement each affected Owner delivers to the Board a recordable deed quitclaiming his interest in his Office or affected portion thereof to the Board (as trustee for the remaining Owners) and also delivers to the Board a recordable release of any liens on his Office or affected portion thereof. Upon the recording of the aforesaid deeds and releases each such Office or affected portion thereof shall be deemed thereafter to be Common Elements. Upon the withdrawal of any Office or portion thereof, the percentage of interest in the Common Elements, if any, appurtenant to such Office or portion thereof shall be reallocated among the remaining Offices on the basis of the percentage of interest of each remaining Office. If only a portion of a Office is withdrawn, the percentage of interest appurtenant to that Office shall be reduced accordingly, as determined by the Board. After the Board has effected any such withdrawal, the responsibility for the payment of future assessments for any such withdrawn Office or portion thereof shall cease.

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

The Association shall have a duty to maintain in effect casualty and liability insurance and fidelity bond coverage, as specified in Sections 501 through 504 of the FNMA Conventional Home Mortgage Selling Contract Lending Guide (herein referred to as the "FNMA Lending Guide").

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

The Board shall also have authority to and shall obtain such insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the Property against casualty and any loss (including loss of rents) and each member of the Board and officer of the Association, and member

of any committee appointed pursuant to the By-Laws of the Association from liability arising from the fact that said person is or was director or officer of the Association, or a member of such a committee. The premiums for such insurance shall be a common expense.

Each Owner shall be responsible for obtaining his own insurance on his own Office, if the Board elects not to do so, the contents of his own Office Fixtures serving his Office, as well as his additions and improvements thereto, decorating, furnishings, fixtures, and personal property therein, and personal property stored elsewhere on the Property. In addition, in the event an Owner desires to insure against his personal liability and loss or damage by fire or other hazards above and beyond the extent that his liability, loss or damage is covered by the liability insurance and insurance against loss or damage by fire and such other hazards obtained by the Board for all of the Owners as part of the common expenses, as above provided, said Owner may, at his option and expense, obtain additional insurance.

SECTION 2. Deficiency Assessment. In the event of damage to or destruction of a Office or of any part of the Common Area Improvements, if any, the Association shall repair or replace the same from the insurance proceeds available, assuming that the Board has elected to obtain such insurance. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against the Owners directly affected by the casualty (as determined in the sole discretion of the Board) or against all Owners to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Common Assessments made against such Owner. In the event that the Association is maintaining blanket casualty and fire insurance on the Dwelling Offices, the Association shall repair or replace the same from the insurance proceeds available.

SECTION 3. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

SECTION 4. Notice to First Mortgagees. In the event of substantial damage to or destruction of any Office or any part of the Common Elements, the institutional holder of any first deed of trust or mortgage on a Office will be entitled to timely written notice of any such damage or destruction and no provision of any document establishing the Property will entitle the owner of a Office or other party to priority over such institutional holder with respect to the distribution to such Office of any insurance proceeds.

SECTION 5. Federal National Mortgage Association ("FNMA" Coverage"). In the event that the Board elects to obtain insurance on the Offices and/or the Common Elements, if any, the Association shall also have a duty to maintain in effect casualty and liability insurance and fidelity bond coverage, as specified in Sections 501 through 504 of the FNMA Conventional Home Mortgage Selling Contract Lending Guide (herein referred to as the "FNMA Lending Guide"), a summary of which follows:

(a) **General**. Each hazard insurance policy must be written by an insurance carrier acceptable to FNMA and which falls into a financial category, as designated in Best's Key Rating Guide, of Class VI or better. In lieu of Class VI or better designation, a Seller/Service may accept a reinsurance arrangement to be entered into whereby an insurer with a classification lower than Class VI is covered by reinsurance of a company that does meet FNMA's minimum requirements. This may be accomplished by having both insurance carriers execute and attach to each mortgagor's policy an Assumption of Liability Endorsement, FNMA Form 858, or an

equivalent endorsement that provides for one hundred percent (100%) reinsurance of the policy and ninety (90) days notice of reinsurance termination.

Where a reinsurer wishes to limit its per policy exposure, it may insist upon a dollar limitation being stated in the reinsurance endorsement. Such a limitation is acceptable to FNMA, provided the amount of insurance written under the policy does not exceed the limitations stated in the reinsurance endorsement.

In all cases, the primary insurer and the reinsuring company, association or organization must be specifically authorized by law or licensed by the jurisdiction to transact business within the state or territory where the property is located. In addition, policy contracts shall not provide that contribution or assessments may be made against FNMA or may become a lien on the property superior to the lien of FNMA's mortgage.

(b) **Insurance Required**: Property insurance affording protection against loss of damage from fire and other hazards covered by the standard extended coverage endorsement in an amount at least sufficient to pay the mortgage balance. A lesser amount is permitted only where the appraisal made in connection with the mortgage loan provides separate valuations for the land and improvements, and in such instances the insurance must cover the full replacement cost of the improvements;

(c) **Planned Office Development Projects: Perils Covered.** The insurance policy shall afford, as a minimum, protection against the following:

(1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

(2) all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

(e) **Amount of Insurance**. The policy shall be in an amount equal to 100% of current replacement cost of the common areas in the Property, exclusive of land, foundation, excavation and other items normally excluded from coverage.

(f) **Named Insured and Loss Payable**. The name of the insured under such policies must be set forth therein substantially as follows:

"Association of Owners of **GLANCY SQUARE OFFICE OWNERS CORPORATION** for the use and benefit of the individual owners."

The policies may also be issued in the name of an authorized representative of the Association for the use and benefit of the individual owners. Loss payable shall be in favor of the Association, as a trustee for each Owner and each such Owner's mortgagee. Each Owner and each such Owner's mortgagee, if any, shall be beneficiaries of the policy in the percentage of common ownership or on the basis of another appropriate formula set out in the Declaration. Evidence of insurance shall be issued to each Owner and mortgagee upon request.

(g) **Unacceptable Policies**. Policies are unacceptable where (a) under the terms of the insurance carrier's charter, bylaws, or policy, contributions or assessments may be made against the Association, borrowers, or (b) by the terms

of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent the borrowers from collecting insurance proceeds.

(h) **Notice of Cancellation or Modification**. Policies may not be canceled or substantially modified without at least 10 days' prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy.

(i) **Property Insurance - Special Endorsements.**

Projects. Policies must provide for the following: a waiver of the right of subrogation against Owners individually; the insurance is not prejudiced by any act or neglect of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(j) **Flood Insurance**: Where the Property is located within an area which has special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the following requirements apply:

(1) Flood insurance requirements for unit properties located in the Property are the same as those for other home mortgages.

(2) The Association must be required by the terms of the constituent documents hereof to obtain and pay, as a common expense, the premiums upon a policy of flood insurance on buildings and any other common property covered by the required form of policy (herein "insurable property"), in an amount deemed appropriate, but not less than the following:

The lesser of: (a) the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the common areas located within a designated flood hazard area, or; (b) 100% of current "replacement cost" of all such buildings and other insurance property.

(k) **Liability Insurance.**

(1) **General**. The Association must be required either by the terms of the constituent documents or by applicable law, to maintain comprehensive general liability insurance coverage covering all of the common areas, if any, public ways of the project, and commercial spaces owned by the Association, whether or not they are leased to some third party.

(2) **Amount and Scope of Insurance**. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use. However, such coverage shall be for at least $1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Offices

and common areas, and legal liability arising out of law suits related to employment contracts of the Association.

(3) **Notice of Cancellation or Modification**. Such policies must provide that they may not be canceled or substantially modified, by any party, without at least 10 days' prior written notice to the Association and, to each holder of a first mortgage which is listed as a scheduled holder of a first mortgage in the insurance policy.

(4) **Supplemental Coverage**. Additional coverages may be required to include protection against such other risks as are customarily covered with respect to projects similar in construction, location and use, including but not limited to, host liquor liability, contractual and all-written contract insurance, employers liability insurance and comprehensive automobile liability insurance.

(1) **Fidelity Bonds.**

(1) **General**. By the terms of the appropriate constituent document, blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association.

SECTION 6. Other Insurance. The Board shall also have authority to obtain any other insurance coverage, including comprehensive public liability insurance, in such amounts as it deems desirable, and workmen's compensation insurance and other liability insurance as it deems desirable, insuring each Owner, mortgagee of record, if any, the Association, its officers, directors, Board and employees from liability in connection with the Offices and Common Elements, if any. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Owners, premiums for such insurance shall be separately billed to each Owner for his corresponding percentage of ownership in the Association.

ARTICLE VIII

EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the survey. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

ARTICLE IX

GENERAL PROVISIONS

SECTION 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 2. Severability. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

If any provision of the Declaration or By-Laws, or any section, sentence, clause, phrase, word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration and the By-Laws and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby and the remainder of this Declaration or the By-Laws shall be construed as if such invalid part was never included therein.

SECTION 3, Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten years. This Declaration may be changed, modified or rescinded during the first thirty (30) year period by an instrument in writing, setting forth such change, modification or rescission, signed by not less than sixty-seven (67%) percent of the Owners, and acknowledged, and thereafter, by an instrument signed by not less than fifty (50%) percent of the Owners, provided that no amendment shall alter any obligation to pay ad valorem taxes or assessments for public improvements as herein provided, or affect any lien for the payment thereof established herein, and provided that all lien holders of record have been notified by certified mail of such change, modification or rescission, and an affidavit by the secretary of the Association certifying to such mailing is made a part of such instrument. Any amendment must be properly recorded.

However, if the Declaration or the By-Laws require the consent or agreement of all Owners or of all lien holders for any action specified in this Declaration, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be signed by all the Owners or all lien holders or both as required by the Declaration. The change, modification or rescission, whether accomplished under either of the provisions of these paragraphs, shall be effective upon recording of such instrument in the Office of the Register of Deeds of Davidson County, Tennessee.

SECTION 4. Encroachment. It is understood that Offices which adjoin each other and have a party wall built as a part of the construction of the homes which is placed upon the Private Element dividing line between adjoining Offices may encroach on such adjoining Offices due to construction or other reasons. Accordingly, an easement is reserved for such encroachments as are contained in the buildings, whether the same now exist or may be caused or created by construction, settlement, or movement of the building, or by permissible repairs, construction or alteration. With regard to any differences which may exist on the survey and the actual party walls and Private Element lines which exist on the properties, the Private Element lines and party walls which actually exist shall control over discrepancies in the survey.

If any portions of the Common Elements, if any, shall actually encroach upon any Office or any Private Elements of any Office, or if any Office or any Private Elements of any Office shall actually encroach upon any portions of the Common Elements, if any, or if any Private Elements of any Office or Office shall actually encroach upon another Office, as the Common Elements, Private Elements, and Offices are shown on the survey, these shall be deemed to be mutual easements in favor of the Association and the respective Owners involved, to the extent of such encroachments, so long as the same shall exist.

SECTION 5. Alterations, Additions or Improvement. No alteration of the exterior of any Office or Common Elements, if any, or any additions or

improvements thereto, shall be made by any Owner without the prior written approval of the Board. The Board may authorize and charge as common assessments, alterations, additions and improvements of the Office or Common Elements, if any, as provided in the By-Laws.

SECTION 6. Decorating. Each Owner, at his own expense, shall furnish and be responsible for all decorating within his own Office (and the Private Elements serving the same) and Office Fixtures serving his Office, as may be required from time to time, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting and other interior furnishings and fixtures. Drapes shall be lined to the satisfaction of the Board. Each owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floor and ceilings of his Office, and such Owner shall maintain said interior surfaces in good condition at his sole expense, as may be required from time to time. Said maintenance and use of interior surfaces shall be subject to the rules and regulations of the Association, but each such Owner shall have the right to decorate such interior surfaces from time to time as he may see fit and at his sole expense except the venetian blinds on the front of each Office shall be uniform and be controlled by the Board of Directors.

SECTION 7. Non-Liability of the Directors, Board and Officers. Neither the directors, Board, nor the officers of the Association, shall be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors, Board, or officers, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The Owners shall indemnify and hold harmless each of the directors, Board, or officers, and their respective heirs, executors, administrators, successors and assigns in accordance with the By-Laws.

SECTION 8. Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration or By-Laws, the determination thereof by the Board shall be final and binding on each and all such Owners.

SECTION 9. Notices. Notices provided for in the Declaration or By-Laws shall be in writing, and shall be addressed to the Association or Board, or any Office Owner, as the case may be, at their respective street addresses on Glancy Square, 110 Glancy Street, Goodlettsville, Tennessee 37072, or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Owners. Any Owner may designate a different address for notices to him (other than to his or her Office) by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof.

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

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

(a) Any condemnation loss or any casualty loss which affects a material portion of the project or any unit estate on which there is a first mortgage

held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

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

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

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

SECTION 10. Transfer of a Office - Notice to Association.

A. **Unrestricted Transfers**. An Owner may, without restriction under this Declaration, sell, give, devise, lease or otherwise transfer his Office, or any interest therein, to any person.

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

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

D. **Miscellaneous**.

(a) A transfer or lease of a Office, or interest therein, by or to the Board or the holder of any deed of trust or mortgage (or purchaser at foreclosure) on a Office which comes into possession of the mortgaged Office pursuant to remedies provided in such deed of Trust of mortgage, or pursuant to foreclosure of such deed of trust or mortgage, or pursuant to a deed (or assignment) in lieu of foreclosure of such deed of trust or mortgage, shall not be subject to the provisions of this Paragraph. The provisions of this Paragraph shall in no way impair the rights of a first mortgagee to any of the following:

(1) Foreclose or take title to a unit pursuant to the remedies provided in the mortgage, or

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

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

The Association shall hold title to or lease any Office, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board, for the sole benefit of all remaining Owners. The Board shall have the authority at any time to sell, lease or sublease said Office on behalf of the Association

upon such terms as the Board shall deem desirable, but in no event shall a Office be sold for less than the amount paid by the Association to purchase said Office unless Owners owning at least fifty (50%) percent of the total ownership of the Association first authorize the sale for such lesser amount.

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

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

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

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

SECTION 11. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the Governor of Tennessee, Ned Ray McWherter.

SECTION 12. Rights and Obligations. Each Grantee of the Declarant, by the acceptance of a deed of conveyance accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All future Owners and Occupants shall be subject to and shall comply with the provisions of this Declaration. All rights, benefits and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

All present and future Owners, tenants and Occupants of a Office shall be subject to, and shall comply with, the provisions of the By-Laws appended hereto and recorded herewith. The acceptance of a deed of conveyance devise or of a lease to a Office, or the entering into occupancy of any Office shall constitute an agreement that the provisions of the said By-Laws and any Rules and Regulations promulgated thereunder, as they may be amended from time to time, are assumed, accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Office, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease, thereof.

The terms and conditions of the Declaration, By-Laws and Rules and Regulations may be incorporated by reference in, and become part of, the agreement between any first mortgagee and any present or future Owner who enters into such an agreement with a first mortgagee. When so incorporated, any default in the terms and conditions of the Declaration, By-Laws and Rules and Regulations may be considered as a default by the first mortgagee, whereupon said first mortgagee, after

exercising its option to declare a default, shall then have all of the rights and privileges arising as a result of a default under its agreement with said Owner.

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

SECTION 14. Condemnation. In the event of a taking in condemnation or by eminent domain of a part of the Common Elements, if any, or Office, the award made for such taking shall be payable to the Board for and on behalf of the Association and/or the Owners directly affected thereby, as their interest may appear. If a majority of the Board in their sole and absolute discretion approve the repair and restoration of such Offices or Common Elements the Board shall arrange for the repair and restoration of such Offices or 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 does not approve the repair and commence restoration of such Offices or Common Elements within 120 days after taking by the public or private authority, the Board shall disburse the net proceeds of such award on a fair and reasonable basis to the mortgagees directly affected by the condemnation and the balance to the Owners directly affected. The decision of the Board as to fairness and reasonableness shall be binding upon all parties if such decision reasonably relates to the given facts.

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

SECTION 15. Rights Reserved. The Owner's right of enjoyment in the property commonly owned by the Association, if any, as herein created shall be subject to:

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

(b) The right of the Association (acting by and through the Board) to charge reasonable fees for the maintenance and/or use of the parts of the Common Elements, if any.

SECTION 16. Remedies. In the event of any violation of the provisions of the Declaration, By-Laws or rules and regulations of the Board or Association by any Owner (either by his own conduct or by the conduct of any other occupant of his Office) the Association, or its successors or assigns, or the board, or its agent, shall have each and all of the rights and remedies which may be provided for in the Declaration, By-Laws, or said rules and regulations, or action or other proceedings against such defaulting Owner and/or others for enforcement of any lien and the appointment of a receiver for the Office and ownership interest of such 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 Office and to sell the same as provided hereinabove and as provided hereinafter, or for any

combination of remedies, or for any other relief. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the then maximum applicable formula rate of interest legally chargeable under Title 47, Chapter 14, Sections 101, et seq., Tennessee Code Annotated, at it may be amended from time to time, on a per annum basis until reinstatement or the completion of foreclosure or at the then highest contract rate of interest then legally collectible in Tennessee, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of his respective share of the common expenses, and the Board shall have a lien for all of the same, as well as for nonpayment of his respective share of the common expenses, upon the Office and ownership interest in the Association of such defaulting Owner and upon all of his additions and improvements thereto and upon all of this personal property in his Office or located elsewhere on the Property, provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the interest of such Owner, except for the amount of the proportionate share of said common expenses which become due and payable from and after the date on which the said mortgage or deed of trust owner or holder accepts a conveyance of any interest (other than as a security) or forecloses the lien of its mortgage or deed of trust. In the event of any such default by any Owner, 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 Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. This paragraph shall not be amended, changed, modified or rescinded without the prior consent of all holders of record of mortgage and deed of trust liens against Offices in the Building.

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

If any Owner (either by his own conduct or by the conduct of any other occupant of his Office) shall violate any of the covenants or restrictions or provisions of this Declaration or the regulations adopted by the Board, and if such default or violation shall continue for ten (10) days after notice to the Owner in writing from the Board, or shall occur repeatedly during any ten (10) day period after such written notice or request to cure such violation from the Board, then the Board shall have the power to issue to said defaulting owner a notice in writing terminating the rights of the said defaulting Owner to continue as an Owner and to continue to occupy, use or control his Office, and thereupon an action in equity may be filed by the Board against said defaulting Owner for a decree of mandatory inunction against such defaulting Owner or Occupant, or in the alternative, for a decree declaring the termination of said defaulting Owner's right to occupy, use or control the Office owned by him on account of said violation, and ordering that all the right, title and interest of said defaulting Owner in the Office and the Association shall be sold (subject to the lien of any existing deed of trust or mortgage) at a judicial sale upon such notice and terms as the court shall determine, except that the court shall enjoin and restrain the said defaulting Owner from reacquiring his interest at such judicial

sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to said defaulting Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Office and the Owner's corresponding percentage of ownership in the Association, and to immediate possession of the Office 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 Office Ownership sold subject to this Declaration. An aggrieved Owner or first mortgagee may bring an action in law or equity to require the enforcement of this Declaration and the By-Laws by the Board, or may bring an action to enjoin or specifically require a party to perform what is required of him or it hereunder.

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

SECTION 17. Rules and Regulations.

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

(b) Any first mortgagee of a Office who comes into possession of the Office pursuant to the remedies provided in the mortgage, deed of trust, foreclosure of the mortgage or deed of trust, or deed in lieu of foreclosure shall take the property free of any claims for any unpaid assessments or charges against the mortgaged Office, which Office (except for claims for a prorata reallocation of such assessments or charges to all Offices including the mortgaged Office).

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

(i) Change the prorata interest or obligations of any Office for (a) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (b) determining the prorata share of each Office in the Association.

(ii) Use hazard insurance proceeds for losses to any property (whether to individual Offices or Common Elements) for other than the repair, replacement, or reconstructions of such improvements, in case of substantial loss to the Offices and/or Common Elements.

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

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

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

(f) All taxes, assessments and charges which may become liens prior to the first mortgage under the laws of the State of Tennessee shall relate only to the individual Office and not to the project as a whole.

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

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

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

(j) To the extent that any Lenders shall have an interest in, or be the owner of, or participate inn, any first mortgages or deeds of trust affecting any of the Offices, then:

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

(2) An adequate reserve fund for replacement of common element components must be established, which must be funded by monthly payments rather than extraordinary special assessments. A working capital fund shall be established for the initial months of the operation equal to at least a two months' established common expense charge for each unit. Each unit's share of the working capital fund must be collected and transferred to the Association 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 is to insure that the Association's Board of Director's will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board. Amounts paid into the fund are not to be considered as advance payment of regular assessments.

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

(4) The holders of first deeds of trust or mortgages shall have the right to examine the books and records of the Association and to require annual reports and other financial data.

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

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

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

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

IN WITNESS WHEREOF, the undersigned Declarant has executed this instrument on this the 12 day of November, 1992.

DECLARANT

Elizabeth Ellen Castleman

ELIZABETH ELLEN CASTLEMAN

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Personally appeared before me, the undersigned, a Notary Public of said County and State, **ELIZABETH ELLEN CASTLEMAN**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS my hand and seal, at office this 12th day of November, 1992.

Judy G. Utley

Notary Public

My Commission Expires: 11-25-95

EXHIBIT A
TO DECLARATION

Legal Description Of The Property

LAND in Davidson County, Tennessee, being Lot 2, **GLANCY SQUARE**, of record in Book 6200, Page 535, Register's Office for Davidson County, Tennessee, to which Plan reference is hereby made for a more complete and accurate description.

BEING the same property conveyed to **ELIZABETH ELLEN CASTLEMAN**, by deed from Union Planters National Bank, formerly Fidelity Federal Bank, a Federal Savings Bank, of record in Book 8731, Page 226, Register's Office for Davidson County, Tennessee.

EXHIBIT B

BY-LAWS

OF

GLANCY SQUARE OFFICE OWNERS CORPORATION

ARTICLE I

FORM OF OFFICE ADMINISTRATION

SECTION 1. Property Subject Hereto. The property to which these By-Laws shall apply is described as **GLANCY SQUARE**, located at 110 Glancy Street, Glancy Square, Goodlettsville, Tennessee 37072, Davidson County, Tennessee, said property having been submitted to the provisions of the Act, codified as Section 66-27-101, et seq., of the Tennessee Code Annotated, by Declaration to which these By-Laws are exhibited, and with which these By-Laws are being recorded. The definitions contained in the Declaration shall be deemed to be definitions hereof.

SECTION 2. Administration and operation of the Property. The administration and operation of the property shall be conducted by a homeowners' association under the name of **"GLANCY SQUARE OFFICE OWNERS CORPORATION"**. The By-Laws contained in this instrument shall be and become the By-Laws for the said homeowners' association, and "Association" as hereinafter used shall mean and refer to **GLANCY SQUARE OFFICE OWNERS CCRPORATION**. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be for the sole benefit of Owners, and all funds received by the Association shall be held and applied by it for the use and benefit of Owners in accordance with the Declaration and By-Laws. Each Owner shall be a member of the Association so long as he is an Owner. An Owner's membership shall automatically terminate when he ceases to be an Owner. Upon the conveyance or transfer of an owner's ownership interest to a new Owner, the new Owner shall simultaneously succeed to the former Owner's membership in the Association. The term "owner" when used hereinafter shall be deemed to be the same as a "member" as described in this provision. In the transaction of business of the Association, each member shall have one vote and each Office shall constitute one unit of membership even if a Office is owned by multiple owners.

SECTION 3. Applicability of By-Laws. The provisions of these By-Laws are applicable to the property and the Association and to the use and occupancy thereof. The term "property" as used herein, shall include the land, the buildings; all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, all of which are submitted to the referenced provisions of Tennessee Code Annotated.

SECTION 4. Application. These By-Laws and each change made in accordance herewith are, and shall be, covenants running with each Office and binding on each successive owner, lessee or mortgagee of each Office in the planned unit development. All present and future owners, mortgagees, lessees and occupants of Offices and their employees, and any other persons who may use the facilities of the property in any manner are subject to these By-Laws and the Declaration. The acceptance of a deed or conveyance, or mortgage, or the entering into a lease with an Owner, or the act of occupancy of a Office shall constitute a covenant and an agreement by the grantee, conveyee, mortgagee, lessee or occupant that these By-Laws and the provisions of the Declaration, as they may be amended from time to

time, are accepted, ratified, and will be complied with, and further, that he will make the provisions herein known to any subsequent purchaser, lessee or mortgagee.

SECTION 5. Office. The office of the Association and of the Board of Directors shall be located at the property, or at such other location as the Board of Directors may from time to time designate.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. Number, Qualifications and Term of Office. The affairs of the Association shall be governed by a Board of Directors. The initial Board of Directors shall consist of four (4) persons. A board member shall serve until the Owner or Owners decide that another Owner, a spouse or an Owner instead of that Owner or another Owner's spouse should serve and so replace the current board member.

SECTION 2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the planned unit development and may do all such acts and things except as by law or by the Declaration or by these By Laws may not be delegated to the Board of Directors by the owners. Such powers and duties of the Board of Directors shall include, but not be limited to, the following:

(a) Operation, care, upkeep and maintenance of the common elements, if any, in accordance with the other provisions of these By-Laws.

(b) Determination of the common expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the property.

(c) Collection of the common charges from the owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common elements.

(e) Adoption and amendments of rules and regulations covering the details of the operation and use of the property.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Purchasing or leasing or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all Owners, Offices offered for sale of lease or surrendered by their Owners to the Board of Directors.

(h) Purchasing of Offices at foreclosure or other judicial sales in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of all owners.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Directors), or otherwise dealing with Offices, acquired by and subleasing Offices leased by the Board of Directors or its designee, corporate or otherwise, on behalf of all owners.

(j) Organizing corporations to act as designees of the Board of Directors in acquiring title to or leasing of units on behalf of all owners.

(k) Obtaining of insurance for the property, including the Offices, pursuant to the provisions of Article V, Section 2, hereof.

(l) Making of repairs, additions and improvements to or alterations of the property and repairs to and restoration of the Property, in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(m) Granting permits, licenses and/or easements over the common areas, if any, for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the project.

SECTION 3. Organization Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by the owners at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

SECTION 4. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least one such meeting shall be held each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors, by mail, telegraph or in person, at least three (3) days (excluding Saturdays, Sundays and bank holidays recognized in Nashville, Tennessee) prior to the day named for such meeting.

SECTION 5. Special Meetings. Special meetings of the Board of Directors may be called by either of the Directors upon three (3) business days' notice to the other given in person or by mail or telegraph, which notice shall state the time, place and purpose of the meeting.

SECTION 6. Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board or the execution of the minutes thereof shall constitute a waiver of notice by him of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

SECTION 7. Quorum of Board of Directors. At all meetings of the Board of Directors, both board members must be present in order to constitute a quorum for the transaction of business, and a unanimous vote of the members of the Board of Directors shall constitute the decision of the Board of Directors a unanimous decision cannot be reached, the board members shall jointly designate a third person to serve as a board member ex-officio for the decision of that particular issue. If the board members cannot agree upon the appointment of the ex-officio member, each board member shall appoint an ex-officio member, the two of whom shall then choose the one ex-officio member who shall cast the deciding vote. In the case where an ex-officio board member is chosen by either of the processes outlined above to vote to break a deadlock between the Permanent Board Members, a two-thirds vote of the members of the Board shall constitute the decision of the Board.

SECTION 8. Fidelity Bonds. The Board of Directors shall have the right to obtain adequate fidelity bonds for all officers and employees of the Association handling or responsible for Association funds. The premiums on such bonds shall constitute a common expense.

SECTION 9. Liability of the Board of Directors. The members of the Board of Directors shall not be liable to the owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The owners shall indemnify and hold contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. It is also intended that the liability of any owner arising out of any contract made by the Board of Directors, or out of the aforesaid indemnity, in favor of the members of the Board of Directors, shall be limited to such proportion of the total liability thereunder as his interest in the Association bears to the interests of all the owners in the Association. Every agreement made by the Board of Directors shall be limited to such proportion of the total liability thereunder, as his interest in the Association bears to the interest of all the owners in the Association. Every agreement made by the Board of Directors shall provide that the members of the Board of Directors shall have no personal liability thereunder (except as owners), and that each owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Association bears to the interest of all the owners in the Association.

SECTION 10. Declaration of Default. Should one owner/Board Member determine that the other owner/Board Member is in default in the performance of any of owner's obligations contained in the Declaration, or these By-Laws, or if such owner should be in violation of any of the same or any rules and regulations established by the Board of Directors, then the owner/Board Member who is asserting that there is a default or violation shall send written notice of such default to the defaulting owner and if such default or violation is not cured within a reasonable time (not in excess of two weeks from the date of sending notice), or if the owners;/Board Members do not agree that a violation or default exists, the deadlock procedure outlined in Section 8 of this article shall be utilized for the purpose of determining whether a violation or default exists. If the existence of a violation or default is established and the defaulting owner does not cure it within two weeks, the other owner/Board Member shall have the authority to, unilaterally, enforce the remedies given herein and by law.

SECTION 1. Annual Meetings. At, or before, the expiration of its term of office, the initial Board of Directors shall notify all owners, and a meeting of the owners shall be held within thirty (30) days thereafter on a call issued by the President. Thereafter, the annual meetings of the owners shall be held on the 15th day of January of each succeeding year, unless such date shall occur on a Saturday or Sunday, in which event the meeting shall be held on the succeeding Monday.

SECTION 2. Place of Meetings. Meetings of the owners shall be held at the principal office of the Association or at such other suitable place convenient to the owners as may be designated by the Board of Directors.

SECTION 3. Special Meetings. It shall be the duty of the President to call a special meeting of the owners if so directed by resolution of the Board of Directors. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

SECTION 4. Notice of Meetings. It shall be the duty of the Secretary to mail a written notice of such meeting of the owners, at least ten (10), but not more than twenty (20) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at the building or at such other address s such owner shall have designated by notice in writing to the

Secretary. The mailing of such notice of meeting in the manner provided in this Section shall be considered service of notice.

SECTION 5. Adjournment of Meetings. If any meeting of owners cannot be held because a quorum has not attended, a majority of the owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time approved by a majority of those then present.

SECTION 6. Order of Business. The order of business at all meetings of the owners shall be as follows:

(a) Roll call;

(b) Proof of notice of meeting;

(c) Reading of minutes of preceding meeting;

(d) Reports of officers;

(e) Report of Board of Directors;

(f) Reports of committees;

(g) Election of Inspectors of Elections (when so required);

(h) Election of member of the Board of Directors (when so required);

(i) Unfinished business;

(j) New business.

SECTION 7. Title to Offices. Title to Offices may be taken in the name of an individual or in the name of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership, or in the name of a fiduciary.

SECTION 8. Voting. The Owner or Owners of each Office, or some person designated by such Owner or Owners to act as proxy on his or their behalf of whom need not be an Owner, shall be entitled to cast the vote appurtenant to such Office at all meetings of owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any or all of such owners may be present at any meeting of the owners and (those constituting a group acting unanimously), may vote or take any action as a owner either in person or proxy.

SECTION 9. Quorum of Owners. Except as otherwise provided in these By-Laws, the presence in person or by proxy of owners representing both of the Offices in the planned unit development shall constitute a quorum at all meetings of the owners, and a unanimous vote of such owners or their proxy shall constitute the decision of the owners. If at any meeting of the owners a unanimous decision cannot be reached, the voting owners shall jointly designate a third person to cast the deciding vote. If the owners cannot agree upon the appointment of such a third person, each voting owner shall appoint another person, the two of whom shall choose a third original deadlock between voting owners. In the case where a third person is chosen by either of the processes outlined above to vote to break a deadlock between the voting owners, a two-thirds vote of said voting parties shall constitute the decision of the owners.

ARTICLE IV

OFFICERS

SECTION 1. Designation. The principal officers of the Association shall be the President and the Secretary-Treasurer, both of whom shall be elected by the Board of Directors.

SECTION 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of each fiscal year and shall hold office at the pleasure of the Board of Directors.

SECTION 3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without case, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

SECTION 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the owners and of the Board of Directors. He shall have all of the powers and perform those duties vested in him by the Board of Directors.

SECTION 5. Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Association and of the Board of Directors, and he shall have charge of such books and papers as the Board of Directors may direct. The Secretary-Treasurer shall have the responsibility for Association funds and securities, and shall be responsible for keeping in chronological order, full and accurate financial records and books of account showing all receipts and disbursements affecting the building and their administration and specifying the maintenance and repair expenses of the common elements, if any, and any other expenses incurred and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of Secretary-Treasurer of a stock corporation and perform such other duties as the Board of Directors shall impose upon him, and such other functions as are generally performed by a Secretary-Treasurer of a business organization.

SECTION 6. Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by both officers of the Association.

ARTICLE V

OPERATION OF THE PROPERTY

SECTION 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Directors shall from time to time, and at least annually, prepare a budget for the planned unit development, determine the amount of the common charges payable by the owners to meet the expenses of administration and of maintenance and repair of the general common elements, if any, and in the proper case, of the private elements of the property and any other expenses lawfully agreed upon. The allocations shall be applied uniformly to all owners of like situations. The common expenses may also include such amounts as the Board of Directors may deem proper for the operation and maintenance of the property, including without limitation, an amount for working capital of the planned unit development, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The common

charges also include such amounts as may be required for the purchase or lease by the Board of Directors of its designee, corporate or otherwise, on behalf of all owners, of any Office whose owner has elected to sell or lease such Office or of any Office which is to be sold at a foreclosure or other judicial sale, as well as the assessed cost to the Board of Directors with regard to any utilities (including but not limited to, gas, electricity, water, sewers, and the like), or other services serving the property which are not separately charged or metered on the property. The Board of Directors shall advise all owners, promptly and in writing, of the amount of common charges payable by each of them, respectively, as determined by the Board of Directors, as aforesaid, and shall furnish copies of each budget on which such common charges are based, to all owners and their mortgagees.

SECTION 2. Insurance. At the election of the Board, each Owner shall be required to obtain and maintain replacement cost fire insurance insuring that Owner's Office and the private elements for that Office, in an amount equal to the full replacement value of the building, without deduction for depreciation; each of such policies shall contain a Tennessee standard mortgagee clause in favor of each mortgagee of a Office which will provide that the loss, if any, thereunder shall be payable to such mortgagee as its interests may appear. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Offices. Duplicate originals of all policies or physical damage insurance and of all renewals thereof, together with proof of payment premiums, shall be delivered to all mortgagees of Offices at least ten (10) days prior to the expiration of the then current policies.

At the option of the owners of both Offices and subject to availability, the total insurance requirements hereunder may be combined in one policy, provided that the content of such policy satisfies the combined and consolidated insurance needs as set forth herein.

SECTION 3. Restrictions on Use of Offices. In order to provide for congenial occupancy of the property and for the protection of the values of the Offices, the use of the property shall be restricted to and shall be in accordance with the following provisions:

(a) Each of the Offices shall be used for single family residences only. The provision shall not preclude use and occupancy by two adults not married to each other.

(b) The common elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Offices.

(c) No nuisances shall be allowed on the property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the property by its residents.

(d) No immoral, improper, offensive or unlawful use shall be made of the property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof, relating to any portion of the property, shall be complied with, by and at the sole expense of the respective owners of the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the property.

(e) No sale of any kind shall be conducted on the premises except to sell the personal effects of a deceased owner or tenant or his or her spouse; provided,

however, that such permitted sale shall be conducted for no longer than two (2) consecutive days and between the hours of 9:00 a.m. and 5:00 p.m.

(f) Each Owner shall maintain his Office in good condition and in order and repair, at his own expense, and shall not do or allow anything to be done in his Office which may increase the cost or cause the cancellation of insurance on other Offices or on the Common Elements, if any. No owner shall display, hang, store or use any articles outside his Office, or which may be visible from the outside of his Office (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board). No Owner of a Office, shall display, hang, store or use any sign outside his Office, in a hallway or elsewhere, or which may be visible from the outside of his Office without the prior written permission of the Board.

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

SECTION 4. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the common elements, if any, shall require additions, alterations or improvements, and the making of such additions, alterations or improvements shall have been approved by the owners, the Board of Directors shall proceed with such additions, alterations, or improvements and shall assess all owners for the cost thereof as a common charge.

SECTION 5. Additions, Alterations or Improvements by Owners. Any structural additions, alterations or improvements in or to his Office may be made at any time by any owner, and the Board of Directors shall, upon the request of the owner, make application at the Owner's expense to obtain any necessary permits. Any application to any department of the Government of Nashville, Davidson County, Tennessee, or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Office shall be executed by the Board of Directors only, without however, incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

ARTICLE VI

AMENDMENT TO BY-LAWS

SECTION 1. Amendment to By-Laws. These By-Laws may be modified or amended by the written consent or unanimous vote of all owners of the then-existing Offices. Such modifications or amendments shall not be effective until filed for record in the Office of the Register of Deeds for Davidson County, State of Tennessee.

Prepared by:
WILLIAM D. CASTLEMAN, ATTORNEY
101 Cumberland Avenue, Suite 100
P. O. Box 1189
Madison, TN 37116-1189

EXHIBIT D

ATTORNEY'S CERTIFICATE

This document is intended to serve as the attorney's opinion which is required under the terms of Tennessee Code Annotated, Section 66-27-103. The undersigned, **WILLIAM D. CASTLEMAN**, as an attorney licensed to practice law in the State of Tennessee, hereby declares that upon proper recording of this certificate and the following additional documents, all of which are intended to be recorded simultaneously herewith, all legal requirements for the creation of a development under the terms of the Tennessee Horizontal Property Act, Tennessee Code Annotated, Section 66-27-101, et seq., will have been met:

(1) A certificate, which is attached hereto as **Exhibit A**, from a professional architect licensed to practice architecture in Tennessee which states that construction of the Office Complex shown on the plan for **GLANCY SQUARE** is in substantial compliance with local building codes for office developments.

(2) The Declaration of Covenants, Conditions and Restrictions for **GLANCY SQUARE OFFICE OWNERS CORPORATION**, an Office Development.

(3) By-Laws of **GLANCY SQUARE OFFICE OWNERS CORPORATION**, (a Corporation) an Office Development, under the Tennessee Horizontal Property Act which By-Laws are **Exhibit B** to the Declaration.

(4) The plat for **GLANCY SQUARE**, an Office Development, under the Tennessee Horizontal Property Act, recorded in Plat Book 7900, Page 454, R.O.D.C., TN.

(5) The Charter of **GLANCY SQUARE OFFICE OWNERS CORPORATION**, an Office Development.

This opinion is subject to the terms and conditions of the office development documents and to all applicable municipal ordinances and regulations.

WITNESS my hand as of this 13 day of November, 1992.

William D. Castleman, Atty

WILLIAM D. CASTLEMAN, ATTORNEY
NO. 3161

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Personally appeared before me, the undersigned, a Notary Public in and for the said County and State, the within named **WILLIAM D. CASTLEMAN, ATTORNEY**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who executed the foregoing instrument and acknowledged that he executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

WITNESS my hand and seal, at office in Goodlettsville, Tennessee, this 13th day of November, 1992.

Judy G. Utley

Notary Public

My Commission Expires: 11-25-95

EXHIBIT A
TO
ATTORNEY'S CERTIFICATE BOOK 8793 PAGE 383

The undersigned, **SIDNEY B. SMITH**, as a professional engineer licensed to practice engineering in the State of Tennessee, hereby certifies that, based on visual inspection of readily accessible areas and upon the issuance of final use and occupancy certificates issued by the codes administration of the Metropolitan Government of Nashville-Davidson County, Tennessee, that are available, that the Office Buildings (the "improvements") located on 110 Glancy Street, and further known as Tax Map No. 34-1, Parcel 87 are in substantial compliance with the Southern Standard Building Code as adopted by the Metropolitan Government of Nashville, Davidson County, Tennessee for improvements of this type.

WITNESS my hand this 16TH day of November, 1992.

Sidney B. Smith
TENN. P.E. NO. 7047

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Personally appeared before me, the undersigned, a Notary Public in and for, said County and State, the within named **SIDNEY B. SMITH** with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed this Engineer's Certificate on the 16th day of November, 1992.

WITNESS my hand at office this 16th day of November, 1992.

Notary Public

My Commission Expires: 7-23-94