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Davidson County DEEDMAST
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MASTER DEED
for
HILLSBORO HIGHLANDS

THIS MASTER DEED for **HILLSBORO HIGHLANDS CONDOS** is made and entered into by **ROBERT G. HALEY**, hereinafter referred to as the "Owner".

WITNESSETH:

THAT WHEREAS, the Owner is the record owner and holder of the legal title of a tract or parcel of real property located in Davidson County, Tennessee and particularly described on Exhibit "A" attached and made a part hereto (hereinafter referred to as the "Property"); and,

WHEREAS, the Owner desires to submit the Property described on Exhibit "A" together with all the buildings, structures, improvements, and other permanent fixtures of whatever kind thereon, and all rights and privileges belonging or in any way pertaining thereto, the provisions of the Horizontal Property Act of the State of Tennessee as the same may be amended from time to time; and

WHEREAS, the Owner further desires to establish for its own benefit and for the mutual benefits of all future owners and/or occupants of the Property or any part thereof, certain rights, easements, and privileges in, over, and upon the said premises and certain mutually beneficial restrictions and obligations with respect to proper use, conduct and maintenance thereof, for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property.

NOW, THEREFORE, the Owner declares as follows:

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

(a) "Act" means the Horizontal Property Act of the State of Tennessee, Tennessee Code Annotated, §66-27-101, et. seq. , as the same may be amended from time to time.

(b) "Association" means Hillsboro Highlands Homeowner's Association, Inc., a Tennessee not-for-profit corporation.

(c) "Board" means the Board of Directors of Hillsboro Highlands Homeowner's Association, Inc., a Tennessee not-for-profit corporation.

(d) "Buildings" means the building located on the parcel and forming a part of the Property and containing the Units. The buildings are delineated on Exhibit "B".

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

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

1. The Parcel;

2. All foundations, party walls and columns, bearing walls and columns, roofs, halls, lobbies, stairways, entrances, exits, and communication ways;

3. All yards, and gardens, except as otherwise herein provided or stipulated;

4. All compartments or installations of certain services such as power, light, gas, cold and hot water, refrigeration, reservoirs, water tanks, and pumps, and the like;

5. All garbage dumpsters and, in general, all devices or installations existing for common use;

6. All parking areas, roads, sewers, and all other services of a public nature not inside the walls of the individual Units;

7. All areas known on the plan and including all roads, pipes, wires, ducts, cables, public utility lines, retention basin, drainage control structure, and other improvements necessary for the overall integrity of the properties (except pipes, wires, conduits, ducts and related items situated entirely within a Unit and serving only such Unit);

8. All other elements of the buildings desirable or rationally of common use or necessary to the existence, upkeep and safety of the condominium regime established by this Master Deed; and

9. All other amenities dedicated for the common use of the Unit Owners.

(g) "Owner" shall refer to Robert G. Haley.

(h) "Majority" or "Majority of the Unit Owners" means the owners of more than fifty (50%) percent of the Units.

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

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

(k) "Parcel" means the parcel(s) or tract(s) of real estate described in Exhibit "A" attached to this Master Deed and submitted hereby to the provisions of the Act.

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

(m) "Plat" means the Plat or Plats of survey of the Parcel of Parcels submitted to the provision of the Act showing the number of each Unit within each building, expressing its area, location, and other data necessary for identification, said Plat or Plats being attached hereto as Exhibit "B", or if no such Exhibit "B" is attached, which shall be recorded in the Register's Office for Davidson County, Tennessee.

(n) "Property" means all the land, Property and space comprising the Parcel as defined in Item (1) above, and all improvements and structures erected, constructed or contained therein or thereon, including the Buildings and all easements, rights and appurtenances belonging thereto, and all furniture, furnishings, and equipment intended for mutual use, benefit or enjoyment of Unit Owners, submitted to the provisions of the Act.

(o) "Record" or "Recording" refers to the record or recording in the Register's Office for Davidson County, Tennessee.

(p) "Rules and Regulations" refer to the rules and regulations concerning the use of the Units and Common Elements, as adopted from time to time by the Board in accordance with the Master Deed and By-Laws.

(q) "Unit" means an enclosed space consisting of one (1) or more rooms occupying all or part of a floor or floors in the buildings, which enclosed space is not owned in common with Unit Owners of other Units. Each Unit is numbered (or lettered) as shown on the Plat(s). The boundaries of each Unit shall be and are the unfinished interior surfaces of its perimeter walls, and ceilings, and a Unit includes both the portion of the Buildings so described and the air space so encompassed, exempting Common Elements. It is intended that the term Unit as used in this Master Deed shall have the same meaning as the term "Apartment" as used in the Act.

(r) "Unit Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Unit and of the undivided interest in the Common Elements appurtenant thereto, and shall be

deemed the same as "co-owner" under the Act, but Unit Owner shall not mean the Mortgagee or Beneficiary of a recorded mortgage or deed of trust who holds a lien solely for security purpose and does not have possession of the Unit. Unless specifically provided otherwise herein, Owner shall be deemed a Unit Owner so long as it is the legal title holder of any Unit who pays the common expenses for another Unit Owner who fails or refuses to pay said expense when due.

2. **Submission of Property to the Act**. The Owner does hereby submit and subject the parcel and the Property to the provisions of the Horizontal Property Act of the State of Tennessee as amended from time to time and does hereby establish a Horizontal Property Regime to be known as Hillsboro Highlands Condos.

3. **Plat**. The Plat sets forth the numbers (or letters) and location of each Unit and other data as required by the Act.

4. **Units**. The legal description of each Unit shall consist of the identifying number or letter of each Unit as shown on the Plat. Every deed, lease, mortgage, deed of trust, or other instrument shall legally describe a Unit by its identifying number or letter as shown on the Plat and every such description by number shall be deemed good and sufficient for all purposes, as provided in the Act.

5. (a) **Association of Unit Owners and Administration and Operation of the Property**. There has been formed as Association having the name Hillsboro Highlands Homeowners' Association, Inc., a Tennessee not-for-profit corporation, which Association shall be the governing body for all Unit Owners, and shall be operated to provide guidelines doe the maintenance, repair, replacement, administration, and operation of the Property, as provided in the Act, this Master Deed, and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to this Master Deed as Exhibit "C" and made a part hereof. The Board of Directors of the Association shall be elected and serve on 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 for the sole benefit of the Unit Owners, and any funds received by the Association shall be held and applied by it for the use and

benefit of Unit Owners, in accordance with the provisions of this Master Deed and By-Laws. A Unit Owners membership shall automatically terminate when he ceases to be a Unit Owner. Upon conveyance or transfer of a Unit Owner's ownership interest to a new Unit Owner, the new Unit Owner shall simultaneously succeed to the former Unit Owner's membership in the Association. Each Unit shall have one (1) vote.

(b) **Non-Liability of the Directors, Board, Officers, and Owners**. To the extend permitted by law, neither the directors not officers of the Association shall be personally liable to Unit Owners for any mistake of judgement or for any other acts or omissions of any nature whatsoever as such directors or officers, except for any acts or omissions found by a Court to constitute gross negligence or fraud. Unit Owners shall indemnify and hold harmless each of the directors or officers and their respective heirs, executors, administrators, successors, and assigns in accordance with the provisions of Article VIII of the By-Laws.

6. **Board's Determination Binding**. In the event of any dispute or disagreement between any Unit Owner relating to the Property, or any questions or interpretation or application of the provisions of this Master Deed or By-Laws, the determination thereof by the Board shall be final and binding on all Unit Owners. IN the event the Board either cannot or does not reach a resolution of the dispute, either Unit Owner may demand arbitration pursuant to the Rules of the American Arbitration Association. Arbitration under said rules in effect on the date the demand for arbitration is made shall be binding upon the parties. The award may include attorney's fees in favor of the prevailing party. Judgement upon the award rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof.

7. **Ownership of Common Elements**. Each Unit is hereby allocated an equal undivided interest in the Common Elements. The Ownership of a Unit shall not be conveyed separate from the undivided ownership in the Common Elements appurtenant to any Unit. The undivided interest in the Common Elements appurtenant to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering such Unit may refer only to the fee title to the Unit.

8. **Use of the Common Elements**. Each Unit Owner shall have the right to use the Common Elements (except portions of the Property subject to leases made by or assigned to the Board) in common with all other Unit owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements shall extend not only to each Unit Owner, but also to its agent, servants, tenants, family members, customers, invitees, and licensees. Such rights to use Common Elements shall be subject to and governed by the provisions of the Act, Master Deed, By-Laws, and Rules and Regulations of the Association.

9. **Parking and Storage Areas**. Parking spaces, carports, and storage areas on the Property, except such storage as are inside the Units, shall be a part of the Common Elements, and shall be used by such Unit Owners subject to the Rules and Regulations of the Association.

10. (a) **Common Expenses and Enforcement**. Each Unit Owner shall be responsible for paying his equal proportionate share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in conformance with this Master Deed and By-Laws (which expenses are herein sometimes referred to as "common expenses"), including, but not limited to, the maintenance and repair of the Property and any and all replacements and additions thereto. Except for its responsibilities as a Unit Owner, as provided herein, Owner shall not have any responsibility for the maintenance, repair, or replacement of any part of the Common Elements after the date this Master Deed is recorded. Each Unit Owner shall be responsible for paying an equal share of the common expenses. The payment of common expenses shall be in such amount and shall be payable at such times as determined in the manner provided in the By-Laws. No Unit Owner shall be exempt from payment of his equal share of the common expenses by waiver or nonuse of enjoyment of the Common Elements or by abandonment of his Unit. If any Unit Owner shall fail to make such payment for common expenses when due, the remaining Unit Owner may pay said payment and the amount thereof together with interest at the rate of Fifteen (15%) percent per annum, after said payments become due and payable shall be subject to a lien on the Unit against which benefit the payment is made on behalf of the remaining Unit Owner. Each Unit Owner shall

personally be liable for his portion of payments due while he is the owner of a Unit; however, said personal obligation shall not pass to successors in title unless assumed by them or as required by T.C.A. § 66-27-101 et. seq.

(b) **Mortgage and Deed of Trust Protection**. The lien against a Unit Owner shall be subordinate to the lien of a recorded first Mortgage or Deed of Trust on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses which become due and payable from and after the date on which the Mortgagee or Beneficiary thereunder either takes possession of the Unit encumbered thereby, accepts a conveyance of any interest therein(other than as security) or forecloses its Mortgage or Deed of Trust. This subparagraph shall not be amended, changed, modified, or rescinded without the prior written consent of all Mortgagees and Beneficiaries of record.

11. **Mortgage and Deeds of Trust**. Each Unit Owner shall have the right, subject to the provisions herein, to mortgage his Unit together with his respective ownership interest in the Common Elements. No Unit Owners shall have the right or authority to mortgage or place a lien on the Property or any part thereof, except to the extent if his own Unit and its appurtenant interest in the Common Elements.

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

13. **Insurance**. The Board shall obtain insurance for the Common Elements against loss or damage by fire, vandalism, malicious mischief, and other such hazards as are covered under standard extended coverage provisions, for the full insurable replacement cost of the Common Elements, 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, 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, as the Trustee for the Unit Owners in proportion to the Unit Owners' respective percentages of ownership in the Common Elements, as set forth in this Master Deed, and for the holders of mortgages on the Units, if any. The policy of insurance should also contain, if possible, a waiver of subrogation rights by the insurer against the Unit Owners. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Unit Owners, premiums for such insurance shall be separately billed to each Unit Owner with each Unit Owner to bear a one-half share of such premiums.

Each Unit Owner shall be responsible for obtaining his own insurance against loss or damage by fire, vandalism, malicious mischief, and such other hazards as are covered under the standard extended coverage on his Unit, as well as his additions and improvements thereto, and those parts of the Unit for which the responsibility of maintenance and repair is that of the Owner, for the full insurable replacement cost thereof, to be payable to the Unit Owner, the Mortgagee, if any, and to the Board, and for the contents of his Unit, the decorations, furnishings, and personal property therein, and personal property stored elsewhere on the Property, if any, in such amounts as he may deem advisable. In the event any Unit Owner fails or refuses to obtain adequate insurance coverage on his Unit, or his additions and improvement thereto, the Board reserves the right to obtain such insurance for him and to charge the premium for such insurance to the Unit Owner. Such right reserved by the Board to obtain insurance for and on behalf of the Unit Owner shall not be construed as placing any duty or obligation on the Board to obtain such insurance in the event the Unit Owner fails to adequately insure his own Unit. In addition, in the event a Unit Owner desires to insure against his personal liability and loss or damage by fire or the hazards above and beyond the extent that his liability, loss or damage is covered by the liability insurance and insurance against loss or damage by fire and such other hazards obtained by the Board for all of the Unit Owners as part of the common expenses, as above provided, said Unit Owner may, at his option and expense, obtain additional insurance.

In the event of damage to or destruction of any buildings or Common Elements as a result of fire of other casualty covered by insurance proceeds (unless more than

two-thirds (2/3) of all buildings require reconstruction), the Board shall, in its sole and absolute discretion, determine and without intervention of any Unit Owner, arrange for the prompt repair and restoration of the damaged portions of all Units, buildings and Common Elements substantially in accordance with the original plans and specifications thereto. Where the insurance indemnity is insufficient to cover the cost of such repairs and restoration, the deficit shall be paid off by all Unit Owners with each Unit Owner to bear an equal proportion thereof. If more than two-thirds (2/3) of all buildings require reconstruction, unless otherwise unanimously agreed upon by the Unit Owners, the insurance indemnity shall be delivered pro-rata to the Unit Owners entitled to it in accordance with the applicable provisions of the By-Laws or in accordance with a decision of a majority of the Unit Owners if no By-Law provisions are applicable. The Board shall not be responsible for the repair, replacement, or restoration of any wall, ceiling or floor decorations or covering, or any other part of a Unit for which the responsibility of maintenance and repair is that of a Unit Owner, or for furniture, furnishings, fixtures, appliances, or equipment installed in the Unit by a Unit Owner or occupant unless insurance therefore is specifically provided for in the insurance policy obtained by the Board.

The Board shall also obtain comprehensive public liability insurance, in such amounts as it deems desirable, and workmen's compensation insurance and other liability insurance, in such amounts as it deems desirable, insuring each Unit Owner, mortgagee of record, the Association, its officers, directors, and employees, Owner and Managing Agent, if any, from liability in connection with the Property. The premiums for such insurance shall be a common expense. However, at the option of the Board, and upon written notice to all Unit Owners, premiums for such insurance shall be separately billed to each Unit Owner with each Unit Owner to bear one-half share of such premiums. The Board shall retain in safekeeping any such public liability policy for six (6) years after the expiration date of the policy.

All insurance policies obtained by the Board shall provide that they may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each holder of a first mortgage on a Unit.

The Board shall also obtain Fidelity Coverage covering officer, directors, and employees who handle or are responsible for handling Association funds. Such bonds shall be in such amounts as the Board may determine, but in no event less than one hundred fifty percent (150%) of the monthly operating expenses of the Association, and shall contain waivers of any defense based upon the exclusion of persons serving without compensation.

The Board may also obtain such other insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officer of the Association, and each 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 a director of the Association, or a member of such committee.

14. **Maintenance, Repairs and Replacements**. Each Unit Owner, at his or her own expense, shall furnish and be responsible for all maintenance of, repairs to, and replacements within and to the exterior of his Unit. Except to the extent hereinafter set forth, maintenance of, repairs to, and replacements within the Common Elements shall be the responsibility of and shall be furnished by the Association, and the cost thereof shall be part of the common expenses, subject to Item 10(a) herein and further subject to the By-Laws, the Rules and Regulations of the Association. The expenses for the maintenance, repair or replacement of a Unit's water heater, furnace, air conditioner, heating and air conditioning ducts, and plumbing and electrical wiring and other items serving only such Unit, shall be borne by the Owner of the Unit. Notwithstanding the above, the roof of the Buildings shall be maintained in a manner like unto the Common Elements and the cost thereof shall be part of the common expenses.

If, due to the act or neglect of a Unit Owner, or of his agent, servant, tenant, family member, invitee, licensee, or household pet, damage shall be caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements are required which would otherwise be a common expense, then such Unit Owner shall pay for such damage or such maintenance, repairs and replacements, to the extend not covered by the Association's insurance.

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

The undersigned acknowledges that the driveways serving the Property extend in to the public right-of-way due to the placement of the pavement of said public streets or alleys away from the boundary of the Property and toward the center of the public right-of-way. The Unit Owners shall be jointly responsible for maintenance of that portion of the driveway located off of the Property (and therefore outside the boundaries of any Common Elements) without regard as to which end of the Common Elements said driveway abuts.

15. **Alterations, Additions, or Improvements**. Except as provided in Paragraph 16 herein, no alteration of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior written consent of the Board, which consent shall not be unreasonably withheld. The Board may authorize alterations, additions, or improvements of the Common Elements as provided by the By-Laws. Any Unit Owners may make alterations, additions and improvements within his Unit without the prior written approval of the Board, but such Unit Owner shall be responsible for any damage to other Units, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions, or improvements. Any alteration and/or maintenance made by a Unit Owner to the exterior of his Unit shall be in strict conformity to the architectural design and scheme of the Unit, as of the date of this instrument unless modified by the unanimous agreement of the Unit Owners.

16. **Decorating**. Each Unit Owner, at his own expense, shall furnish and be responsible for all decorating within his Unit, as may be required from time to time, including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtain, lighting, and other furnishings and decorating.

Each Unit Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings of his Unit, and such Unit Owner shall maintain said interior surfaces in good condition at his sole expense, as may be required from time to time. Said maintenance and use of interior surfaces shall be subject to the Rules and Regulations of the Association, but each Unit Owner shall have the right to decorate such interior surfaces from time to time as he may see fit and at his sole expense. Decorating if the Common Elements (other than exterior surfaces within the Unit as above provided) and any exterior redecorating of Units must be approved by unanimous consent of the Unit Owners. All windows and screens of a Unit shall be cleaned and washed, and any damage thereto repaired, at the expense of the Unit Owner of that Unit.

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

18. **Use and Occupancy Restrictions**. Subject to the provisions of the By-Laws, no part of the Property may be used for purposes other than housing and the related common purposes for which the Property was designed and as allowed by zoning laws. Each Unit shall be used as a residence and such other use permitted by this Master Deed, and for no other purpose, except that professional and quasi-professional people may use their residence (not in violation of municipal zoning laws) as an ancillary or secondary facility to an office established elsewhere. No Unit may be offered by its Owners to the public at large of temporary transient accommodations; however, nothing in this Section shall prohibit the Unit Owners from leasing their Units to others to be used as an apartment of residence. The foregoing restrictions as to residence shall not, however, be construed by such manner as to prohibit a Unit Owner from: (a) maintaining his personal professional library; (b) keeping his personal business or professional records or accounts; or (c) handling his personal business or professional telephone calls of correspondence. Such uses are expressly declared

customarily incident to the principal residential use and not in violation of said restrictions.

The Common Elements shall be used only by Unit Owners and their agents, servants, tenants, family members, customers, invitees, and licensees for access, ingress to and egress from the respective Units and for such other purposes incidental to use of the Units. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner.

19. **Remedies**. In the event of any violation of the provision of the Act, this Master Deed, By-Laws, or Rules and Regulations of the Association by any Unit Owner (either by his own conduct or by the conduct of any Occupant of his Unit), the Association, or its successors or assigns, shall have each and all of the rights and remedies which may be provided for in the Act, this Master Deed, By-Laws, or said Rules and Regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Unit Owner and/or others for enforcement of any lien and the appointment of a receiver for the Unit and ownership interest of such Unit Owner, or for damages or injunction or specific performance, or for judgement for payment of money and collection thereof, or the right to take possession of the Unit and to sell the same as provided hereinafter in this Paragraph No. 19, or for any combination of remedies, or for any other relief. All expenses in connection with any such actions or proceedings, including Court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of Fifteen (15%) percent per annum or such other uniform lawful rate as the Board shall determine, until paid, shall be charged to and assessed against such defaulting Unit Owners, and shall be added to and deemed part of his respective share of the common expenses, and the Board or Paying Unit Owner shall have a lien for all of the same, as well as for nonpayment of common expense, upon the Unit, and its appurtenant interest in the Common Elements of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or located elsewhere on the Property; provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the Unit, to the extent herein above set forth in Paragraph No. 10 (b) hereof. In the event of any such default by any

Unit Owner, the Board and/or Paying Unit Owner, 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 assesses against such defaulting Unit Owner. Any and all such rights and remedies may be exercised at any time and from time to time cumulative 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 or deed of trust liens against the Units.

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 Master Deed; (a) to enter (either peaceably or forcibly without liability to such Unit Owner for such entry) upon the Unit, or any portion of the Property upon which or as to which such violation or breach exists, and to summarily abate and remove, at the expenses of the defaulting Unit 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 Unit Owner for such entry) of such Unit Owner's interest in the Property and to maintain an action for possession of such Unit in the manner provided by law.

If any Unit Owner (either by his own conduct or by the conduct of any other Occupant of his Unit) shall violate the Act, or any of the covenants or restrictions or provisions of this Master Deed, default or violation shall continue for ten (10) days after notice to the Unit Owner in writing from the Board or Paying Unit Owner, 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 said defaulting Owner a notice in writing terminating the right of said defaulting Owner to continue as Unit Owner and continue to occupy, use or control his Unit, and thereupon an action in equity may be filed by the Board against said defaulting Owner or Occupant, or in the alternative, for a decree declaring the termination of said defaulting Owner's right to occupy, use, or control the Unit owned by him on account

of said violation, and ordering that all the right, title and interest of said defaulting Owner in the Property shall be sold (subject to the lien of any existing deed of trust or mortgage) at a judicial sale upon such notice and terms as the Court shall determine, except that the Court shall enjoin and restrain the said defaulting Owner from reacquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge Court costs, Court reporter charges, reasonable attorney's fees, and all other expense of the proceeding and sale, and all such items shall be taxed against said defaulting Unit Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessment hereunder, or any liens, shall be paid to said defaulting Unit Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Unit and the Unit Owner's corresponding percentage of ownership in the Common Elements, and to immediate possession of the Unit sold and may apply to the Court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Unit Ownership sold subject to this Master Deed.

20. **Amendment**. The provisions of this Master Deed may be amended by an instrument in writing, setting forth such amendment, signed by all Unit Owners; provided, however, that all lien holders of record have been notified by certified mail of such amendment, and an affidavit by the Secretary of the Association certifying to such mailing is made a part of such instrument.

However, if the Act, this Master Deed, or the By-Laws require the consent or agreement of all Unit Owners and all lien holders for any action specified in the Act or in this Master Deed, then any instrument amending any provision of this Master Deed with respect to such action shall be signed by all Unit Owners and/or all lien holders or both as required by the Act or this Master Deed. Any amendment shall be effective upon the recording of each instrument in the Office of the Register of Davidson County, Tennessee; provided, however, that no provisions in this Master Deed may be amended so as to conflict with the provisions of the Act.

21. **Perpetuities and Restraints on Alienation**. If any of the options, privileges, covenants, or rights created by this Master Deed shall be unlawful, void, or

voidable for violation of the rule against perpetuities, and only in such event, then such provisions shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of Elizabeth II, the reigning Queen of England as of the date of this Master Deed.

22. **Rights and Obligations**. Each Grantee of Owner, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens, and charges, and the jurisdiction, rights, and powers created or reserved by this Master Deed. All future Unit Owners and Occupants shall be subject to and shall comply with the provisions of this Master Deed. Any restrictions or rules in the By-Laws which are more than administrative in nature such as, but not limited to, reservations and future rights of Owner are hereby incorporated into and made a part of this Master Deed by reference. All rights, benefits and privileges 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 insure to the benefit of such grantee in like manner as though the provisions of this Master Deed were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

All present and future Unit Owners and Occupants of a Unit shall be subject to and shall comply with, the provisions of the By-Laws appended hereto and recorded herewith, pursuant to T.C.A. § 66-27-111, as they may be amended from time to time. The acceptance of a deed of conveyance, devise or lease to a Unit, or the entering into occupancy of any Unit, shall constitute an agreement that the provisions of the 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 and 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 anytime any interest or estate in such Unit, as though such provisions were restricted and stipulated at length in each and every deed, conveyance or lease thereof.

The terms and conditions of the Master Deed, By-Laws and Rules and Regulations of the Association may be incorporated by reference in and become part of, the agreement between any first mortgagee and any present or future Unit Owner

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

23. **Condemnation**. In the event of a taking part of the Common Elements in condemnation of by eminent domain, the award made for such taking shall be payable to the Association. If a majority of the Board in their sole and absolute discretion approve the repair and restoration of such Common Elements, the Board shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event of such Common Elements within one hundred twenty (120) days after taking by the public or private authority, the Board shall distribute the net proceeds of such award on the basis of such Unit's percentage of ownership in the Common Elements.

24. **Rights Reserved**. Unit Owner's right of enjoyment in the Common Elements shall be subject to:

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

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

(c) The right of the Association to diminish in any way or to dedicate or transfer all or part of the Common Elements to any public agency or authority for such purposes and subject to such conditions as may be agreed to by the members entitled to vote thereon, provided that no such diminution or dedication or transfer or determination as to the purpose or as to the conditions thereof, shall be effective unless all members of the Association have agreed to such dedication, transfer, purpose, or condition;

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

25. **Federal Home Mortgage Corporation and Federal National Mortgage Association Regulations**. Notwithstanding anything to the contrary contained in this Master Deed or in the By-Laws of the Association, all terms, conditions, regulations, and requirements which are now existing, or which may be amended from time to time by the Federal Housing Administration, the Department of Veteran's Affairs, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank Board, or the Federal Savings and Loan Insurance Corporation pertaining to condominiums, are hereby incorporated as terms and conditions of this Master Deed and By-Laws and such shall be governing upon the Property, Owner and the Association, so long as such terms and conditions are not inconsistent with the laws of the State of Tennessee as found in T.C.A. § 66-27-101 et. seq., as amended.

Specifically, without limitation upon the foregoing, the following declarations shall be controlling over any terms of this Master Deed or By-Laws which are in conflict therewith. Any portions of this Master Deed or By-Laws which are in conflict with this paragraph, or any portion of the regulations of the Federal Housing Administration, the Department of Veteran's Affairs, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank Board, or the Federal Savings and Loan Insurance Corporation pertaining to condominiums, are hereby deleted and the following rights of mortgagees are itemized as follows:

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

(b) Any first mortgagee of a Unit who comes into possession of the Unit pursuant to the remedies provided in the mortgage, or deed of trust, or by foreclosure of the mortgage or deed of trust, or by deed in lieu or foreclosure, shall

take the Property free of any claims for unpaid assessments or charges against the mortgaged Unit which occurred prior to the time such holder comes into possession of the Unit (except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit).

(c) Unless all of the first mortgagees (based upon one (1) vote for each mortgage owned) of Units have given their prior written approval, the Association shall not be entitled to:

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

2. Use hazard insurance proceeds for losses to the Property (whether to Units or Common Elements) for other than the repair, replacement, or reconstruction of such improvements, except as provided by T.C.A. § 66-27-118, in case of substantial loss to the Units and/or Common Elements.

(d) First mortgagees shall have the right to examine the books and records of the Association.

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

(f) As set forth in T.C.A. § 66-27-120, 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 Unit and not to the Property as a whole.

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

(h) Any agreement for professional management of the Property, whether if be by Owner, their successors or assigns, or any other person or entity, may be terminated on ninety (90) days written notice, and the terms of any such contract shall so provide and shall not be of a duration in excess of three (3) years.

(i) The Association shall give to the Federal Housing Administration, the Department of Veteran's Affairs, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank Board, or the Federal Savings and Loan Insurance Corporation or any lending institution servicing such mortgagees as are required or insured by the Federal Housing Administration, the Department of Veteran's Affairs, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank Board, or the Federal Savings and Loan Insurance Corporation, notice in writing of any loss to or the taking of Common Elements if such loss or taking exceeds Ten Thousand and no/100 ($10,000.00) Dollars. The Association may rely upon the information contained in the book entitled "Mortgage of Units" as much be established pursuant to the By-Laws, for a list of mortgagees to be notified hereby.

(j) The interest of a first mortgagee in a mortgaged Unit shall be superior to the interest of any person, group, partnership, corporation, or identity of any kind, including any interest the Association, Owber, or any Unit may have in any portion of the Property, regardless of the nature of the interest or the manner in which it is acquired.

(k) Notwithstanding the above, any first mortgagee shall have all of the rights granted to a first 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.

26. **Trustee as Unit Owner**. In the event title to any Unit is conveyed to a land title-holding trust, under the terms of which all power of management, operation, and control of the Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder shall be considered Unit Owners for all purposes and they shall be responsible for payment of all obligation, liens, or indebtedness and for the performance of all agreements, covenants, and undertakings chargeable or created

under this declaration against such Unit. No claim shall be made against any such title-holding trustee personally for payment of any lien of obligation hereunder executed, and the trustee shall not be obligated to sequester funds of trust property to apply in whole or in part against such lien or obligation. The amount of any such lien or obligation shall continue to be a charge or lien upon the Unit and the beneficiaries of such Trust, notwithstanding any transfers of the beneficial interest of any such trust or any transfer of title to such Unit.

27. **Notice**. Notices provided for in the Act, Master Deed, or By-Laws shall be in writing and shall be addressed to the Association or any Unit Owner, as the case may be, at Hillsboro Highlands Homeowner's Association, Inc., Robert G. Haley, or at such other address as hereinafter provided. The Association may designate a different address or addresses for notices to it by giving written notice of such change of address to all Unit Owners. Any Unit Owner may designate a different address for notices to him by giving written notice to the Association. Notices addresses as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written notice acknowledgment of the receipt thereof.

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

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

29. **Common Open Space**. Any Common Open Space established by an adopted final master development plan for condominiums shall be subject to the following:

(a) The Metropolitan Planning Commission and the Metropolitan County Counsel may require than the landowner provide for and establish an organization for the ownership and maintenance of any Common Open Space and such organization shall not be dissolved, nor shall it dispose of any Common Open Space, by sale or otherwise (except to an organization conceived and established to own and maintain the Common Open Space), without first offering to dedicate the same to the Metropolitan Government of Nashville and Davidson County and the said dedication be approved by the Metropolitan Planning Commission. However, the conditions of any transfer shall conform to the adopted final master development plan.

(b) In the event that the organization established to own and maintain Common Open Space, or any successor organization, shall at any time after the establishment of the Condominium fail to maintain the Common Open Space in reasonable order and condition in accordance with the adopted master development plan, the zoning administrator may serve written notice upon such organization and/or the Owners or residents of the Condominium and hold a public hearing. After thirty (30) days when deficiencies of maintenance are not corrected, the zoning administrator shall call upon any public or private agency to maintain the Common Open Space for a period of one (1) year. When the zoning administrator determines that the organization is not prepared for the maintenance for the Common Open Space such agency shall continue maintenance for yearly periods.

(c) The cost of such maintenance by such agency shall be assessed proportionally against the properties within the Condominium development that have a right of enjoyment of the Common Open Space, and shall become a lien on the said properties.

30. **Captions**. The captions herein are inserted only as a matter of convenience, and in no way define, limit or describe the scope of these provisions or the intent of any provision hereof.

31. **Gender**. The use of the masculine gender in this Master Deed and in the By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural whenever the context so requires. References to "his" shall also be construed to apply to "its", should the context so require.

IN WITNESS WHEREOF, the undersigned has executed the Master Deed this 5TH day of MARCH, 2002.

OWNER:

Robert G. Haley

State of Tennessee
County of Davidson

Before me, the undersigned, a Notary Public in and for the State and County aforesaid, personally appeared Robert G. Haley, with whom I am personally acquainted and who, upon oath, acknowledged himself as the developer, and that he as such developer executed the foregoing instrument for the purpose therein contained, by signing Robert G. Haley.

WITNESS my hand and seal this 5TH day of MARCH, 2002.

Notary Public

My commission expires: 7/24/04

EXHIBIT A

Land in Davidson County, Tennessee, being Lot No. 8 on the Plan of Hillsboro Highlands, as of record in Book 843, Page 23, Register's Office for Davidson County, Tennessee, to which said Plan reference is hereby made for a complete and accurate legal description.

Said Lot No. 8 fronts 100 feet on the westerly side of Valley Road and runs back between parallel lines 160 feet to a dead line.

Being the same property conveyed to Bob Haley, also known as Robert G. Haley, by deed from William Brown Crowder and wife, Lassie M. Crowder, of record in Instrument Number 200110010105854, Register's Office for Davidson County, Tennessee.

EXHIBIT B

PLAT OF HILLSBORO HIGHLANDS CONDOS

To be filed subsequent to the filing of this instrument.

THIS INSTRUMENT PREPARED BY:
JOSEPH V. FERRELLI, ESQ.
104 WOODMONT BLVD, SUITE 115
NASHVILLE, TENNESSEE 37205

EXHIBIT "C"

BY-LAWS OF
HILLSBORO HIGHLANDS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I
Members (Unit Owners)

Section 1. **Eligibility.** The members of Hillsboro Homeowners Association, Inc., a Tennessee not-for-profit corporation, shall consist of the Unit Owners of the property known as Hillsboro Highlands Condos located at Nashville, Davidson County, Tennessee (the "Property"). If a Unit Owner is a trust, then the member shall be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, the member may be an officer, partner or employee of such Unit Owner or beneficiary.

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

Section 3. **Regular Meetings.** The first meeting of the Unit Owners (the "First Meeting") may be held, subject to the terms hereof, on any date, at the option of the Board. All such meetings of the Unit Owners shall be held at such place in Davidson County, Tennessee, and at such time as specified in the written notice of such meetings which shall be delivered to all Unit Owners at least ten (10) days prior to the date of such meeting.

Section 4. **Special Meeting.** Special meetings of Unit Owners may be called upon the action of a Majority of the Unit Owners. Special meetings shall be called by delivering written notice to all Unit Owners not less than ten (10) days prior to the date of the meeting, stating the date, time and place of

the special meeting and the matters to be considered.

Section 5. **Delivery of Notice of Meeting.** Notices of meeting shall be delivered either personally or my mail to Unit Owners at the addresses given to the Board by Unit Owners for such purposes, or to a Unit Owner's unit if no separate address for such purpose has been given to the Board.

Section 6. **Voting.** Each Unit shall have one (1) vote. If any Unit Owner consists of more than one (1) person, the voting rights of such Unit Owner shall not be divided, but shall be exercised as if the Unit Owner consisted of only one (1) person in accordance with the proxy or other designation made by the person constituting such Unit Owner.

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

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

ARTICLE II

Board of Directors

Section 1. **Number, Election and Term of Office.** The Board of Directors of the Association (referred to in the Horizontal Property Act of the State of Tennessee as the "Board of Administrators" and sometimes referred to here as the "Board") shall consist of three (3) members (hereinafter referred to as "Directors"). Directors shall be elected at the regular Annual meeting of the Association members by the majority vote of the Unit Owners, except that until such time as the First Meeting of the members is held, the Directors (hereinafter called the "Members of the First Board") shall be designated as Robert G. Haley, C.

Michael Moran and Joseph V. Ferrelli. Every Director, except for members of the First Board, shall hold office for the term of one (1) year and until his successor shall be elected and qualified.

Section 2. **Qualification**. Except for members of the First Board, two (2) of the three (3) Directors shall be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of a trust, a Director may be beneficiary of such trust; and if a Unit Owner or such a beneficiary is a corporation or partnership, a Director may be an officer, partner or employee of such Unit Owner or beneficiary.) The third Director may be any natural person who has reached the age of majority in Tennessee. Should any Unit Owner Director transfer title to his or her Unit, the respective successor Unit Owner shall assume the transferor's position as Director.

Section 3. **Vacancies**. Any vacancy occurring in the Board shall be filled by majority vote of the remaining members thereof. Any Director so elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the Director whom he succeeds.

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

Section 5. **Removal**. Any Director may be removed from office with or without cause by the vote of a majority of the Unit Owners.

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

Section 7. **Quorum**. Two (2) Directors shall constitute a quorum.

Section 8. **Powers and Duties**. The Board shall have the following powers and duties;

a. To elect and remove the officers of the Association;

b. To administer the affairs of the Association and the property;

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

d. To formulate policies for the administration, management, and operation of the property and the Common Elements;

e. To adopt rules and regulations, with written notice thereof to all Unit Owners, governing the administration, management, operation and use of the property and the Common Elements, and to amend such rules and regulations from time to time and to establish reasonable financial assessments for infractions thereof;

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

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

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

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

j. To fix the estimated annual budget, and to provide the manner of assessing and collecting from Unit Owners their respective shares of such estimated expenses, as hereinafter provided;

k. To borrow money for the purpose of repair or restoration of Common Elements without the approval of the members of the Association

l. To secure insurance policies as required by the Master Deed, and in this regard, annually to review the amounts of coverage afforded by such policies;

m. Unless otherwise provided herein or in the Master Deed, to comply with the instructions of a majority of Unit Owners as expressed in resolutions duly adopted at any annual or special meeting of Unit Owners;

n. To be responsible for and maintain all streets, roads, utilities and any other services of a public nature that are classified as Common Elements in the Master Deed;

o. To exercise all other powers and duties of Unit Owners as a group referred to in the Horizontal Property Act of the State of Tennessee or in the Master Deed or these by-laws.

Section 9. **Power to Take Any Action**. Whenever in these By-Laws the Association is given the power to take any action, it is the intention of these By-Laws that the Board shall act for the Association in all cases, except and to the extent that it is expressly provided that action be taken upon vote of the Unit Owners.

Section 10. **Non-Delegation**. Nothing in these By-Laws shall be considered to grant to the Board, the Association, or to the officers of the Association, any powers of duties which, by law, have been delegated to Unit Owners.

ARTICLE III

Officers

Section 1. **Designation.** At each regular annual meeting of the Board, the Directors present at such meeting shall elect the following officers of the Association by a majority vote:

a. A President, who shall be a Director, who shall preside over meetings of the Board and of Unit Owners, and who shall be the chief executive officer of the Association;

b. A Secretary/Treasurer, who shall keep the minutes of all meetings of the Board and of Unit Owners, financial records, and who shall, in general, perform all the duties incident to the office of Secretary/Treasurer;

c. Such additional officers as the Board shall see fit to elect.

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

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

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

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

ARTICLE IV

Assessments

Section 1. **Annual Budget**. The Board shall establish an annual budget to provide for the needs of the units. Such budget shall take into account the estimated common expenses and cash requirements for the year, including, but not limited to, salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other common expenses.

Section 2. **Lien**. It shall be the duty of every Unit Owner to pay his equal share of the common expenses as provided in the Master Deed, and as assessed in the manner provided.

If any Unit Owner shall fail to refuse to make any such payment when due, such delinquent payment shall be subject to a late charge in an amount established by the Board, and such delinquents payment shall also bear interest at the highest permissible rate of interest allowed in the State of Tennessee. Such delinquent payment, together with penalty and interest, shall constitute a lien, as provided in the Act and Master Deed, enforceable by the Board and/or Paying Unit Owner, on the interest of such Unit Owner in the property.

The Association, acting through the Board or its agent, shall have the right to maintain a suit to foreclose any such lien, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with legal interest and reasonable attorney's fees to be fixed by the Court. Furthermore, if any Unit Owner shall fail or refuse to pay when due his proportionate share of the common expenses, the Association, acting through its Board, shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Horizontal Property Act, the Master Deed, or these By-Laws, or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 3. **Records and Statement of Account**. The Board shall cause to be kept detailed and accurate records in chronological order of expenditures affecting the Common Elements, specifying and

itemizing the common expenses incurred.

Section 4. **Discharge of Liens**. The Board may cause the Association to discharge any mechanic's lien or their encumbrances, which in the opinion of the Board may constitute a lien against the property or the Common Elements, rather than a lien against only a particular Unit. When less than all the Unit Owners are responsible for the existence of any such lien ,the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorney's fees, incurred by reason of such lien.

ARTICLE V

Use and Occupancy Restrictions

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

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

direction.

No structure of a temporary character, trailer, tent, shack, garage, barn, recreational vehicles, satellite dish or other outbuildings shall be permitted on the property at any time temporarily or permanently.

Section 2. **Trash**. Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner.

Section 3. **Storage**. Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing, and other articles, shall not be stored or kept in the Common Elements, except in any common storage area specifically designated for the respective Unit Owner by the Board or by the Managing Agent acting in accordance with the Board's direction.

Section 4. **Wiring**. No Unit Owner shall overload the electrical wiring in the Building, or operation of any machines, appliances, accessories, or equipment in such manner as to cause, in the judgement of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories, or equipment to the heating or plumbing system without the prior written consent of the Board or the prior written consent of the Managing Agent given in accordance with the Board's direction.

Section 5. **Rules and Regulations**. Unit Owners shall be subject to such further restrictions as may be contained in rules and regulations of the Association concerning the use of Units and the Common Elements which may be enacted from time to time by the Board. Such rules and regulations shall be binding rules and regulations of the Association and copies of such rules and regulations and any amendments or additions thereto shall be furnished to all Unit Owners upon request.

ARTICLE VI

Contractual Powers

No contract or other transaction between this Association and one (1) or more of its Directors, or between the Association and any corporation, firm, or association in which one (1) or more of the Directors of the Associations are Directors, or are financially interested, is void or avoidable because such Director or

Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

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

b. The contract or transaction is just and reasonable as to the Association at the time it is authorized or approved.

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

ARTICLE VII

Amendments

These By-Laws may be amended or modified from time to time by action or approval of a majority of the Unit Owners. Such amendments shall be recorded in the Register's Office of Davidson County, Tennessee.

ARTICLE VIII

Indemnification

Section 1. General. To the extent permitted by law, the Association shall indemnify and hold harmless each of its Directors and officers, each member of any committee appointed pursuant to these By-Laws, against all contractual and other liabilities to others arising out of contracts made by, or other acts of such Directors, officer, or committee members on behalf of Unit Owners, or arising out of their status as Directors, officer or committee members, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include

indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgements paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or otherwise, in which any such Director, officer, or committee member, provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such Director, officer, or committee member, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person's being adjudged liable for gross negligence or fraud in the performance of his duties as such Director, officer of committee member.

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

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

Section 4. **Miscellaneous**. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of any Unit Owner arising out of any contract made

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

ARTICLE IX

Mortgages

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

Section 2. **Notice of Unpaid Common Charges.** The Board, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid common charges due from , or any

other default by, the owner of the mortgaged Unit.

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

Section 4. **Examination of Books.** Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more often than once a month.

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

ARTICLE X

Definition of Terms

The terms used in these By-Laws, to the extent they are defined herein, shall have the same meaning as set forth in the Master Deed for Hillsboro Highlands Homeowners Association, Inc., of record in the Register's Office for Davidson County, Tennessee.

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

ARTICLE XI

Conflicts

These By-Laws are set forth to comply with the requirements of Chapter 27 of title 66, Tennessee

Code Annotated, as it may be amended from time to time, and to allow the By-Laws to control in specific situations where such law allows. In the event any of the By-Laws conflict with the provisions of said statute or of the Master Deed, the provisions of said statute or of the Master Deed, as the case may be, shall control.

ATTORNEYS 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, **JOSEPH V. FERRELLI**, an attorney licensed to practice law in the State of Tennessee, hereby declares that upon the proper recording of this certificate and the following additional documents, all legal requirements for the creation of a Horizontal Property Regime development under the terms of the Tennessee Horizontal Property Act, Tennessee Code Annotated, Section 66-27-101 et seq., will have been met:

1. The Master Deed of Hillsboro Highlands Condos, a Horizontal Property Regime, as amended.

2. By-Laws of Hillsboro Highlands Homeowners' Association, Inc., (a townhouse corporation), as amended.

3. The plat for Hillsboro Highlands Condos, a Horizontal Property Regime, which plat shows private and limited common elements. [Not yet filed]

4. The Charter of Hillsboro Highlands Homeowners Association, Inc., (a townhouse corporation). [Not yet filed}

WITNESS my hand this the 5TH day of MARCH 2002.

Joseph V. Ferrelli

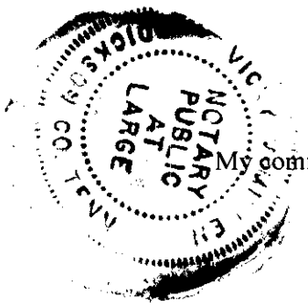
JOSEPH V. FERRELLI

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 **JOSEPH V. FERRELLI**, attorney, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence) and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand this the 5th day of March 2002.

NOTARY PUBLIC



My commission expires: 2-19-03