MASTER DEED

Davidson County DEEDMAST
Recvd: 08/27/03 12:06 53pgs
Fees:267.00 Taxes:0.00
20030827-0124444

for

MAGNOLIA STATION CONDOMINIUMS

THIS MASTER DEED, made this the 25th of August, 2003, by Magnolia Properties, LLC, TRUSTEE, hereinafter referred to as "Declarant" for itself, its successors, grantees, and assigns,

WITNESSETH:

1. SUBMISSION TO CONDOMINIUM OWNERSHIP.

(a) The purpose of this Master Deed is to submit the land hereinafter described in Exhibit A, and the improvements constructed thereon, to the condominium form of ownership and use, in the manner provided under the provisions of Tennessee Code Annotated, Section 64-27-101, et seq. as amended, known as "The Horizontal Property Act," which may hereinafter be referred to as the "Condominium Act."

(b) The name by which this condominium is to be identified is "Magnolia Station Condominiums," hereinafter called the "Condominiums."

(c) The address of the Condominium is 1910-1914 Tinnin Road, Goodlettsville, TN., 37072

(d) The land, which is hereby submitted to the condominium form of ownership, is fully described in Exhibit A hereto, which, by reference, is made a part hereof as fully as if copied herein. The improvements located on such land are more fully shown on the plat of Magnolia Station Condominiums attached hereto as Exhibit A.

(e) The description and identification of the separate UNITs is shown on the plat of Magnolia Station Condominiums filed for record as Instrument # 20030703-0092301, Register's Office for Davidson County, Tennessee, which is hereby incorporated by reference and hereinafter referred to as the "Plat."

2. DEFINITIONS.

The terms used herein and in the By-Laws, which are attached hereto as Exhibit B, shall have the meanings stated in the Condominium Act, and as follows:

(a) UNIT shall mean the fee simple estate within each building, as such area is identified, located and described on the Plat and as hereinafter set forth.

(1) The boundaries of each Unit shall be as follows:

(i) The upper boundary shall be its highest ceiling,

(ii) The lower boundary shall be the upper unfinished surface of its floor (i.e. that surface directly beneath the carpeting or other floor covering),

(iii) The vertical boundaries (measuring the horizontal area of an UNIT) shall be the perimeter walls.

(2) Notwithstanding the definition of the boundaries of a Unit contained in subparagraph (1) above, in order to more precisely define the boundaries of a Unit, the following shall govern in determining whether an item is part of the Unit, a Limited Common Element, or a portion of the Common Elements.

(i) All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces of the upper, lower and vertical boundaries are part of the Unit, and all other portions of the walls, floors, or ceilings constituting part of such boundaries are a part of the Common Elements.

(ii) If any chute, flue, duct, wire, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated solely to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements.

(iii) Subject to the provisions of the immediately proceeding subparagraph (ii), all spaces, interior partitions, and other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

(iv) Any window boxes, doorsteps, stoops, porches, balconies, patios, exterior doors, all windows, and all other fixtures designed to service a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit. However, in the case of one bedroom Units which are below other one bedroom Units, the patios of such lower one bedroom Units shall be subject to easements for the placement, operation and maintenance of central heating and air conditioning units which serve the upper level one bedroom Unit. In the event there is any question as to the allocation of any Limited Common Element, Owner retains the right to make such designation for a term of three (3) years or until Owner assigns such right to the Association, whichever event first occurs.

(b) Owner means the person or persons holding title in fee simple to an UNIT.

(c) Assessment means a share of the funds required for the payment of expenses and charges which from time to time may be assessed against each Apartment Owner.

(d) Association means the Magnolia Station Condominiums Association, Inc., a Tennessee corporation, not for profit, being the entity responsible for the operation of the Condominium and its successors. Copies of the By-Laws and Articles of Incorporation of the Association are attached hereto, and made a part hereof as Exhibit B and C, respectively.

(e) Common Elements means all of the real property, improvements, and facilities of the Condominium, other than the UNITs, as the same are heretofore defined, which definition shall include, but not limited to, the following:

(1) Land;

(2) All foundations, exterior walls, all other main walls, roofs, columns, girders, beams and supports, yards, trees, and pavements;

(3) All gardens, plants and landscaping;

(4) All parking area flood lights, parking areas.

(5) All pipes, ducts, electrical wiring and conduits (except pipes, ducts, electrical wiring and conduits situated entirely within one UNIT and serving only such UNIT);

(6) All personal property held and maintained for the joint use and enjoyment of all the Owners, including but not limited to any lawn and pool equipment and furniture, furnishings located in common areas, and all assignable service contracts pertaining to the maintenance of the Common Elements;

(7) Easements through the UNITs and any Limited Common Elements allocated to any UNIT for conduits, ducts, plumbing, wiring and other facilities for the furnishing or repair of utility service to UNITs and Common Elements;

(8) Easements of support in every portion of an UNIT which contribute to the support of an apartment building, including easements for access to and repair of such elements of support;

(9) Easements or encroachments by the perimeter walls, ceilings and floors surrounding each UNIT caused by the settlement of the building or by minor inaccuracies in the plan of the building as recorded, or rebuilding of any part of the building, whether such encroachments now exist or hereafter may exist, all such easements shall continue until such encroachments shall cease to exist.

(10) All other elements and improvements of the Land rationally of common use or necessary to the existence, upkeep and safety of the Condominium established by this Master Deed;

(f) Common Expenses means the following:

(1) Expenses of administration, expenses of maintenance, operation, repair, or replacement of the Common Elements, and Limited Common Elements,

(2) Utility Services,

(3) Expenses declared Common Expenses by provisions of this Master Deed or by the By-Laws, and

(4) Any valid charge against the Condominium as a whole.

(g) Limited Common Elements means a portion of the Common Elements allocated by this Master Deed for the exclusive use of one or more but fewer than all the UNITs. In addition to the Limited Common Elements allocated by subparagraphs (ii) and (iv) of Paragraph 2 (a)(2), the following are also hereby declared to be Limited Common Elements and are allocated as follows:

(1) Designated parking spaces, the exclusive use of which is assigned by Owner, its successors and assigns, to the Owners of a particular UNIT. Owner agrees to assign its right to make such assignments to the Association within three (3) years from the date of this instrument and in the absence of any such specific assignment the Association shall be deemed to have the right to make such assignments upon the expiration of three (3) years from the date of this instrument.

(2) All patio fences to the UNITs which have been allocated the patios enclosed by such fences pursuant to Paragraph 2(a)2(iv).

(3) Central heating and air conditioning units to the UNIT served by such equipment.

(h) Owner means Magnolia Properties, LLC, its successors and assigns, provided such successors and assigns are designated in writing by Owner as a successor or assign of the rights of Owner set forth herein.

(i) Utility Services shall include, but not be limited to, water, sewer, electricity required to operate the lights and other elements deemed to be Common

Elements by this Master Deed, and other utility services provided the Condominium as a whole.

3. OWNERSHIP OF COMMON ELEMENTS AND COMMON EXPENSE LIABILITY.

(a) Each Owner shall own a share in the Common Elements, and shall be liable for Common Expenses to that percentage of the undivided interest in the Common Elements appertaining to each Unit as set forth in Exhibit A-1; provided, however, that the liability for Common Expenses incurred with respect to Limited Common Elements shall be as set forth in Paragraph 6.

(b) Any conveyance of an individual UNIT shall be deemed to also convey the undivided interest of the Owner in the Common Elements, and Limited Common Elements appertaining to said UNIT without specifically or particularly referring to the same.

4. MAINTENANCE AND ALTERATION OF UNITS.

(a) The Association shall maintain, repair and replace:

(1) Such portions of an UNIT which contribute to the support of an building of which the UNIT is a part, which portions shall include, but not be limited to, the outside walls of the building and all fixtures on the exterior thereof, boundary walls of UNITs (but expressly excluding interior non-load-bearing partitions), and load-bearing columns and load-bearing walls;

(2) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of Utility Services which are contained in the portions of an UNIT maintained by the Association, and all such facilities contained within an UNIT which service part or parts of the Condominiums other than the UNIT within which contained.

(b) The Association is hereby granted al necessary easements of access for such maintenance and repair. All incidental damage caused to an UNIT by such work shall be promptly repaired at the expense of the Association.

(c) The responsibilities of the Owner shall be:

(1) To maintain, repair, and replace at his expense all portions of his Unit except the portions to be maintained, repaired, and replaced by the Association;

(i) Expressly included in those items to be maintained by the Owner shall be all built-in features, carpets, wall finishings, all appliances, pipes, plumbing, fixtures, wires and conduits serving only his UNIT (excluding central heating and air conditioning equipment which is a Limited Common Element.)

(ii) An easement is granted to each Owner for the maintenance, repair and replacement of those items to be maintained by him which may be located outside his UNIT.

(2) Not to paint, or otherwise decorate, or make any structural changes in, or otherwise change the appearance of, any portion of the building constituting the exterior walls of his or her UNIT or the Limited Common Elements allocated to such Unit except the balcony or patio floor surface which may be decorated by the Owner pursuant to such rules and regulations which may be made by the Association. Owners shall not decorate the glass windows of their Units or otherwise change the appearance of the windows as viewed from the exterior of the Unit.

(3) If an Owner is allocated the exclusive use of a balcony, patio or portion thereof, such Owner shall maintain the upper surface of the balcony or patio floor and shall keep the entire patio or balcony allocated to Owner in an orderly and clean condition.

(4) To promptly report to the Association any defect or need for repairs, the responsibility for which is that of the Association.

(5) To comply with the requirements set forth in Paragraph 14 of this Master Deed with respect to the removal or reconstruction of partition walls between adjacent UNITs to be used or previously used as a single unit.

(d) Except as elsewhere reserved to the Owner, neither an Owner nor the Association shall make any alteration in the portions of an UNIT or the Condominium which are to be maintained by the Association, or remove any portion

thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of the condominium, or impair any easement, without first obtaining approval in writing of the owners of all Units in which such work is to be done, and the written approval of the Board of Directors of the Association. A copy of plans for all of such work prepared by an architect, licensed to practice in this state, shall be filed with the Association prior to the start of the work, unless such requirement is waived in writing by the Directors of the Association. The time of performance of such work must be approved, in advance, by the Directors of the Association, or their agent.

5. MAINTENANCE AND ALTERATIONS OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

(a) The maintenance, operation and repair of the Common Elements and Limited Common Elements shall be the responsibility and the expense of the Association, except as set forth in Paragraph 4(c)(3).

(b) There shall be no alteration or further improvement of the Land constituting a part of the Common Elements without prior approval in writing by the Owners of not less than seventy-five percent (75%) of the votes of the Association, except as provided by the By-Laws, and any such alteration or improvement, if undertaken, shall not interfere with the rights of any mortgagee or Owner. The shares of any cost of such alteration or improvement shall be assessed to the Owner in accordance with his interest in the Common Elements. There shall be no change in the shares and rights of an Owner in the Common Elements which are altered or further improved, whether or not the Owner contributes to the cost thereof.

6. ASSESSMENTS.

(a) Assessments against Owners for Common Expenses shall be made pursuant to the By-Laws and shall be allocated as set forth in Paragraph 3 of this Master Deed, except any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed in equal shares against the

Units to which that Limited Common Element was assigned at the time the expense was incurred.

(b) Assessments, and installments thereon, paid on or before ten days after the date when due shall not bear interest, but all sums not paid on or before ten days after the date when due shall bear interest at the rate of interest determined by the Association. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(c) The lien for unpaid assessments provided by the Condominium Act and this Master Deed shall also secure reasonable attorney's fees and all costs of collection incurred by the Association incident to the collection of such assessment or enforcement of such lien.

(d) In any foreclosure of a lien for assessments the Owner of the UNIT subject to the lien shall be required to pay a reasonable rental for the UNIT after foreclosure proceedings are commenced, and the Association shall be entitled to the appointment of a receiver to collect such rental.

(e) The Owner and his grantees shall be jointly and severally liable for all unpaid assessments due and payable at the time of a conveyance, but without prejudice to the rights of the grantees to recover from the grantor the amounts paid by the grantee therefor. Such liability may not be avoided by a waiver of the use of enjoyment of any Common Element or by the abandonment of the UNIT, for which the assessments are made. The Association shall have the right to sue for and collect any such unpaid assessments, or to act by foreclosure of the liens securing the assessments or by any other competent proceeding. In either event the Association shall be entitled to recover in the same action the payments which are delinquent at the time of the judgment or decree, together with interest as set forth above, in sub-paragraph (b) of this Paragraph 6, and all costs of the action, including reasonable attorney's fees.

(f) A purchaser of an UNIT at a foreclosure sale upon a first deed of trust shall be liable only for assessments coming due after such sale and for the portion of due assessments prorated for the period after the date of such sale.

7. POWER OF SALE TO ENFORCE ASSESSMENT LIEN.

(a) for and in consideration of the privileges, protections, mutual enjoyment and use of the Common Elements and the Limited Common Elements, the assumption of the obligations of Owners set forth in this Master Deed by transferees as required hereunder, the receipt of which is hereby acknowledged, and to secure the payment of assessments for Common Expenses, other assessments, assessed against an Owner by the Association as provided herein, hereinafter collectively referred to as the "Secured Charges," a lien is expressly retained by the Association on each and every Owner's Unit and prorata interest in the Common Elements, hereinafter referred to in this Paragraph 7 as "property".

(b) For the purpose of better and more effectually securing the Secured Charges, rendering unnecessary court proceedings for the enforcement of said lien in the event of the nonpayment of the Secured Charges, and for the consideration of one dollar paid in cash, receipt of which is acknowledged, the said Owners, their heirs. successors, administrators, and assigns, hereinafter referred to as Trustors, hereby transfer and convey unto Stephen C. Baker, Trustee, his successors and assigns, the property hereinbefore described, with the appurtenances, estate, title and interest thereto belonging upon the uses and trusts set forth in this Paragraph 7.

(c) Trustors agree to (i) pay the Secured Charges when due, as provided in this Master Deed; (ii) upon demand, of said Trustee or the Association, 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; (iii) to keep the improvements on said property in good repair and preservation; and (iv) in case the Trustee or his successors or the Association 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 Secured Charges, 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 the Association. If Trustors fail to do any of these things, then said Trustee, or the Association may do any or all of these things, and the amounts so paid shall bear interest at the rate of ten percent (10%) per annum from the date of payment and shall be and become a part of the Secured Charges secured hereby.

(d) If Trustors shall pay the Secured Charges when due, then this trust conveyance shall be on no further force or effect. But if the Secured Charges are not paid promptly when due, this trust conveyance shall remain in full force and effect, and the said Trustee, or his successor in trust, is hereby authorized and empowered, upon giving twenty days notice by three publications in any newspaper, daily or weekly, published in Davidson County, Tennessee, to sell said property at the front door of the Court House in said County to the highest bidder for cash, at public outcry, free from the equity of redemption, homestead, dower and all 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 the Secured Charges, enter and take possession of said property, and shall only account for the net rents actually received by him. It is further agreed that, in the event the Trustee fails, before selling said property, as herein provided, to enter and take possession thereof 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:

(1) First, to the payment of all costs, charges and expenses of executing this conveyance and enforcing said lien as herein provided; including reasonable attorney's fees and expenses incurred for instituting or defending any

litigation which may arise on account of the execution of this conveyance, or the enforcement of said lien;

(2) Second, to the payment of all taxes which may be unpaid on said premises;

(3) Third, to the payment of all unpaid Secured Charges;

(4) Fourth, the residue, if any, will be paid to Trustors, their order, representatives or assigns.

(e) In the 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 Association is hereby authorized and empowered to name and appoint a successor to the Trustee 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.

8. RIGHTS OF MORTGAGE HOLDERS IN RELATION TO ASSESSMENTS.

(a) The liens as hereinabove set out for the enforcement of assessments shall in all respects be subordinate to holders of first mortgage liens on the individual UNITs.

(b) The holder of such a first mortgage, upon request, shall be notified by the Association in writing of any default by the mortgagor of an UNIT in performance of such a mortgagor's obligations under the condominium documents which is not cured within sixty (60) days.

(c) Where a first mortgage obtains title to an UNIT by reason of foreclosure of a mortgage covering a Unit, or by a deed in lieu of foreclosure, such mortgage, its successors, or assigns, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such mortgagee comes into possession of the Unit (except for claims from a pro-rata reallocation of such assessments or charges to all Units including the mortgaged Unit), it

being understood, however, that the above shall not be construed to prevent the Association from filing and claiming liens for such assessments and enforcing same as provided by law, against the prior Owner;

9. ASSOCIATION.

The operation of the Condominium shall be by the Magnolia Station Condominiums Association, Inc., herein called the Association, a corporation, not for profit, under the laws of Tennessee, which shall be organized and shall fulfill its functions pursuant to the following provisions:

(a) The members of the Association shall be the Owners, as set forth in the attached By-Laws.

(b) The Association shall be incorporated under Articles of Incorporation in the form attached as Exhibit "C."

(c) The By-Laws of the Association shall be in the form attached as Exhibit "B."

(d) The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to his UNIT.

(e) Whenever the decision of an Owner is required under any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such Owner if in an Association meeting, unless the joinder of record Owners is specifically required by this Master Deed.

10. INSURANCE.

(a) Multi-Peril, all risk insurance policies shall be purchased by the Association for the use and benefit of individual Owners and their mortgagees. The Association shall issue certificates of insurance to each Owner showing and describing the insurance coverage for the interest of each such Owner, and shall develop procedures for the issuance of a certified copy of the policy together with standard mortgagee endorsement clauses to the mortgagees of Owners. Such policies shall waive rights of

subrogation as between Owners. To the extent that such Owners are covered by such multi-peril all risk insurance policies as are purchased by the Association, or themselves, they shall not be liable for damage caused by their acts, or negligent acts which cause damage to the Common Elements, Limited Common Elements, or another UNIT.

(b) Insurance Coverage.

(1) The entire Condominium, all buildings, all improvements upon the Land, (excluding all improvements, additions and contents of the UNITs) and all personal property included in the Common Elements and Limited Common Elements shall be insured in an amount as may be determined annually by the Association, but such amount shall be equal to the maximum insurable replacement value, and in any event, such multi-peril all risk policy as is purchased by the Association shall cover the entire Condominium Property and provide a minimum property and fire and extended coverage insurance on a replacement cost basis in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the policy, but such policy or policies shall not be less than one hundred percent (100%) of the insurable value (based upon replacement cost). Such insurance coverages may exclude foundation and excavation costs, but shall afford protection against loss or damage as is commonly covered by a multi-peril all risk type policy with fire and extended coverage endorsement, and such other risks as are customarily covered with respect to buildings similar to the buildings and improvements on the Land, such as vandalism and malicious mischief;

(2) Public Liability Insurance shall be secured in such amounts, and with such coverage, as shall be determined by the Board of Directors of the Association but such policy or policies shall be in an amount not less than One Million Dollars ($1,000,000) per occurrence, including, but not limited to, hired automobile and non-owned automobile, with cross-liability endorsement to cover liabilities of the Owners as a group to individual Owners;

(3) Workman's Compensation as required by law;

(4) Directors and officers liability insurance in an amount determined by the Board of Directors, but not less than $250,000 per occurrence.

(5) Such other insurance as the Association shall determine from time to time to be desirable and in the best interest of Owners;

(6) All policies of insurance shall show the named insured, in form and substance, similar to the following:

"Magnolia Station Condominiums Association, Inc., for use and benefit of the individual Owners." Such policy shall contain, or have issued in connection therewith, a loss payable clause which shall be endorsed to provide that any proceeds due shall be paid to the Insurance Trustee, as hereinafter defined, subject to the provisions of this Master Deed for the use and benefit of Life and Casualty Insurance Company of Tennessee, the holder of a first deed of trust on all of the Land, of record in Book 5030, page 7, Register's Office for Davidson County, Tennessee, Driver Investments, the holder of a second deed of trust on the Land, of record in Book 5057, page 278, said Register's Office, the mortgagee of individual UNITs, if any, and Owners as their interests may appear. All hazard insurance policies shall be written by a hazard insurance carrier which has a financial rating by Best's Insurance Reports of B-9 or better.

(c) Premium upon insurance policies purchased by the Association shall be paid by the Association and the costs thereof included in common charges made to individual Owners.

(d) The Association is hereby irrevocably appointed agent for each Owner to purchase any other insurance as described and set forth in (b), (1), (2), (3), (4) above and to adjust all claim arising under insurance policies purchased by the Association with the consent of mortgagees holding liens on the Condominium Property and with the consent of such mortgagees to execute and deliver releases upon the payment of claims. However all insurance drafts notices, policies and invoices, and other

necessary documents shall be delivered, after settlement, directly to the mortgagee or its servicer.

11. RESPONSIBILITIES OF INSURANCE TRUSTEE.

(a) All insurance policies purchased by the Association shall provide that proceeds covering property losses shall be paid to any bank in Tennessee which is selected by the Association as a Trustee, which bank is herein referred to as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums, for the renewal of the sufficiency of policies, or for the failure to collect any insurance proceeds.

(b) The duty of the Insurance Trustee shall be to receive such proceeds as are paid, and to hold them in trust for the benefit of Life and Casualty Insurance Company of Tennessee, the holder of a first deed of trust on all of the Land, of record in Book 5030, page 7, Register's Office for Davidson County, Tennessee, Driver Investments, the holder of a second deed of trust on the Land, of record in Book 5057, page 278, said Register's Office, the mortgagee of individual UNITs, if any, and Owners as their interests may appear. An undivided share of such proceeds on account of damages to Common Elements shall be allocated to the Owners according to their shares of the Common Elements set forth on Paragraph 3. In the event a mortgagee endorsement has been issued as to an UNIT, the share of the Owner shall be held in trust for the named mortgagees and the Owner as their interests may appear.

(c) Expenses and fees of the Insurance Trustee shall be paid by the Association and costs thereof included in Common Expenses assessed to individual Owners.

(d) Proceeds of insurance policies received by the Insurance Trustee shall be distributed as follows:

(1) If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be expended as provided in Paragraph 13. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, with remittances to Owners and mortgagees of individual units being payable

jointly to them. This is a covenant for the benefit of any mortgagee of an individual UNIT and may be enforced by such mortgages.

(2) If it is determined, as provided in Paragraph 12, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to Life and Casualty Insurance Company of Tennessee, the holder of a first deed of trust on all of the Land, of record in Book 5030, page 7, Register's Office for Davidson County, Tennessee, Driver Investments, the holder of a second deed of trust on the Land, of record in Book 5057, page 278, said Register's Office, the mortgagee of individual UNITs, if any, and Owners as their interests may appear. This is a covenant for the benefit of any mortgages and may be enforced by such mortgagee.

(3) In making distribution to Owners and mortgagees, the Insurance Trustee shall rely upon a certificate executed (i) by the Association as to the names of the Owners, and (ii) by each of the mortgagees as to their respective shares of the distribution.

(4) Notwithstanding anything contained in this Master Deed, in the event it is determined as provided in Paragraph 12 that the damage for which the insurance proceeds are paid shall not be reconstructed or repaired, the proceeds shall be payable to the holder of a first deed of trust on all of the Land, as filed for record in the Register's Office for Davidson County, Tennessee and the mortgagee of individual UNITs, if any, and Owners as their interests may appear.

(5) The terms and provisions of this Master Deed relating to the application of hazard insurance proceeds shall not be changed or amended without the consent of the holder of the first mortgage lien until its deed of trust of record in the Register's Office for Davidson County, Tennessee is released.

12. <u>WHEN DAMAGED PROPERTY IS TO BE RECONSTRUCTED OR REPAIRED.</u>

(a) If Common Elements are damaged, they shall be reconstructed or repaired, unless it is determined under Paragraph 21 that the Condominium shall be terminated.

(b) If the damaged property is the buildings, and if UNITs with more than one-third (1/3) of the Common Elements appurtenant thereto are found by the Board of Directors of the Association to be tenantable, the damaged property shall be reconstructed or repaired, unless, within sixty (60) days after the casualty, it is determined under Paragraph 21 that the Condominium shall be terminated.

(c) If the damaged property is the buildings, and if UNITs with up to two-thirds (2/3) of the Common Elements appurtenant thereto are found by the Board of Directors of the Association not to be tenantable, the damaged property will not be reconstructed or repaired, and the Condominium will be terminated under Paragraph 21, unless, within sixty days after the casualty, the Owners of the UNITs with three-fourths (3/4) of the Common Elements appurtenant thereto agree in writing to such reconstruction or repair.

(d) Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original buildings or if not, then according to plans and specifications approved by the Board of Directors of the Association, and by the Owners of the UNITs with three-fourths (3/4) of the Common Elements appurtenant thereto, including the Owners of all damaged UNITs, which approval shall not be unreasonably withheld.

13. RESPONSIBILITIES AND PROCEDURES AS TO PAYMENT FOR REPAIRS.

(a) If damage occurs only to those parts of an UNIT for which the responsibility of maintenance and repair is that of the Owner then the Owner shall be responsible for the prompt reconstruction and repair after the casualty. In all other instances the responsibility of reconstruction and repair after the casualty shall be that of the Association. In the event the Owner fails to make such repairs or reconstruction

promptly, the Association reserves the right to make such repairs and to assess the Owner therefor, plus fifteen percent (15%) of all sums expended in repair or reconstruction as a fee for the Association's services.

(b) Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair the damaged property to a condition as good as that existing immediately before the casualty.

(c) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, assessments shall be made against the Owners who own the damaged property, and against all Owners in the case of damage to Common Elements, in sufficient amounts to provide funds to pay the estimated costs. Additional assessments may be made at any time during, or following the completion of construction. Such assessments against Owners for damage to UNITs shall be in proportion to the cost of reconstruction and repair of their respective UNITs. Such assessments on account of damage to Common Elements shall be in proportion to the Owner's share in the Common Elements.

(d) If the amount of the estimated costs of reconstruction and repairs for which the Association is responsible is more than Thirty Thousand Dollars ($30,000.00) in excess of the amount of insurance proceeds available for such reconstruction or repair, the assessments paid to meet such costs shall be deposited by the Association with the Insurance Trustee. In all other cases, the Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair...

(e) The proceeds from assessments and insurance received by the Insurance Trustee shall be disbursed as follows:

(1) The portion of insurance proceeds representing damage, reconstruction, and repair which is the responsibility of the Owner, shall be paid by the Insurance Trustee to the Owner, for repair, or if there is a mortgagee endorsement, then to the Owner and the mortgagee jointly.

(2) The portion of insurance proceeds representing damage, the reconstruction and repair which is the responsibility of the Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board of Directors of the Association.

14. USE RESTRICTIONS.

The use of the Condominium shall be in accordance with the following provisions:

(a) Each of the UNITs shall be occupied only by a family or individual, and guests, as a residence, and for no other purpose. No UNIT may be divided or subdivided into a smaller unit, nor any portion thereof sold or otherwise transferred.

(b) Two or more adjoining UNITs may be used as a single unit subject to the use restrictions of this Paragraph 14. That portion of the Common Elements located between and separating two or more adjacent Units used together may be altered or removed to afford ingress and egress to and from such Units to enhance the use of such Units as a single Unit. This Owner's right to use this portion of the Common Elements shall be pursuant to a license agreement with the Association subject to the following conditions:

(1) the expense of making such alterations shall be paid in full by the Owner or Owners making such alterations;

(2) In the event such Units shall cease to be used as a single Unit, the Owner or Owners shall pay the full expense of restoring such Common Elements to their condition prior to such alterations; and

(3) the Owner must comply with the requirements of Paragraph 4, subparagraph (d) of this Master Deed for the construction or removal of the Common Elements separating such UNITs.

(c) The Common Elements shall be used only for the purpose for which they are intended in the furnishing of services and facilities for the enjoyment of the UNITs.

(d) No use or practice shall be permitted on the Condominium which is the source of annoyance to residents, or which interferes with the peaceful possession and proper use of the Condominium by its residents. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate, nor any fire hazard allowed to exist. No Owner shall permit any use of his UNIT, or of the Common Elements, which will increase the rate of insurance upon the Condominium. No immoral, improper, offensive, or unlawful use shall be made of the Condominium or any part thereof. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification, or repair of the Condominium shall be the responsibility of the person or entity responsible for the maintenance and repair of the property concerned. No rooms may be rented to transient guests.

(e) Reasonable rules and regulations concerning the use of the Condominium property may be made and amended from time to time by the Association in the manner provided by its Articles of Incorporation and By-Laws. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners and residents of the Condominium upon request.

15. OWNER'S UNITS AND PRIVILEGES.

(a) The Owner (Magnolia Properties, LLC) is irrevocably empowered, notwithstanding anything herein to the contrary, to sell, lease, or rent UNITs to any person approved by it. Said Owner shall have the right to transact, on the Condominium property, any business necessary to consummate the sale or lease of Units, including, but not limited to, the right to have signs, employees in a sales office, use the Common Elements and to show UNITs. Signs and all items pertaining to sales shall not be considered Common Elements and shall remain the property of the Owner.

(b) Until the Owner shall have sold all of the Owner's UNITs, neither the Owners, nor the Association, nor the use of the Condominium property, shall

interfere with the sale of the UNITs, and, so long as there are unsold UNITs, the Owner shall have the right to be the Owner thereof, under the same terms and conditions as other Owners, save for this right to sell, rent or lease as contained in this paragraph, including the privilege to vote and the duty to pay assessments on the UNITs so held.

16. MORTGAGING OF UNITS.

No Owner may mortgage his UNIT or any interest therein without the approval of the Association, except to a bank, a real estate investment trust, life insurance company, or a federal or state savings and loan association, or the Tennessee Housing Development Agency, or any other entity of the State of Tennessee or the United States qualified to make mortgage loans on condominiums. Additionally, any individual Owner may retain a vendor's lien, whether such be by mortgage, deed of trust, or installment deed, upon the sale of an UNIT by such Owner to a subsequent purchaser. The approval of any other mortgage shall be subject to conditions determined by the Association.

17. NOTICE OF MORTGAGE LIEN OR SUIT.

(a) An Owner shall give notice to the Association of every lien upon his UNIT, other than for mortgages as set out in Paragraph 16 above, taxes, and special assessments, within ten (10) days after the attaching of the lien.

(b) Notice shall be given to the Association of every suit or other proceeding which may affect the title to his UNIT within five (5) days after the Owner receives knowledge thereof.

(c) Those mortgages described in Paragraph 16 above shall be reported to the Association by the Owner within thirty (30) days of their becoming a valid encumbrance on the UNIT.

(d) Failure to comply with this Paragraph 17 will not affect the validity of any mortgage instrument or the enforcement thereof at public sale or at any judicial sale to enforce the liens considered herein.

18. COMPLIANCE, DEFAULT AND REMEDIES.

(a) Each Owner shall be governed by, and shall comply with, the terms of this Master Deed, the Articles of Incorporation, By-Laws, and rules and regulations adopted pursuant thereto, and by such documents and regulations as they may be amended from time to time. A default shall entitle the Association to the relief described in sub-paragraph (b) and (c) of this paragraph 18 in addition to the remedies provided by the Condominium Act. A default shall entitle the Owner to the relief described in sub-paragraph (b) of this paragraph 18.

(b) An Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment, of an UNIT, or its appurtenances. In any proceeding arising because of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the court.

(c) In the event of any violation of the provisions of the Act, this Master Deed, By-Laws, or rules and regulations of the Association by any 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 Owner and/or others for enforcement of any lien and the appointment of a receiver for the Unit 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 Unit and to sell the same as provided hereinafter in this subparagraph (c), or for any combination of remedies, or for any other relief. All expenses of the Association 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 the interest thereon at the rate of ten percent (10%) per annum, until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deem part of his respective share of the Common Expenses, and the Association shall have a lien for all of the same, as well as for nonpayment of Common Expenses, upon the Unit, and its appurtenant interest in the Common Elements, of such defaulting 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 Land; 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 hereinabove set forth in Paragraph 8 hereof. In the event of any such default by an Owner, the Board of Directors and the Manager or Managing Agent, if so authorized by the Board of Directors 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 my be exercised at any time and from time to time, cumulatively or otherwise, by the Board of Directors.

(d) The violation of any restriction or condition or regulation adopted by the Board of Directors, or the breach of any covenant or provision herein contained, shall give the Board of Directors the right, in addition to any other rights provided for in this Master Deed:

(1) to enter (either peaceably or forceably without liability to such Owner for such entry) upon the Unit, or any portion of the Land 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, this or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board of Directors, or its employees or agents, shall not thereby de deemed guilty in any manner of trespass; or

(2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or

(3) to take possession (either peaceably or forceably without liability to such Unit Owner for such entry) of such Owner's interest in the Land and to maintain an action for possession of such Unit in the manner provided by law.

(e) If any 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, the By-Laws, or the regulations adopted by the Board of Directors, and if such default or violation shall continue for ten (10) days after notice to the Owner in writing from the Board of Directors, or shall occur repeatedly during any ten (10) day period after such written notice or request to cure such violation from the Board of Directors, then the Board of Directors shall have the power to issue to said defaulting Owners a notice in writing terminating the rights of said defaulting Owner to continue as an Owner and to continue to occupy, use, or control his Unit, and thereupon an action in equity may be filed by the Board of Directors against said defaulting Owner for a decree of mandatory injunction against such defaulting Owner or occupant, or in the alternative, for a decree declaring the termination of said defaulting Owner's right to occupy, use, or control the Unit owned by him on account of said violation, and ordering that all the right, title and interest of said defaulting Owner in such Unit and his interest in the Common Elements 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 expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder, or any liens, shall be paid to said defaulting Owner. Upon the confirmation of such sale, the purchaser shall thereupon be

entitled to a deed to the Unit and the 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 possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession. It shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in such Unit and the Common Elements subject to this Master Deed.

(f) The failure of the Association or any Owner to enforce any covenant, restriction, or other provision of the Condominium Act, this Master Deed, the Articles of Incorporation, the By-Laws, or the regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

19. TRANSFER OF UNIT.

(a) Unrestricted Transfers. Subject to subparagraph (b) below, an Owner may, without restriction under this Paragraph 19 of this Master Deed, sell, give, devise, lease, or otherwise transfer his Unit, or any interest therein, to his spouse, or to his child, parent, brother, sister, grandchild or descendant or to any one or more of them, or to any trustee of a trust, the sole beneficiary of which is Owner or his spouse, child, parent, brother, sister, grandchild, or descendant or any one or more of them. Notice of any such unrestricted transfer shall be given to the Association within thirty (30) days following consummation of such transfer.

(b) Leases. A copy of every lease of an UNIT, as and when executed, shall be furnished to the Board. The terms of every such lease shall provide that the lessee under every such lease shall be bound by and subject to all of the obligations of the Owner under this Master Deed and By-Laws. The Owner making such lease shall not be relieved thereby from any of said obligations. The board shall have all the authority in its sole discretion to require at any time that any Owner who is leasing his Unit, place on deposit with the Board such reasonable sums as the Board may require and determine to be used as an indemnity against loss or damage to the Common Elements which might be caused by such Owner's lessee. The terms of the indemnity

shall be such terms as might be satisfactory to the Board. The Board shall furnish Owner a notice in writing which shall constitute that Owner's notice to make such deposit. In the event Owner fails to comply with the terms of the notice within ten (10) days from the date the notice is mailed to him, the Board at its opinion may elect to terminate the subject lease. The Board shall give Owner and his lease notice of such election in writing. Within ten (10) days after said notice is placed in the United States mail addressed to Owner's last known address or within ten (10) days after a written notice of such election is delivered to the residence of the lessee, whichever shall last occur, lessee shall forthwith and immediately vacate the subject Unit and Owner shall take such further action as may be necessary to insure that said lessee vacates said Unit.

(c) Notice to Association of Certain Transfers.

Whenever an Owner shall propose to sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person or entity other than a person or entity described in subparagraph (a) above, such Owner shall give the Association written notice within thirty (30) days (before or after closing) of the transfer, which notice shall briefly describe the transfer and shall state the name, address and financial and character references of the proposed transferee. The notice shall also include a copy of the lease, contract for sale, or other documents effecting said transfer.

(d) Association's Right to Purchase at a Foreclosure Sale.

The Board shall have the power and authority to purchase, on behalf of the Association, any Unit, or interest therein, at a sale pursuant to a deed of trust or mortgage foreclosure, a foreclosure of the lien for common expenses under the Act, or an order or direction of a court, or at any other involuntary sale, upon the consent or approval of Owners owning not less than seventy-five percent (75%) of the total ownership of the Common Elements. Such consent shall set forth the maximum price which the Board of Directors or its duly authorized agent may pay for such Unit.

(e) Financing of Purchase by Association. The Board of Directors shall have authority to make special assessments proportionately among the respective

Owners, and such other Financing arrangements as the Board of Directors may deem desirable, in order to close and consummate the purchase of a Unit, by the Association. However, no such financing arrangement may be secured by an encumbrance on any interest in property other than the Unit to be purchased and the interest in the Common Elements appurtenant thereto.

(f) Miscellaneous.

(1) A transfer or lease of a Unit, or interest therein, by or to the Board, Owner or the holder of any deed of trust or mortgage on a Unit which comes into possession of the mortgaged Unit pursuant to remedies provided in such deed of trust or 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 19.

(2) The Association shall hold or lease any Unit, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board of Directors, for the benefit of all Unit Owners. The Board of Directors shall have authority at any time to sell, lease or sublease said Unit on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit be sold for less than the amount paid by the Association to purchase the Unit unless Owners owning not less than seventy-five percent (75%) of the total ownership of the Common Elements first authorize the sale for such lesser amount.

(3) All notices referred to or required under this Paragraph 19 shall be given in writing by certified mail return receipt requested or by personal service.

(4) The Board may adopt rules and regulations, from time to time, not inconsistent with the provisions of this Paragraph 19, for the purpose of implementing and effectuating said provisions.

(5) If any transfer or lease of a Unit is made or attempted without complying with the provisions of this Paragraph 19, such transfer or lease shall

be subject to each and all of the rights and options of, and remedies and actions available to, the Association hereunder and otherwise.

20. AMENDMENTS.

This Master Deed may be amended in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting of the Association at which a proposed amendment is considered.

(b) A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy, at the meetings in which the amendment is considered may express their approval in writing, providing such approval is delivered to the secretary at or prior to the meeting. Such approval must be by seventy-five percent (75%) of the votes of the entire membership of the Association. Until the first election of Directors, any amendment must be approved by the initial Board of Directors.

(c) No amendment shall discriminate against any Owner, or against any UNIT or class or group of UNITs, unless the Owners so affected shall consent. No amendment shall change any UNIT, nor the share of the Common Elements appurtenant to it; nor increase the Owner's share of the Common Expense, unless the Owner of the UNIT, and all record owners of the liens thereon, shall join in the execution of the amendment, and the provisions of Paragraphs 6 and 22 are followed.

(d) A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the Register's Office of Davidson County, Tennessee.

21. TERMINATION.

The Condominium may be terminated as follows:

(a) In the event it is determined under Paragraph 12(c) that the building shall not be reconstructed because of substantial loss the Condominium shall be terminated.

(b) The Condominium may be terminated at any time after obtaining the prior approval in writing of all Owners, and by all record owners of liens thereon.

(c) The termination of the Condominium shall be evidenced by a deed certifying the facts affecting the termination, which deed shall become effective upon being recorded in the Register's Office of Davidson County, Tennessee.

22. APPROVAL RIGHTS OF MORTGAGEES.

Unless at least sixty-six and two-thirds percent (66-2/3%) of the first mortgagees (based upon one vote for each upon which a mortgage is owned), or Owner's (other than Owner) of the UNITs have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission, seek to abandon or terminate the Condominium project except as provided by statute, in case of substantial loss to the UNITs and the Common Elements of the Condominium;

(b) Change the pro rata interest or obligations of any UNIT for the purpose of:

(1) Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(2) Determining the pro rata share of ownership of each UNIT in the Common Elements;

(c) Partition or subdivide any UNIT;

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium project shall not be deemed a transfer within the meaning of this clause);

(e) Use hazard insurance proceeds for losses to any Condominium property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such Condominium property, except as provided by

statute in case of substantial loss to the UNITs and/or Common Elements of the Condominium project.

23. FURTHER ASSURANCES FOR FIRST MORTGAGEES.

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 Home Loan Mortgage 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 Condominium, Owner, and the Association, so long as such terms or conditions neither are inconsistent with the Laws of the State of Tennessee as found in the Tennessee Code, Annotated, as amended nor deprive any Owner of vested property rights secured by the Laws of the State of Tennessee. Specifically, without limitation upon the foregoing, and in addition to all other rights as maybe provided herein or in the Condominium Act, the following provisions shall be complied with regarding the Condominium:

(a) Any first mortgagee who obtains title to an UNIT pursuant to the remedies provided in the mortgage or deed of trust, or upon foreclosure of the mortgage or deed of trust or upon receiving a deed (or assignment) in lieu of foreclosure will be exempt from the provisions of Paragraph 19 relating to the rights of the Association upon transfer of an UNIT. Specifically, and without limitation upon the above provisions of Subparagraph (a), the Master Deed, the attached By-Laws, or any other of the Condominium's constituent documents shall not impair the rights of a first mortgagee to:

(1) Foreclose or take title to an 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.

(b) First mortgagees shall have the right to examine the books and records of the Association at reasonable times and upon reasonable notice.

(c) Condominium Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis and shall be payable in regular installments rather than by special assessments.

(d) No interpretation shall be given to this Master Deed or any of the other Condominium constituent documents which would give an Owner, or any other party, priority over any rights of first mortgagees of UNITs 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 UNITs and/or Common Elements.

(e) Any agreement for professional management of the condominium project, or any other contract providing for services by the Owner may not have a term greater than three (3) years and must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

(f) The Association, upon receiving notification of the existence of a first mortgage on any particular UNIT, shall provide notice in writing to such mortgage, or to such other entity as such mortgagee may direct, of any loss to, or taking of, the Common Elements of the Condominium project if such loss or taking exceeds Ten Thousand Dollars ($10,000.00), or damage to an UNIT covered by such mortgage if such loss or taking exceeds One Thousand Dollars ($1,000.00).

24. NON-LIABILITY OF THE OWNER, DIRECTORS AND OFFICER OF THE ASSOCIATION. The owner, directors and officers of the Association shall not be personally liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Owner, director or officer, except for any acts or omissions found by a Court to constitute gross negligence or fraud. The Owners shall indemnify and hold harmless each of the directors, officers, or Owner, and their

respective heirs, executors, administrators, successors and assigns, in accordance with the provisions of the By-Laws.

25. DUTY OF OWNERS TO PAY REAL PROPERTY TAXES.

All Owners shall be required to pay all real property taxes assessed against such Owner's Unit and his respective interest in the Common Elements on or before January 1 of the year following the year for which such taxes were assessed. If such taxes are not paid by said date, then Owner may elect to pay such taxes and in such event Owner shall have a right to collect the amount paid from the Owner, plus interest from the date of such payment at the highest rate permitted to be charged under the laws of the State of Tennessee in effect from to time, together with all costs of collection, including reasonable attorney's fees.

26. FORM OF DEED.

The form of deed, which will be used to convey Units to the Owners under the terms of this Master Deed, shall be substantially in accordance with the form which is attached hereto as Exhibit "D," which by reference is made a part hereof, as fully as if copied herein.

27. SEVERABILITY.

The invalidity in whole or in part of any covenant or restrictions, or any paragraph, subparagraph, sentence, clause, phrase, or word, or other provision of this Master Deed and the Articles of Incorporation, By-Laws, and regulations of the Association shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, Magnolia Properties, LLC, Trustee as owner of the real estate herein conveyed, as Declarant, has executed this Master Deed on the 25th day of August, 2003.

"DECLARANT"

MAGNOLIA PROPERTIES, LLC,
TRUSTEE

By: RICHARD W. USELTON,
MANAGER

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Richard W. Uselton, with whom I am personally acquainted and who acknowledged himself to be the Manager of Magnolia Properties, LLC, the bargainor, a limited liability company, and as such Manager, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of the limited liability company by himself as Manager.

WITNESS my hand and official seal, this the 25th day of August, 2003.

NOTARY PUBLIC

HOMER R. AYERS
NOTARY PUBLIC AT LARGE
STATE OF TENNESSEE
My Commission Expires August 20, 2005

EXHIBIT A

A certain tract or parcel of land in Davidson County, Tennessee, more specifically and particularly described as the land and twenty-two (22) Condominium units, together with the common areas as shown on the plan of Magnolia Station filed for record as instrument #20030703-0092301, in the Register's Office for Davidson County, Tennessee, to which Plan reference is hereby made for a more complete description of the property.

Being the same property conveyed to Magnolia Properties, LLC by deed filed for record as instrument #20030626-0087669, in the Register's Office for Davidson County, Tennessee.

EXHIBIT B

BY-LAWS
OF
MAGNOLIA STATION HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

OFFICE

The principal office of the Association shall be maintained at the address of the development at 842 Conference Drive, Goodlettsville, Tennessee 37072.

ARTICLE II

ASSOCIATION OF LOT OWNERS

Section 1. The Members of the Association of Owners of Magnolia Station shall consist of the Owners of Units at Magnolia Station, a condominium development located at 1910-1914 Tinnin Road, Goodlettsville, Tn., 37072, Davidson County, Tennessee. The terms used in these By-Laws shall have the same meanings as in the Declaration of Covenants, Conditions, and Restrictions (the "Declaration") for Magnolia Station, as recorded in the Office of the Register of Deeds of Davidson County, Tennessee. The words "Member" or "Members", as used in these By-Laws, shall mean and refer to the "Owner" or "Owners," as the case may be, as defined in the Declaration.

Section 2. There shall be one (I) person with respect to each Unit who shall be entitled to vote at any meeting of the Owners. Such person shall be known (and hereinafter referred to) as a "voting Member." Such voting Member may be the Owner or one (I) of the group composed of all the Owners of a Unit, or may be some person designated by such Owner or Owners to act as proxy on his or their behalf. Such designation shall be in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors of the death or judicially declared incompetence of any designator, or by written notice to said Board of Directors by the Owner or Owners. Any or all such Owners may be present at any meeting of the voting Members and (those constituting a group acting unanimously) may vote or take any other action as a voting Member either in person or by proxy. The total number of votes of all voting Members shall be twenty-nine (29), and each Owner or group of Owners of a Unit shall be entitled to one (1) vote. Developer shall be the voting Member with respect to any Unit owned by it. Until such time as fifteen (15) of the Units have been sold, Developer shall be entitled to three (3) votes per Unit owned by it. If an Owner is a trust, then the Member of the Association shall be a beneficiary of such trust, and if an Owner or such a beneficiary is a corporation or partnership, the Member of the Association may be an officer, partner, or employee or such Owner or beneficiary. The membership of each Owner" shall terminate when he ceases to be an Owner, and upon the sale, transfer, or other disposition of his Unit, his membership in the Association shall automatically be transferred to the Owner succeeding to such Unit.

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

affirmative vote of the voting Members having a majority of the total votes present at such meeting.

Section 4. The initial meeting of the voting Members shall be held upon ten (10) days' written notice given by Developer when at least fifteen (15) of the Units have been sold. Thereafter, there shall be an annual meeting of the voting Members on the first Tuesday of December, following such initial meeting, and on the first Tuesday of December of each succeeding year thereafter at 7:30 p.m., or at such other reasonable time or date (not more than thirty (30) days before or after such date) as may be designated by written notice of the Board of Directors delivered to the voting Members not less than ten (10) days prior to the date fixed for said meeting.

Section 5. Special meetings of the voting Members may be called at any time for the purpose of considering matters which require the approval of all or some of the voting Members, or for any other reasonable purpose. Said meetings shall be called by written notice, authorized by a majority of the Board of Directors, or by the voting Members having one-third (1/3) of the total votes, and delivered not less than ten (10) days prior to the date fixed for said meeting. The notices shall specify the date, time, and place of the meeting and the matters to be considered.

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

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

Section 8. No 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. An Owner shall be deemed to be in default if he has not paid his assessments to the Board of Directors or its agent within fifteen (15) days after the due date thereof.

ARTICLE III

BOARD OF DIRECTORS

Section 1. The direction and administration of the development shall be vested in a Board of Directors (hereinafter referred to as the "Board"), consisting of five (5) persons who shall be elected in the manner hereinafter provided. Each member of the Board shall be one of the Owners or a spouse of an Owner; provided, however, that in the event an Owner is a corporation, partnership, trust, or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, beneficiary of such trust, or manager of such other legal
entity, shall be eligible to serve as a member of the Board.

Section 2. At the initial meeting the voting Members shall elect a Board. In all elections for members of the Board, the candidates receiving the highest number of

votes with respect to the number of offices to be filled shall be deemed to be elected. A majority of the total number of members on the Board shall constitute a quorum, and the acts of a majority of the Board members present at a Board meeting at which a quorum is present shall be the acts of the Board. Members of the Board elected at the initial meeting shall serve until the first annual meeting. At the first annual meeting, and at each successive annual meeting thereafter, members of the Board shall be elected for a term of one (1) year. Members of the Board shall receive no compensation for their services, unless expressly allowed by the Board at the direction of the voting Members having two-thirds (2/3) of the total votes. Vacancies in the Board shall be filled by election by the voting Members present at the next annual meeting or at a special meeting of the voting Members called for such purpose. Any director so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the director whom he succeeds. Except as otherwise provided in the By-Laws, the development shall be managed by the Board and the Board shall act by majority vote of those present at its meetings when a quorum exists. Meetings of the Board may be called, held, and conducted in accordance with such regulations as the Board may adopt.

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

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

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

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

(a) To administer the affairs of the Association and the development.

(b) To engage the services of a manager or managing agent who shall manage and operate the development for all the Owners upon such terms and with such authority as the Board may approve; Developer may be the manager or managing agent.

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

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

(e) To provide for and maintain any insurance coverage deemed necessary on the Common Areas.

(f) To provide for any construction, alteration, installation, maintenance, repair, painting, and replacement for which the Board is responsible under the Declaration and for such purposes to enter and to authorize entry into any Unit, causing as little inconvenience to the Owner as practicable and repairing any damage caused by any such entry at the expense of the maintenance fund.

(d) To provide for the designation, hiring and removal of employees and other personnel, including attorneys and accountants, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the development and to delegate any such powers to the manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

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

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

(i) Water, waste removal, electricity, and telephone and other necessary utility services for the Common Areas and (if not separately metered or charged) for the Units.

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

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

(j) To bid for and purchase any Unit at a sale pursuant to a mortgage foreclosure, or a foreclosure of the lien for common expenses under the Declaration, or at a sale pursuant to an order or direction of a court, or other involuntary sale, upon the consent or approval of Owners having at least three-fourths (3/4ths) of the total votes.

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

(l) To exercise all other powers and duties of the Board of Directors of the Association as a group referred to in the Declaration or these By-Laws.

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

ARTICLE IV

FISCAL YEAR

The fiscal year of the Association shall commence on January 1 of each year and shall end on December 31 next following.

ARTICLE V

ASSESSMENTS

Section I. Each year on or before December 1, the Board shall estimate the total amount necessary to pay the cost of salaries, wages professional fees, materials, insurance, services, and supplies which will be required during the ensuing fiscal year for the rendering of all services, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements and shall on or before December 15 notify each Owner in writing as to the amount of such estimate, with reasonable itemization thereof. The annual budget shall also take into account the estimated net available cash income for the fiscal year from the operation or use of the Common Areas. Said "estimated cash requirement" shall be assessed to the Owners on the basis of an equal share for each Unit. On or before January 1 of the
ensuing year, and the first of each and every succeeding month of said year, each Owner shall be obligated to pay to the Board, or as it may direct, one-twelfth (1/12) of the assessment made pursuant to this Section 1. On or before the date of the annual meeting of each year, the Board shall supply to all Owners an itemized accounting of the maintenance expenses for the preceding fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited on a pro rata basis to the next monthly installments due from the Owners under the current fiscal year's estimate, until exhausted, and any net shortage shall be added on a pro rata basis to the installments due in the succeeding three (3) months after rendering of the accounting.

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

Section 3. When the first Board elected hereunder takes office, it shall determine the "estimated cash requirement," as hereinabove defined, for the period commencing
thirty (30) days after , said election and ending on December 31 of the year in which said election occurs. Assessments shall be levied against the Owners during said period as provided in Section 1 of this Article V.

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

absence of any annual estimate or adjusted estimate, the Owners shall continue to pay the monthly
maintenance charge at the then existing monthly rates established for the previous period until the next monthly maintenance payment which is due more than ten (10) days after such new annual or adjusted estimate shall have been mailed or delivered.

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

Section 6. If any Owner shall fail or refuse to make any such payment of the common expenses when due, the amount thereof, together with interest thereon at the highest effective rate allowed by law, shall constitute a lien against the Unit of such Owner in the development, as set forth in the Declaration; provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on such Unit, except for the amount of such common expenses which become due and payable from and after the date on which such first mortgagee acquires title to the Unit by foreclosure or sale pursuant to its mortgage or trust deed or by deed in lieu of foreclosure. The Board shall have the right to enforce the lien as provided in the Declaration or to institute suit to foreclose any such lien, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with interest as herein provided and reasonable attorney's fees to be fixed by the court. Notwithstanding the foregoing, the Board or the Association shall have the authority to exercise and enforce any and all rights and remedies provided in the Declaration or these By-Laws, or otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 7. The Board may cause the Association to discharge any mechanic' s lien or other encumbrance which in the opinion of the Board may constitute a lien against the Property or the Common Areas, rather than a lien against only a particular Unit. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary
to discharge the same and for all costs and expenses, including reasonable attorney's fees, incurred by reason of such lien.

Section 8. All funds collected hereunder shall be held and expended for the purposes designated herein and, except for such special assessments as may be levied hereunder against less than all the Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments, shall be deemed to be held for the benefit, use, and account of all the Owners on the basis of an equal share for each Unit.

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

ARTICLE VI

CONTRACTUAL POWERS

No contract or other transaction between the Association and one (1) or more of its directors or between the Association and any corporation, firm, or other entity in which one (1) or more of the directors of the Association are directors or are financially interested shall be void or voidable because such director or directors were present at the meeting of the Board which authorized or approved the contract or transaction or because his or their votes were counted, if (a) the fact of the common directorship or financial interest is disclosed or known to the Board and noted in the minutes and the Board authorizes, approves, or ratifies the contract or transaction in good faith by a "vote sufficient for the purpose without counting the vote or votes of such director or directors or (b) the contract or transaction is just and reasonable as to the Association at the time it is authorized or approved. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies a contract or transaction.

ARTICLE VII

AMENDMENTS

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

ARTICLE VIII

INDEMNIFICATION

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

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

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

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

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

Section 4. The rights of indemnification provided in this Article VIII shall be in addition to any rights to which any such director, officer, or other person may otherwise be entitled under any by-law, agreement, vote of Association members, or otherwise, and shall be ill addition to the power of the Association to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association against any liability asserted against him and

incurred by him in any such capacity, or arising out of his status as such, regardless of whether the Association would have the power to indemnify him against such liability under this Article VIII or otherwise

.

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

Section 6. The indemnification provided for in this Article VIII shall be a common expense, assessable to the Owners on the basis of an equal share for each Unit.

ARTICLE IX

MORTGAGES

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

Section 2. The Board, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid common expenses due from or any other default by the Owner of the mortgaged Unit.

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

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

These By-Laws of Magnolia Station Homeowner's Association were adopted on the 25th day of August 2003.

ARTICLE X
COMPLIANCE WITH STATUTES

These By-Laws are set forth to comply with the requirements of the Horizontal
Property Act of Tennessee as set forth in the Tennessee Code Annotated, as may be amended from time to time. In case any of these By-Laws conflict with the provisions of the said statutes, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing By-Laws of Magnolia Station Condominiums are adopted by Magnolia Properties, LLC on this the 25th day of August, 2003.

MAGNOLIA PROPERTIES, LLC

Richard W. Uselton, Manager

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Richard W. Uselton, with whom I am personally acquainted and who acknowledged himself to be the Manager of Magnolia Properties, LLC, the bargainor, a limited liability company, and as such Manager, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of the limited liability company by himself as Manager.

WITNESS my hand and official seal, this the 25th day of August, 2003

NOTARY PUBLIC

HOMER R. AYERS
NOTARY PUBLIC AT LARGE
STATE OF TENNESSEE
My Commission Expires August 20, 2005

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

EXHIBIT C

DATE: 08/26/03
REQUEST NUMBER: 4892-1417
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 08/26/03 1420
EFFECTIVE DATE/TIME: 08/26/03 1420
CONTROL NUMBER: 0452845

TO:
MAGNOLIA PROPERTIES, LLC
842 CONFERENCE DR
STE 1
GOODLETTSVILLE, TN 37072

RE:
MAGNOLIA STATION HOMEOWNERS ASSOCIATION, INC.
CHARTER - NONPROFIT

CONGRATULATIONS UPON THE INCORPORATION OF THE ABOVE ENTITY IN THE STATE OF TENNESSEE, WHICH IS EFFECTIVE AS INDICATED.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH THE WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: CHARTER - NONPROFIT

ON DATE: 08/26/03

	FEES	
RECEIVED:	$100.00	$0.00

TOTAL PAYMENT RECEIVED: $100.00

RECEIPT NUMBER: 00003350298
ACCOUNT NUMBER: 00345385

FROM:
MAGNOLIA PROPERTIES LLC
1144 CARTER DR

CHATTANOOGA, TN 37415-0000

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE

SS-4458

FILED
03 AUG 26 PM 2:30
RILEY DARNELL
SECRETARY OF STATE

Charter
Of
Magnolia Station Homeowners Association, Inc.

The undersigned, acting as the incorporator under the Tennessee Business Corporation Act, adopts the following Charter for such corporation:

1. The name of the corporation is Magnolia Station Homeowners Association, Inc.

2. This corporation is a mutual benefit corporation. This corporation will have members.

3. The street address and zip code of the corporation's initial registered office is:

Richard W. Uselton
842 Conference Drive
Goodlettsville, Davidson County, Tennessee, 37072

(a) The name and address of each incorporator is:

Magnolia Properties, LLC
842 Conference Drive
Goodlettsville, Davidson County, Tennessee, 37072

(b) The complete address of the corporation's principal office is:

842 Conference Drive
Goodlettsville, Davidson County, Tennessee, 37072

(d) The corporation is not for profit.

(e) This document will become effective upon its filing with the office of the Secretary of State for the State of Tennessee.

(d) Upon any dissolution of this corporation, it's assets, being the common areas as shown on the Plan of Magnolia Station of recorded as instrument #20030703-0092301, equipment serving the common areas and all bank deposits of the corporation will be vested or distributed among the then existing members of the Corporation.

4. The Association shall have all of the common law and statutory powers of a corporation not for profit, which are not in the conflict with the terms of this Charter.

5. The Association shall have all of the powers and duties of a condominium homeowners association as set forth in the Horizontal Property Act, and all of the powers and duties reasonably necessary to operate the Condominium

as set forth in the Master Deed establishing the Condominium to be recorded in the Register's Office for Davidson County, Tennessee, hereinafter referred to as the "Master Deed," and as it may be amended from time to time, including, but not limited to, the following:

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

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

(c) To maintain, repair, replace, and operate the condominium property;

(d) To purchase insurance upon the condominium property and insurance for the protection of the Association and its members;

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

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

(g) To enforce, by legal means, the provisions of the Horizontal Property Act, Master Deed, these Articles, the By-Laws and the regulations for the use of the condominium property;

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

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

6. All funds, and the titles of all properties acquired by the Association, and the proceeds thereof, shall be held in trust for the members, in accordance with the provisions of the Master Deed, these Articles, and the By-Laws.

7. The powers of the Association shall be subject to, and shall be exercised in accordance with, the provisions of the Master Deed and the By-Laws.

8. The members of the Association shall consist of all of the owners of Apartment Units in the Condominium, in accordance with the By-Laws.

9. Change of membership in the Association shall be consummated by conforming to the procedures set forth in Paragraph 2 of the By-Laws.

10. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to his Apartment Unit.

11. The aggregate number of votes for all members of the Association shall be one hundred (100), and shall be allocated to the respective Apartment

Owners in accordance with their respective percentages of ownership interest in the Common Elements as set forth in Exhibit A-1 to the Master Deed. The procedures to be followed by multiple or corporate owners of an Apartment Unit and the manner of exercising voting rights shall be determined by the By-Laws.

12. The affairs of the Association shall be managed by a board consisting of the number of directors as shall be determined by the By-Laws, but not less than three directors, and, in the absence of such determination, shall consist of three directors.

13. Subject to the provisions of Paragraph 18 of this Charter, Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws. Directors may be removed, and vacancies on the board of directors shall be filled, in the manner provided by the By-Laws.

14. The first election of directors shall not be held until August 14, 1980. The directors herein named shall serve until the first election of directors, and any vacancies in their number occurring before the first election shall be filled by the remaining directors.

15. The affairs of the Association shall be administered by officers elected by the Board of Directors in accordance with the By-Laws. The officers shall serve at the pleasure of the Board of Directors.

16. Every director and ever officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by, or imposed upon him, in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being, or having been, a director or officer of the Association, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which such director or officer may be entitled.

17. The By-Laws have been adopted by Magnolia Properties, L.L.C. as "Owner" of the Condominium, and by the Incorporator.

18. Amendments to the Articles of Incorporation shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(b) A resolution approving a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting.

(c) Approval of an amendment must be by, (i) not less than 75% of the entire membership of the Board of Directors, and by not less than 75% of the votes of the entire membership of the Association, or, (ii) not less than 80% of the votes of the entire membership of the Association (if not proposed by the directors).

(d) No amendment shall make any changes in the qualifications for membership, nor the voting rights of members, without approval in writing by all members.

(e) A copy of each amendment shall be filed with the Secretary of State of Tennessee and shall be recorded in the Office of the Register of Davidson County, Tennessee.

This the 25th day of August 2003.

"Incorporator"

Magnolia Properties, LLC

By: Richard W. Uselton, Manager

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Richard W. Uselton, with whom I am personally acquainted and who acknowledged himself to be the Manager of Magnolia Properties, LLC, the bargainor, a limited liability company, and as such Manager, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of the limited liability company by himself as Manager.

WITNESS my hand and official seal, this the 25th day of August, 2003.

NOTARY PUBLIC

HOMER R. AYERS
NOTARY PUBLIC AT LARGE
STATE OF TENNESSEE

My Commission Expires August 20, 2005

EXHIBIT D

THIS INSTRUMENT PREPARED BY:

Homer R. Ayers, Attorney At Law
303 Frances Street
P.O. Box 904
Goodlettsville, Tennessee 37070-0904

Warranty Deed

ADDRESS NEW OWNERS:	PERSON OR ENTITY RESPONSIBLE FOR PAYMENT OF REAL PROPERTY TAXES: Same as New Owner	MAP-PARCEL NOS. Map Parcel

FOR AND IN CONSIDERATION of the sum of _____, cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, MAGNOLIA PROPERTIES, LLC, a Tennessee Limited Liability Company, hereinafter referred to as the "GRANTOR", has bargained and sold and by these presents do transfer and convey unto_____, hereinafter referred to as the "GRANTEES", their heirs and assigns, a certain tract or parcel of land in Davidson County, State of Tennessee, described as follows, to-wit:

Unit No. _____on the Plan of Magnolia Station, a Condominium, created under the provisions of TCA Section 64-27-101, et. seq., as amended, and as established by a Master Deed recorded as Instrument #_____, Register's Office for Davidson County,Tennessee, together with the undivided percentage interest in the Common Elements appurtenant to the said unit, as shown on the said Plan filed for record as Instrument # 20030703-0092301, Register's Office for Davidson County, Tennessee, to which Plan reference is hereby made for a more complete description of the property, the Unit conveyed and the Common Areas referred to herein.

Being a part of the same property conveyed to Magnolia Properties, LLC, by deed filed for record as Instrument # 20030626-0087669, Register's Office for Davidson County, Tennessee.

The current mailing address for said property is_____, Goodlettsville, TN., 37072.

TO HAVE AND TO HOLD the said tract or parcel of land, with the appurtenances, estate, title and interest thereto belonging to the said GRANTEES, their heirs and assigns, forever.

And we, the GRANTORS, do covenant with the said GRANTEES, that we are lawfully seized and possessed of said land in fee simple, have a good right to convey it and warrant that the same is unencumbered, except as follows:

1. Real Property Taxes for the current taxable year, which are a lien, but not yet due and payable, which have been prorated between the parties and will be paid, in full, by the GRANTEES, when due.
2. All terms and provisions of the Master Deed filed for record as Instrument # _____, Register's Office for Davidson County, Tennessee

3. All terms and provisions of the Charter of Magnolia Station filed for record in the Office of the Secretary of State for the State of Tennessee and filed as Exhibit C to the Master Deed.

4. The By-Laws for Magnolia Station filed as Exhibit B to the Master Deed.

5. Covenants, Conditions and Restrictions for Magnolia Station, filed for record as Instrument #_____, Register's Office for Davidson County, Tennessee.

6. All matters as shown on the Plan of Magnolia Station, filed for record as Instrument # # 20030626-0087669, Register's Office for Davidson County, Tennessee.

7. Such liens and other matters, if any, against which the Grantees' Title Insurer commits to insure the Grantees from loss as provided in the Title Insurance Policy provided Grantees by the Grantor.

And, the GRANTOR, does further covenant and bind itselve, and its successors to warrant and forever defend the title to the said land to the said GRANTEES, their heirs and assigns, against the lawful claims of all persons whomsoever.

The Grantees, as a part of the consideration for this conveyance, further agree to pay all real property taxes assessed against the real property herein conveyed to the Grantees on or before February 15th of each year following the year for which such taxes are assessed. Grantee agrees that if such taxes are not paid before the said date, the Grantor and/or the Magnolia Station Homeowner's Association may elect to pay such real property taxes, and in such event, the Grantor and/or the Magnolia Station Homeowner's Association shall have the right to collect the amount of such taxes paid from the Grantee, plus interest from the date of such payment at the rate of 10% per annum and reasonable attorney's fees. This covenant of the Grantees shall be binding upon the Grantees, their heirs, personal representatives, successors or assigns and shall be deemed to be a covenant running with the land.

WITNESS our hands on the day and date last acknowledged below.

"GRANTOR"

MAGNOLIA PROPERTIES, LLC

_____

By: Richard W. Uselton, Manager

"GRANTEES"

_____

STATE OF TENNESSEE }
COUNTY OF DAVIDSON }

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____, with whom I am personally acquainted and who acknowledged ___self to be the Chief Manager of _____, the bargainor, a limited liability company, and as such Chief Manager, being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of the limited liability company by ___self as Chief Manager.

WITNESS my hand and official seal, this the _____ day of _____, 200___.

_____
NOTARY PUBLIC

STATE OF TENNESSEE }
COUNTY OF DAVIDSON }

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

WITNESS my hand, at office, this the ____day of _____200_.

_____
NOTARY PUBLIC

STATE OF TENNESSEE }
COUNTY OF DAVIDSON }

The actual consideration or value, whichever is greater, for this transfer is $_____.

_____
Affiant

Sworn to and subscribed before me, this the ___day of _____.200_

_____
NOTARY PUBLIC

My Commission Expires:_____