Box 56
(R-15)

THIS INSTRUMENT PREPARED BY:
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P. O. Box 198985
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Davidson County REST
Recvd: 12/12/03 14:18 25pgs
Fees:127.00 Taxes:0.00
20031212-0178492

SUPPLEMENTAL DECLARATION OF CHARTER, EASEMENTS, COVENANTS AND RESTRICTIONS FOR THE RESIDENTIAL NEIGHBORHOOD OF LENOX VILLAGE A TRADITIONAL NEIGHBORHOOD DEVELOPMENT ANNEXING ADDITIONAL PROPERTY KNOWN AS THE TOWN CENTER HOMES, A HORIZONTAL PROPERTY REGIME

THIS SUPPLEMENTAL DECLARATION OF CHARTER, EASEMENTS, COVENANTS AND RESTRICTIONS made this the 21st day of November, 2003, by **LENOX VILLAGE I, LLC,** a Tennessee limited liability company (hereinafter referred to as **"Founder"**)

WITNESSETH:

WHEREAS, Founder has established a certain Declaration of Charter, Easements, Covenants and Restrictions for the Residential Neighborhood of Lenox Village, a Traditional Neighborhood Development (hereinafter referred to as **"Declaration"**) located in Nashville, Davidson County, Tennessee, of record as Instrument Number 20020315-0032826, Register's Office for Davidson County, Tennessee and as supplemented by Instrument of record as Instrument Number 20021226-0158458, Register's Office for Davidson County, Tennessee; and

WHEREAS, Founder has established certain residential condominium units known as the Town Center Homes at Lenox Village ("Condominiums") and further desires to subject the Condominiums to the Declaration, and create a Horizontal Property Regime pursuant to T.C.A. Section 66-27-101, et seq.; and

WHEREAS, pursuant to Sections 1.28, 2.3, 2.5, and 8.7, Founder wishes to establish the Condominiums as a special common maintenance parcel

WHEREAS, Founder desires to subject the property identified as Exhibit A attached hereto to the Declaration pursuant to Article II, Section 2.3 therein; and

WHEREAS, Founder desires to identify the Condominiums as a Horizontal Property Regime pursuant to T.C.A. Section 66-27-103(b), and as shown on Exhibit B attached hereto; and

WHEREAS, Founder further desires to establish the Condominiums as a certain Zone Common pursuant to Article II, Sections 2.3 and 2.5; and

WHEREAS, Founder desires to establish certain covenants and restrictions to apply to the Condominiums, a copy of said restrictions are attached hereto as Exhibit C; and

NOW THEREFORE, Founder hereby agrees as follows:

1. The Property identified in Exhibit A attached hereto shall become subject to the Declaration.

2. The description of the Condominium Units described in Exhibit B attached hereto shall serve as a general description and number for each condominium, expressing its area, location, and other data necessary for identification.

3. The covenants and restrictions identified in Exhibit C attached hereto shall serve as special restrictions for the Zone Common, which comprises the Condominiums, and may be supplemented or amended as necessary. Moreover, said covenants and restrictions are in addition to, and not in substitution for, any covenants and restrictions contained in the Declaration.

4. All other items not heretofore amended or supplemented shall remain in full force and effect.

IN WITNESS WHEREOF, this Declaration has been executed by Founder as of the day and year first above written.

FOUNDER: **LENOX VILLAGE I, LLC, a Tennessee limited liability company**

By:_____
David C. McGowan, Jr., Chief Manager

STATE OF TENNESSEE]

COUNTY OF DAVIDSON]

Before me, the undersigned authority, a Notary Public within and for the State and County, appeared David C. McGowan, Jr., with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who upon his oath acknowledged himself to be the Chief Manager of Lenox Village I, LLC, all being Tennessee limited liability companies, the within named bargainor, and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as Chief Manager.

Witness my hand and official seal at office at Nashville, Tennessee on this the 21st day of November, 2003.

_____
Notary Public
My Commission Expires: 5/30/2004

F:\JAMIEH\Homeowners Associations\lenoxsuppdeclaration.doc

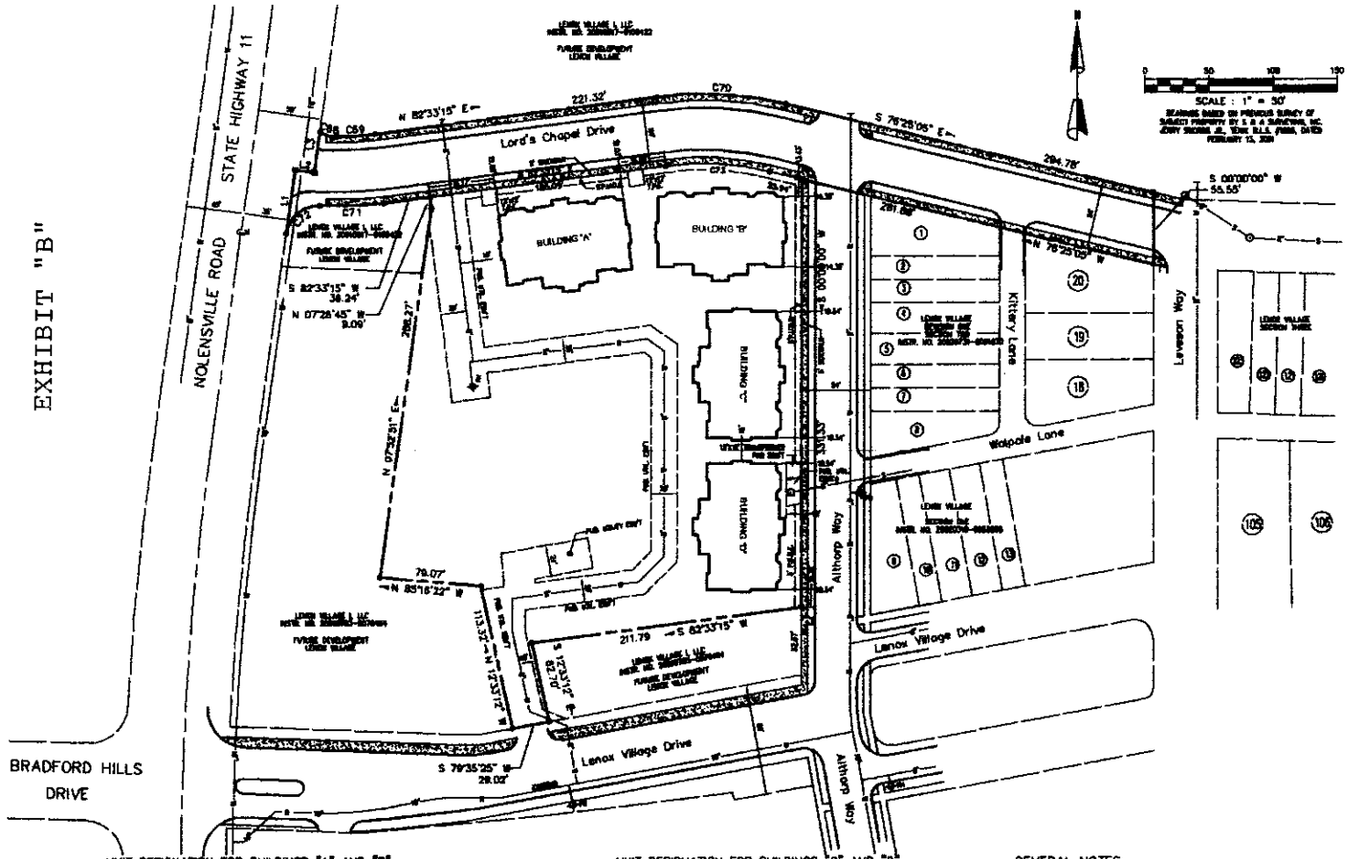
RICHARD W. SEBASTIAN NOTARY PUBLIC AT LARGE DAVIDSON COUNTY, TENN.

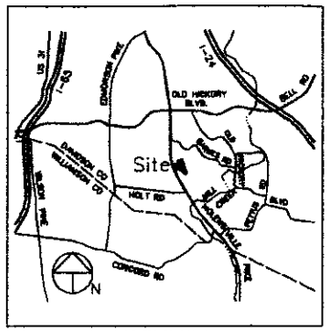
NOTARY PUBLIC
AT LARGE
Richard W. Sebastian
My Commission Expires
May 30, 2004
STATE OF TENNESSEE

EXHIBIT A

Lot 1 of Section 1 for the Town Center Homes at Lenox Village of record as Instrument Number 20031120 - 0169460, Register's Office for Davidson County, Tennessee.

EXHIBIT "B"





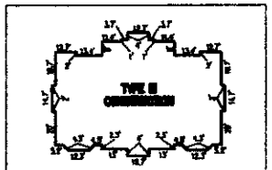
VICINITY MAP
NOT TO SCALE

CURVE TABLE

C #	DELTA	RADIUS	LENGTH	TANGENT	CHORD LG	CHORD BR
C68	3°08'48"	25.00'	13.74'	6.97'	13.48'	S 74°05'41" E
C69	67°15'27"	825.00'	38.38'	19.13'	38.38'	N 69°26'51" E
C70	21°01'48"	777.00'	284.98'	34.44'	283.39'	S 88°39'39" E
C71	10°23'27"	377.00'	68.37'	35.15'	68.28'	S 82°44'28" E
C72	65°58'53"	35.00'	37.11'	20.65'	35.09'	S 59°24'18" E
C77	3°08'48"	225.00'	12.36'	6.18'	12.36'	N 88°59'58" E

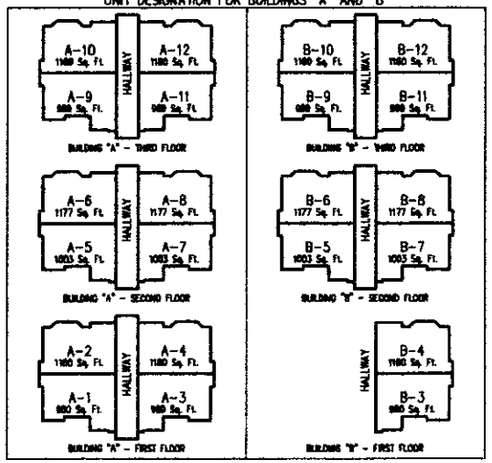
LINE TABLE

L #	BEARING	LENGTH
L1	N 07°26'45" E	48.00'
L3	S 82°33'15" E	15.00'
L5	N 07°26'45" E	31.00'

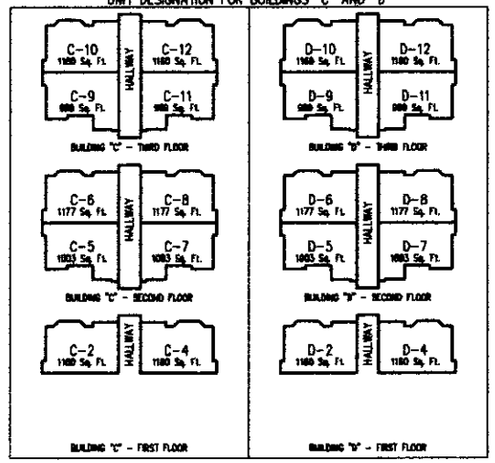


Typical Foundation Dimensions

UNIT DESIGNATION FOR BUILDINGS "A" AND "B"



UNIT DESIGNATION FOR BUILDINGS "C" AND "D"



GENERAL NOTES:

1. THE PROPERTY SHOWN HEREON IS A PORTION OF MAP 172, PARCEL 244.
2. PROPERTY BOUNDARY TAKEN FROM PLAT PREPARED BY ANDERSON-DOLK & ASSOCIATES, INC.
3. BY GRAPHIC PLOTTING ONLY, THIS PROPERTY IS LOCATED IN A SPECIAL FLOOD HAZARD AREA ZONE "X" (AREAS OF MINIMAL FLOODING) AS SHOWN ON NATIONAL FLOOD INSURANCE PROGRAM MAP COMMUNITY NO. 470037 C0384 F, EFFECTIVE DATE: APRIL 20, 2001.
4. ANY EXCAVATION, FILL OR DISTURBANCE OF THE EXISTING GROUND ELEVATION MUST BE DONE IN ACCORDANCE WITH STORM WATER DRAINAGE ORDINANCE NO. 78-840 AND APPROVED BY THE METRO DEPARTMENT OF WATER SERVICES.
5. THIS DEVELOPMENT SHALL COMPLY WITH THE REQUIREMENTS OF THE CURRENTLY ADOPTED TREE ORDINANCE 094-1104 (METRO CODE CHAPTER 17.24, ARTICLE II, TREE PROTECTION AND REPLACEMENT AND CHAPTER 17.40, ARTICLE X, TREE PROTECTION AND REPLACEMENT PROCEDURES). THE LIMITS OF CLEARING SHALL BE LIMITED TO THE AREAS NECESSARY TO CONSTRUCT ROADWAYS AND UTILITIES TO SERVE THIS SITE AS SHOWN.
6. ALL BUILDINGS ARE TO BE SERVED BY PUBLIC WATER AND SEWER.
7. ALL NEW OR REPAIRED SIDEWALKS ARE TO BE CONSTRUCTED IN CONFORMANCE WITH METRO PUBLIC WORKS' SIDEWALK DESIGN STANDARDS.

Building Exhibit for
Section One
The Town Center Homes
at
Lenox Village

URBAN DESIGN OVERLAY
31st COUNCILMANIC DISTRICT
NASHVILLE, DAVIDSON CO., TENNESSEE

- Prepared For -
Lenox Village I, LLC
6026 Nolensville Pike
Nashville, TN 37211
(615) 533-5566

December 4, 2003

- Prepared By -
BATSON AND ASSOCIATES, INC
Civil Engineering Consultants
7113 MIDDLE VALLEY DRIVE, BRENTWOOD, TN 37027
(615) 885-8370 FAX (615) 885-7135

EXHIBIT C

SPECIAL COVENANTS AND RESTRICTIONS FOR THE TOWN CENTER HOMES AT LENOX VILLAGE AND OTHER COMMON MAINTENANCE PARCELS

RECITALS:

A. The Founder has recorded with this document a Supplement to the Declaration of Charter, Easements, Covenants and Restrictions for the Residential Neighborhood (the "Declaration"). The Declaration established covenants and restrictions for the property subject to the Declaration (which property, including property as it is submitted in the future, shall be known as "the Neighborhood") and established an owners' association (the "Association") for maintenance of common areas within the Neighborhood.

B. Certain lots within the Neighborhood are to be developed as condominiums known as Town Center Homes at Lenox Village (the "Condominiums"). Due to the unique character and maintenance requirement they shall be established as a zone common, in which most or all of the exterior building and landscape maintenance is intended to be performed by the Association, rather than the homeowner.

C. Paragraph 1.28 of the Declaration defines "Zones" as smaller, contiguous areas within Lenox Village of distinct character or housing type. Owners of property within a Zone may be assessed for maintenance of property primarily serving that Zone.

D. Paragraph 2.3 of the Lenox Village Declaration anticipates that provisions of the Lenox Village Declaration may be modified or supplemented if needed to reflect the different character of certain Neighborhood Zones and anticipates the creation of Neighborhood Zone advisory councils.

E. Paragraph 2.5 of the Lenox Village Declaration allows Zones to be designated by Supplemental Declaration. Alternatively, the Board of the Association (the "Board") to designate "Neighborhood Zones."

F. Paragraph 8.7 of the Lenox Village Declaration allows any Neighborhood Zone, by majority vote of the Members within that Neighborhood Zone and approval of the Board, to vote to assess themselves for maintenance or services in addition to those normally provided by the Association. Any Assessment so approved shall be assessed to all Owners within that Neighborhood Zone or designated group as an Individual Parcel Assessment.

G. The Founder wishes to establish a permanent Zone Common for the Condominiums and provide for their special maintenance needs.

H. Due to the unique character and location of the Condominiums, they fall within this Declaration as well as the Declaration for the Town Center and as such, have special requirements in that one-third (1/3) of the Assessments for the Condominiums is to be paid by the Association to the Town Center Association.

DECLARATION:

The Founder, for all property within the Neighborhood which is currently owned by the Founder, or which is submitted to the Neighborhood after this date, or which is submitted to this Common Maintenance Declaration by consent and joinder of the owner, hereby establishes this Common Maintenance Declaration, which shall apply to all Common Maintenance Parcels within such portions of the Neighborhood, defined as follows:

(a) All property which comprises the Condominiums, unless they are subject to other recorded Covenants and Restrictions, approved by the Founder, requiring their maintenance by a separate owner's association or other management entity.

(b) Any other Parcel within the Neighborhood designated as "Common Maintenance Parcels" by the recording of a Zone Declaration, as defined below.

The Founder hereby declares that all such property shall be held, sold and conveyed subject to the covenants, restrictions and easements of this Common Maintenance Declaration, which shall run with the land and be binding on all parties and heirs, successors and assigns of parties having any right, title or interest in all or any part of the Neighborhood.

1. SUBMISSION TO CONDOMINIUM OWNERSHIP.

(a) Founder hereby submits the land hereinafter described in Exhibit "A" to the Supplemental Declaration, and the improvements constructed thereon, to the condominium form of ownership and use, in the manner provided under the provisions of Tennessee Code Annotated, Title 66, Chapter 27, Paragraph 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 "Town Center Homes at Lenox Village Condominiums," hereinafter called the "Condominium."

(c) The address of the Condominium is 7001 Lenox Village Drive, Nashville, Davidson County, Tennessee 37211.

(d) The land, which is hereby submitted to the condominium form of ownership, is fully described in Exhibit "A" to the Supplemental Declaration hereto, which, by reference, is made a part hereof as fully as if copied herein. The improvements located on such land include, but are not limited to, four (4) buildings containing forty-two (42) residential condominium units, sidewalks, paved parking areas and landscaping improvements. This land as more particularly described in Exhibit "A" attached to the Supplemental Declaration and shall hereafter be referred to as the "Land."

(e) The description and identification of the separate apartment units is shown on Exhibit "B-1, B-2 and B-3" attached to this Supplemental Declaration (the "Plat").

2. DEFINITIONS.

The terms used herein shall have the following meanings:

(a) Apartment Building means one of the buildings containing units.

(b) Assessment means a share of the funds required for the payment of Common Expenses and charges which from time to time may be assessed against each Unit Owner by the Association.

(c) Association means Lenox Village Neighborhood Association, Inc., a Tennessee not-for-profit corporation, the entity responsible for the operation of the Condominium, and its successors and assigns.

(d) Board means the Board of Directors of the Association.

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

(1) Land;

(2) All foundations, exterior walls, load bearing walls and columns, roofs, girders, beams and supports;

(3) All gardens, plants, trees, yards and landscaping;

(4) All parking area lights and parking areas;

(5) Other space designed to serve the Condominium as a whole;

(6) All corridors, sidewalks, entrance areas or exits, halls, lobbies, basements, and stairs located in the Apartment Buildings and all fixtures located therein;

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

(8) All compartments or installations of certain services such as power, light, gas, cold and hot water, refrigeration, reservoirs, water tanks and pumps, swimming pools, and th elike (except installations situated entirely within a Unit and serving only such Unit);

(9) All personal property held and maintained for the joint use and enjoyment of all the Unit Owners, including, but not limited to swimming pools, club rooms, guest apartments, and recreational facilities, if any, all assignable leases of personal property, including but not limited to laundry equipment, and all assignable service contracts pertaining to the maintenance of the Common Elements;

(10) All carports, storage areas and laundry rooms, if any;

(11) All garbage incinerators and, in the general, all devices or installations existing for common use;

(12) Easements through the Units and any Limited Common Elements allocated to any Unit for conduits, ducts, plumbing, writing and other facilities for the furnishing or repair of utility service to Units and Common Elements;

(13) Easements of support in every portion of a Unit which contribute to the support of the Apartment Building, including easements for access to and repair of such elements of support;

(14) Easements for encroachments by the perimeter walls, ceilings and floors surrounding each Unit upon the Common Elements or any portion of the common Elements upon the boundary of any Unit whether caused by the settlement of an Apartment Building or by minor inaccuracies in the Plat, or rebuilding any part of an Apartment Building, whether such encroachments now exist or hereafter may exist. All such easements shall continue until such encroachments shall cease to exist;

(15) Easements through or over the Units and any Limited Common Elements for the purpose of maintaining or repairing any portion of the Common Elements, any Limited Common Elements, or any Unit; and

(16) 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 Supplemental Declaration.

(e) Common Expenses means the following:

(1) Expenses of administration of the Condominium and the operations of the Association;

(2) Expenses of maintenance, operation, repair, or replacement of the Common Elements and Limited Common Elements;

(3) Expense of Utility Services;

(4) Expenses declared Common Expenses by provisions of this Supplemental Declaration or by the Bylaws; and

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

(f) Documents mean the Declaration and any Supplements thereto, the Plat and Plan, the Bylaws, and the Rules and Regulations as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Document is a part of that Document.

(g) Eligible Insurer means any Person who is an insurer or guarantor of a first Security Interest in a Unit, which has notified the Association in writing of its name and address and that it has insured or guaranteed a first Security Interest in a Unit.

(h) Founder means Lenox Village I, LLC, a Tennessee limited liability company, its successors and assigns.

(i) Limited Common Elements means a portion of the Common Elements allocated by this Supplemental Declaration for the exclusive use of one or more but fewer than all the Units.

(j) Mortgagee means any Person that is an institutional lender and that holds a bona fide first Security Interest encumbering a Unit, which has notified the Association, in writing, of its name and address, and that it holds a first Security Interest in a Unit. The term "institutional lender" specifically includes a bank, savings and loan association, a mortgage lending company, an insurance company, and the Federal National Mortgage Association or similar agency.

(k) Parcel or Parcels means any one or more tracts of real estate which the Founder adds to the Condominium pursuant to Paragraph 17 hereof.

(l) Person means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency, or other legal or commercial entity.

(m) Security Interest means an interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security for an obligation.

(n) Unit shall mean the fee simple estate within an Apartment 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 a 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 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, carpet, finished flooring and any other materials constituting any part of the finished surfaces of the upper, lower and vertical boundaries, excluding windows, as 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 preceding subparagraph (ii), all spaces, interior partitions, or other fixtures and improvements within the boundaries of a Unit are a part of the Unit.

(iv) All air conditioning and heating equipment, patios, porches, exterior doors, windows, storm windows and screens, and all other fixtures designed to serve a single Unit, but located outside the Unit's boundaries, are Limited Common Elements allocated exclusively to that Unit. In the event there is any question as to the allocation of any Limited Common Element, Founder retains the right to make such designation for a term of five (5) years or until Founder assigns such right to the Association, whichever event first occurs.

(o) Unit Owner means the Founder or other Person or Persons holding title in fee simple to a Unit. Unit Owner does not include a Person having an interest in a

Unit solely as security for an obligation. The Founder is the initial owner of any Unit created by this Supplemental Declaration.

(p) Utility Services shall include, but not be limited to, water, water heating, sewer, garbage collection, gas and electricity required to operate the lights and other elements deemed to be Common Elements by this Supplemental Declaration and other utility services provided the Condominium as a whole.

3. COMMON ELEMENTS AND COMMON EXPENSE LIABILITY.

(a) Each Unit Owner shall own an undivided interest in the Common Elements, and shall be liable for payment of the percentage of Common Expenses equal to the percentage of the undivided interest in the Common Elements calculated by allocating proportional percentage interests based upon each Unit's relative size in comparison to other Units; provided, however, that the Common Expenses incurred with respect to a Limited Common Element shall be paid by the Owners of the Unit or Units to which such Limited Common Element was assigned at the time the expense was incurred as provided in Paragraph 6 of this Supplemental Declaration.

(b) Any conveyance of an individual Unit shall be deemed to also convey the undivided interest of the Unit Owner in the Common Elements and Limited Common Elements pertaining to such Unit even if such conveyance does not specifically refer to such undivided interests. A conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an undivided interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred.

(c) The Association is hereby granted permits, licenses, and easements over the Common Elements for utilities, roads, and other purposes necessary for the proper operation of the Condominium, including, without limitation, those easements set forth in Paragraph 2.(d)(10) – (13).

4. MAINTENANCE, REPAIRS, AND ALTERATION OF UNITS.

(a) Each Unit Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within and to his Unit including, but not limited to, all built-in features, carpets and other floorings, wall furnishings and window treatments, interior finishes such as wallpaper and paint, all appliances, lighting, as well as all pipes, plumbing, fixtures, wires and conduits serving only its Unit.

(b) In addition, a Unit Owner's responsibilities regarding the maintenance, repair, or alteration of said Unit shall also include:

(1) Not to make any changes, decorations or alterations of its Unit or any Limited Common Element allocated to its Unit that would affect the exterior appearance of any portion of an Apartment Building, except a patio or balcony floor surface which may be decorated by the Unit Owner pursuant to rules and regulations made by the Association. Unit 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, except for drapes, curtains, or window treatments which must comply with the rules and regulations adopted by the Association;

(2) To maintain the upper surface of any patio or balcony allocated to the Unit Owner and to keep the entire patio or balcony in an orderly and clean condition;

(3) To promptly report in writing to the Association any defect or need for repairs, the responsibility for which is that of the Association; and

(4) To comply with the requirements set forth in Paragraph 12 of this Supplemental Declaration with respect to the removal or reconstruction of partition walls between adjacent Units to be used or previously used as a single Unit.

(c) All Unit Owners shall have an unrestricted right of ingress and egress to their Unit(s). This right shall not be affected by any subsequent sale, conveyance, devise, judicial sale, or other voluntary or involuntary transfer of the Unit.

(d) An easement is granted to each Unit Owner for the maintenance, repair and replacement of those items to be maintained by it, which may be located outside its Unit.

(e) Except as reserved herein to the Founder, neither a Unit Owner nor the Association shall make any alteration in the portions of a 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. A copy of plans for all such work prepared by an architect, licensed to practice in the State of Tennessee, shall be filed with the Association prior to the start of the work, unless such requirement is waived in writing by the Board. The time of performance of such work must be approved, in advance, by the Board, or its agent.

(f) If a Unit Owner fails to maintain and repair its Unit or any Limited Common Element allocated to such Unit as required herein, the Association may perform such maintenance or repair and assess the Unit Owner for all expenses incurred, together with up to twenty-percent (20%) service charge for the Association's services.

(g) The authorized representatives of the Association, Board, or of the Managing Agent, are hereby granted all necessary easements of access to the Units and Limited Common Elements as may be required in connection with the preservation of any individual Unit or Limited Common Elements in the event of an emergency, or in connection with maintenance of, repairs to, or replacements within the Common Elements, Limited Common Elements, or to make any alteration required by an governmental authority. All incidental damage caused to a Unit by such work shall be promptly repaired at the expense of the Association.

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

(a) The maintenance, operation and repair of the Common Elements shall be the responsibility of and shall be furnished by the Association, and the cost thereof shall be part of the Common Expenses, except as follows:

(1) Each Unit Owner shall have the responsibility of maintaining and repairing all air conditioning and heating equipment serving its Unit, whether such equipment is located inside or outside the boundaries of the Unit, and

(2) Unit Owners with patios shall maintain their patios in an orderly and clean condition. Each Unit Owner shall maintain each door providing access to its patio or balcony.

(b) Except as reserved herein by Founder, there shall be no alteration or further improvement of the Common Elements without prior approval in writing by the owners of not less than sixty-seven percent (67%) of the total allocated vote of the Association, except as provided by the Bylaws, and any such alteration or improvement, if undertaken, shall not interfere with the rights of any Mortgagee or Unit Owner. The shares of any cost of such alteration or improvement shall be assessed to the Unit Owners in accordance with their interest in the Common Elements. There shall be no change in the shares and rights of Unit Owner in the Common Elements which are altered or further improved.

(c) The maintenance of, repairs to, and replacements within the Limited Common Elements shall be assessed in whole to Unit Owners benefited thereby. Further, at the discretion of the Board, the Board may direct Unit Owners who stand to be benefited by such maintenance of, repairs to, and replacements within the Limited Common Elements to arrange for such maintenance, repairs and replacements in the name and for the account of such benefited Unit Owners, pay the cost thereof with their own funds, and procure and deliver to the Board such lien waivers and contractor's and subcontractor's sworn statements as may be required to protect said Limited Common Elements from all mechanics' or materialmen's lien claims that may arise therefrom.

6. ASSESSMENTS/COSTS.

The cost of services and maintenance shall be shared among all Common Maintenance Parcels within a Common Maintenance Zone in accordance with this Paragraph, and shall be assessed to the Common Maintenance Parcels as an Individual Parcel Assessment. Costs are to be divided as follows:

(a) Landscape Maintenance. Unless otherwise provided in the Zone Declaration, the cost of landscape maintenance shall be shared equally among all Parcels within a Common Maintenance Zone.

(b) Other Maintenance. Except as otherwise specified in this instrument or a Zone Declaration, the pro rata share of the cost for all other services required or permitted under this Common Maintenance Declaration shall be based upon the total square footage of enclosed, water-tight space in the primary building, including unheated garage space, on the Common Maintenance Parcel. If the outbuilding roof or other portions of the outbuilding are to be maintained, then the total square footage of the outbuilding shall be included for such purposes. The Association may make and consistently apply rules concerning determination of square footage.

(c) Management. The cost of the Association's additional professional management attributed to the Common Maintenance Zone shall be added to the cost of the services provided.

(d) Assessments against Unit Owners for Common Expenses shall be made pursuant to the Bylaws and shall be allocated as set forth in Paragraph 3 of this Supplemental Declaration, 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.

(e) 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.

(f) Assessments shall begin on the first day of the month in which conveyance of the first Unit to a Unit Owner other than the Founder occurs.

(g) All Assessments arising under and pursuant to the Documents shall be due and payable monthly.

(h) Assessments, and installments thereon, paid on or before fifteen (15) days after the date when due shall not bear interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear interest at the maximum rate allowed under applicable laws and shall be subject to a Fifteen Dollar ($15.00) late charge or such other late charge amount as may be adopted by the Association. Unpaid Assessments shall be a lien upon the Unit(s) to which they pertain. All payments upon account shall be first applied to late charges, then interest and then to the Assessment payment first due.

(i) The lien for unpaid Assessments provided by the Condominium Act and this Supplemental Declaration shall also accrue reasonable attorneys' fees and all costs of collection and/or enforcement incurred by the Association incident to the collection of such Assessment or enforcement of such lien. The Association shall have the right to sue for and collect any such unpaid Assessments, to foreclose upon the lien securing the Assessments or to institute any other competent proceeding as permitted under the law. In any event, the Association shall be entitled to recover all delinquent payments, together with late charges, interest, and all costs of collection and/or enforcement, including reasonable attorneys' fees.

(j) In any foreclosure of a lien for Assessments, the Unit 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.

(k) A lien for Assessments shall not be affected by the sale, conveyance, devise, foreclosure, or other voluntary or involuntary transfer of a Unit and thus, subsequent Unit Owners shall be held jointly and severally liable for all unpaid assessments due and payable at the time of the transfer of the Unit. However, the above sentence shall not be construed so as to prejudice the rights of subsequent Unit Owners(s) to recover from the Unit Owner, against whom the delinquent Assessments originally accrued, amounts paid by said subsequent Unit Owner(s) for delinquent Assessments.

(l) Notwithstanding any provision of subparagraph 6(k) to the contrary, if title to a Unit passes to a subsequent Unit Owner by way of foreclosure proceedings initiated by a Mortgagee, then any lien for unpaid Assessments that accrued prior to the time said subsequent Unit Owner obtained title to the Unit is extinguished as to all subsequent Unit Owners. However, the subsequent Unit Owner shall be responsible for the payment of all Assessments that accrue after he or she takes title to the property, including his or her pro rata portion of the Assessment due for the month in which the subsequent Unit Owner takes title to the property. In any case, no provision of

subparagraph 6(l) shall be construed so as to prevent the Association from filing liens for such delinquent Assessments and enforcing them against the prior Unit Owner as provided by law.

(m) A Unit Owner may not exempt himself or herself from liability for the payment of Assessments by waiver of the use and enjoyment of any Common Element or by the abandonment of the Unit by the Unit Owner.

7. RIGHTS OF MORTGAGEES IN RELATION TO ASSESSMENTS.

(a) The liens as herein set out for the enforcement of Assessments shall in all respects be subordinate to liens on the Units held by Mortgagees, if the mortgage was recorded before the delinquent Assessment was due.

(b) As mentioned below in Paragraph 18(c), a Mortgagee or Eligible Insurer, upon written request, shall be notified by the Association in writing of any default by the mortgagor of a Unit in the performance of such mortgagor's obligations under the condominium documents regarding Assessments, which is not cured within sixty (60) days.

8. INSURANCE.

(a) The Association shall maintain at least the following insurance coverage:

(1) Multi-peril, all-risk, fire and extended coverage insurance covering the entire Condominium, all improvements upon the Land, all buildings, all additions and extensions attached thereto, all appliances, fixtures, machinery and equipment constituting a permanent part of the Apartment Buildings whether located within or outside the boundaries of individual Units and whether such appliances, fixtures, machinery and equipment are owned in common or owned by an individual Unit Owner (excluding all improvements and additions to Units made by Unit Owners after the creation of the Condominium and personal property contents of the Units) and all personal property included in the Common Elements and Limited Common Elements. The multi-peril, all-risk policy purchased by the Association shall provide 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. The face amount of such policy or policies shall not be les than one hundred percent (100%) of the insurable value (based upon replacement cost) of the Apartment Buildings. Each policy shall contain the following endorsements: Inflation Guard, Building Ordinance or Law, Guaranteed Replacement Cost, Agreed Amount, Steam Boiler and Machinery Coverage (if applicable). 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 endorsements, and such other risks as are customarily covered with respect to buildings similar to the Apartment Buildings. The multi-peril, all-risk insurance shall be purchased by the Association for the use and benefit of individual Unit Owners and their mortgages. The Association shall issue certificates of insurance to each Unit Owner showing and describing the insurance coverage for the interest of each such Unit Owner, and shall develop procedures for the issuance, after request, of a certified copy of the policy together with standard Mortgagee endorsement clauses to the Mortgagees of Unit Owners. Each policy shall waive rights

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

(2) Public liability insurance shall be secured in such amounts and with such coverage as shall be determined by the Association but such policy or policies shall be in an amount not less than One Million Dollars ($1,000,000.00) per occurrence, including, but not limited to, hired automobile and non-owned automobile, with cross-liability endorsement to cover liabilities of the Unit Owners as a group to individual Unit Owners;

(3) Worker's compensation as required by law;

(4) Directors and officers liability insurance in an amount determined by the Association, but not less than Two Hundred Fifty Thousand Dollars ($250,000.00) per occurrence; and

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

(b) The Association shall give each Unit Owner thirty (30) days written notice prior to making any change in the carrier, type of coverage, or policy limits of any insurance policy maintained by the Association.

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

> "Lenox Village Neighborhood Association, Inc." for use and benefit of the Individual Unit Owners." Each policy shall contain, or have issued in connection therewith, a loss payable clause which shall provide any proceeds due shall be paid to the Insurance Trustee, as hereinafter defined, subject to the provisions of this Supplemental Declaration for the use and benefit of the Mortgagees of individual Units, if any, and Unit Owners as their interests may appear.

(d) 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.

(e) Premiums upon insurance policies purchased by the Association shall be paid by the Association and the costs thereof included in the Common Expenses.

(f) The Association is hereby irrevocably appointed agent for each Unit Owner to purchase insurance as described and set forth in subparagraph (a) above and to adjust all claims arising under insurance policies purchased by the Association with the consent of Mortgagees holding liens on the affected property and with the consent of such Mortgagees to execute and deliver releases upon the payment of claims; however, all insurance drafts, notices, policies, invoices, and other necessary documents shall be delivered, after settlement, directly to the affected Mortgagee or its servicer.

9. RESPONSIBILITIES OF INSURANCE TRUSTEE.

(a) All insurance policies purchased by the Association shall provide that proceeds covering property losses shall be made payable to the Board, which for purposes of this paragraph only is hereinafter referred to as the Insurance Trustee. The

Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds.

(b) The duty of the Insurance Trustee shall be to receive insurance proceeds or condemnation awards paid as a result of casualty or condemnation, and to hold them in trust for the benefit of the Mortgagees of individual Units, if any, and Unit Owners, as their interests may appear. The Insurance Trustee will act on behalf of each Unit Owner in connection with the settlement of any condemnation awards or insurance claims, and each Unit Owner hereby appoints the Insurance Trustee as attorney-in-fact for this purpose. An undivided share of such proceeds on account of damages to Common Elements (whether by casualty or condemnation) shall be allocated to the Unit Owners according to their ownership interest in the Common Elements set forth in Paragraph 3. In the event a Mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the named Mortgagee and the Unit 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 the Common Expenses.

(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 payment of repair or reconstruction expenses shall be distributed to the beneficial owners, with remittances to Unit Owners and Mortgagees of Units being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

(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 the Mortgagees of Units, if any, and Unit Owners as their interests may appear. This is a covenant for the benefit of any Mortgagee and may be enforced by such Mortgagee.

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

10. WHEN DAMAGED PROPERTY IS TO BE RECONSTRUCTED OR REPAIRED.

(a) If Common Elements are damaged, they shall be reconstructed or repaired, unless it is determined under Paragraph 16 that the Condominium shall be terminated.

(b) If the Apartment Buildings are damaged, and if Units with more than one-third (1/3) of the Common Elements appurtenant thereto are found by the Association to be tenantable, then the damaged property shall be reconstructed or repaired, unless, within sixty (60) days after the casualty, it is determined under Paragraph 16 that the Condominium shall be terminated.

(c) If the damaged property is the Apartment Buildings, and if Units with more than two-thirds (2/3) of the Common Elements appurtenant thereto are found

by the Association not to be tenantable, then the damaged property will not be reconstructed or repaired, and the Condominium will be terminated under Paragraph 16, unless, within sixty (60) days after the casualty, all the Unit Owners and fifty-one (51%) of the Mortgagees 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 aesthetically compatible with the Apartment Buildings and Common Elements prior to the damage and approved by the Association, which approval shall not be unreasonably withheld or delayed.

11. RESPONSIBILITIES AND PROCEDURES AS TO PAYMENT FOR REPAIRS.

(a) If damage occurs only to those parts of a Unit that the Unit Owner has the responsibility of maintaining and repairing, then the Unit Owner shall be responsible for the prompt reconstruction and repair of such damage after the casualty. In all other instances, the Association shall have the responsibility of reconstruction and repair. In the event the Unit Owner fails to make such repairs or reconstruction promptly, the Association may make such repairs and assess the Unit Owner for all expenses, together with a service fee of up to twenty percent (20%) 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 satisfy the estimated costs of reconstruction and repair, Assessments shall be made against the Unit Owners who own the damaged property, and against all Unit 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 Unit 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 Unit Owner's ownership interest 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.

12. 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 (i) a family or individuals, as a residence, or (ii) the guests of Unit Owners, as lodging, and for no other purpose. Units may be leased in accordance with Paragraph 15.

(b) No Unit may be divided or subdivided into a smaller Unit, nor any portion thereof sold or otherwise transferred.

(c) Two or more adjoining Units may be used as a single Unit subject to the use restrictions of this Paragraph 12. 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. The Unit Owner's rights 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 Unit Owner or Owners making such alterations;

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

(3) The Unit Owner must comply with the requirements of Paragraph 4, subparagraph (c) of this Supplemental Declaration for the construction or removal of the Common Elements separating such Unit.

(d) The Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units. Specifically, no Person, or representative thereof, shall engage in any commercial activity on the Common Elements without the express written consent of the Association.

(e) 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 Unit 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 responsible for the maintenance and repair of the property concerned.

(f) 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 Charter and Bylaws. Copies of such regulations and amendments thereto shall be furnished by the Association to all Unit Owners and residents of the Condominium upon request.

13. FOUNDER'S UNITS AND PRIVILEGES.

(a) Notwithstanding anything herein to the contrary, the Founder is irrevocably empowered to sell, lease, or rent Units to any person approved by it. Founder shall have the right to transact, on the Land, any business necessary to consummate the sale or lease of Units, including, but not limited to, the right to post signs, maintain a sales office, to 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 Founder.

(b) Until Founder shall have sold all of the Founder's Units, neither the Unit Owners, nor the Association, nor the use of the condominium property, shall interfere with the sale of those Units, and, so long as there are Units owned by the Founders, the Founder shall be Owner thereof under the same terms and conditions as other Unit Owners, save for the additional rights contained in this paragraph, including the privilege to vote and the duty to pay Assessments on the Units so held.

(c) The Founder shall have the right to grant and reserve easements and rights of way through, under, over and across Land, and any part thereof, for construction purposes, and for the installation, maintenance, and inspection of the lines and appurtenances for public and private water, sewer, drainage, gas, electricity, telephone, and other utilities, and such other easements as the Founder deems necessary and/or property for the construction, upkeep, and maintenance of improvements upon or constituting the Common Elements.

14. NOTICE OF MORTGAGE LIEN OR SUIT.

(a) A Unit Owner shall give notice to the Association of every lien upon its Unit 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 a Unit within five (5) days after the Unit Owner receives knowledge thereof.

(c) Those mortgages permitted under Paragraph 13 above shall be reported to the Association by the Unit Owner within thirty (30) days of their becoming a valid encumbrance on the Unit.

(d) Failure to comply with this Paragraph 14 will not affect the validity of any mortgage or the enforcement thereof at any public or judicial sale.

15. LEASE AND TRANSFER OF A UNIT; NOTICE TO ASSOCIATION.

(a) Leases. A true and complete copy of every lease, rental, or other agreement for the occupancy of a Unit (a "Unit Lease") shall be furnished to the Association before the tenant takes occupancy thereunder. Every Unit lease shall be in writing and shall provide that the lessee thereunder shall be bound by and subject to all of the obligations of and restrictions upon the Unit Owner under the Documents. A copy of the Rules and Regulations shall be attached to each Unit Lease and shall be delivered by the Unit Owner to the lessee. The Unit Owner making a Unit Lease shall not be relieved from any of its obligations under this Supplemental Declaration. No Unit Lease may be for a term of less than seven (7) days. The Association may require that a Unit Owner which leases its Unit place on deposit with the Association such reasonable sums as the Association may require to be used as an indemnity against loss or damage to the

Common Elements which might be caused by such Unit Owner's lessee. The terms of the indemnity shall be satisfactory to the Association. The Association shall furnish the Unit Owner a written notice to make the deposit. If the Unit Owner fails to comply with the terms of the notice within ten (10) days from the date the notice is mailed to it, the Association at its option, may elect to terminate the Unit Lease. The Association shall give Unit Owner and its lessee written notice of such election. Within ten (10) days after that notice is mailed to the Unit Owner's last known address, or within ten (10) days after that notice is delivered to the Unit subject to the Unit Lease, whichever shall last occur, the lessee shall vacate the Unit and Unit Owner shall take such further action as may be necessary to insure that the lessee vacates the Unit.

(b) Notice of Transfer of Unit. Whenever a Unit Owner proposes to sell, convey, devise, or otherwise transfer its Unit, or any interest therein, such Unit 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 names and address of the transferee.

16. TERMINATION.

The Condominium may be terminated as follows:

(a) In the event it is determined under Paragraph 12(c) that damaged property shall not be reconstructed because of substantial loss in accordance with T.C.A. §66-27-118 as amended, the Condominium shall be terminated upon agreement by a vote of at least sixty-seven percent (67%) of the Unit Owners and written approval of at least fifty-one percent (51%) of the Mortgagees. The failure of a Mortgagee to respond within thirty (30) days to any written request of the Association for approval of such termination shall constitute an implied approval of the termination of the Condominium.

(b) The Condominium may be terminated in accordance with T.C.A. §66-27-109 at any time after obtaining the prior approval in writing of all Unit Owners and all record owners of encumbrances upon the Units. The failure of a record encumbrance holder to respond within thirty (30) days to any written request of the Association for approval of such termination shall constitute an implied approval of the termination of the Condominium.

17. OPTION TO EXPAND THE CONDOMINIUM.

(a) The Founder hereby explicity reserves an option, until the seventh (7^{th}) anniversary of the recordation of the first deed with respect to a Unit from Founder to a third party to expand the Condominium from time to time without the additional consent of any Unit Owner or any Mortgagee. The option to expand may be terminated prior to such anniversary only upon filing by the Founders of an amendment to this Supplemental Declaration so stating. The Founder reserves the right to add any or all of the Parcels at any time, at different times, in any order, without limitation. There are no other limitations on the option to expand except as set forth in this Paragraph 17. By the acceptance and recording of a deed to his or her Unit, each Unit Owner will be deemed (i) to have consented to the actions permitted to this Paragraph 17, and (ii) to have granted to the Founder an irrevocable power of attorney granting to the Founder the right and authority to execute on behalf of such Unit Owner, and to record, any amendments to this Supplemental Declaration, the Plat, or any other documents, either necessary or

desirable to expand the Condominium, provided, however, that such amendments and/or documents must not be inconsistent with either this Supplemental Declaration or T.C.A. §66-27-107, as amended.

(b) The Founder makes no assurances as to the location of improvements on the Parcels, whether or not the same become additions to the Land and the Condominium. At such time as the Condominium is expanded, the maximum number of Units on the Land will not exceed the number permitted by applicable law. The Founder makes no assurances as to what improvements may be constructed on the Land following inclusion of a Parcel, but such improvements constructed by the Founder will be reasonably compatible in quality, materials, and style with the then existing improvements on the Land. No assurances are made by the Founder as to the size or type of Units that may be created in the future on the Land following inclusion of a Parcel. All improvements intended for Parcels to be annexed shall be substantially completed prior to annexation. The Founder expressly reserves the right to designate Common Elements therein, which may be subsequently assigned as Limited Common Elements. The Founder makes no assurances as to the type, size or maximum number of such Common Elements or Limited Common Elements. The allocation of Common Elements interests in the Land after any expansion of the Condominium shall be recomputed according to the ratio that the area of each individual Unit bears to the total area of all Units in the aggregate. If the Founder does not add, or adds and then subsequently withdraws, any Parcel, the Founder shall nevertheless have the right to construct all of any portion of any building on the Parcels, or on any Parcel, and operate the same without restriction, except as otherwise provided by applicable law.

18. PROVISIONS RELATIVE TO MORTGAGEE'S RIGHTS AND TO FEDERAL NATIONAL MORTGAGE ASSOCIATION AND FEDERAL HOME LOAN MORTGAGE CORPORATION REGULATIONS

(a) Conflicts. Paragraph 18 establishes certain standards and covenants, which are for the benefit of the holders, insurers and guarantors of first Security Interests. This Paragraph is supplemental to, and not in substitution for, any other provisions of the Documents, but in the case of conflict, the provisions of Paragraph 18 shall control.

(b) Percentage of Mortgagees. Wherever in this Supplemental Declaration the approval or consent of a specified percentage of Mortgagees is required, it shall mean the approval or consent of Mortgagees holding Security Interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Units then subject to Security Interests held by Mortgagees.

(c) Notice of Actions. The Association shall give prompt written notice to each Mortgagee and Eligible Insurer of:

(1) Any condemnation loss or any casualty loss which affects a material portion of the Common Elements or any Unit in which there is a first Security Interest held, insured, or guaranteed by such Mortgagee or Eligible Insurer, as applicable. For purposes of this subpart, "material portion" includes:

(i) Any condemnation or casualty loss with respect to the Common Elements of the Condominium if said loss exceeds Twenty Thousand Dollars ($20,000.00); or

(ii) Any condemnation or casualty loss with respect to a Unit covered by such first Security Interest if said loss exceeds Two Thousand Dollars ($2,000.00);

(2) Any delinquency in the payment of Assessments owed by a Unit Owner whose Unit is subject to a first Security Interest held, insured, or guaranteed, by such Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;

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

(4) Any proposed action, which would require the consent of a specified percentage of Mortgagees;

provided that the Mortgagee or Eligible Insurer has sent a written request for this information to the Association, stating both its name and address and the Unit number or address of the Unit on which it has the mortgage.

(d) Amendments to Documents. Notwithstanding any lower requirement permitted by the Documents, no amendment of any material provision of the Documents by the Association or Unit Owners described in this Paragraph 18(c) may be effective without the vote of at least sixty-seven percent (67%) of the Unit Owners and until approved in writing by at least fifty-one percent (51%) of the Mortgagees. The failure of a Mortgagee to respond within thirty (30) days to any written request of the Association for approval of an addition or amendment to the Documents shall constitute an implied approval of the addition or amendment. An amendment is deemed to be "material," if the changes in the Document provisions involve:

(1) Voting rights;

(2) Increases in Assessments that raise the previously assessed amount by more than 25%, Assessment liens, or the priority of Assessment liens;

(3) Reductions in reserves for maintenance, repair, and replacement of Common Elements;

(4) Responsibility for maintenance and repairs;

(5) Reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use;

(6) Redefinition of any Unit boundaries;

(7) Convertibility of Units into Common Elements or vice versa;

(8) Expansion or contraction of the Condominium, or the addition, annexation, withdrawal of property to or from the Condominium;

(9) Hazard or fidelity insurance requirements;

(10) Imposition of any restrictions on the leasing of units;

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

(12) If the Condominium consists of fifty (50) or more Units, a decision by the Association to establish self-management if professional management had been required previously by the Documents or by a Mortgagee;

(13) Restoration or repair of the project (after damage or partial condemnation) in a manner other than that specified in the Condominium documents;

(14) Any provisions that expressly benefit Mortgagees and Eligible Insurers.

(e) Inspection of Books. The Association shall permit any Mortgagee, Eligible Insurer, or Unit Owner to inspect the Documents, as well as the records, books, and financial statements of the Association during normal business hours.

(f) Financial Statements. If the Condominium consists of fifty (50) or more Units, the Association shall provide any Mortgagee or Eligible Insurer which submits a written request with a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association, and any cost associated with the preparation of said financial statement shall be a Common Expense. If the Condominium consists of less than fifty (50) Units, then the Mortgagee or Eligible Insurer who requests, in writing, said financial statement shall bear the cost of the audited statement.

(g) Special Rights Regarding Transfer of a Unit. Any Mortgagee who obtains title to a 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 15 relating to the rights of the Association upon transfer of a Unit. Specifically, and without limitation upon the above provisions of subparagraph (g), the provisions of the Documents shall not impair the rights of a Mortgagee to:

(1) Foreclose or take title to a Unit pursuant to the remedies provided in the mortgage or deed of trust, 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.

(h) Condemnation or Casualty Proceeds Priority. No interpretation shall be given to the Documents which would give a Unit Owner, or any other Person, priority over any rights of Mortgagees in the case of a distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

(i) Working Capital Fund. Notwithstanding any provision of the Documents to the contrary, the Founder shall establish a working capital fund for purposes of meeting any unforeseen expenditures and/or contingencies or to purchase any additional equipment or services with respect to the development of the Condominium, and said fund shall be included in the budget and financed by a portion of the Assessments collected from the Unit Owners. The Founder shall initially establish the fund with proceeds that are equal to two months of estimated Assessments for each Unit. Moreover, when control of the Association is transferred from the Founder to the Unit Owners as provided in the Documents, said fund and the proceeds thereof shall be transferred to the Association for deposit into a segregated fund to be used by the Association for the same aforementioned purposes.

(j) Professional Management Agreements. Except for the initial Management Agreement, and any renewals thereof, any agreement for professional

management of the Condominium, or any other contract providing for services by Founder, shall comply with the following:

(1) No such agreement shall have a term greater than three (3) years;

(2) Any such agreement must provide for termination by either party without cause and without payment of a termination fee on not less than ninety (90) days written notice.

(k) Enforcement. The provisions of this Paragraph 18 are for the benefit of Mortgagees, Eligible Insurers, and their successors and assigns, and may be enforced by any of them by any available means, at law, or in equity.

(l) Conformity with Federal Guidelines. Notwithstanding anything to the contrary contained in these Documents, all terms, conditions, and regulations now existing, or which may be promulgated from time to time, by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation pertaining to condominiums are hereby incorporated as terms and conditions of the horizontal property regime established by these Documents and such shall be governing upon said horizontal property regime, so long as such conditions are not inconsistent with the laws of the State of Tennessee as found in Tenn. Code Ann. §§ 66-27-101 et. seq., as amended, and do not impinge on any substantial property rights of individual Unit Owners.

19. SEVERABILITY.

The invalidity in whole or in part of any covenant or restriction, or any paragraph, subparagraph, sentence, clause, phrase, or work, or other provision of this Supplemental Declaration or other Documents shall not affect the validity of the remaining portions thereof.