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Davidson County DEEDMAST
Recvd: 08/17/05 13:31 36 p
Fees:182.00 Taxes:0.00
20050817-0097684

MASTER DEED
FOR
ROYAL PROPERTY MANAGEMENT, LLC HOMEOWNERS' ASSOCIATION

THIS MASTER DEED, made and entered into by Royal Property Management, LLC, Kristen C. Lake and Don Lake, a Tennessee joint venture, for convenience hereinafter referred to as the "Trustee" and "Owner";

WITNESSETH:

WHEREAS, the Trustee is the beneficial title holder of real estate located at 724 Due West Avenue, in the City of Madison, County of Davidson, State of Tennessee, and being more particularly described on Exhibit 'A' hereto and referred to as the "Parcel".

WHEREAS, the Trustee and Owner intend to and do hereby submit the above referenced Parcel of real estate together with all buildings, structures, improvements and other permanent fixtures of whatsoever kind thereon, and all rights and privileges belonging or in anywise pertaining thereto (hereinafter called the "Property") to the provisions of the Horizontal Property Act of the State of Tennessee; and

WHEREAS, the Owner further desires to establish for its own benefit and for mutual benefit of all future owners or occupants of the Property or any part thereof, and intends that all future owners, occupants, mortgagees, and any other persons hereinafter acquiring any interest in the Property shall hold said interest subject to certain rights, easements and privileges in, over and upon said premises and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof, hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protest the co-operative aspects of residence of the Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property;

NOW, THEREFORE, the Owner, as the legal title holder, and the Trustee, as the beneficial title holder of the real estate hereinbefore described, and for the purposes above set forth, declare as follows:

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

   (a) "Act" means the "Horizontal Property Act" of the State of Tennessee.

   (b) "Association" means the Royal Property Management, LLC Homeowners' Association.

(c) "Board" means the Board of Directors of Royal Property Management, LLC Homeowners' Association.

(d) "Building" means the building or buildings located on the Parcel and forming part of the Property and containing the Units. The "Building" is delineated on the Plat. When more than one building is shown on the Plat (or an amended plat, or by incremental development), then the word "Building" shall be used in the plural context.

(e) "By-Laws" means the By-Laws of the Royal Property Management, LLC Homeowners' Association, attached hereto as Exhibit B and made apart hereof, as amended from time to time. For purposes of the Act, all provisions contained in the body of this Master Deed dealing with the administration and maintenance of the Property shall be deemed to be apart of the By-Laws.

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

(1) The Parcel;
(2) All foundations, bearing walls and columns, roofs, halls, lobbies, stairways, entrance and exits or communication ways;
(3) All basements, storage rooms and roofs, except as otherwise herein provided or stipulated;
(4) All compartments or installations of central services such as power, light, gas, cold and hot water, refrigeration, water tanks and pumps, and the like;
(5) All garbage incinerators and, in general, all devices or installations existing for common use;
(6) Pipes, ducts, electrical wiring and conduits (except pipes, ducts, electrical wiring and conduits situated entirely within a Unit and serving only such Unit); and
(7) All other elements of the Building desirable or rationally of common use or necessary to the existence, upkeep and safety of the condominium regime established by this Master Deed..

(g) "Limited Common Elements" means all Common Elements contiguous to and serving exclusively a single Unit or one or more adjoining Units as an inseparable appurtenance thereto, the enjoyment, benefit or use of which is reserved to the lawful Occupants of such Unit or Units either in this Master Deed, on the Plat or by the Board. Said Limited Common Elements shall

include such fixtures and equipment located about, within or adjacent to a Unit serving only such Unit, pipes, ducts, condensers, electrical wiring and conduits located entirely within a Unit or adjoining Units and serving only such Unit or Units, and any portions of the perimeter walls, floors and ceilings, doors, attics and windows, and all associated fixtures and structures therein, as lie outside the Unit boundaries.

(h) "Majority" or "majority of the unit Owners" means the owners of more than fifty percent (50%) of the undivided ownership of the Common Elements. Any specific percentage of Unit Owners means that percentage of Unit Owners who in the aggregate own such specified percentage of the entire undivided ownership of the Common Elements.

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

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

(k) "Parcel" means the parcel or tract of real estate, described above in this Master Deed, submitted to the provisions of the Act (whether by amended plat or incremental development).

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

(m) "Plat" means the plat of survey of the Parcel of record, submitted to the provisions of the Act showing the number of each Unit, expressing its area, location and other data necessary for identification, a copy of said Plat is attached hereto as Exhibit B. No dedication to the public is intended by the recording of this Plat.

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

(o) "Proposed Budget" means the "Proposed Budget to Unit Owners and Royal Property Management, LLC Homeowners' Association which is Exhibit E hereto.

(p) "Record or Recording" refers to the record or recording in the office of the Register of Deeds in Davidson County, Tennessee.

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

(r) "Unit Owner" means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Unit and of the undivided interest in the Common Elements appurtenant thereto and shall be deemed the same as a "co-owner" under the Act. Unless specifically provided otherwise herein, the Developer shall be deemed a Unit Owner so long as it is the legal title holder on any Unit. No person or persons who hold an interest in a Unit solely for the purpose of securing an obligation shall be deemed to be a Unit Owner hereunder.

2. Submission of Property to the Act. The Owner expressly intends to, and by recording this Master Deed does hereby, submit and subject the Parcel and the Property to the provisions of the Horizontal Property Act of the State of Tennessee.

3. Plat. The Plat, whether recorded now or incrementally, shall set forth the numbers, areas, locations and other data, as required by the Act.

4. Units. The legal description of each Unit shall consist of the identifying number or symbol of such Unit as shown on the Plat. Every deed, lease, mortgage, deed of trust or other instrument shall legally describe a Unit by its identifying number or symbol as shown on the Plat and every such description shall be deemed good and sufficient for all purposes, as provided in the Act. Except as provided by the Act, no Unit Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner

cause his Unit to be separated into any tracts or parcels different from the whole Unit as shown on the Plat.

5. (a) Association of Unit Owners and Administration and Operation of the Property. There has been or will be formed an Association having the name "Royal Property Management, LLC", a Tennessee limited liability corporation, which maintenance, repair, replacement, administration and operation of the Property, as provided in the Act, this Master Deed and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to the Master Deed as Exhibit C and made apart hereof. The Board of Directors of the Association shall be elected and shall serve in accordance with the provisions of the By-Laws. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be held and applied by it for the use and benefit of the Unit Owners in accordance with the provisions of the Master Deed and By-Laws. Each Unit Owner shall be a member of the Association so long as he is a Unit Owner. A Unit Owner's membership shall automatically terminate when he ceases to be a Unit Owner. Upon the conveyance or transfer of a Unit Owner's ownership interest to a new Unit Owner, the new Unit Owner shall simultaneously succeed to the former Unit Owner's membership in the Association. Each Unit Owner's respective percentage of ownership interests in the Common Elements shall be the result of a fraction, the numerator being one and the denominator being the number the number of Units submitted by Plat to the Act.

(b) Management of Property. The Board shall have the authority to engage the services of an agent (herein sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Property, or any part thereof, to the extent deemed advisable by the Board, subject to the provisions of subparagraph (c) below. The cost of such services shall be a common expense, as defined in Paragraph 9, below.

(c) Initial Management Contract. The First Board, appointed as provided herein, shall ratify and approve the Management Agreement between the Developer, on behalf of the Association, and a management corporation, which may be a corporation related to the Developer, to act as Managing Agent for the Property for a term commencing on the date this Master Deed is recorded, which ratification and approval shall be subject to the By-Laws of the Association. Such Management Contract shall be cancelable upon 30 days notice for good cause and upon 90 days notice for any reason, and no Developer negotiated Management Agreement shall exceed a two-year term.

(d) Use by Owner. During the period of sale by the Owner of any Units, the Owner, and said Owner's agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from said Building and Property as may be required for purposes of said sale of Units. While the Owner owns any of the Units and until each unit sold by it is occupied by the purchasers, the Owner and its employees may use and show one or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

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

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

7. Ownership of the Common Elements. Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements allocated to the respective Unit owned by such Unit Owner, as set out in Paragraph 5(a) hereof. The percentages of ownership interests shall remain constant unless amended pursuant to the reservation set forth in Sections 1(b) and 1(s) hereof, or unless hereafter changed by recorded amendment to this Master Deed consented to in writing by the Unit Owners, in accordance with Paragraph 21 below, except for obvious scrivener's mistakes, or those corrections which are required or necessitated by law or governmental regulations, which Developer may correct without joinder of others. Said ownership interest in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners in common in accordance with their respective percentages of ownership. The ownership of each Unit shall not be conveyed separate from the percentage of ownership in the Common Elements corresponding to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering said Unit may refer only to the fee title to that Unit.

8. Use of the Common Elements. Each Unit Owner shall have the right to use the Common Elements (except the Limited Common Elements and portions of all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements shall extend to not only each Unit Owner, but also to his agents, servants, tenants, family members, customers, invitees and licensees. However, each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements contiguous to and serving such Unit alone. Such rights to use the Common Elements, including the Limited Common Elements, shall be subject to and governed by the provisions of the Act, Master Deed, By-Laws and rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions or grant easements with respect to the parts of the Common Elements, subject to the provisions of the Master Deed and By-Laws. All income derived by the Association from leases, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

9. Occupancy Limitation. No more than five persons can occupy a Unit. However, the maximum limitation may be exceeded for not more than a maximum of thirty (30) days within any calendar year, upon good cause shown to the Board, which must give its written consent thereto. The purpose of this requirement is to limit density, discourage nuisances, and to preserve the health and fair market value of the Property. If this restriction should be violated, in addition to the other remedies available to the Board, the Board shall have the authority to assess a special assessment which is reasonable in light of the circumstances for each excess person occupying any such unit in order to compensate the Association and the Property for increased wear and tear upon the Common Elements, all as estimated by the Board in its reasonable judgment. The determination of the Board, if based upon reasonable assumptions, shall be final and binding with regard to the amount of such special assessment. This restriction shall be binding upon any transactions entered into or changes in occupancy effected after the effective date hereof. This restriction shall not be binding upon changes in occupancy necessitated by birth of a child of unit owner-occupant of the unit.

10. (a) Common Expenses. Each Unit Owner, including the Owner, shall pay his proportionate share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in conformance with the Master Deed and By-Laws (which expenses are herein sometimes referred to as "common expenses"), including, but not limited to, the maintenance and repair thereof and any and all replacements and additions thereto. Except for its responsibilities as a

Unit Owner, as provided herein, Owner shall not have any responsibility for the maintenance, repair or replacement of any part of the Common Elements after the date this Master Deed is recorded. Such proportionate share of the common

(b) Enforcement of Lien. FOR AND IN CONSIDERATION of the privileges, protections, mutual enjoyment and use of the Common Elements and the premises contained herein, the receipt of which is hereby acknowledged and any assumption of the obligations by transferees as required hereunder, and to secure the payment of said Common Expenses, principal, interest, and attorney fees, a lien is expressly retained by the Association on each and every Unit Owner's Unit and prorate interest in the Common Elements (referred to in this subparagraph 10(b) as "property").

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

Trustors agree to pay their prorata share of Common Expenses when due and further agree to pay all taxes and assessments thereon, general or special, and to pay them when due, and upon demand of said trustee or the lawful owner and holder of said indebtedness, to pay, discharge, or remove, any and all liens (except a First Mortgage or Deed of Trust) which may be hereafter placed against said property and which shall adversely affect the lien of this instrument or enforcement of the terms and provisions hereof; to keep the improvements on said property in good repaid and preservation, and said indebtedness shall hereinafter be required to appear in any court or tribunal to enforce, or defend the title to, or possession of, said property, or the lien of this instrument, or appear in any court to prove the above indebtedness, all the costs and expenses of such appearance or proceedings, together with reasonable attorneys fees, shall be allowed, and be payable by trustors upon demand of the trustee or lawful owner or holder of said indebtedness, and, upon failure to any of these things, then said trustee, or the lawful owner and holder of said indebtedness may do any or all of these

things and the amounts so paid shall bear interest at the then highest maximum effective rate of interest per annum for home loans then legally collectible in Tennessee from the date of payment and shall be and become a part of the indebtedness secured hereby,

Now, if trustors shall pay their prorata share of Common Expenses aforesaid when due, and pay any and all sums when due, as aforesaid, then this trust conveyance shall be of no further force or effect. But if said indebtedness, or any payment thereof, or interest thereon, is not paid promptly when due, or if, failing to pay said other sums when due, as herein provided, trustors fail to reimburse the trustee, or lawful owner and holder of said indebtedness for all sums, with interest, so expended by said trustee, or lawful owner and holder of said indebtedness, within thirty days from date of such payment, 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 Courthouse in said County to the highest bidder for cash, at public outcry, free from the equity and right of redemption, homestead, dower, spouse's elective share and all other exemptions of every kind, which are hereby 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 said indebtedness, 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, the purchaser shall be entitled to immediate possession thereof upon the delivery to him by the trustee of a deed for said property. In case of sale hereunder, the proceeds will be applied by the trustee as follows:

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

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

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

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

5th. The residue, if any, will be paid to trustors, their order, representatives or assigns.

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

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

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

11. Mortgages and Deeds of Trust. Each Unit Owner shall have the right, subject to the provisions herein, to make separate mortgages and deed of trust for his

respective Unit together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to make or create, or cause to be made or created from the date hereof, any mortgage, deed of trust or other lien on or affecting the Property or any part thereof, except only to the extent of his own Unit and the respective percentage interest in the Common Elements corresponding thereto.

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

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

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

appliances or equipment installed in the Unit by a Unit Owner or Occupant unless insurance therefore is specifically provided for in the insurance policy obtained by the Board.

Reconstruction shall not be compulsory where the whole or more than two-thirds (2/3) of all the Buildings and/or Common Elements are destroyed or damaged by fire or other casualty, as determined by the Board. In such case, and unless otherwise unanimously agreed upon by the Unit Owners, the insurance proceeds shall be delivered to the Unit Owners or their Mortgagees, as their interests may appear, in proportion to the percentage interest of each Unit Owner in the Common Elements; and the Board, as soon as reasonably possible and as agent for the Unit Owners, shall sell the Property, in its then condition, free from the effect of this Master Deed, which shall terminate upon such sale, on terms satisfactory to the Board, and the net proceeds of such sale, and the Unit Owners or their Mortgagees, as their interest may appear, in proportion to the percentage interest of each Unit Owner in the Common Elements. If the Board fails to consummate a sale pursuant to this paragraph within twenty-four (24) months after the destruction or damage occurs, then the Managing Agent, or the Board shall, or if they do not, any Unit Owner or Mortgagee may, record a sworn declaration setting forth such decision and reciting that under the provisions of this Master Deed has terminated and that judicial partition of the Property may be obtained pursuant to the laws of the State of Tennessee. Upon final judgment of a court of competent jurisdiction decreeing such partition, this Master Deed shall terminate.

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

withdrawal, the responsibility for the payment of future assessments for any such withdrawn Unit or portion thereof shall cease.

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

The Association shall have a duty to maintain in effect casualty and liability insurance and fidelity bond coverage, as specified in Part 5, Sections 501-504 of the FNMA Conventional Home Mortgage Selling Contract Lending Guide (herein referred to as the "FNMA Lending Guide").

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

The Board shall also have authority to and may obtain such insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officer of the Association, and member of any committee appointed pursuant to the By-Laws of the Association from any risk whatsoever, including but not limited to risk from liability arising from the fast that said person is or was director or officer of the Association, or a member of such a committee. The premiums for such insurance shall be a common expense.

Each Unit Owner shall be responsible for obtaining his own insurance on the contents of his own Unit and of the Limited Common Elements serving his Unit, as well as his additions and improvements thereto, decorating, furnishings, fixtures, and personal property therein, and personal property stored elsewhere on the Property. In addition, in the event a Unit Owner desires to insure against his personal liability and loss or damage by fire or other hazards above and beyond the extent that his liability, loss or damage is covered by the liability insurance and insurance against loss or damage by fire and such other hazards obtained by the Board for all the Unit Owners as part of the common expenses, as above provided, said Unit Owner may, at his option and expense, obtain additional insurance.

Anything herein to the contrary notwithstanding, the Board shall use its best efforts to obtain casualty insurance on all fixtures and equipment in place when the first Unit is sold by Developer, and any replacements, substitutions and improvements thereto (of a permanent nature and affixed to the Unit, and reasonably necessary for the use and/or operation thereof.) Any such fixtures, equipment, replacements, substitutions and improvements shall be deemed to be part of the Common Elements for insurance purposes only, except that the Association shall not be responsible for replacement or repair if insurance proceeds are not sufficient. The intent of this paragraph is to require the Board, anything to the contrary notwithstanding, to insure the property at Association expense to include Common Elements, Limited Common Elements and Units from all perils for which insurance can be reasonably obtained. The Units and Limited Common Elements include these entities as they existed at the time of the first Unit sale and include, but are not limited to, perimeter walls, room partitions, counters, cabinets, heating and air conditioning units, ranges, refrigerators, disposals, closets, room and closet doors, kitchen and bathroom fixtures, plumbing and electrical systems. The only intended exclusions are alterations, additions, betterments and improvements made or installed by a Unit Owner, appliances owned by the Unit Owner (other than heating and air conditioning units, ranges, refrigerators and disposals) and personal property located in the Unit or within the Limited Common Elements. The intention of this paragraph is that the Board should use its best efforts within budgetary and/or insurance market restraints) to obtain insurance that will pay for repairs or rebuilding in compliance with then existing codes requirements.

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

The Board is authorized to charge the Association (rather than the affected Unit Owner) for uniform repairs and/or replacement costs for Limited Common Elements. If, due to the act or neglect of a Unit Owner, or of his agent, servants, tenant, family member, invitee, licensee or household pet, damage shall be caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repair or replacement are required which would otherwise be a common expense, then such Unit Owner shall pay for such damage or such maintenance, repair and replacements, as may be determined by the Association, to the extent not covered by the Association's insurance or sufficient proceeds are not collected from the insurance carrier.

The authorized representatives of the Association, Board or of the Managing Agent with approval of the Board shall be entitled to reasonable access to the individual Units 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 or replacements within the Common Elements, Limited Common Elements or any equipment, facilities or fixtures affecting or serving other Units, Common Elements and Limited Common Elements or to make any alteration required by any governmental agency.

15. Alterations, Additions or Improvements. Except as provided in Paragraph 19 herein, no alteration of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior written approval of the Board. The Board may authorize and charge as common expenses alterations, additions and improvements of the Common Elements as provided in the By-Laws. No Unit Owner may make alterations, additions or improvements within the Unit of the Unit Owner without the prior written approval of the Board, and such Unit Owner shall be reasonable for any damage to other Units, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions or improvements.

The Board may prohibit the attachment, construction, change, modification or alteration of any exterior doors, windows, awnings, canopies, shutters or any change to the exterior of the Buildings, as well as any of the same to any exterior Limited Common Elements; the Board may limit or permit fencing, landscaping or any other work or construction on the exterior of the Buildings. In the event there is a disagreement or if this instrument is unclear as to the location and extent of Limited Common Elements, a majority of the Board may designate the same.

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

17. Transfer of a Unit – Notice to Association.

A. Unrestricted Transfers. A Unit Owner may, without restriction under this Master Deed, sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person.

B. Limited on Term of Lease. No Unit, or interest therein, shall be leased by a Unit Owner for a term of more than two (2) years. A copy of every such lease, as and when executed, shall be furnished to the Board. The lessee under every such lease shall be bound by and subject to all of the obligations, under the Master Deed and By-Laws, of the Unit Owner making such lease and the lease shall expressly so provide. The Unit Owner making such lease shall not be relieved thereby from any of said obligations. The Board shall be third party beneficiary of any such Lease and shall have the power to enforce its terms and conditions for the Association's benefit. The Board may establish a standard lease form, the terms of which shall be a prerequisite to the leasing of any Unit and shall be used exclusively by all Unit Owners.

C. Notice to Association of Certain Transfers. Whenever a Unit Owner shall propose to sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person or entity said Unit Owner shall give the Association not less than thirty (30) days prior written notice of the proposed transfer, which notice shall briefly describe the type of transfer proposed by the Unit Owner and shall state the name and address of the proposed transferee. The notice shall also include a copy of the proposed lease, contract for sale or other documents, if any effecting said transfer. The Board shall be furnished a photocopy of the final executed lease, recorded deed and/or deed of trust.

D. Association's Right to Purchase at a Foreclosure Sale. The Board shall have the power and authority to bid and purchase, for and on behalf of the remaining Unit Owners, 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 a majority of Unit Owners.

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

18. Remedies. In the event of any violation of the provisions of the Act, Master Deed, By-Laws or rules and regulations of the Board or Association by any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) the Association, or its successors or assigns , or the Board, or its agents, shall have each and all of the rights and remedies which may be provided for in the Act, Master Deed, By-Laws, or said rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Unit Owner and/or others for enforcement of any lien and the appointment of a receiver for the Unit Owner and/or others for enforcement of any lien and the appointment of a receiver for the Unit and ownership interest in such Unit Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Unit and to sell the same as provided in Paragraph 10(b) and as provided hereinafter in this Paragraph 18, or for any combination of remedies, or for any other relief. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the then maximum applicable formula rate of interest legally chargeable under Title 47, Chapter 14, Sections 101 et seq., Tennessee Code Annotated, as it may be amended from time to time, on a per annum basis until reinstatement or the completion of foreclosure or at the then highest contract rate of interest then legally collectible in Tennessee, shall be charged to and assessed against such defaulting Unit Owner, and shall be added to and deemed part of his respective share of the common expenses, and the Board shall have a lien for all of the same, as well as for nonpayment of his respective share of the common expenses, upon the Unit and ownership interest in the Common Elements of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or located elsewhere on the Property, provided, however, that such lien subordinate to the lien of a recorded first mortgage or deed of trust on the interest of such Unit Owner, except for the amount of the proportionate share of said common expenses which become due and payable from and after the date on which the said mortgage or deed of trust owner or holder accepts a conveyance of any interest therein (other than as security) or forecloses the lien of its mortgage or deed of trust. In the event of any such default by any Unit Owner, the Board and the manager or managing agent, if so authorized by the Board, shall have the authority to correct such a default, and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Unit Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. This paragraph shall not be amended, changed, modified, or rescinded without the prior consent of all holders of record of mortgage and deed of trust liens against Units in the Building.

The violation of any restrictions or condition or regulation adopted by the Board or the breach of any covenant or provision herein contained, shall give the Board the right, in addition to any other rights provided for in this Master Deed; (a) to enter (either peaceably or forceably without liability to such Unit Owner for such entry) upon the Unit, or any portion of the property upon which, or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner,

any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession (either peaceably or forceably without liability to such Unit Owner for such entry) of such Unit Owner's interest in the property and to maintain an action for possession of such unit in the manner provided by law.

If any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) shall violate the Act, or any of the covenants or restrictions or provisions of this Master Deed or the regulations adopted by the Board, and if such default or violation shall continue for ten (10) days after notice to the Unit Owner in writing from the Board, or shall occur repeatedly during any ten (10) day period after such written notice or request to cure such violation from the Board, then Board shall have the power to issue to said defaulting Owner a notice writing terminating the rights of the said defaulting owner to continue as a Unit Owner and to continue to occupy, use or control his Unit, and thereupon an action in equity may be filed by the Board against said defaulting Owner for a decree of a 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 owner by him on account on said violation, and ordering that all the right, title and interest of said defaulting Owner in the Property shall be sold (subject to the lien of any existing deed of trust or mortgage) at a judicial sale upon such notice and terms as the Court shall determine, except that the court shall enjoin and restrain the said defaulting Owner from reacquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees and all other 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 Unit Owner's corresponding percentage of ownership in the Common Elements, and to immediate possession of the Unit sold and may apply to the Court for a writ of assistance of any such sale, and the decree shall so provide, that the Purchaser shall take the interest in the Unit Ownership sold subject to this Master Deed. An aggrieved Unit Owner or first mortgage may bring any action in law or equity to require the enforcement of this Master Deed and the By-Laws by the Board, or may bring an action to enjoin or specifically require a party to perform what is required of him hereunder.

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

20. Perpetuities and Restraints an Alienation. If any of the options, privileges, covenants or rights created by this Master Deed shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendents of the Governor of Tennessee, Phil Bredesen.

21. The undersigned Trustee joins herein for the sole purpose of agreeing to the restrictions, covenants and agreements contained in this Master Deed and attendant By-Laws; anything herein to the contrary notwithstanding, Trustee does not assume any liabilities, does not agree to perform any obligations hereunder, nor is Trustee responsible for the condition or fitness of the Property or the Building. All Unit Owners do hereby release Trustee from any such liability, if any.

IN WITNESS WHEREOF, the said Owner has caused his name to be signed to these presents by its duly authorized officials, this 17th day of August, 2005.

OWNER:

By: Royal Property Management, LLC

By: _____
Don Lake, Owner

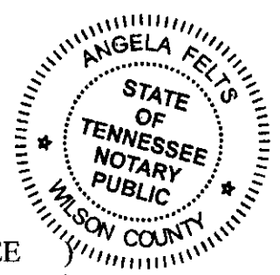
By: Trustee

By: _____
Kristen C. Lake, Trustee

STATE OF TENNESSEE)
)
COUNTY OF Wilson)

Personally appeared before me, Don Lake, Owner, with who I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the Owner of the property or a constituent and is authorized to execute this instrument.

Witness my hand and official seal, at office in Lebanon, Tennessee, this 17th day of August, 2005.



Notary Public

My commission expires: 2/23/2009

STATE OF TENNESSEE)
)
COUNTY OF Wilson)

Personally appeared before me, Kristen C. Lake, Trustee, with who I am personally acquainted, and who acknowledged that she executed the within instrument for the purposes therein contained, and who further acknowledged that she is the Trustee of the property or a constituent and is authorized to execute this instrument.

Witness my hand and official seal, at office in Lebanon, Tennessee, this 17th day of August, 2005.



Notary Public

My commission expires: 2/23/2009

EXHIBIT A

Being Lot No. 42 on the Plan of Due West Avenue on the dividing line between Lot Nos. 41 and 42 on said map; thence with said dividing line and northeasterly 563 feet, more or less, to the northerly boundary line; thence with the same and easterly 100 feet, more or less, to the dividing line between Lot Nos. 42 and 43; thence southwesterly with said dividing line 518 feet, more or less, to the northerly margin of said Due West Avenue; thence with the same and easterly 100 feet to the place of beginning.

Being the same property conveyed to John B. Vilmerding, Trustee of the John B. Vilmerding Revocable Trust under Agreement dated 11/20/91 by deed from Harriet H. Bubis, a single person, of record in Book 10378, page 409, Register's Office of Davidson County, Tennessee .

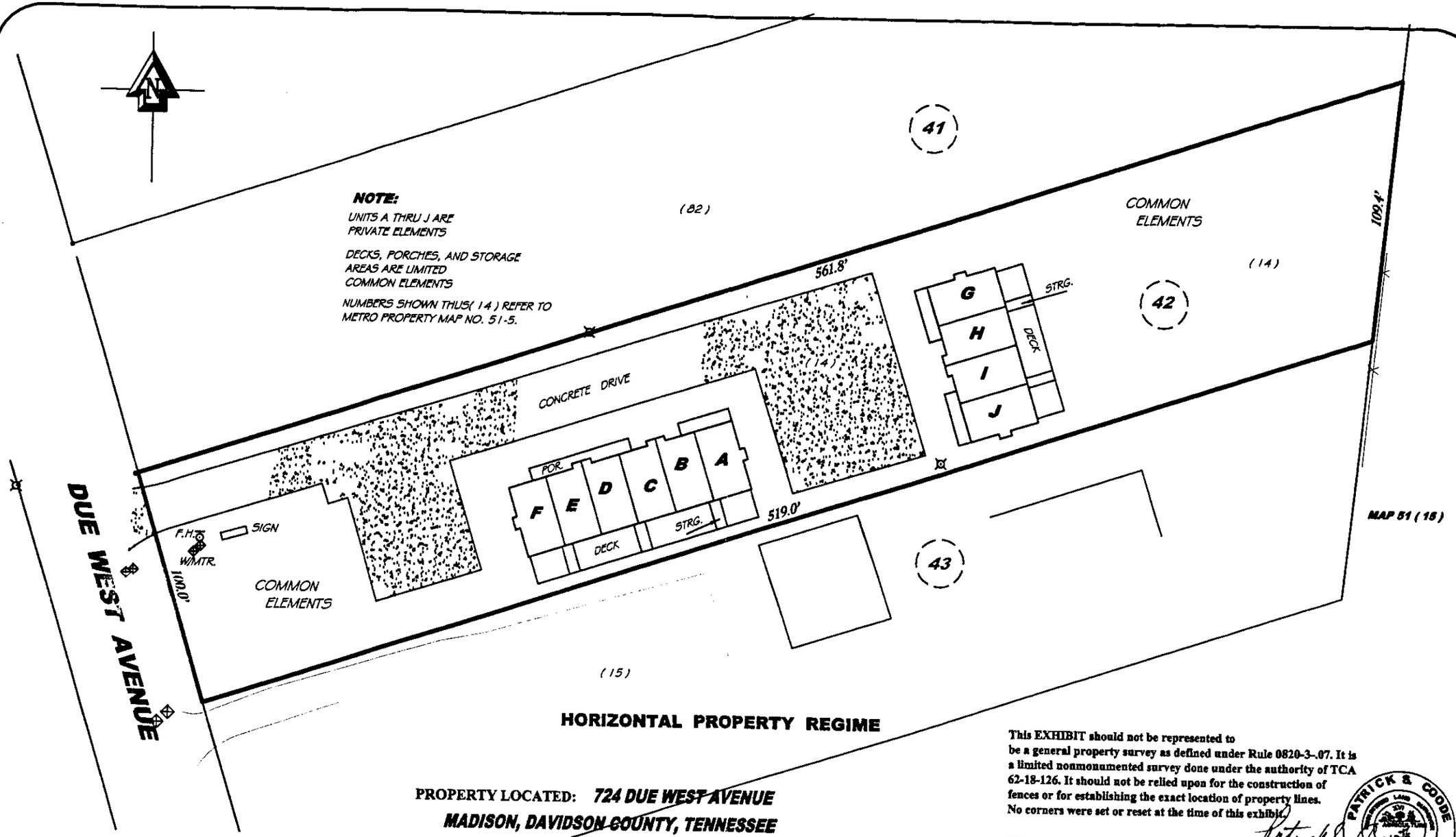
The above legal description is the same as used on the prior Deed.

This conveyance is subject to 2000 taxes, prorated and assumed by the Grantee the day of closing, any and all easements located on the property; subject to the rights and claims of parties in possession; and subject to any and all leases not of public record.

Said description is further modified pursuant to survey conducted on August 3rd, 2005, [Exhibit B] which individually denotes individual structures, identified as units A-J respectively. Further, description of common grounds and other elements are further identified in the Master Deed and By-Laws

This is improved property known as 724(A-J) Due West Avenue, Madison, Tennessee 37115.

EXHIBIT B



HORIZONTAL PROPERTY REGIME

PROPERTY LOCATED: *724 DUE WEST AVENUE*
MADISON, DAVIDSON COUNTY, TENNESSEE

PROPERTY: *LOT NO. 42 ON THE PLAN OF*
DUE WEST VALLEY ACRES
(NOT OF RECORD)

DATE: *AUGUST 3, 2005*

SCALE: *1"= 40 '*

FILE NO. *58208 - 400*

This EXHIBIT should not be represented to be a general property survey as defined under Rule 0820-3-.07. It is a limited nonmonumented survey done under the authority of TCA 62-18-126. It should not be relied upon for the construction of fences or for establishing the exact location of property lines. No corners were set or reset at the time of this exhibit.

BY: _____

SIGNED: JOHN KOHL & COMPANY, P.C.

© 2005 John Kohl & Company P.C.

PATRICK S. COODE TENNESSEE NO. 2037 LAND SURVEYOR

JOHN KOHL & COMPANY, P.C. 400 7th Ave. S.,Nashville, TN 37203 (615)-255-3535

EXHIBIT C

BY-LAWS
OF
THE ROYAL PROPERTY MANAGEMENT, LLC HOMEOWNERS' ASSOCIATION

ARTICLE I

Members
(Unit Owners)

SECTION 1. Eligibility. The Members of The Royal Property Management, LLC Homeowners' Association, a Tennessee not-for-profit corporation, shall consist of the respective percentages Unit Owners of the Property known as Summerlin Estates, located at 724 Due West Avenue, Madison, Tennessee (called "Property"), in accordance with the respective percentages of ownership interest in the Common Elements of the Property owned by the respective Unit Owners (these and other terms are used in these By-Laws as they are defined in the Master Deed for the Royal Property Management, LLC Homeowners' Association, which Master Deed is recorded in the office of the Register of Deeds for Davidson County, Tennessee. The words "member" or "members" as used in these By-Laws means and shall refer to "Unit Owner" or "Unit Owners", as the case may be, as defined in the Master Deed). If a Unit Owner is a trust, then the member shall be a beneficiary of such trust, and if a Unit Owner or such a beneficiary is a corporation or partnership, the member may be an officer, partner or employee of such Unit Owner or beneficiary.

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

SECTION 3. Regular Meetings. The first regular annual meeting of Unit Owners (the "First Meeting") may be held, subject to the terms hereof, on any date, at the option of the Board, provided, however, that said First Meeting shall be held not less than thirty (30) days and not more than sixty (60) days after the date of the recording of the within By-Laws and Master Deed. Subsequent to the First Meeting, there shall be a regular annual meeting of Unit Owners held each year within thirty (30) days of the anniversary of the First Meeting. All such members of the Unit Owners shall be held at such place in Davidson County, Tennessee, and at such time as specified in the written notice of such meeting which shall be delivered to all Unit Owners at least twelve (12) days prior to the date of such meeting.

SECTION 4. Special Meetings. Special Meetings of the Unit Owners may be called by the President or by a majority of the directors of the Board, or by Unit Owners have at least fifty percent (50%) of the votes entitled to be at such meeting. Said Special

Meetings shall be called be delivering written notice to all Unit Owners not less than twelve (12) days prior to the date of said meeting, stating the date, time and place of said Special Meeting and the matters to be considered.

SECTION 5. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally or by mail to a Unit Owner at the address given to the Board by said Unit Owner for such purpose, or to the Unit Owner's Unit, if no address for such purpose has been given to the Board.

SECTION 6. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Unit Owners, and shall be entitled to one vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B. Class B member(s) shall be the Developer (as defined in the Master Deed), and shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) five years from the date of the sale of the first Unit.

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

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

ARTICLE II

Board of Directors

SECTION 1. Number, Election and Term of Office. The Board of Directors of the Association (referred to in the Horizontal Property Act of the State of Tennessee as the "board of administrators," and sometimes referred to herein as the "Board"), shall consist of three (3) members (hereinafter referred to as "directors"). Directors shall be deemed to be elected at the regular annual meeting of Association members by the vote of Unit Owners, except that the first directors (hereinafter called "members of the First Board") shall be appointed by the Developer. Those candidates for election as director receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected. Every director, except for members of the First Board, shall hold office for the term of two (2) years and until his successor shall be elected and qualified. One (1) member of the First Board shall hold office until the first regular annual meeting of Association members, one (1) member of the First Board shall hold office until the second regular annual meeting of Association members, and one (1) member of the First Board shall hold office until the third regular annual meeting of Association members. Any holder of first mortgages or deeds of trust on more than fifty percent (50%) of the Units may designate a fourth board member to serve. Such holder shall not be required to appoint such fourth board member and such fourth board member shall not be required to be a unit owner. Such holder shall receive actual notice of all board meetings at least two weeks prior to such meetings, addressed to such person and address as may be designated in writing from time by such holder.

SECTION 2. Qualification. Except for members of the First Board, each director shall be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of a trust, a director may be a beneficiary of such trust, and if a Unit Owner or such beneficiary is a corporation or partnership, a director may be an officer, partner or employee of such Unit Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a director and his place on the Board shall be deemed vacant.

SECTION 3. Vacancies. Any vacancy occurring in the Board shall be filled by majority vote of the remaining members thereof, except that a vacant position on the Board which was last filled by a member of the First Board may be filled by a person appointed by the Developer. Any director so elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the director which he succeeds.

SECTION 4. Meetings. A regular annual meeting of the Board shall be held within seven (7) days following the regular annual meeting of Unit Owners. Special Meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less that forty-eight (48) hours notice in writing to

each director, delivered personally or by mail or telegram. Any director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A director's attendance at a meeting shall constitute his waiver of notice of said meeting.

SECTION 5. Removal. Any director may be removed from office for cause by the vote of two-thirds (2/3) of the total undivided ownership of the Common Elements.

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

SECTION 7. Quorum. Two (2) directors shall constitute a quorum.

SECTION 8. Powers and Duties. The Board shall have the following powers and duties:

(a) to elect and remove the officers of the Association as hereinafter provided;

(b) to administer the affairs of the Association as hereinafter provided;

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

(d) to formulate policies for the administration, management and operation of the Property and the Common Elements thereof;

(e) to adopt rules and regulations, with written notice thereof to all Unit Owners, governing the administration, management, operation and use of the Property and the Common Elements, and to amend such rules and regulations from time to time;

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

(g) to provide for designation, hiring and removal or employees and other personnel, including accountants and attorneys, and

to engage or contract for the services of others, and to make purchases for the maintenance, management and operation of the Property and the Common Elements, and to delegate any such powers to the Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

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

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

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

(k) to enter into any lease agreement for lease of any Unit owned or leased by the Association upon such terms as the Board may approve;

(l) unless otherwise provided herein or in the Master Deed, to comply with the instructions of a majority of the Unit Owners (as said majority is defined in Paragraph 1(i) of the Master Deed), as expressed in a resolution duly adopted at any annual or Special Meeting of the Unit Owners;

(m) to exercise all other powers and duties of the board of managers or Unit Owners as a group referred to in the Horizontal Property Act of the State of Tennessee, and all powers and duties of a board of managers or a board of managers or a board of directors referred to in the Master Deed or these By-Laws.

SECTION 9. Non-Delegation. Nothing in this Article or elsewhere in these By-Laws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the Unit Owners. Except as expressly authorized by the Act or the Master Deed or these By-Laws, the Directors and Officers may not enter into any contractual agreement, or bind the Association or any Unit Owner, or sue or be sued in any other than in its operating or management capacity.

ARTICLE III

Officers

SECTION 1. Designation. At each regular annual meeting, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

(a) a President, who shall be a director and who shall preside over the meetings of the Board and the Unit Owners, and who shall be the chief executive officer of the Association ;

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Unit Owners, and who shall in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Managing Agent;

(c) A Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; the office of Secretary and Treasurer may be held by one person;

(d) Such additional officers as the Board shall see fit to elect.

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

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

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

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

ARTICLE IV

Assessments

SECTION 1. Annual Budget. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year including but not limited to salaries, wages, payroll taxes, legal and accounting fees, working capital fund, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power, and all other common expenses. To the extent that the assessments and other case income collected from the Unit Owners during the preceding year shall be more or less that the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. The annual budget shall also take into account the estimated net available cash income for the year from the lease operation or use of the Common Elements. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements, in reasonable amounts as determined by the Board.

SECTION 2. Assessments. The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Unit Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Unit Owner shall pay, as his respective monthly assessment for the common expenses, one-twelfth (1/12) of his proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with his respective ownership interests in the Common Elements. The Board may determine different allocations with respect to a part of such charges whenever it appears to the Board that such an allocation would be unfair. The allocations shall be applied uniformly to all Owners of like situations. The allocation of the Board shall be final and binding upon all parties. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessment as last determined. Each Unit Owner shall pay his monthly assessment on or before the first day of each month to the Managing Agent or as may be otherwise directed by the Board. No Unit Owner shall be relieved of his obligation to pay his assessment by abandoning or not using his Unit, the Common Elements, or the Limited Common Elements.

SECTION 3. Partial Year or Month. For the first fiscal year, the annual budget shall be approved by the First Board. If such first fiscal year, or any succeeding fiscal year, shall be less than a full year, then the monthly assessments for each Unit Owner shall be proportionate to the number of months and days in such period covered by such budget. Commencing with the date of occupancy of his Unit, each Unit Owner, shall pay his assessment for the following month of fraction of a month, which assessment shall be in proportion to his respective

ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be as computed by the Board.

SECTION 4. Annual Report. Within forty-five (45) days after the end of each fiscal year covered by an annual budget, or as soon thereafter as shall be practicable, the Board shall cause to be furnished to each Unit Owner a statement for such year so ended, showing the receipts and expenditures and such other information as the Board may deem desirable.

SECTION 5. Supplemental Budget. In the event that during the course of any year, it shall appear to the Board that the monthly assessments, determined in accordance with the estimated annual budget for such year, are insufficient or inadequate to cover the estimated common expenses and limited common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner, and thereupon a supplemental assessment shall be made to each Unit Owner for his proportionate share of such supplemental budget.

SECTION 6. Expenditures. Except for expenditures and contracts specifically authorized by the Master Deed and By-Laws, or by the annual Budget, or by a Supplemental Budget, the Board shall not approve any single expenditure in excess of Five Thousand Dollars ($5,000.00) unless required for emergency repair, protection or operation of the Common Elements or Limited Common Elements, nor enter into any contract for more than three (3) years without a ninety (90) day cancellation clause without the prior consent of two-thirds (2/3) of the total ownership of the Common Elements, and without securing consents of mortgages, if necessary.

SECTION 7. Lien. It shall be the duty of every Unit Owner to pay his proportionate share of the common expenses and limited common expenses, as provided in the Master Deed, and as assessed in the matter herein provided.

If any Unit Owner shall fail or refuse to make any such payment of the common expenses or limited common expenses when due, the amount thereof together with the interest at the rate of 10% per annum, or such greater percentage as may then be provided under the laws of the State of Tennessee, after said common expenses become due and payable, shall constitute a lien, as provided in the Act, enforceable by the Board, on the interest of such Unit Owner in the Property, provided however, that such lien shall be subordinate to the lien or a recorded first mortgage or deed of trust on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses and limited common expenses which are due and payable from and after the date on which such mortgage owner or holder either accepts a conveyance of any interest therein (other than as security), or files suit to foreclose its mortgage or deed of trust. The

provisions of this paragraph of this Section 7 shall not be amended, changed, modified or rescinded in any way without the prior written consent of all such lien holders of record.

SECTION 8. Records and Statement of Account. The Board shall cause to be kept detailed and accurate records in chronological order of the receipts and expenditures affecting the Common Elements and Limited Common Elements, specifying and itemizing the common expenses and limited common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

The Board shall, upon receipt of 10 days written notice to is or the Association and upon payment of a reasonable fee, furnish to any Unit Owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

SECTION 9. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the Property or the Common Elements, rather than a lien against only a particular Unit Ownership. When less than all the Unit Owners are responsible for the existence of any such lien, the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorney's fees, incurred by reason of such lien.

SECTION 10. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages of the Unit Owners as from time to time existing.

ARTICLE V

Use and Occupancy Restrictions

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

Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Unit which may increase the cost or cause the cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall

display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or shades of a customary nature and appearance, or their votes counted, if the circumstances specified in either of the following subparagraphs exists:

(a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a votes of such Director or Directors; or

(b) the contract or transaction is just and reasonable as to be the corporation at the time it is authorized or approved.

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

All contracts shall be terminable by the Board upon 90 days notice, at the election of the Board and without penalty to the Association. Any such contract, interest or quorum must be consistent with TCA §48-1-816.

ARTICLE VII

Indemnification

SECTION 1. General. The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the Board and Developer, against all contractual and other liabilities to others arising out of their status as directors, Board, officers, committee members or Developer, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board, committee member or Developer may be involved by virtue of such persons being having been such director, officer, Board, committee member, of Developer; provided, however, that such indemnity shall not be operative with respect to:

(a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Developer, or

(b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable grounds for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Developer.

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

SECTION 3. Advance Payment. 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 as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

SECTION 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under the Article, provided, however, that the liability of any Unit Owner arising out of any contract made by or other acts of the directors, Board, officers, members of such committees, shall be limited to such proportion of the total liability hereunder as said Unit Owner's percentage of interest in the Common Elements bears to the total percentage of interest of all the Unit Owners in the Common Elements. Every agreement made by the directors, Board, officers, members of such committees, the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements. The indemnification provided by this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who ceased to be Developer or a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity.

ARTICLE IX

Mortgages

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

SECTION 2. Notice of Unpaid Common Charges. The Board whenever so requested in writing by a mortgagee of a Unit, shall promptly repot any then unpaid common charges due from, or any other default by the owner of the mortgaged unit.

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

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

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

ARTICLE X

Definition of Terms

The terms used in these By-Laws, to the extent they are defined therein, shall have the same definition as set forth in the Master Deed for Royal Property Management, LLC, which Master Deed is recorded in the office of the Register of Deeds of Davidson County, Tennessee.

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

ARTICLE XI

Conflicts

These By-Laws are set forth to comply with the requirements of Chapter 27 of Title 66, Tennessee Code Annotated as it may be amended from time to time, and to allow the By-Laws to control in specific situations where such law allows. In case any of the By-Laws conflict with the provisions of said statute or of the Master Deed, the provisions of said statute or of the Master Deed, as the case may be, shall control.