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Davidson County DEEDMAST
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Master Deed
For
Matlock Townhomes

THIS MASTER DEED, made and entered into by J2K Builders, LLC (hereinafter referred to as the "Developer");

Recitals

A. Developer is the fee simple owner of certain real property located in Davidson County, Tennessee, and more particularly described in Exhibit "A" and "B", and

B. Developer desires to submit the real property described in Exhibit "A", 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 to the provisions of the Horizontal Property Act of the State of Tennessee, and

C. Developer intends to submit from the real property described in Exhibit "B" additional phases of the development to the Horizontal Property Act together with all building structures, improvements, and permanent fixtures located thereon together with all rights and privileges belonging thereto by amendment of the Master Deed, and

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

NOW THEREFORE, Developer declares as follows:

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

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

(b) "Association" means Matlock Townhomes Owners Association, a Tennessee not-for-profit corporation, which has as members all Unit Owners of Matlock Townhomes.

(c) "Board" means the Board of Directors of Matlock Townhomes Owners Association.

(d) "Buildings" means the building located on the Parcel and forming part of the Property and containing the Units. The "Buildings" are or will be delineated on the Plat.

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

(f) "Common Elements" means all of the Property except for the Units, and, without limiting the generality of the foregoing, shall

include those items defined as "general common elements" in the Act, including the following:

1. The Parcel;

2. All foundations, bearing walls and columns, roofs, attics, and entrances and exits or communication ways.

3. All yard and gardens 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, reservoirs, water tanks and pumps, swimming pools, and the like.

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

6. All swimming pools, clubrooms and recreational facilities.

7. Pipes, ducts, electrical wiring and conduits except pipes, ducts, electrical wiring and conduits situated entirely within a Unit and serving only such Unit.

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

(g) "Developer" means J2K Builders, LLC, their successors and assigns, provided such successors and assigns are designated in writing by Developer as a successor or assign of the rights out of Developer set forth herein.

(h) "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 the Board, Limited Common Elements shall include, but shall not be limited to, the separate furnace, air conditioner and water heater located within or adjacent to a Unit and serving only such Unit, pipes, ducts, electrical wiring and conduits located entirely within a Unit or adjoining Units and serving only such Unit or Units, any porches, decks, balconies, terraces, patios, crawl space and outside storage compartments and such portions of the perimeter walls, floors and ceilings, doors, windows, screens, and entry-ways, and all associated fixtures and structures therein as lie outside the Unit boundaries.

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

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

(k) "Matlock Owners Association" means the Matlock Townhomes Owners Association, a Tennessee

not-for-profit corporation, which has as members all owners of Units located on real property subject to the Restrictions of the Declaration.

(l) "Matlock" means the Matlock Townhomes project as shown on Plat(s) of Record in the Register's Office.

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

(n) "Parcel" means the parcel or tract of real estate, described in exhibit "A" to this Master Deed, which is submitted to the provision of the Act and such additional tract of real estate described in Exhibit "B" which are submitted to the provisions of the Act by amendment to the Master Deed.

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

(p) "Plat" means the plat of survey of the Parcel and any amendments thereto submitted to the provisions of the Act showing the number of each Unit, expressing its area, location and other data necessary for identification. The plat of Phase I being attached as Exhibit D hereto.

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

(r) "Record or Recordings" refers to the record or recording in the Office of the Register in Davidson County, Tennessee.

(s) "Unit" shall mean the fee simple estate within the Building, as such area is identified, located and described on the Plat and as hereinafter set forth. The boundaries of each Unit, shall be and are the unfinished interior surfaces of its perimeter walls, floors, plus the real property directly under the ground floor of such Unit, ceilings, doors and windows, and a Unit includes both the portion of the Building so described and the air space so encompassed, excepting Common Elements. It is intended that the term "Unit" as used in this Master Deed shall have the same meaning as the term "Apartment" as used in the Act.

(t) "Unit Owner" means the person or persons whose estates or interest, 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 titleholder of any Unit.

(u) "Private Elements" shall mean and include the ground upon which each Unit is located and the improvements located thereon, for which fee simple ownership and exclusive use is reserved to that Unit only."

2. Submission of Property to the Act. (a) The Developer does hereby submit

and subject the parcel and the Property to the provisions of the Horizontal Property Act of the State of Tennessee. (b) Annexation of additional properties which are not part of the property described in Exhibit B and subjecting additional property to the terms of this Declaration shall require the prior approval of HUD/VA as long as Class B Membership exists.

3. Plat. The Plat sets forth the numbers and location of each Unit as required by the Act.

4. Units. The legal description of each Unit shall consist of the identifying number of each Unit as shown on the Plat. Every deed, lease, mortgage, deed of trust, or other instrument shall legally describe a Unit by its identifying number 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 formed an Association having the same name Matlock Owners Association, a Tennessee not-for-profit corporation, which Association shall be the governing body for all of the Unit Owners, for the maintenance, repair, replacement, administration and operation of the Property, as provided in the Act, this master Deed and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to this master Deed as Exhibit "C" and made a part thereof. 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 for the sole benefit of the Unit Owners, and all of Unit Owners in accordance with the provision 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 shall have one (1) vote.

(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 (d) below. The cost of such services shall be a common expense, as defined in Paragraph 9 below.

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

(d) Non-Liability of the Directors, Board, Officers, and Developer. Neither the directors and officers of the Association nor the Developer 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, officers, or Developer except for any acts or omissions found by a court to constitute gross negligence or fraud. The Unit Owners shall indemnify and hold harmless each of the directors, officers, or Developer and their respective heirs, executors, administrators, successors and assigns in accordance with the provisions of 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 this 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 an equal percentage of ownership in the Common Elements allocated to the respective Unit based on the Ratio of the total number of Units to one Unit. The percentages of ownership interest shall remain constant unless hereafter changed by recorded amendment to this Master Deed as additional phases of Matlock are developed. Said ownership interest in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners as tenants 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 appurtenant to said Unit. The undivided percentage of ownership in the Common Elements appurtenant to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbered with that Unit, 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 the Property subject to leases made by or assigned to the Board) in common with all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such rights to use the Common Elements shall extend not only to 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 or with adjoining Units. 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 which may from time to time be established by the Association. In addition, the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of this 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 and regulations as the Board may adopt or prescribe.

Parking spaces within the Parcel shall be part of the Common Elements, and may be allocated and reallocated, from time to time by the Board, to the respective Unit Owner, and shall be used by such Unit Owners in such a manner and subject to such rules and regulations as the Board may prescribe, and parking spaces not so used by Unit Owners may be rented or otherwise used in such manner as the Board may prescribe.

9. (a) "Common Expenses." Each Unit 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 this Master Deed and the By-Laws (which expenses are herein sometimes referred to as "common expenses"), including, but not limited to, the maintenance and repair thereof and any and all replacements and additions thereto. Such proportionate share of the common expenses for each Unit Owner shall be in accordance with his percentage of ownership in the Common Elements. Assessments for the payment of common expenses, including any prepayment thereof required by contract for sale of a Unit, shall be in such amounts and at such times as determined in the manner provided in the Master Deed and By-Laws. No such Owner shall be exempt from payment of his proportionate share of the common expenses by waiver or nonuse or enjoyment of the Common or Limited Common Elements or by abandonment of his Unit. If any Unit Owner shall fail or refuse to make any such payment of assessments for common expenses when due, the amount thereof together with any reasonable late charge established by the Board, and together with interest thereon at the rate of ten percent (10) per annum, or such greater percentage as may then be permitted under the law of the State of Tennessee, after said assessments become due and payable shall constitute a continuing lien on the Unit against which the assessment is made, as provided in the Act. Each Unit Owner shall be personally liable for his portion of each assessment coming due while he is the owner of a Unit.

(b) "Lien of Assessment." In order to secure payment of assessments, both monthly or annual and special, as the same become due, there shall

arise a continuing Lien and charge against each Unit, the amount of which shall include interest at the maximum effective rate allowed by law, costs, and reasonable Attorney's fees to the extent permissible by law. Each such assessment, together with such interest, costs, and reasonable Attorney's fees, shall also be the obligation of the person who was the Unit Owner of the Unit at the time the assessment became due; provided that this personal obligation shall not pass to successors in title unless expressly assumed by them. The Lien provided for herein, however, shall be subordinate to the Lien of any first Deed of Trust (sometimes hereinafter called "mortgage") on any Unit. The sale or transfer of any Unit shall not affect any Assessment Lien. The sale or transfer of any Unit that is subject to any first mortgage, pursuant to a foreclosure thereof or under power or any proceedings in lieu of foreclosure thereof, shall extinguish the Lien of such assessment, but not the personal obligation of any former Title Holder, as to payments that become due prior to such sale or transfer and subsequent to the recordation of the first mortgage that has been foreclosed, but the Association shall have a Lien upon the proceeds from the foreclosure or of sale junior only to the Lien of the foreclosed first mortgage. No sale or transfer shall relieve such Unit from liability for any assessment thereafter becoming due or from the Lien thereof.

(c) "Levy of Assessments." The Board shall fix the commencement date for monthly or annual assessments on the first day of the month following the conveyance of the first Unit to a Unit Owner and shall provide for the partial assessment between the commencement date and the calendar year next following. Therefore, monthly or annual assessments shall be levied by the Board, by action on or before December 1 of each year for the ensuing year. The Board, in its discretion, may provide for the periodic payment of each assessment at some interval other than monthly. Special assessments may be levied in any year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements or such other portion of the Property for which the Association is obligated to maintain and repair, if any, including fixtures and personal property related thereto; provided that the same are first approved by the Board of Directors of the Association, recommended to the membership, and subsequently approved by affirmative vote of members entitled to cast at least two-thirds (2/3) of the votes at a meeting of the Members duly held for that purpose. Written notice of the monthly, annual or special assessment shall be mailed by U. S. first class mail to every Unit Owner subject hereto. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid and the amount of any delinquencies. The Association shall not be required to obtain a request for such certificate signed by the Unit Owner, but may deliver such certificate to any Party who in the Association's judgment has a legitimate reason for requesting the same.

(d) "Maximum Annual Assessment." Until otherwise established by the Board as set forth herein, the maximum annual assessment shall be Eight Hundred Forty dollars per year per Unit with a Two Hundred Ten ($210.00) Dollar initial capital charge. The Purchaser of any Unit shall pay at closing (i) the initial capital assessment for such Unit, plus (ii) one-twelfth (1/2) of the annual assessment prorated in accordance with the number of days remaining in the calendar month of purchase. The Purchaser of such Unit shall commence monthly payments of one-twelfth (1/12) the annual assessments in the first full month following closing. The Association at its option may allow the payment of the annual assessment on a monthly or quarterly basis. From and after one (1) year from the date hereof, the maximum annual assessment may be increased each year by an amount up to, but not in excess of ten (10) percent of the maximum annual assessment for the previous year without a vote of the membership. In the event the Board of Directors determines that an increase in excess of such amount is required, the amount of assessment exceeding such limitation shall be automatically effective thirty (30) days after the Association sends written notice to each Unit Owner of the amount and necessity of such increased assessment unless the Association receives written objection to such increased assessment of Members entitled to cast a more than fifty (50) percent of the percentage values of the votes eligible to be cast by members of the Association within such thirty (30) day period or a special meeting of Members is called within such thirty (30) day period and the excess assessment is disapproved by a like vote of the members at such meeting.

(e) "Rate of Assessment." All Units in the development shall commence to bear their assessments simultaneously, except that Units owned by the Developer do not accrue liability for assessments of any nature while owned by the Developer.

(f) "Effect of Non-Payment of Assessments and Remedies of the Association." In addition to any other remedy available to the Association under this Declaration or applicable law, any assessment not paid within thirty (30) days after the due date shall be subject to a monthly late fee equal to the greater of ten dollars ($10.00) or ten (10) percent of the outstanding balance owed. Unpaid assessments shall bear interest from the due date at the maximum rate allowed by law. The Association, its agent or representative, may bring an action at law against the Unit owner personally obligated to pay the same or foreclose the Lien against the Unit to which the assessment relates, and interest, costs, and reasonable Attorney's fees for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Unit Owner may avoid liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Unit.

(g) "Mortgage and Deed of Trust Protection." The lien for assessment payable by a Unit Owner shall be subordinate to the lien of a recorded first Mortgage or Deed of Trust on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses which become due and payable from and after the date on which the Mortgagee or Beneficiary thereunder either takes possession of the Unit encumbered thereby, accepts a conveyance of any interest therein (other than a security) or forecloses its Mortgage or Deed of Trust. This subparagraph (g) shall not be Mortgagee and Beneficiaries of record.

10. Mortgages and Deed of Trust. Each Unit Owner shall have the right, subject to the provisions herein, to make separate mortgages and deeds 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 appurtenant thereto.

11. 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 in 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.

12. 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, against such 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, as the 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 this Master Deed, and for the holders of mortgages in his Unit, if any. The policy of insurance shall also contain, if possible, (a) a waiver of subrogation rights by the insurer against individual Unit Owners, (b) an inflation guard endorsement, (c) a building ordinance endorsement and (d) (i) a guaranteed replacement cost endorsement or (ii) a replacement cost endorsement and, where available as agreed amount endorsement. The premium of such insurance and funds to cover any deductible amount shall be a common expense. However, at the option of the Board, and upon written notice to all Unit Owners, premiums for such insurance may be billed to each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Elements.

Loss to improvements under construction shall be the responsibility of the developer, builder and owner as their interest may appear regardless of whether the damage occurred to a common area or private element. It being specifically intended, the association and unit owners are not to be responsible for losses within new phases prior

to completion and insurance of improvements. The developer/builder as their interest may appear, shall be responsible to coordinate and provide for insurance coverage on new construction.

In the event of damage to or destruction of any Buildings or Common Elements as a result of fire or other casualty covered by insurance proceeds unless more than 2/3 of all Buildings require reconstruction, the Board shall, in its discretion, with prior written Consent of a majority of the Mortgagees of the Units affected, 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 deficiency shall be paid by all Unit Owners directly affected by the damage in proportion to each affected Unit's square footage in proportion to the total square footage of the affected Units. The Board shall not be responsible for the repair, replacement or restoration of any wall, ceiling or floor decorations or covering, or any other part of a Unit for which the responsibility of maintenance and repair is that of a Unit Owner, or for furniture, furnishings, fixtures, appliances or equipment installed in the Unit by a Unit Owner or Occupant or any other personal property located on the Property owned 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 Common Elements is destroyed by fire or other casualty, as determined by the Board, in such case and unless agreed upon by the Unit Owners and their Mortgagees, the insurance proceeds shall be delivered to the Unit Owners or their Mortgagees, as their interests may appear, in proportion to the respective interest of the affected Units, as computed by dividing the square footage of each Unit by the total square footage of the affected Units together; 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 net proceeds of all insurance policies shall thereupon be distributed to the Unit Owners or their Mortgagee, as their interest appear, in proportion to the percentage interest in the affected Unit and 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 provision of this Master Deed the prohibition against judicial partition provided for in 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 Declaration shall terminate.

The Board shall also have the authority to and shall obtain comprehensive public liability insurance, in such amounts as it deems desirable, and workman'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, and employees, the Developer, and the Managing Agent if any from liability in connection with the Common Elements. The premiums and deductibles 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. Board shall retain in safe keeping such liability policy for six (6) years after the expiration date of the policy.

If the Board shall elect to manage the Association, the Board shall also have the authority to and shall obtain Fidelity coverage covering officers, directors, and employees who handle or are responsible for handling Association funds. Such Bonds shall be in such amounts as the Board may determine, but in no event less than 150 percent of the monthly operating expenses of the Association, and shall contain waivers of any defense based upon the exclusion of persons serving without compensation.

The Board shall also have authority to and may obtain such insurance as it deems desirable, in such amount, from such sources and in such forms as it deems desirable, insuring the Property and each member of the Board and officers of the Association, and each member of any committee pursuant to the By-Laws of the Association, from liability arising from the fact that said person is or was a director or officer of the

Association, or member of such a committee. The premiums and deductibles 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 the Limited Common elements serving his Units, as well as his additions and improvements thereto and those parts of the Unit for which the responsibility of maintenance and repair is that of the Unit Owner, and for decorating, furnishing, and personal property therein, and personal property stored elsewhere on the Property, if any. 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 other such hazards obtained by the Board for all of the Unit Owners as part of the common expenses, as above provided, said Unit Owner may, at his option and expense, obtain additional insurance.

13. Maintenance, Repairs and Replacements. (a) Each Unit Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within his own unit. Except as hereinafter set forth, maintenance of, repairs to and replacements within the Common Elements shall be the responsibility of and shall be furnished by the Association. Except as hereinafter set forth, the cost of maintenance or, repairs to, and replacements of, repairs to, and replacements within the Common Elements shall be part of the common expenses, subject to the By-Laws, and rules and regulations of the Association. The expenses for the maintenance, repair or replacement of a Unit's water heater, furnace, air conditioner, heating and air-conditioning ducts, and plumbing and electrical wiring serving only such Unit, windows, storm doors, screens and doors shall be borne by the owner to the Unit to which such Limited Common Elements are appurtenant; and, at the discretion of the Board, maintenance of, repairs to, and replacements within the other 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 replacement within the Limited Common Elements to arrange for such maintenance of, repairs to and replacement 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 liens, waivers and contractor's and subcontractor's sworn statement as may be required to protect the Property from all mechanics' or material men's lien claims that may arise therefrom; provided, however, that if, in order to maintain, repair, or replace the electrical wiring, plumbing, or other utilities of a Unit, it shall be the responsibility of the Association to provide such maintenance, repair, or replacement, but the cost of such maintenance, repair, or replacement may be assessed to the Unit Owner benefited thereby, as hereinabove provided.

(b) Notwithstanding any provisions of this Declaration to the contrary, if the need for maintenance or repair that would otherwise result in a common expense that was the obligation of the Association is caused by the willful or negligent conduct or act of a Unit Owner, his household pet, family, guest, invitees, or other Person using or occupying said Unit Owner's Unit with the express or implied permission, the cost of such repair or maintenance shall be assessed against such Unit Owner and shall be due and payable thirty (30) days from the date of notice thereof, such assessment to be collected and enforced as provided in this Declaration for the collection of assessments. Such assessment shall not require approval of any of the Members; provided, however, that a Unit Owner against whose Unit such an assessment is levied shall be entitled to ten (10) days notice, a hearing before the Board and a reasonable opportunity to perform the necessary maintenance or repair work prior to being levied with such an assessment.

(c) The authorized representative 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 the other Units, Common Elements or Limited Common Elements or to make any alteration required by any governmental authority. Such employees or agents are further authorized to enter upon any Unit and the Private Elements thereof without notice to the Unit Owner when, in the judgment of the Board, such entrance is necessary to prevent damage to such Unit or surrounding Units by fire, criminal act, natural disaster, or other emergency.

(d) Each wall built as a part of the original construction of a structure upon the Limited Common Elements and is the dividing line between two Units shall constitute a party wall, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply hereto.

14. Alterations, Additions or Improvements. Except as provided in Paragraph 15 herein, no alterations of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior 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. Any Unit Owner may make non-structural alterations, additions or improvements within the Unit of the Unit Owner without the prior written approval of the Board, provided that such alterations shall not affect the structural strength of any Building, and provided that such Unit Owner be responsible for any damage to other Units, the Common Elements, the Property, or shall any part thereof, resulting from such alterations, additions, or improvements.

15. Decorating. Each Unit Owner, at his own expense, shall furnish and be responsible for all decoration within his own Unit and Limited Common Elements serving his Unit, as may be required from time to time, including painting, wallpapering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting, and other furnishings and decorating. Any changes in color or materials in the limited common area that change the unit's appearance must be approved by the Board. Each Unit Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings of his Unit, and such Unit Owner shall maintain said interior surfaces in good condition at his sole expense, as may be required from time to time. Said maintenance and use of interior surfaces shall be subject to the rules and regulations of the Association, but each Unit owner shall have the right to decorate such interior surfaces from time to time as he may see fit at his sole expense. Decorating of the Common Elements (other than interior surfaces within the Units as above provided and other than of Limited Common Elements and any redecorating of Units, to the extent such redecoration of Units is made necessary from damage to Units caused by maintenance, repair or replacement of the Common elements by the Association, shall be furnished by the Association as part of the common expenses. All windows and screens forming part of a perimeter wall of a Unit shall be cleaned and washed, any damage thereto repaired, at the expense of the Unit Owner of that Unit.

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

17. Limit on Term of Leases. No Unit, or interest therein, shall be leased by a Unit Owner for a term greater than one (1) year. 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 this Master Deed, By-Laws and Rules and Regulations established by the Board of the Unit Owner making such Lease, and the Lease shall expressly so provide.

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 Occupant thereof, or any invitee therein) the Association, or its successors or assigns, shall have each and 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 as action or other proceedings against such defaulting Unit Owner and/or others for enforcement of any Lien and the appointment of a receiver for the Unit and ownership interest of such Unit Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, of the right to take possession of the Unit and to sell the same as provided hereinafter in this paragraph, 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 litigation costs and Attorney's fees and other fees and expenses and all damages, liquidated or otherwise,

together with interest thereon at the rate of ten (10) percent per annum until paid, 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 expense, 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 shall be subordinate to the Lien of a recorded first mortgage or Deed of Trust on the Unit, to the extent hereinabove set forth in Paragraph 9 (b) hereof. In the event of any such default by any Unit Owner, the Board and the Managing Agent, if so authorized by the Board, shall have the authority to correct such default, and to do whatsoever 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 or mortgage and Deed of Trust liens against the Units.

The violation of any restriction or condition or regulation adopted by the board or the breach of any covenant or provision herein contained, shall give the Board the right, in addition to any other rights provided for in the Master Deed; (a) to enter (either peaceably or forcibly without liability to such Unit Owner for such entry) upon the Unit, or any portion of the Property upon which or as to which such violation or breach exists, and summarily to 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 or trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession (either peaceably or forcibly without liability to such Unit Owner for such entry) of such Unit Owner's interest in the Property and to maintain an action for possession of such Unit in the manner provided by law.

If any Unit Owner (either by his own conduct or by the conduct of any other Occupant of his Unit or any invitee therein) shall violate the Act, or any of the Covenants or Restrictions or provisions of this Master Deed, the By-Laws, or the Regulations adopted by the Board, 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 violation from the Board, then the Board shall have the power to issue to said defaulting Owner a notice in writing terminating the rights of 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 mandatory injunction against such defaulting Owner or Occupant, or in the alternative, for a decree declaring the termination of said defaulting Owner's right to occupy use or control the Unit owned by him on account of said violation, and ordering that all the right, title and interest of said defaulting Owner in 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 for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the Purchaser shall take the interest in the Unit sold subject to this master Deed.

19. Amendment. Except as specifically stated elsewhere herein, any provisions of this Declaration may be changed, modified or rescinded by an instrument in writing, setting forth such change, modification or rescission, approved by Unit Owners owning not less than two-thirds (2/3) of the total Units, not including the votes or Units of the Developer, provided, however, that all Lien Holders of record have been notified by certified mail of such change, modification or rescission, and an affidavit by the

secretary of the Association certifying to such mailing is made a part of such instrument, and further provided that during the period of time that the Developer maintains weighted voting rights under Class B membership in the Association such instrument(s) shall require approval by Fannie Mae, Freddie Mac, FHA, VA and/or HUD prior to becoming effective.

However, if the Act, the Declaration or the By-Laws require the consent or Agreement of all the Unit Owners of all Lien Holders of any action specified in the Act or in this Declaration, then any instrument changing, modifying or rescinding any provision of this Declaration with respect to such action shall be approved by all Unit Owners or all Lien Holders or both as required by the Act or this Declaration. The change, modification or rescission, whether accomplished under the provisions of the preceding section, shall be effective upon recording of such instrument in the office of the Register of Deeds of Davidson County, Tennessee; provided, however, that no provision in this Declaration may be changed, modified or rescinded so as to conflict with the provision of the Act.

Notwithstanding the above, the Developer shall have the unilateral right to make and record any necessary amendment to this instrument or the By-Laws for the express purpose of the correction of clerical errors, amending the Master Deed to add additional phases to the development from the property described in Exhibit "B" or as may be required to obtain FHA/VA and/or FNMA approval for the development.

20. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Master Deed shall be unlawful, void or voidable for violation of the rule against perpetuities then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States, George W. Bush.

21. Rights and Obligations. Each Grantee of the Developer, by the acceptance of a Deed of Conveyance, accepts the same subject to all restrictions, conditions, covenants, restrictions, Liens and charges, and the jurisdiction, rights and power created or reserved by this Master Deed. All future Unit Owners and Occupants shall be subject to and shall comply with the provisions of this Master Deed. Any restrictions or rules in the By-Laws which are more than administrative in nature such as, but not limited to, reservations and future rights of the Developer are hereby incorporated into and made a part of this Master Deed by reference. All rights, benefits and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such Grantee in like manner as though the provisions of this Master Deed were recited and stipulated at length in each and every Deed of Conveyance or Contract for Conveyance.

All present and future Unit Owners, Tenants and Occupants of a Unit shall be subject to, and shall comply with, the provisions of the By-Laws appended hereto and recorded herewith, pursuant to Tennessee Code Annotated, Section 66-27-111 as they may be amended from time to time. The acceptance of a Deed of Conveyance, devise, or Lease to a Unit, or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Declaration, the Master Deed, the By-Laws, and any Rules and Regulations promulgated thereunder, as they may be amended from time to time, are assumed, accepted and ratified by such Unit Owner, Tenant or Occupant, and all of such provisions,

The Unit Owner's ownership and right of enjoyment in the property shall be subject to:

(a) The right of the Developer, at its sole expense, to relocate, expand, modify, reduce, or extend existing driveways, parking areas, and yards, and to construct, expand, enlarge, or relocate sewers, utility lines, or service connections in order to serve the existing building or additional buildings and

(b) The right of the developer to bring additional units, property and common area within Matlock by filling additional plats of the property described in Exhibit "B" as amendments to the Master Deed. The developer may add part or all of the land described in Exhibit "B" within Matlock, but shall not be obligated to add any land or units.

22. Association's Right to Purchase at a Foreclosure Sale. The Board shall have the authority to bid and purchase, for and on behalf of 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 Unit Owners owning not less than three-fifths (3/5) of the total votes of the Unit Owners. Such consent shall set forth a maximum price, which the Board or its duly authorized agent bid and pay for said Unit.

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 or Lease of a Unit, or interest therein, by the Association. However, no such financing arrangements may be secured by an encumbrance on any interest in the percentage interest in the Association appurtenant thereto.

23. Use and Occupancy Restrictions. Subject to the provision of the By-Laws, no part of the property may be used for purposes other than housing and related common purposes for which the Property was designed and as allowed by municipal zoning laws. Each Unit shall be used as a residence or such other use permitted by this Declaration and for no other purposes except that professional and quasi-professional people may use their residence (not in violation of municipal zoning laws) as an ancillary or secondary facility to an office established elsewhere. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Unit Owner from: (a) maintaining a personal professional library; (b) keeping a personal business or professional records or accounts; or (c) handling personal business or professional telephone calls or correspondence. Such uses are expressly declared customarily incident to the principal residential use and not in violation of said restriction or municipal zoning law.

No Unit or Common Elements may be used in violation of the restrictions and provisions contained in the By-Laws. No building or other structure shall be erected, altered, or permitted to remain as part of any Unit except in conformance with this Declaration.

The Common Elements shall be used only by the Unit Owners and their agents, servants, tenants, family members, customers, invitees and licensees for access, ingress to and egress from the respective Units and for such other purposes incidental to use of the Units. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by the Unit Owner, and shall be subject to any Lease, concession or easement, presently in existence or entered into by the Board at some future time, affecting any part or all of the said Common Elements.

In addition to the above, the following restrictions shall apply:

(a) Approval of Plans. No construction, reconstruction, remodeling, alteration, or addition of or to any structure, building, fence, wall or improvement of any nature shall be constructed without obtaining prior written approval of the Board (1) as to the location, plans, and specifications thereof. As a prerequisite to consideration for approval and prior to the commencement of the contemplated work, two (2) complete sets of building plans and specifications shall be permitted. The Board or an Architectural Control Committee appointed by it consisting of one or more Board members shall be the sole arbitrator of such plans and may withhold its approval for any reasons, including purely aesthetic reasons. It is expressly acknowledged that construction undertaken by (i) the Developer and (ii) any builder who purchases Unit(s) from the Developer shall be conclusively deemed to comply with the foregoing, it being declared that construction of Unit(s) by (i) the Developer and (ii) any builder who purchases Unit(s) from the developer shall not be subject to this provision. The Board of Directors may impose rules and regulations not inconsistent with this Declaration with respect to the maintenance and use of parking provided on the Common Elements and the uses, operating and control of motor vehicles thereon.

(b) Storage Tanks and Refuse Disposal. No exposed above-ground tanks or receptacles shall be permitted for the storage of fuel, water, or any other substances, except for refuse produced through normal daily living and of nature which is satisfactory for pick-up by the Department of Public Works or its equivalent. Incinerators for garbage, trash, or other refuse shall not be used or permitted to be erected or placed on or

adjacent to any Unit. All equipment, coolers, and garbage cans shall be concealed from the view of neighboring lots, roads, street, and open areas.

(c) Signs and Advertisements. No sign, advertisement, billboard or advertising structure of any kind shall be erected upon or displayed or otherwise exposed to view on any Unit or any improvement thereon; provided that this requirement shall not preclude the installation by Developer and/or any builder of signs identifying the entire residential development and provided further that this requirement shall not preclude the placement by Owners of "For sale" signs in the front of individual residences of such size, character, and number as shall from time to time be approved by the Board or Architectural Control Committee. The Board or Architectural Control Committee shall have the right to remove any such unapproved sign, advertisement, billboard or structure that is placed on said Units, and in doing so shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal.

(d) Storage of Automobiles, Boats, Trailers, and Other Vehicles. No inoperative vehicles or recreational vehicles (including but not limited to, campers, trailers, boats, boat trailers and travel trailers) may be stored on or in any Common Elements. No tractors, buses, or other large commercial vehicles may be parked in parking areas or in streets within the Properties. The foregoing shall not apply to construction vehicles of the Developer or any builder. Overnight parking of any vehicle, trailer or other wheeled instrument or equipment on any street within the Properties shall not be permitted.

(e) Satellite Dishes and Antennae. Unless otherwise approved by Developers, the Board or the Architectural Control Committee, all television antennae, satellite dishes, dishes which receive video programming services via multipoint distribution services and any other device used for the reception of television broadcast signals, direct broadcast satellite services or multichannel multipoint distribution (wireless cable) services must be one (1) meter or less in diameter, must be located to the rear of a Unit and not visible from the street (unless such location would preclude reception of an acceptable quality signal) and may not be affixed to any portion of the Common Elements.

(f) HVAC Units. All Central air conditioning systems units must be used, erected, placed, or maintained on the side or the rear of the Unit. No window or wall type air conditioning units shall be permitted in any Unit.

(h) Maintenance. All Units shall be maintained in a neat and attractive condition by their respective Owners or Occupants. No Units shall be used for storage of material and equipment, except for normal residential requirements or incident to construction of improvements thereon as herein permitted. The accumulation of garbage, trash or rubbish of any kind and the burning (except as permitted by law) of any such materials are prohibited. In the event of default on the part of the Owner or Occupant of any Unit in observing the above requirements or any of them, such default continuing after ten (10) days' written notice thereof, the Association may, subject to approval of its Board of Directors, enter upon said Unit, repair, maintain and restore the same, and remove or cause to be removed, such garbage, trash, and rubbish or do any other thing necessary to secure compliance with these restrictions and to place said Unit in a neat, attractive, healthful and sanitary condition. In so doing, the Association shall not be subject to any liability for trespass or otherwise. All costs incurred in any such repair, maintenance, restoration or removal shall be charged against the Owner of such Unit as the personal obligation of such Owner and Lien upon the Unit, enforceable and collectable in the same manner and to the same extent as a maintenance assessment. Any Occupant of such Unit shall be jointly and severally liable with the Owner for the payment of such loss.

(i) Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, pastured, or maintained in the Unit or on any common Element, except household pets such as small dogs and cats which may be kept thereon in reasonable numbers as pets for the sole pleasure of the Owner or Occupant, but not for any commercial use or purpose.

(j) Nuisances and Unsightly Materials. No Unit or other structure on any Common Element shall be used for any business or commercial purpose. Each Owner or Occupant shall refrain from any act or use of his Unit, which could reasonably cause

embarrassment, discomfort, annoyance, or nuisance to others. No noxious, offensive, or illegal activity shall be carried on upon any Unit or Common Element. No motorcycle, motorbike, motor scooter, or any other unlicensed motorized vehicle shall be permitted to be operated on or in the Common Elements. No Unit or Common Element shall be used, in whole or part, for the storage of rubbish of any character whatsoever; nor shall any substance, thing, or material be kept upon any Unit or Common Element which will emit foul or noxious orders or which will cause any noise that will or might disturb the peace and quiet of the Owners or Occupants of surrounding Units or Common Elements.

(k) Governmental Restrictions. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions, and other regulations applicable to his Unit. In the event of any conflict between any provision of any such governmental code, regulation, or restriction and any provision of this Declaration, the more restrictive provision shall apply.

(l) Trustee as Unit Owner. In the event title to any Unit is conveyed to a land title holding trust, under the terms of which all powers of management operation and control of the Unit remain vested in the trust beneficiary or beneficiaries, then the beneficiaries thereunder shall be considered Unit Owners for all purposes and they shall be responsible for payment of all obligations, Liens, or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Unit. No claim shall be made against any such Title Holder Trustee personally for payment of any Lien or obligation hereunder created and the Trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such Lien or obligation. The amount of any such Lien or obligation shall continue to be a charge or Lien upon the Unit and the beneficiaries of such Trust, notwithstanding any transfer of the beneficial interest of any such Trust or any transfer of title to such Unit.

24. Provisions Relative to Mortgagee's Rights and to Federal Home Loan Mortgage. So long as required by the Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA"), the following provisions shall apply in addition to and not in lieu of the foregoing (except in the case of a conflict in which case the following provisions shall apply:

(a) A first Mortagee, and any insurer or guarantor of any mortgage or Deed of Trust, under a Unit at such Party's request is entitled to a financial statement of the Association for the preceding fiscal year.

(b) Any first Mortgagee, or other transferee, of a Unit who comes into possession of the Unit pursuant to the remedies provided in the mortgage, Deed of Trust, foreclosure of the mortgage, Deed of Trust, or Deed in lieu of foreclosure shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit, which accrue prior to the time such Holder comes into possession of the Unit.

(c) Unless two thirds (2/3) of the first Mortgagee (based upon one (1) vote for each mortgage owned), and Unit Owners (other than the Developer) of Units have given their prior written approval, the Association shall not be entitled to:

(i) Change the percentage interests of ownership of all or any Unit or Unit Owners.

(ii) Partition or subdivide any Unit or the Common Elements.

(iii) By act or omission seek to abandon the horizontal property regime or status of the Property, or encumber, mortgage, sell or transfer the Common Elements, except for granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements.

(iv) Use hazard insurance proceeds for losses to any Property (whether in individual Units or Common Elements) for other than the repair, replacement, or reconstruction of such improvements, except as provided in Tenn. Code Ann., Section 66-27-118, in case of substantial loss to the Units and/or Common Elements to the Horizontal property regime.

(d) Unit Owners, first mortgage holders, and insurers or guarantors of any first mortgage shall have the right to examine the books, records, current copies of the Declaration and By-Laws, and Rules and Regulations of the Association during normal business hours and upon request.

(e) An adequate reserve fund for maintenance, repair, and replacement of Common Elements, which must be replaced on a periodic basis, will be established and funded by regular monthly payments rather than by special assessments. A working capital fund for the initial months of operation equal to twenty-five (25) percent of the maximum annual assessment for each Unit must be established, collected and transferred to the Association at the time of closing of sale by the Developer of each Unit and maintained in an account for the use and benefit of the Association.

(f) As set forth in Tenn. Code Ann. Section 66-27-120, all taxes, assessments and charges which may be Liens prior to the first mortgage under the laws of the State of Tennessee shall relate only to the individual Unit and not to the horizontal property regime as a whole.

(g) No Unit Owner or any other Party shall have priority over any rights of the first mortgages of Units and/or Common Elements and the lien of any assessments is subordinate to the Lien of any first mortgage on a unit.

(h) Any agreement for professional management of the horizontal property regime, whether it be the Developer, its successors and assigns, or any other person or entity, may be terminated with or without cause on thirty (30) days' written notice and the terms of such contract shall so provide and shall not be of a duration in excess of one (1) year. Prior to passage of control from the Developer, the Association shall not be bound, directly or indirectly, to contracts or leases unless there is a right of termination with or without cause upon not more than thirty (30) days notice without penalty.

(i) Upon written request, the Association shall give to any Mortgagee of a Unit, the FHLMC, FNMA, any lending institution servicing such mortgages as are acquired by the FHLMC or FNMA, or any insurer or guarantor of a mortgage or Deed of Trust on a Unit, timely notice in writing of any loss to or the taking of the Common Elements if such loss or taking exceeds $50,000.00, or any other condemnation or casualty loss that affects either a material modification of any insurance policy or fidelity bond maintained by the Association, or any proposed action that required the consent of a specified percentage of mortgages. The Association may rely upon the information contained in the book entitled "Deed of Trust on Units" as must be established pursuant to The By-Laws, for a list of mortgages to be modified hereby.

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

(k) Notwithstanding the above, any first mortgage shall have all the rights granted to a first Mortgagee herein, and in addition shall have all of the rights granted to as institutional first mortgage under its Deed of Trust, and under the laws of the State of Tennessee.

(i) A first mortgage of a Unit Owner, upon written request, is entitled to written notification from the Association of any default in the performance by such Unit Owner of any obligation under this Declaration and/or By-Laws which is not cured within sixty (60) days.

(m) The casualty and liability insurance and fidelity bond coverage required to be maintained by the Association shall meet the requirements specified in Part XII, Chapter 7 of the Fannie Mae Selling Guide.

(n) Notwithstanding any other provision of this Declaration to the contrary, annexation of additional properties, dedication of Common Elements and amendment of the Declaration shall require HUD/VA approval so long as a Class B membership exists.

In witness whereof, the undersigned have executed this Declaration on this this the 2 day of May, 2007.

J2K Builders, LLC
By: _____

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Before me, the undersigned, a Notary Public in and for the State and County aforesaid, personally appeared James T. McLean with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who upon oath, acknowledged himself/herself to be the Chief Manager of the J2K Builders a LLC, and that he/she as such Chief Manager foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Chief Manager.

Witness my hand and official seal at Nashville, Tennessee, this the 2 day of May, 2007.

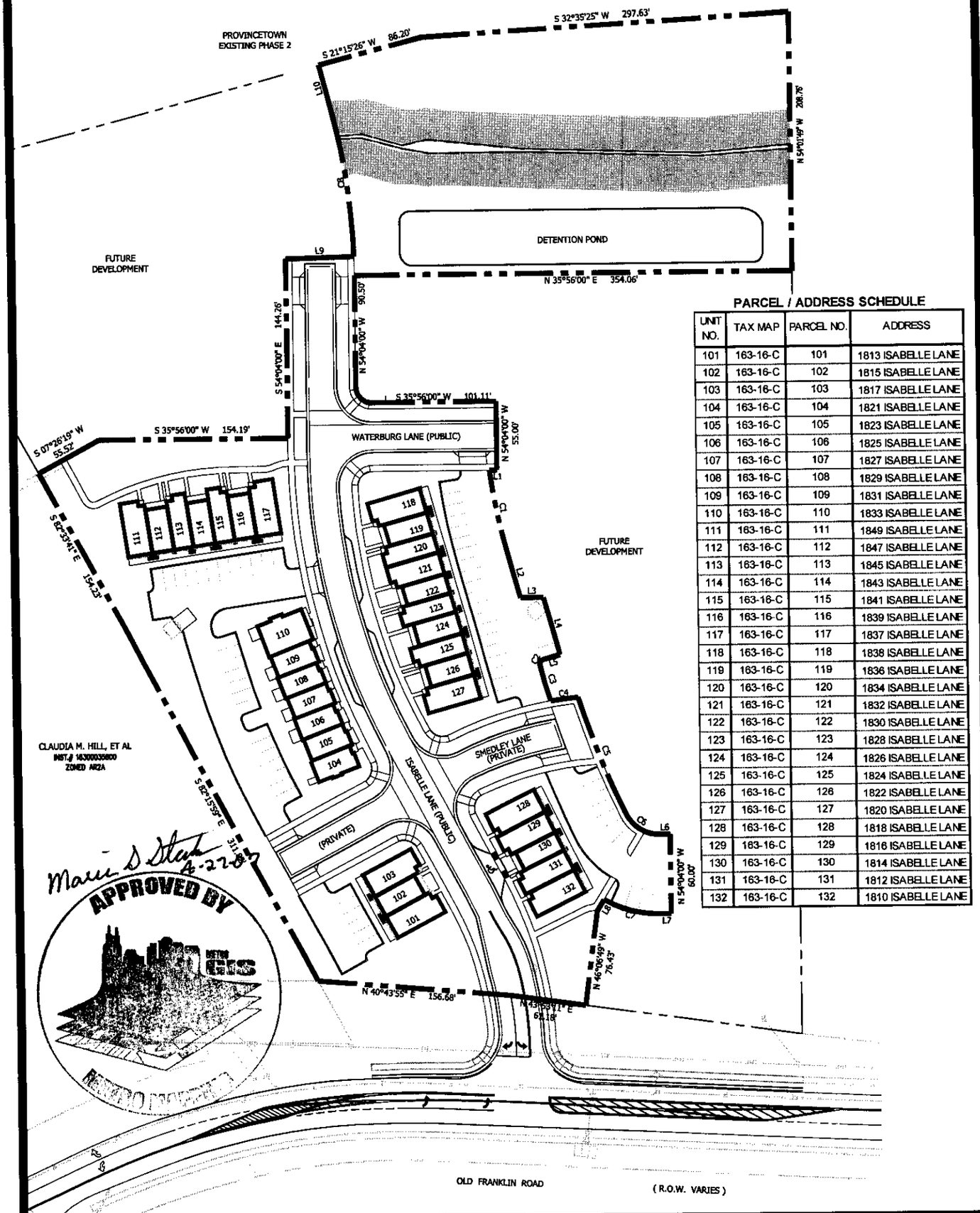
_____
Notary Public

Commission expires: 11/24/07

ROGER SPROCHI NOTARY PUBLIC AT LARGE DAVIDSON CO., TN

LINE	BEARING	DISTANCE
L1	N 35°56'00" E	6.20'
L2	N 69°37'09" W	39.01'
L3	S 35°56'00" W	18.68'
L4	N 69°37'09" W	47.55'
L5	N 20°22'51" E	14.00'
L6	S 35°56'00" W	8.52'
L7	N 35°56'00" E	8.52'
L8	N 22°07'23" W	10.51'
L9	S 34°24'01" W	55.00'
L10	S 68°44'34" E	35.97'

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	488.00'	66.84'	66.79'	S 65°41'43" E	07°50'52"
C2	4.00'	6.28'	5.66'	S 24°37'09" E	90°00'00"
C3	826.01'	29.86'	29.86'	S 70°14'06" E	02°04'17"
C4	302.50'	22.34'	22.34'	S 28°31'38" W	04°13'56"
C5	705.00'	100.97'	100.88'	S 75°44'07" E	08°12'21"
C6	30.00'	33.63'	31.90'	S 68°02'53" W	64°13'37"
C7	94.00'	47.40'	46.90'	N 50°22'50" E	28°53'40"
C8	527.50'	121.00'	120.74'	S 62°10'17" E	13°08'36"



PARCEL / ADDRESS SCHEDULE

UNIT NO.	TAX MAP	PARCEL NO.	ADDRESS
101	163-16-C	101	1813 ISABELLE LANE
102	163-16-C	102	1815 ISABELLE LANE
103	163-16-C	103	1817 ISABELLE LANE
104	163-16-C	104	1821 ISABELLE LANE
105	163-16-C	105	1823 ISABELLE LANE
106	163-16-C	106	1825 ISABELLE LANE
107	163-16-C	107	1827 ISABELLE LANE
108	163-16-C	108	1829 ISABELLE LANE
109	163-16-C	109	1831 ISABELLE LANE
110	163-16-C	110	1833 ISABELLE LANE
111	163-16-C	111	1849 ISABELLE LANE
112	163-16-C	112	1847 ISABELLE LANE
113	163-16-C	113	1845 ISABELLE LANE
114	163-16-C	114	1843 ISABELLE LANE
115	163-16-C	115	1841 ISABELLE LANE
116	163-16-C	116	1839 ISABELLE LANE
117	163-16-C	117	1837 ISABELLE LANE
118	163-16-C	118	1838 ISABELLE LANE
119	163-16-C	119	1836 ISABELLE LANE
120	163-16-C	120	1834 ISABELLE LANE
121	163-16-C	121	1832 ISABELLE LANE
122	163-16-C	122	1830 ISABELLE LANE
123	163-16-C	123	1828 ISABELLE LANE
124	163-16-C	124	1826 ISABELLE LANE
125	163-16-C	125	1824 ISABELLE LANE
126	163-16-C	126	1822 ISABELLE LANE
127	163-16-C	127	1820 ISABELLE LANE
128	163-16-C	128	1818 ISABELLE LANE
129	163-16-C	129	1816 ISABELLE LANE
130	163-16-C	130	1814 ISABELLE LANE
131	163-16-C	131	1812 ISABELLE LANE
132	163-16-C	132	1810 ISABELLE LANE

Marie S Steele 4-27-07

EXHIBIT "B" - SITE PLAN

MATLOCK - PHASE 1

12th COUNCILMATIC DISTRICT - NASHVILLE, DAVIDSON COUNTY, TENNESSEE

DATE: APRIL 12, 2007

100' 0' 100' 200'

SCALE IN FEET

Wamble & Associates, PLLC
40 Middleton St. Nashville, Tennessee 37210
Telephone (615)251-9555 Fax (615)251-9034
Civil Engineering · Land Surveying

LEGAL DESCRIPTION
EXHIBIT 'B'
MATLOCK – OVERALL
MAP 163, PARCEL 258 & PARCEL 259
DAVIDSON COUNTY, TENNESSEE
FOR J2K BUILDERS, LLC
W & A FILE NO.: 136-0204

PROPERTY LOCATED IN THE 32ND COUNCILMANIC DISTRICT OF DAVIDSON COUNTY, TENNESSEE AND BEING MORE PARTICULARLY DESCRIBED ACCORDING TO A SURVEY BY WAMBLE & ASSOCIATES, PLLC DATED FEBRUARY 27, 2007 AS FOLLOWS:

BEGINNING AT AN IRON ROD (OLD) ON THE EASTERN MARGIN OF OLD FRANKLIN ROAD (RIGHT-OF-WAY VARIES), SAID IRON ROD (OLD) BEING THE NORTHWEST CORNER OF PROVINCETOWN, PHASE I, AS OF RECORD IN INSTRUMENT NUMBER 20040218-0018388, REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE AND THE SOUTHWEST CORNER OF THE PROPERTY HEREIN DESCRIBED; THENCE, FOLLOWING SAID EASTERN MARGIN OF OLD FRANKLIN ROAD ***NORTH 43 DEGREES 53 MINUTES 11 SECONDS EAST, 236.87 FEET*** TO A POINT IN THE CENTER OF ISABELLE LANE (55 FEET RIGHT-OF-WAY); THENCE, ***NORTH 40 DEGREES 43 MINUTES 55 SECONDS EAST, 156.68 FEET*** TO AN IRON ROD (OLD), SAID IRON ROD (OLD) BEING THE SOUTHWEST CORNER OF THE CLAUDIA M. HILL, ET AL PROPERTY, AS OF RECORD IN INSTRUMENT NUMBER 20030224-0023876, REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE AND THE NORTHWEST CORNER OF THE PROPERTY HEREIN DESCRIBED; THENCE, LEAVING SAID EASTERN MARGIN OF OLD FRANKLIN ROAD AND FOLLOWING THE SOUTHERN BOUNDARY OF SAID CLAUDIA M. HILL, ET AL PROPERTY ***SOUTH 82 DEGREES 15 MINUTES 59 SECONDS EAST, 311.82 FEET*** TO AN IRON ROD (OLD), SAID IRON ROD (OLD) BEING THE SOUTHEAST CORNER OF SAID CLAUDIA M. HILL, ET AL PROPERTY AND THE SOUTHWEST CORNER OF SECTION SIX, ASHEFORD CROSSING, AS OF RECORD IN INSTRUMENT NUMBER 20001010-0100347, REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE; THENCE, LEAVING SAID SOUTHERN BOUNDARY OF THE CLAUDIA M. HILL PROPERTY AND FOLLOWING THE SOUTHERN BOUNDARY OF SAID SECTION SIX, ASHEFORD CROSSING ***SOUTH 82 DEGREES 33 MINUTES 41 SECONDS EAST, 347.55 FEET*** TO AN IRON ROD (OLD); THENCE, ***SOUTH 82 DEGREES 45 MINUTES 11 SECONDS EAST, 49.89 FEET*** TO AN IRON ROD (OLD), SAID IRON ROD (OLD) BEING THE SOUTHEAST CORNER OF SAID SECTION SIX, ASHEFORD CROSSING AND THE SOUTHWEST CORNER OF LOT 381, AS SHOWN ON THE FINAL PLAT OF SECTION ONE, ASHEFORD CROSSING, AS OF RECORD IN PLAT BOOK 7900, PAGE 937, REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE; THENCE, LEAVING SAID SOUTHERN BOUNDARY OF SECTION SIX, ASHEFORD CROSSING AND FOLLOWING THE SOUTHERN BOUNDARY OF SAID SECTION ONE, ASHEFORD CROSSING ***SOUTH 80 DEGREES 55 MINUTES 41 SECONDS EAST, 21.55 FEET*** TO AN IRON ROD (OLD), SAID IRON ROD (OLD) BEING THE NORTHWEST CORNER OF PROVINCETOWN, PHASE II, AS OF RECORD IN INSTRUMENT NUMBER 20040218-0018392, REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE AND THE NORTHEAST CORNER OF THE PROPERTY HEREIN DESCRIBED; THENCE, LEAVING SAID SOUTHERN BOUNDARY OF SECTION ONE, ASHEFORD CROSSING AND FOLLOWING THE WESTERN BOUNDARY OF SAID PROVINCETOWN, PHASE II ***SOUTH 21 DEGREES 15 MINUTES 26 SECONDS WEST, 455.84 FEET*** TO AN IRON ROD (OLD); THENCE, ***SOUTH 32 DEGREES 35 MINUTES 25 SECONDS WEST, 297.63 FEET*** TO AN IRON ROD (OLD), SAID IRON ROD (OLD) BEING THE NORTHEAST CORNER OF SAID PROVINCETOWN, PHASE I AND THE SOUTHEAST CORNER OF THE PROPERTY HEREIN DESCRIBED; THENCE, LEAVING SAID WESTERN BOUNDARY OF PROVINCETOWN, PHASE II AND FOLLOWING THE NORTHERN BOUNDARY OF SAID PROVINCETOWN, PHASE I ***NORTH 54 DEGREES 01 MINUTES 49 SECONDS WEST, 821.98 FEET*** TO THE POINT OF BEGINNING.

CONTAINING ***420,091 SQUARE FEET*** OR ***9.64ACRES***.

BEING THE SAME PROPERTY CONVEYED TO J2K BUILDERS, LLC, AS OF RECORD IN INSTRUMENT NUMBER 20050512-0053993, REGISTER'S OFFICE OF DAVIDSON COUNTY, TENNESSEE.

Exhibit "C"

By-Laws
Of
Matlock Townhomes

ARTICLE I

Definitions. The words defined in the Declaration, Covenants, Conditions and Restrictions for Matlock Townhomes shall have the same meaning in these Corporate By-Laws.

ARTICLE II

2.01. Registered Office. The registered office of the corporation shall be at 615 Napolean Street, Nashville, Tennessee 37211, and the name of the registered agent of the corporation is James T. McLean, Sr.

2.02. Other Offices. The corporation may also have offices at such other places both within and without the State of Tennessee as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE III

3.01. Membership. Each Unit Owner and Developer shall be a member of the corporation as defined in the declaration and no other person or entity shall be entitled to membership. No Member shall be required to pay any consideration whatsoever solely for his membership in the corporation. Each unit owner shall be a Class A Member and be entitled to one vote per unit owned. The Developer shall be a Class B Member and be entitled to 6 votes for each unit owned. Class B Membership shall cease and be converted to Class A membership upon the earlier of; when seventy five (75) percent of the units are sold to owners or on October 1, 2015.

ARTICLE IV

4.01. Annual Meetings. The first annual meeting of the Members will be held the earlier of: when seventy-five (75) percent of the units are sold to owners or after October 1, 2015. Each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 P.M., or such time as the Board of Directors may select. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following, which is not a legal holiday.

4.02. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the membership.

4.03. Notice of Meetings. When notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

4.04. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast fifty percent (50%) of the votes of each class of membership shall constitute a quorum for each respective class, except as otherwise, provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum

shall not be present or represented at any meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. The required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceeding meeting but not less than 20 percent.

4.05 Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting, the vote of the Holders of more than fifty (50) percent of the percentages values of those votes entitled to be cast of members qualified to vote and present in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Declaration, the Charter of the corporation or these By-Laws, a different vote is required, in which case such express provision shall govern and control. The members present at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of Members leaving less than a quorum.

4.06. Method of Voting; Proxies. Each member shall be entitled to a vote for each Unit owned by such Member. No Member, other than the Developer, shall be entitled to vote at any meeting of the corporation until such Member has presented evidence of ownership of a Unit in Matlock Townhomes to the corporation. If such evidence is demanded, the sufficiency of which shall be determined by the members of the Board present at the meeting. The vote of each Member may only be cast by such Member or by a Proxy given by such member to his duly authorized representative bearing a date not more than eleven (11) months prior to such meeting. If title to a Unit shall be in the name of two or more persons as Co-Owners, all of such persons shall be Members of the corporation and are referred to herein as "Joint Co-owners". Any one of such Joint Co-Owners may vote at any meeting of Members of the corporation and such vote shall be binding upon such other Joint Co-Owners who are not present at such meeting until written notice to the contrary has been received by the Board of Directors in which case the unanimous vote of all such Joint Co-Owners (in person or by Proxy) shall be required to cast their vote as Members. If two or more of such Joint Co-Owners are present at any meeting, their unanimous action shall also be required to cast their vote as members of the corporation.

4.07. Cumulative Voting Not Permitted. Cumulative voting for Directors shall not be permitted.

ARTICLE X

5.01. Management. The business and affairs of the corporation shall be managed by its Board of Directors who may exercise all such powers of the corporation and do all such lawful acts and things as are required by statute, the Declaration, the Charter, or these By-laws, and are not directed or required to be exercised or done by the Members.

5.02. Number; Qualifications; Election; Term. The Board of Directors shall consist of three (3) Directors, each of whom shall be a member of the Association or a partner or employee of the Developer, or its subsidiaries or affiliates. The Members of the initial Board of Directors shall serve until the annual meeting of Members and their successor shall be elected and shall qualify. The Directors shall be appointed by the Developer until the first membership meeting. Directors shall serve without compensation.

5.03. Removal; Change in Number; Vacancies. Any director may be removed either for or without cause, at a special meeting of the members of the corporation by the affirmative vote of a majority of the Members present in person or by proxy at such meeting and entitled to vote, if notice of the intention to act upon such matter shall have been given in the notice calling such meeting. If any vacancy occurs in the Board of Directors, caused by death, resignation, retirement, disqualification or removal from office of any Director or otherwise, the remaining Board members may appoint a successor who shall serve until the next annual meeting of the Members at which time, a successor shall be elected to serve the remaining unexpired term of his predecessor in office, if any. Any Directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

5.04. Place of Meetings. The Directors of the corporation shall hold their meetings, both regular and special within Davidson County, Tennessee.

5.05. Annual Meetings. The annual meeting of each newly elected Board shall be held without further notice immediately following the annual meeting of Members of the corporation, and at the same place, unless by unanimous consent of the Directors then elected and serving such time or place shall be changed.

5.06. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

5.07. Special Meetings. Special meetings of the Board of Directors may be called by the President on a three (3) days notice to each Director, either personally or by mail; Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors. Except as may be otherwise expressly provided by statute, the Charter or these By-laws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

5.08. Quorum. At all meetings of the Board of Directors the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

5.09. Committees. The Board of Directors may, by resolution approved by vote or written consent by a majority of the whole Board, designate committees as deemed necessary to consist of two (2) or more of the Directors of the corporation. Any such committee, to the extent provided in said resolution, shall and may exercise all of the corporation, except where action of the full board of Directors is required by statute or the Charter.

5.10. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the corporation may be designated and appointed by a resolution adopted by a majority of the directors at a meeting at which a quorum is present, or by the President if he is authorized by a like resolution of the Board of Directors. Membership on such committees may, but need not be, limited to Directors or Members of the corporation.

5.11. Procedure. All committees shall keep regular minutes of their proceedings and shall report the same to the Board when required.

5.12. Managing Agents. The Board of Directors may employ for the corporation a management agent at a compensation established by the Board of Directors and such management agent shall perform such duties and services with respect to the Townhomes development as the Board of Directors shall authorize, and the Board of Directors may delegate to such management agent such duties with respect to management, repair and maintenance of the Townhomes development which are not by statute, the Declaration, the Charter or these Corporate By-Laws, required to be performed by or have the approval of the Board of Directors or the Members of the corporation.

ARTICLE VI

6.01. Method. Whenever notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, postage prepaid, addressed to such Director or Member at such address as appears on the records of the corporation. Any notice required or permitted to be given by mail shall be deemed to be given at the time when same is deposited in First Class, United States mail.

6.02. Waiver. Whenever any notice is required to be given to any Member or Director of the corporation a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time is such notice, shall be deemed equivalent to the giving of such note.

ARTICLE VII

7.01. Number; Titles. The Officers of the corporation shall be elected by the Directors from among the Members of the Board of Directors or corporation and shall be a president, a secretary and a treasurer. Any two (2) or more offices may be held by the same person except the offices of president and secretary shall not be held by the same person.

7.02. Election. The Board of Directors at its first meeting after each annual meeting of Members shall choose a president, a secretary, and a treasurer, all of whom shall be members of the Board or corporation.

7.03. Other Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

7.04. Salaries. The salaries of all officers of the corporation, if any, shall be fixed by the Board of Directors.

7.05. Term of Office; Removal. Each officer of the corporation shall hold office until the annual meeting of the Board of Directors next following his election and thereafter until his successor is chosen and qualified in his stead or until his death or until his resignation or removal from office. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. If any office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

7.06. President. The President shall be the chief executive officer of the corporation; he shall preside at all meetings of the members and the Board of Directors, shall have general and active management of the affairs of the corporation, shall see that all orders and resolutions of the Board are carried into effect, and shall perform such other duties as the Board of Directors shall prescribe.

7.07. Secretary. The Secretary shall attend all sessions of the Board of Directors and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors, and shall perform duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be.

7.08. Treasurer. The Treasurer shall have the custody of the corporation funds and securities, shall keep full and accurate accounts of receipts and disbursements of the corporation and shall deposit all moneys and other valuable effects in the name and to the Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers of such disbursements, shall render to the President and Directors, at regular meeting of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation, and shall perform such other duties as the Board of Directors may prescribe. If required by the Board of Directors, he shall give the corporation a bond in such form, in such sum, and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his, death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

ARTICLE XIII

8.01. Reserves. There may be created by resolution of the Board of Directors such reserve or reserves as the Directors from time to time, in their discretion, think proper to provide for contingencies, or to repair or maintain any portion of Matlock Townhomes or for such other purposes as the Directors shall think beneficial to the corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

8.02. Checks. All checks or demands for money and Notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of directors may from to time designate.

8.03. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

8.04. Seal. The corporation seal, if any, shall be in such form as may be determined by the Board of Directors. Said seal may be used causing it or a facsimile thereof to be imposed or affixed or reproduced or otherwise.

8.05. Indemnification. The corporation shall indemnify any Director, officer, or employee, or former Director, officer, or employee of the corporation, against expenses actually and necessarily incurred by him, and any amount paid in satisfaction of judgments, in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer, or employee (whether or not a Director, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The corporation may also reimburse to any Directors, officer or employee the reasonable costs of settlement of any such action, suit or proceedings, if it shall be found by a majority of a committee of the Directors not involved in the matter of controversy, whether or not a quorum, that it was to the interests of the corporation that such settlement be made and that such Director, officer or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any rights to which such Director, officer, or employee may be entitled by law or under By-Law, Agreement, Vote of Members or otherwise.

8.06. Inconsistencies. In the event these By-Laws shall be inconsistent with the Declaration, then the Declaration shall be controlling.

8.07. Amendment of By-Laws. These By-Laws may not be altered, amended or repealed except by the affirmative vote of more than two-thirds (2/3) of the percentage values of those votes entitled to be cast by members qualified to vote. Any such amendment shall not be operative until it is recorded with the Register of Deeds of Davidson County, Tennessee. Notwithstanding the foregoing, for as long as the Developer maintains its weighted vote as described in the Declaration, any and all amendments to these By-Laws shall be subject to the veto of HUD/VA.

8.08. Table of Contents; Headings. The table of contents and headings used in these By-Laws have been inserted for administrative conveniences only and do not constitute matters to be construed in interpretation.

Executed and adopted April 30, 2007 by the Incorporator of the Matlock Townhomes Owners Association.