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THIS INSTRUMENT PREPARED BY:
Esquire Title & Escrow, Inc.
30 Burton Hills Boulevard
Suite 200
Nashville, Tennessee 37215

DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR A HORIZONTAL PROPERTY REGIME WITH PRIVATE ELEMENTS

THIS DECLARATION OF **SMH Cottages** is made and entered into by, **Mad Remodeling, Repair & Cleaning, Inc. a Tennessee Corporation**, hereinafter referred to as the "Developer".

W I T N E S S E T H:

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

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

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

NOW THEREFORE, the 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 as the same may be amended from time to time.

B. **"Association"** means **SMH Cottages** Homeowners Association, Inc., a Tennessee not-for-profit corporation.

C. **Attorneys Opinion** shall mean the certificate attached hereto as Exhibit "C", prepared by I. Dyke Tatum, Attorney at Law, an attorney licensed to practice law in the State of Tennessee, which states that all legal documents required by Tennessee Code Annotated, Section 66-27-101, et seq., for the creation of a Planned Unit Development, are of record and therefore, a Planned Unit Development is created, as recited in the said Act.

D. **"Board"** means the Board of Directors of **SMH Cottages** Homeowners Association, Inc.

E. **"Buildings"** mean the building located on the parcel and forming a part of the property and containing the Units. The Buildings are delineated on the Plats.

F. **"By-Laws"** mean the By-Laws of the **SMH Cottages** Homeowners Association, Inc. For purposes of the Act, all provisions contained in the body of this Declaration dealing with the administration and maintenance of the property shall be deemed to be part of the By-Laws.

G. **"Common Elements"** means the following:

1. All of the Development Property comprising the Planned Unit Development, except for the Units and the Private Elements and Limited Common Elements appurtenant thereto. All Common Elements shall be exclusively owned by the Association for the use and benefit of every Unit Owner, who shall be a co-owner of the Association as set forth in Tenn. Code Ann. 66-27-102(15).

2. Any areas shown on the plan as common elements.

All other elements of the buildings desirable or rationally of common use or necessary to the existence, upkeep and safety of the horizontal property regime established by this Declaration and, all other amenities dedicated for the common use of the Unit Owners. Common Elements shall not include the Private Elements.

H. **"Developer"** shall refer to **Mad Remodeling, Repair & Cleaning, Inc., a Tennessee Corporation** successors and/or assigns, provided such successors and/or assigns are designated in writing by Developer as a successor and/or assign of the rights of Developer set forth herein.

I. **"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 Declaration, on the Plat, or by 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 or Units, pipes, ducts, electrical wiring and conduits located entirely within a Unit or adjoining Units and serving only such Unit or Units, any balconies and porches, and such portions of the perimeter walls, floors, and ceilings, doors,

vestibules, windows, screens, and entryways, and all associated fixtures and structures therein as lie outside the Unit boundaries, but are for the exclusive use of said Unit or Units.

J. **"Majority" or "Majority of the Unit Owners"** mean the Owners of more than Fifty Percent (50%) of the total votes of the members.

K. **"Member"** shall mean and refer to any Person(s) that shall be a Unit Owner, and as such, shall be a Member and co-owner of the Association.

L. **"Occupant"** means a person or persons in possession of a Unit, regardless of whether said person is a Unit Owner.

M. **"Parcel"** means the Parcel(s) or Tract(s) of real estate described on Exhibit "A" attached to this Declaration and submitted hereby to the provisions of the Act.

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

O. **"Plat"** means the Plat or Plats of survey of the Parcel or Parcels submitted to the provisions of the Act showing each building and expressing its area, location and other data necessary for identification, said Plat or Plats being of record in the Register's Office for Davidson County, Tennessee and/or being attached to this Declaration, or as may be attached to a future Supplement and Amendment of this Declaration.

P. **Private Elements** shall mean and include the lot area upon which the unit is located and the improvements located thereon (as designated on the Site Plan attached hereto as Exhibit B, including but not limited to the, driveway, mailbox, yard area, deck, porch, any plants, landscaping, shrubbery and fences thereon, for which fee simple ownership and exclusive use is reserved to that unit only. Limited Common Elements located upon Private Elements shall be deemed Private Elements.

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

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

S. **"Rules and Regulations"** refer to the rules and regulations concerning the use of the Units and the Common Elements, as adopted from time to time by the Board in accordance with

the Declaration and By-Laws.

T. **"Unit"** means the entire individual building(s), consisting of the enclosed dwelling space, as shown on the Plat(s), as Exhibit "B" which enclosed space is not owned in common with Unit Owners of other Units and shall include the Private Elements and the Residence and Improvements now and hereafter located therein. Each Unit is numbered as shown on the Plat(s). The boundaries of each Unit shall be and are the exterior surfaces of its perimeter walls and a Unit includes both the portion of the Buildings so described and the air space so encompassed, excepting Common Elements. Conveyance of a Unit shall automatically convey the undivided membership of each unit owner in the Association. It is intended that the term Unit as used in this Declaration shall have the same meaning as the term "Apartment" as used in the Act.

U. **"Unit Owner"** means the person or persons whose estates or interests, individually or collectively, aggregate fee simple ownership of a Unit and of the undivided interest in the Common Elements appurtenant thereto, and shall be deemed the same as "co-owner" under the Act, but Unit Owner shall not mean the Mortgagee or Beneficiary of a recorded mortgage or deed of trust who holds a lien solely for security purposes and does not have possession of the Unit. Unless specifically provided otherwise herein, Developer shall be deemed a Unit Owner so long as it is the legal title holder of any Unit.

V. **"Eligible Mortgage Holders"** shall mean those holders of a first mortgage on a Unit who have requested the Association to notify them on any proposed action that requires the consent of a specified percentage of mortgage holders.

2. **Submission of Property of the Act.** The Developer does hereby submit and subject the Parcels and the Property to the provisions of the Horizontal Property Act of the State of Tennessee, as amended from time to time, and does hereby establish a Horizontal Property Regime to be known as **SMH Cottages**.

3. **Plat.** The Plats set forth the numbers and location of each Unit and other data as required by the Act.

4. **Units.** The legal description of each Unit shall consist of the identifying number of each Unit as shown on the Plat(s). 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 by number 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 its Unit to be separated into tracts or parcels different from the whole Unit as shown on the Plat(s).

5. a. (1) Association of Unit Owners and Administration and Operation of the

Property. There has been formed an Association having the name **SMH Cottages** Homeowners Association, Inc., a Tennessee not-for-profit corporation, which Association shall be the governing body for all Unit Owners, and shall be operated to provide for the maintenance, repair, replacement, administration, and operation of the property, as provided in the Act, this Declaration and the By-Laws. The By-Laws for the Association shall be the By-Laws attached to this Declaration as Exhibit "D" and made a part hereof. The Board of Directors of the Association shall be elected and 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 funds received by the Association shall be held and applied by it for the use and benefit of Unit Owners, in accordance with the provisions of this Declaration and By-Laws. 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.

a. **(2) Membership and Voting Rights**. The Association shall have two classes of voting membership:

CLASS "A". Class "A" members shall be all Unit Owners, with the exception of the Developer, and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Unit.

CLASS "B". The Class "B" members shall be the Developer and which shall be entitled to three (3) votes for each Unit owned. The Class "B" membership shall cease and be converted to Class "A" membership on the happening of either of the following events, whichever occurs earlier:

a. At such time as both units have been conveyed to unit purchasers, or

b. On the last day of the month occurring Five (5) years following the first conveyance to a unit purchaser.

b. **(1) 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 No. (2) below. The Board shall require that such Managing Agent have fidelity bond coverage on its employees handling Association funds. The cost of such services shall be a common expense, as defined in Paragraph No. 10 hereof.

c. **(2) Initial Management Contract.** Prior to the appointment of the First Board as provided herein, the Developer, on behalf of the Association, may employ a management company, to act as Managing Agent for the Property provided, however, that such contract shall not exceed a period of two (2) years and shall be able to be terminated by the Association without penalty or advance notice of more than Ninety (90) days notice.

d. **Use by Developer.** During the period of sale by Developer of any Units, Developer and Developer's agents, employees, contractors, and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from the buildings and property as may be required for purposes of sale of Units. While Developer owns any of the Units and until each Unit sold by it is occupied by the Purchasers, Developer and its employees may use and show one (1) or more of such unsold or unoccupied Units as a model Unit or Units and may use one (1) or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

e. **Non-Liability of Directors and Officers.** To the extent permitted by law, neither the directors nor officers of the Association shall be personally liable to Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such directors or officers, except for any acts or omissions found by a court to constitute gross negligence or fraud. Unit Owners shall indemnify and hold harmless each of the directors or officers and their respective heirs, executors, administrators, successors and assigns in accordance with the provisions of Article VIII of the By-Laws.

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

7. **Ownership of the Common Elements.** Each Unit is hereby allocated an equal undivided interest in the Common Elements. The ownership of a Unit shall not be conveyed separate from the undivided ownership in the Common Elements appurtenant to such Unit. The undivided interest in the Common Elements appurtenant to any Unit shall be deemed conveyed or encumbered with that Unit, even though the legal description in the instrument conveying or encumbering such Unit may refer only to the fee title to 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 right to use the Common Elements shall extend not only to each Unit Owner, but also to its agent, servants, tenants, family members, customers, invitees, and licenses. However, each Unit Owner shall have the right to the exclusive use and possession of the Private Elements and the Limited Common Elements contiguous to and serving such Unit alone or with adjoining Units. Such rights to use Common Elements, including the Private Elements and Limited Common Elements, shall be subject to and governed by the provisions of the Act, Declaration, By-Laws, and rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of this Declaration 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.

9. **Decks, Porches, Driveways and Yards.** Decks, porches, driveways, parking areas, and yards on the property shall be part of the Private Elements, and shall be assigned to and used by the respective Unit Owners, as designated on the plat attached hereto as Exhibit "B" or on plat(s) as may be subsequently recorded.

10. A. **Common Expenses**. Each Unit Owner shall pay an equal share of the expenses of the administration and operation of the Common Elements and of any other expenses incurred in conformance with this Declaration and By-Laws (which expenses are herein sometimes referred to as "common expenses"), including, but not limited to, the maintenance and repair of the property and any and all replacements and additions thereto. Except for its responsibilities as a Unit Owner, as provided herein, Developer shall not have any responsibility for the maintenance, repair or replacement of any part of the Common Elements after the date this Declaration is recorded; provided, however, in the event Developer expends any of its own funds for the repair, replacement or maintenance of any of the Common Elements, Developer shall be entitled to a credit for such sums against any common expenses Developer might be required to pay by virtue of being a Unit Owner. Each Unit Owner shall be responsible for paying an equal share of the common expenses. Assessments for the payment of common expenses shall be in such amounts and shall be payable at such times as determined in the manner provided in the By-Laws. No Unit Owner shall be exempt from payment of his equal share of the common expenses by waiver or non-use of enjoyment of the Common or Limited Common Elements or by abandonment of his Unit. If any Unit Owner shall fail to make 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 at the rate of Fifteen (15%) percent per annum, 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 made while he is the owner of a Unit; however, said personal obligation shall not pass to successors in title unless assumed by them or as required by Tennessee Code Annotated Section 66-27-101 et seq.

Each Unit Owner acquiring title to his Unit from the Developer shall pay a deposit at time of closing, which will be non-refundable, to the Association in order to establish a working capital fund for initial expenses of the Association. Said deposit shall be in an amount established by the Board, equaling two-twelfths (2/12) of the initial yearly assessment for common expenses.

B. **Mortgage and Deed of Trust Protection.** The lien for assessments 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 as security) or forecloses its Mortgage or Deed of Trust. This subparagraph shall not be amended, changed, modified, or rescinded without the prior written consent of all Mortgagees and Beneficiaries of record.

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

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

13. **Insurance.** The Board may obtain insurance for the property, exclusive of the additions within, improvements to and decorating of the Units by Unit Owners; the Limited Common Elements; and, the Private Elements, against loss or damage by fire, vandalism, malicious mischief and such other hazards as are covered under standard extended coverage provisions, for the full insurable replacement cost of the Common Elements and the Units, and against such other hazards and for such amounts as the Board may deem advisable. Insurable replacement cost shall be deemed the cost of restoring the Common Elements, Units, or any part thereof, to substantially the same condition in which they existed prior to damage or destruction. Such insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Board, as the Trustee for the Unit Owners in proportion to the Unit Owners' respective

percentages of ownership in the Common Elements, as set forth in this Declaration, and for the holders of mortgages on the Units, if any. The policy of insurance should also contain, if possible, a waiver of subrogation rights by the insurer against the Unit Owners. The premiums for such insurance shall be a common expense. However, at the option of the Board and/or Unit Owners, premiums for such insurance may be separately billed to Unit Owners in equal shares.

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

The Board may also obtain comprehensive public liability insurance, in such amounts as it deems desirable, and workmen's compensation insurance and other liability insurance in such amounts as it deems desirable, insuring each Unit Owner, mortgagee of record, the Association, its officers, directors, and employees, Developer, and the Managing Agent, if any, from liability in connection with the property. The premiums for such insurance shall be a common expense. However, at the option of the Board and/or Unit Owners, premiums for such insurance may be separately billed to each Unit Owner with each Unit Owner to bear a proportion thereof based upon his percentage of ownership in the Common Elements. The Board shall retain in safekeeping any such public liability policy for six (6) years after the expiration date of the policy.

The Board may also 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 the maximum amount of funds that will be in the custody of the Association (or its management company) at any time during the term of each bond and shall contain waivers of any defense based upon the exclusion of persons serving without compensation.

The Board may also obtain such other insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable, insuring the property and each member of

the Board and officer of the Association, and each member of any committee appointed pursuant to the By-Laws of the Association, from liability arising from the fact that said person is or was a director or officer of the Association, or a member of such a committee. The Board shall require such fidelity bond coverage as necessary for any person or Board member handling Association funds. The premiums for such insurance and bonds shall be a common expense.

Each Unit Owner shall be responsible for obtaining his own insurance on the contents of his Unit; the Limited Common Elements; and, the Private Elements serving his Unit, as well as his additions and improvements thereto, and those parts of the Unit for which the responsibility of maintenance and repair is that of the Unit Owner, and for decorations, furnishings, 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 such other hazards obtained by the Board for all of the Unit Owners as part of the common expenses, as above provided, said Unit Owner may, at his option and expense, obtain additional insurance.

14. **Maintenance, Repairs and Replacements**. Each Unit Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within his Unit, its Limited Common Elements and its Private Elements. Except to the extent hereinafter set forth, maintenance of, repairs to and replacements within the Common Elements shall be the responsibility of and shall be furnished by the Association, and the cost thereof shall be part of the common expenses, subject to the By-Laws, and Rules and Regulations of the Association. The expenses for the maintenance, repair or replacement of a Unit's Private Elements and Limited Common Elements (including but not limited to the water heater, furnace, air conditioner, heating, and air conditioning ducts, and plumbing and electrical wiring and other items serving only such Unit), shall be borne by the Owner of the Unit to which such Private Elements and Limited Common Elements are appurtenant; and, at the discretion of the Board, maintenance of, repairs to, and replacements within the other Private Elements and Limited Common Elements may be assessed in whole or in part to Unit Owners benefited thereby. Further, at the discretion of the Board, the Board may direct Unit Owners who stand to be benefited by such maintenance of, repairs to, and replacements within the Private Elements and Limited Common Elements to arrange for such maintenance, repairs and replacements in the name and for the account of such benefited Unit Owners, pay the cost thereof with their own funds, and procure and deliver to the Board such lien waivers and contractor's and subcontractor's sworn statements as may be required to protect the property from all mechanic's or materialmen's lien claims that maintain, repair, or replace the electrical wiring, plumbing, or other utilities of a Unit; however, if it shall become necessary to gain entry to another 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 Owners benefited thereby, as hereinabove provided.

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

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

15. **Alterations, Additions or Improvements.** Except as provided in Paragraph No. 16 herein, no alteration of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior written approval of the Board (or by consent of both Unit Owners). 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 alterations, additions or improvements to his Unit, including the Limited Common Elements and Private Elements serving his Unit, without the prior written approval or consent of the Board or the owner(s) of the adjoining unit; however, any and all alterations, additions or improvements shall comply with the zoning and code requirements, as established by the Metropolitan Government of Nashville, Davidson County, Tennessee at the time said alterations, additions or improvements are commenced and such Unit Owner shall be responsible for any damage to other Units, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions or improvements.

16. **Decorating.** Each Unit Owner, at his own expense, shall furnish and be responsible for all decorating within his Unit, Private Elements, 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. 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 conditions at his sole expense, as may be required from time to time. Said maintenance and use of interior surfaces shall be subject to the rules and regulations of the Association, but each Unit Owner shall have the right to decorate such interior surfaces from time to time as he may see fit and at his sole expense. Decorating of the Common Elements (other than interior surfaces within the Units as above provided and other than of Private Elements, Limited Common Elements) and any redecorating of Units, to the extent such

redecorating of Units is made necessary by damage to Units caused by maintenance, repairs 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, and any damage thereto repaired, at the expense of the Unit Owner of that Unit.

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

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

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

19. **Remedies**. In the event of any violation of the provisions of the Act, this Declaration, By-Laws, or rules and regulations of the Association by any Unit Owner (either by his own conduct or by the conduct of any Occupant of his Unit), the Association, or its successors or assigns, shall have each and all of the rights and remedies which may be provided for in the Act, this Declaration, By-Laws, or said rules and regulations, or which may be available at law or in equity, and may prosecute an action or other proceedings against such defaulting Unit Owner

and/or others for enforcement of any lien and the appointment of a receiver for the Unit and ownership interest of such Unit Owner, or for damages or injunction or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Unit and to sell the same as provided hereinafter in this Paragraph No. 19, or for any combination of remedies, or for any other relief. All expenses of the Board in connection with any such actions or proceedings, including court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of Fifteen (15%) percent per annum or such other uniform lawful rate as the Board shall determine, until paid, shall be charged to and assessed against such defaulting Unit 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 common expenses, upon the Unit, and its appurtenant interest in the Common Elements of such defaulting Unit Owner and upon all of his additions and improvements thereto and upon all of his personal property in his Unit or located elsewhere on the property; provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the Unit, to the extent hereinabove set forth in Paragraph No. 10 (b) hereof. In the event of any such default by any Unit Owner, the Board and the Manager or Managing Agent, if so authorized by the Board, shall have the authority to correct such default, and to do whatever may be necessary for such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Unit Owner. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board. This Paragraph shall not be amended, changed, modified or rescinded without the prior consent of all holders of record of mortgage and deed of trust liens against the Units.

The violation of any restriction or condition or regulation adopted by the Board or the breach of any covenant or provision herein contained, shall give the Board the right, in addition to any other rights provided for in this Declaration: (a) to enter (either peaceably or forcibly without liability to such Unit Owner for such entry) upon the Unit, or any portion of the property upon which or as to which such violation or breach exists, and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Board, or its employees or agents, shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession (either peaceably or forcibly without liability to such Unit Owner for such entry) of such Unit Owner's interest in the property and to maintain an action for possession of such Unit in the manner provided by law.

If any Unit Owner (either by his own conduct or by the conduct of any other Occupant of his Unit) shall violate the Act, or any of the covenants or restrictions or provisions of this Declaration, 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 such 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 taxes against said defaulting Unit 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 Unit Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a deed to the Unit and the Unit Owner's corresponding percentage of ownership in the Common Elements, and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Unit Ownership sold subject to this Declaration.

20. **Amendment.** The provisions of this Declaration may be amended by an instrument in writing, setting forth such amendment, signed by both Unit Owners.

Amendments of a material nature must be agreed to by both members of the Homeowner's Association. In addition thereto, approval must be obtained from eligible mortgage holders (eligible mortgage holders shall be defined as those holders of a first mortgage on a Unit who have requested the Homeowner's Association to notify them on any proposed action that requires the consent of a specified percentage of eligible mortgage holders). A change to any of the following shall be considered under this section as material:

1. Voting Rights.
2. Assessments, assessment liens, or the priority of assessment liens.
3. Reserves for maintenance, repair and replacement of common areas.
4. Responsibility for maintenance and repairs.
5. Reallocation of interests in the common areas or right to their use.
6. Redefinition of Unit boundaries.
7. Conversion of Units into common areas or vice versa.
8. Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project.
9. Insurance or fidelity bond changes.

10. Leasing of Units.
11. Imposition of any restriction on a Unit Owner's right to sale or transfer his or her property.
12. A decision by the Homeowner's Association to establish self-management when professional management has been required previously by the projects documents or by an eligible mortgage holder.
13. Restoration and repair of the project (after a hazard damage or partial condemnation, in a manner other than specified in the project documents.
14. Any action to terminate the legal status of the project after substantial destruction or condemnation occurs.
15. Any provisions that expressly benefit mortgage holders, insurers or guarantors.

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

21. **Perpetuities and Restraints on Alienation**. If any of the options, privileges, covenants, or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, when such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the Governor of Tennessee holding office as of the date of this Master Deed.

22. **Rights and Obligations.** Each Grantee of Developer, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens, and charges, and the jurisdiction, rights, and powers created or reserved by this Declaration. All future Unit Owners and Occupants shall be subject to and shall comply with the provisions of this Declaration. 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 Developer are hereby incorporated into and made a part of this Declaration by reference. All rights, benefits and privileges hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

All present and future Unit Owners and Occupants of a Unit shall be subject to, and shall comply with the provisions of the By-Laws appended hereto and recorded herewith, pursuant to 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 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 or Occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

The terms and conditions of the Declaration, By-Laws, and Rules and Regulations of the Association may be incorporated by reference in, and become part of, the agreement between any first mortgagee and any present or future Unit Owner who enters into such an agreement with a first mortgagee. When so incorporated, any default in the terms and conditions of this Declaration, By-Laws, and rules and regulations may be considered by the first mortgagee as a default, whereupon said first mortgagee, after exercising its option to declare a default, shall then have all of the rights and privileges arising as a result of a default under its agreement with said Unit Owner.

23. **Condemnation**. In the event of a taking of part of the Common Elements in condemnation or by eminent domain, the award made for such taking shall be payable to the Association. If a majority of the Board in their sole and absolute discretion approve the repair and restoration of such Common Elements, the Board shall arrange for the repair and restoration of such Common Elements, and the Board shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event the Board does not approve the repair and commence restoration of such Common Elements within one hundred twenty (120) days after taking by the public or private authority, the Board shall disburse the net proceeds of such award on the basis of such Unit's percentage of ownership in the Common Elements.

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

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

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

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

conditions thereof, shall be effective unless members of the Association entitled to cast both votes of the Association have agreed to such dedication, transfer, purpose, or condition;

(d) The right of Developer, at his sole expense, to expand, or extend existing driveways, parking areas and yard, and to construct, expand, enlarge or relocate sewers, utility lines or service connections, in order to serve the existing Buildings; and,

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

25. **Federal National Mortgage Association and/or Federal Home Loan Mortgage Corporation Regulations.** Notwithstanding anything to the contrary contained in this Master Deed or in the By-Laws of the Association, all terms, conditions, regulations, insurance standards and other requirements which are now existing, or which may be amended from time to time by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, pertaining to condominiums, are hereby incorporated as terms and conditions of this Declaration and By-Laws and such shall be governing upon the Property, Developer, and the Association, so long as such terms or conditions are not inconsistent with the laws of the State of Tennessee as found in T.C.A. Section 66-27-101, et seq., as amended.

Specifically, without limitation upon the foregoing, the following declarations shall be controlling over any terms of this Declaration or By-Laws which are in conflict therewith. Any portions of this Declaration or By-Laws which are in conflict with this paragraph, or any portion of the regulations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation pertaining to condominiums, are hereby deleted and the following rights of mortgagees are itemized as follows:

(a) A first mortgagee of a Unit at his request is entitled to written notification from the Association of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under this Declaration, By-Laws, or any of the condominium documents, which is not cured within sixty (60) days.

(b) Any first mortgagee of a Unit who comes into possession of the Unit pursuant to the remedies provided in the mortgage, or deed of trust, or by foreclosure of the mortgage or deed of trust, or by deed in lieu 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 (except for claims for a pro rata share of such assessments or charges resulting from a pro rata real location of such assessments or charges to all Units including the mortgaged Unit).

(c) Unless all of the first mortgagees (based upon one (1) vote for each mortgage owned) of

Units have given their prior written approval, the Association shall not be entitled to:

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

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

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

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

(f) As set forth in T.C.A. Section 66-27-120, all taxes, assessments, and charges which may become liens prior to the first mortgage under the laws of the State of Tennessee shall relate only to the Unit and not to the property as a whole.

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

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

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

(j) Notwithstanding the above, any first mortgagee shall have all of the rights granted to a first mortgagee herein, and in addition shall have all of the rights granted to an institutional first mortgagee under its deed of trust, and under the laws of the State of Tennessee.

26. **Trustee as Unit Owner.** In the event title to any Unit is conveyed to a land title-holding

trust, under the terms of which all 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-holding 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 transfers of the beneficial interest of any such trust or any transfer of title to such Unit.

27. **Notices.** Notices provided for in the Act, Declaration or By-Laws shall be in writing and shall be addressed to the Association or any Unit Owner, as the case may be, at **SMH Cottages Homeowners Association, Inc., c/o Mad Remodeling, Repair & Cleaning, Inc., a Tennessee Corporation,** or at such other address as hereinafter provided, **4521 Michigan Avenue, Nashville, Tennessee 37209.** The Association may designate a different address or addresses for notices to it by giving written notice of such change of address to all Unit Owners. Any Unit Owner may designate a different address for notices to him by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof.

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

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

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

(a) The Metropolitan Planning Commission and the Metropolitan County Council may require that the landowner provide for and establish an organization for the ownership and maintenance of any Common Open Space, and such organization shall not be dissolved nor shall it dispose of any Common Open Space, by sale or otherwise (except to an organization

conceived and established to own and maintain the Common Open Space), without first offering to dedicate the same to the Metropolitan Government of Nashville and Davidson County and the said dedication be approved by the Metropolitan Planning Commission. However, the conditions of any transfer shall conform to the adopted final master development plan.

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

(c) The cost of such maintenance by such agency shall be assessed proportionally against the properties within the Planned Unit Development that have a right of enjoyment of the common open space, and shall become a lien on said properties.

30. **Development Phasing.** This Declaration is intended to encompass the tract or parcel of land described on Exhibit "A" attached; however, the Developer may at a future date desire to develop additional phases on the tract or parcel of land owned by the Developer. Each phase shall be subject to and incorporated in the terms and obligations of this Declaration; however, each development phase shall be treated for mortgage lending purposes as a separate mortgage lending entity.

The addition of phases on the tract or parcel of land may be accomplished without the consent or approval of Class "A" owners described herein.

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

32. **Gender.** The use of the masculine gender in this Declaration and in the By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural whenever the context so requires.

IN WITNESS WHEREOF, the said Developer has executed this instrument this the 21st day of January, 2014.

Mad Remodeling Repair and Cleaning, Inc.

Scott Hammrich, President

By: Scott Hammrich, President

STATE OF (Tennessee)

COUNTY OF (Davidson)

Before me, the undersigned, a Notary Public within and for the State and County aforesaid, personally appeared **Scott Hammrich** with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who upon oath acknowledged himself to be the **President** of **Mad Remodeling Repair and Cleaning Inc.** the within named bagainor, and that as President being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the said Corporation.

Witness my hand and official seal at **Nashville, Tennessee**, this 21st day of January 2014.

Notary Public

My commission expires: 5/8/17

I. DYKE TATUM
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TN

Exhibit "A"

TRACT I:

BEING Lot No. 802 of Block 143 on the plan of West Nashville, No. 1, of record in Book 57, page 74 & 75, Register's Office for Davidson County, Tennessee, to which plan reference is hereby made for amore complete and accurate description.

Said Lot No. 802 fronts 35 feet on the southerly side of Tennessee Avenue and runs back between parallel lines, along the westerly margin of 49th Avenue North, 150 feet to an alley.

Being the same property conveyed to MAD Remodeling, repair & Cleaning, Inc. by deed from D&J Properties of Tennessee, LLC dated August 14, 2013 and of record in Instrument No. 20130815-0085790, Register's Office for Davidson County Tennessee.

TRACT II:

BEING the easterly 10 Feet of Lot 804 of Block 143, Plan Number 1, West Nashville of record in Plat Book 57, Page 74, Register's Office for Davidson County, Tennessee and being more particularly described as follows:

BEGINNING at an iron pin found at the northeast corner of Lot 804 of Block 143, Plan Number 1, West Nashville, in the Southerly right-of-way of Tennessee Avenue (80'R.O.W)

THENCE leaving said right –of-way, south 01 degree, 58 feet, 17 inches east, 150.02 feet to an iron pin found in the north right-of-way of metro alley #1207 (25' R.O.W.);

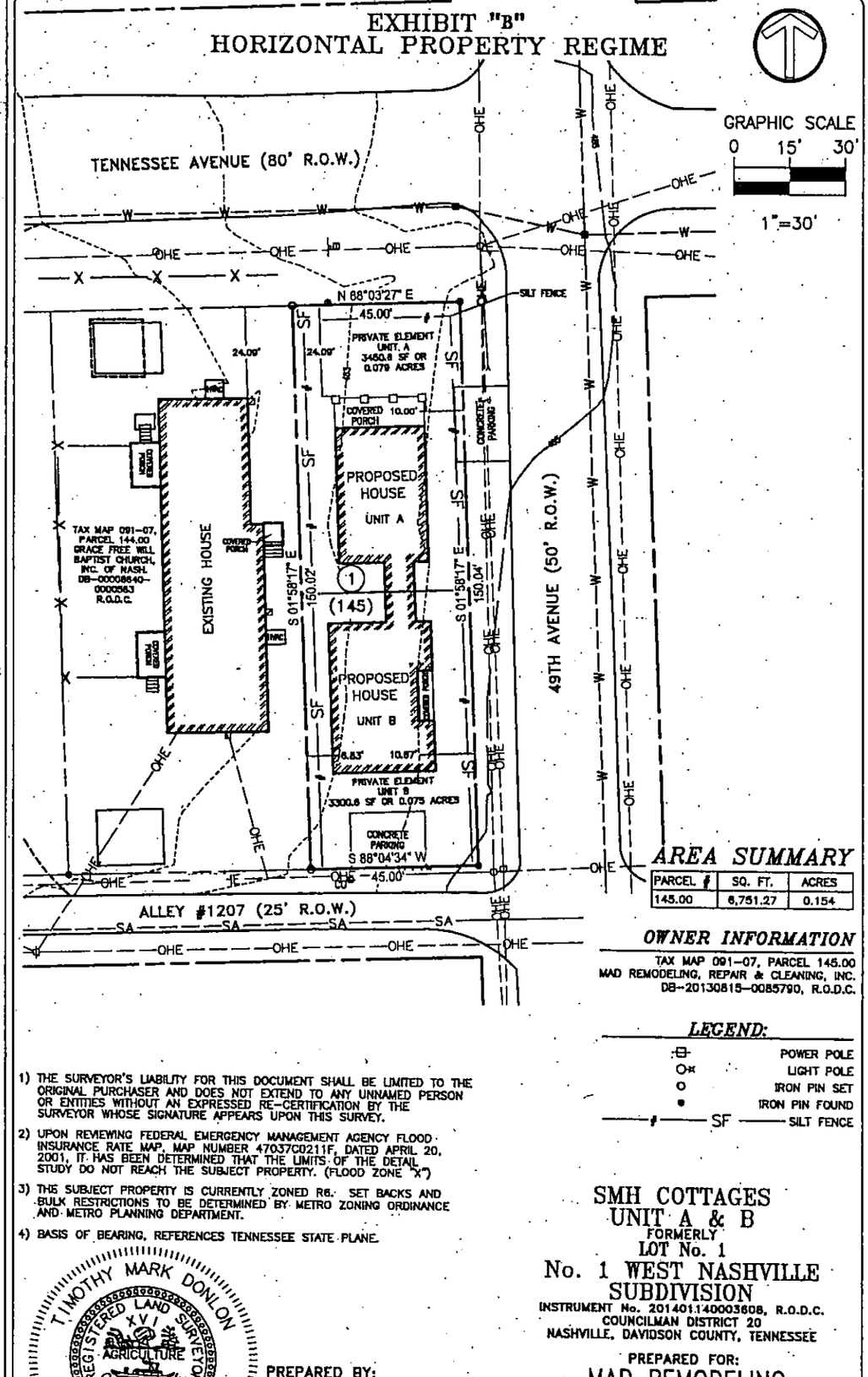
THENCE with the north right-of-way of said alley, south 88 degrees 04 feet 34 inches west, 10.00 feet to an iron pin set;

THENCE leaving said right-of-way, north 01 degree, 58 feet 17 inches west, 150.02 feet to an iron pin set in the south right-of-way of Tennessee Avenue;

THENCE with the south right-of-way of Tennessee Avenue North 88 degrees 03 feet 27 inches east 10.00 feet to the point of beginning, containing 0.03 acres or 1500 square feet more or less, according to a survey by Timothy Mark Donlon, RLS #2297 dated October 29th, 2013, and recorded herewith as Exhibit "A"

BEING the same property conveyed to MAD Remodeling, Repair & Cleaning, Inc. by Quitclaim Deed dated November 27, 2013 from Grace Free Will Baptist Church, Inc. of Nashville, A Not For Profit Corporation of record in Instrument no. 20131127-0121774, Register's Office for Davidson County, Tennessee.

EXHIBIT "B"
HORIZONTAL PROPERTY REGIME



AREA SUMMARY

PARCEL #	SQ. FT.	ACRES
145.00	6,751.27	0.154

OWNER INFORMATION

TAX MAP 091-07, PARCEL 145.00
MAD REMODELING, REPAIR & CLEANING, INC.
DB-20130815-0085790, R.O.D.C.

LEGEND:

- POWER POLE
- LIGHT POLE
- IRON PIN SET
- IRON PIN FOUND
- SF — SILT FENCE

1) THE SURVEYOR'S LIABILITY FOR THIS DOCUMENT SHALL BE LIMITED TO THE ORIGINAL PURCHASER AND DOES NOT EXTEND TO ANY UNNAMED PERSON OR ENTITIES WITHOUT AN EXPRESSED RE-CERTIFICATION BY THE SURVEYOR WHOSE SIGNATURE APPEARS UPON THIS SURVEY.

2) UPON REVIEWING FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAP, MAP NUMBER 47037C0211F, DATED APRIL 20, 2001, IT HAS BEEN DETERMINED THAT THE LIMITS OF THE DETAIL STUDY DO NOT REACH THE SUBJECT PROPERTY. (FLOOD ZONE "X")

3) THIS SUBJECT PROPERTY IS CURRENTLY ZONED R6. SET BACKS AND BULK RESTRICTIONS TO BE DETERMINED BY METRO ZONING ORDINANCE AND METRO PLANNING DEPARTMENT.

4) BASIS OF BEARING, REFERENCES TENNESSEE STATE PLANE.

TIMOTHY MARK DONLON
REGISTERED LAND SURVEYOR
XVI
AGRICULTURE
COMMERCE
POLK
TENNESSEE NO. 2297

PREPARED BY:
DONLON LAND SURVEYING, LLC
TIMOTHY MARK DONLON
6120 SAWYER BROWN RD.
SUITE 110 A
NASHVILLE TN 37221
TEL. (615) 673-9116, FAX (615) 673-9117
tjdonlon1@bellsouth.net
http://www.DonlonLandSurveying.com/

SMH COTTAGES
UNIT A & B
FORMERLY
LOT No. 1
No. 1 WEST NASHVILLE SUBDIVISION
INSTRUMENT No. 201401140003608, R.O.D.C.
COUNCILMAN DISTRICT 20
NASHVILLE, DAVIDSON COUNTY, TENNESSEE

PREPARED FOR:
MAD REMODELING
REPAIR & CLEANING, INC.
4521 MICHIGAN AVENUE
NASHVILLE, TN 37209
DATED: JANUARY 15, 2013

213133-MAD

This Instrument Prepared By:
Esquire Title & Escrow, Inc.
30 Burton Hills Boulevard. Suite 200
Nashville, Tennessee 37215

Exhibit "C"
Attorney's Opinion Letter

This document is intended to serve as the attorney's opinion, which is required under the terms of Tennessee Code Annotated 66-27-103. Thee undersigned, I. Dyke Tatum, an attorney licensed to practice law in the State of Tennessee, hereby declares that upon the proper recording of this certificate and the following additional documents, all legal requirements for the creation of a Horizontal Property Regime development under the terms of the Tennessee Horizontal Property Act, Tennessee Code Annotated 66-27-101 et seq., will have been met;

1. The Declaration of Covenants, Conditions and Restrictions of **SMH Cottages,** a Horizontal Property Regime.

2. By-Laws of **SMH Cottages Homeowner's Association, Inc.,** a Tennessee not-for-profit corporation.

3. The plat for **SMH Cottages,** a Horizontal Property Regime, which plat shows private and common elements;

4. The Charter of **SMH Cottages Homeowner's Association, Inc.**, a Tennessee not-for-profit corporation.

WITNESS my hand and seal this 21st day of January, 2014.

I. Dyke Tatum

State of **Tennessee**
County of **Davidson**

Personally appeared before me, a Notary Public for the State and County aforesaid, **I. Dyke Tatum**, with whom I am personally acquainted with (or has proved to me on the basis of satisfactory evidence) to be the person whom executed the foregoing instrument for the purposes therein contained.

WITNESS my hand and seal on this 21st day of January, 2014.

THERESA L. SMITH
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY, TENN.

Notary Public

My commission expires: _____

EXHIBIT "D"

BY-LAWS OF SMH COTTAGES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
Members (Unit Owners)

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

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

Section 3. **Regular Meetings**. The first regular meeting of the Unit Owners (the "First Meeting") may be held, subject to the terms hereof on any date, at the option of the Board; provided, however, that the First Meeting shall be held not less than ten (10) days, nor more than one hundred twenty (120) days after Developer has sold and delivered deeds for both of the Units. Subsequent to the First Meeting there shall be a regular annual meeting of Unit Owners held each year within fifteen (15) days of the anniversary of the First Meeting. All such meetings of Unit Owners shall be held at such place in Davidson County, Tennessee, and at such time as specified in the written notice of such meeting which shall be delivered to both Unit Owners at least ten (10) days prior to the date of such meeting.

Section 4. **Special Meetings**. Special meetings of Unit Owners may be called by the President or by a majority of the Directors of the Association, or by all Unit Owners entitled to vote at such meeting. Special meetings shall be called by delivering written notice to all Unit Owners not less than ten (10) days prior to the date of the meeting, stating the date, time and place of the special meeting and the matters to be considered.

Section 5. **Delivery of Notice of Meeting.** Notices of meetings shall be delivered either

personally or by mail to Unit Owners at the addresses given to the Board by Unit Owners for such purpose, or to a Unit Owner's unit if no separate address for such purpose has been given to the Board.

Section 6. **Voting.** Each Unit shall have one (1) vote. If any Unit Owner consists of more than one (1) person, the voting rights of such Unit Owner shall not be divided, but shall be exercised as if the Unit Owner consisted of only one (1) person in accordance with the proxy or other designation made by the persons constituting such Unit Owner. In the event of disagreement among such persons and an attempt by two (2) or more of them to cast such vote, such persons shall not be recognized, and such vote shall not be counted. Developer may exercise the voting rights with respect to Units owned by it.

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

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

ARTICLE II
Board of Directors

Section 1. **Number, Election and Term of Office.** The Board of Directors of the Association (referred to in the Horizontal Property Act of the State of Tennessee as the "board of administrators" and sometimes referred to herein as the "Board") shall consist of two (2) members (hereinafter referred to as "Directors"). Directors shall be elected at the regular annual meeting of Association members by the vote of Unit Owners, except that until such time as the First Meeting of members is held, the Directors (hereinafter called "members of the First Board") shall be appointed by Developer. Those candidates for election as Director receiving the greatest number of votes cast either in person or by proxy at the meeting shall be elected. Every Director, except for members of the First Board, shall hold office for the term of three (3) years and until his successor shall be elected and qualified. At the first regular annual meeting, the members shall elect one (1) Director for a term of one (1) year; one (1) Director for a term of two (2) years, and one (1) Director for the term of three (3) years. At each annual meeting thereafter the members shall elect replacement Directors for a term of three (3) years.

Section 2. **Qualification.** Directors need not be a Unit Owner or the spouse of a Unit Owner (or, if a Unit Owner is a trustee of a trust, a Director may be a beneficiary of such trust; and if a Unit Owner or such a beneficiary is a corporation or partnership, a Director may be an officer, partner or employee of such Unit Owner or beneficiary). If a Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place

on the Board shall be deemed vacant.

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

Section 4. **Nomination**. Nomination for election to the Board shall be made by a Nominating Committee which shall consist of three (3) members appointed by the Board to serve from the close of one (1) annual meeting to the close of the succeeding annual meeting. Such appointment shall be announced at the annual meeting. The Nominating Committee may nominate any number of qualified individuals, but no less than the number of Directors to be elected. The nominations shall be made at least thirty (30) days prior to the annual meeting and a brief statement about the qualifications of each individual so nominated shall be included with the notice of the annual meeting. Nominations shall also be allowed from the members at the annual meeting.

Section 5. **Meetings.** A regular annual meeting of the Board shall be held within ten (10) days following the regular annual meeting of Unit Owners. Special meetings of the Board shall be held upon call by the President or by a majority of the Board on not less than forty-eight (48) hours' notice in writing to each Director, delivered personally or by mail or telegram. Any Director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A Directors attendance at a meeting shall constitute his waiver of notice of said meeting.

Section 6. **Removal.** Any Director may be removed from office with or without cause by the vote of both Unit Owners.

Section 7. **Compensation**. Directors shall receive no compensation for their services as Directors, unless expressly provided for in resolutions duly adopted by Unit Owners.

Section 8. **Quorum**. A simple majority of Directors shall constitute a quorum.

Section 9. **Powers and Duties.** The Board shall have the following powers and duties:

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

(b) to administer the affairs of the Association and the Property;

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

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

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

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

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

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

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

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

(k) to borrow money for the purpose of repair or restoration of Common Elements without the approval of the members of the Association;

(l) to secure insurance policies as required by the Declaration, and in this regard, annually to review the amounts of coverage afforded by such policies;

(m) unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of Unit Owners as expressed in resolutions duly adopted at any annual or special meeting of Unit Owners;

(n) to be responsible for and maintain all streets, roads, utilities, and any other services of a public nature that are classified as Common Elements in the Declaration;

(o) to exercise all other powers and duties of Unit Owners as a group referred to in the Horizontal Property Act of the State of Tennessee or in the Declaration or these By-Laws.

Section 10. **Authority of Board to Act for Association.** Whenever in these By-Laws the Association is given the power to take any action, it is the intention of these By-Laws that the Board shall act for the Association in all cases, except and to the extent that it is expressly provided that action be taken upon vote of the Unit Owners.

Section 11. **Non-Delegation.** Nothing in these By-Laws shall be considered to grant to the Board, the Association, or to the officers of the Association, any powers or duties which, by law, have been delegated to Unit Owners.

ARTICLE III
Officers

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

(a) a President, who shall be a Director, who shall preside over meetings of the Board

and of Unit Owners, and who shall be the chief executive officer of the Association;

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

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported;

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

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

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

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

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

ARTICLE IV
Assessments

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

Section 2. **Assessments.** The estimated annual budget for each fiscal year shall be approved by the Board, and copies thereof shall be furnished by the Board to each Unit Owner, not later than thirty (30) days prior to the beginning of such year. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each Unit Owner shall pay, as his respective monthly assessment for the common expenses, one-twelfth (1/12) of his proportionate share of the common expenses for such year as shown by the

annual budget. In the event that the Board shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each Unit Owner shall continue to pay each month the amount of his respective monthly assessment as last determined. Each Unit Owner shall pay his monthly assessment on or before the first day of each month to the Managing Agent or otherwise as directed by the Board. No Unit Owner shall be relieved of his obligation to pay any assessment by abandoning or not using his Unit, the Private Elements, the Common Elements, or the Limited Common Elements.

Section 3. **Partial Year or Month**. Commencing with the date of occupancy of his Unit, each Unit Owner of newly developed units, shall pay his assessment for the following month or fraction of a month, which assessment shall be in proportion to his respective ownership interest in the Common Elements and the number of months and days remaining of the period covered by the current annual budget, and which assessment shall be computed by the Board.

Section 4. **Annual Report.** Within ninety (90) budget, or as soon thereafter as practicable, the Board shall cause to be furnished to each Unit Owner a statement for such year, showing the receipts and expenditures and such other information as the Board may deem desirable.

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

Section 6. **Expenditures.** Except for the Management Agreement described in Article II, Section 9 (c) hereof and expenditures and contracts specifically authorized by the Declaration and By-Laws, the Board shall not approve any expenditures in an amount in excess of ten (10%) percent of the annual budget for the then current year, unless required for emergency repair, protection or operation of the Common Elements or Limited Common Elements, nor enter into any contract for more than three (3) years, without the prior approval of both Units.

Section 7. **Lien.** It shall be the duty of every Unit Owner to pay his equal share of the common expenses as provided in the Declaration, and as assessed in the manner herein provided.

If any Unit Owner shall fail or refuse to make any such payment of assessments when due, such delinquent payment shall be subject to a late charge in an amount established by the Board, and such delinquent payment together with interest at the rate of Fifteen (15%) per cent per annum. Such delinquent payment, together with penalty and interest, shall constitute a lien,

as provided in the Act, enforceable by the Board, on the interest of such Unit Owner in the Property.

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

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

The Board shall, upon receipt of fifteen (15) days written notice to the Association and upon payment of a reasonable fee, furnish to any Unit Owner a statement of his account setting forth the amount of any unpaid assessment(s) or other charges due and owing from said Unit Owner.

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

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

ARTICLE V
Use and Occupancy Restrictions

Section 1. **General.** No unlawful, noxious or offensive activities shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board cause unreasonable noise or disturbance to others, including noisy and barking dogs. No farm animals permitted.
Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his

own expense, and shall not do or allow anything to be done in his Unit which may increase the cost or cause the cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside of his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or shades of a customary nature and appearance, subject to the Rules and Regulations of the Association), or paint or decorate or adorn the outside of his Unit, or install outside his Unit any canopy or awning, or outside radio or television antenna, or C.B. radio transmitters, or other equipment, fixtures or items of any kind, written permission of the Managing Agent, acting in accordance with the Board's direction. No Unit Owner shall display, hang, store, or use any sign outside his Unit, in a hallway, or elsewhere, which may be visible from the outside of his Unit, without the prior written permission of the Managing Agent, acting in accordance with the Board's direction. No structure of a temporary character, trailer, tent, shack, garage, barn, or other out-buildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof. No boats, RVs, campers or inoperable vehicles shall be parked on premises. No swing sets or lawn statutes shall be permitted in the front yard. No metal fences are permitted. Any storm doors installed must be all glass. No retail business is permitted. No hanging objects from house.

Section 2. **Trash.** Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time by Rules and Regulations of the Association.

Section 3. **Use by Developer.** During the period of sale by Developer of any Units, Developer, and Developer's agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from the Building and Property as may be required for the purposes of sale of Units. In addition, Developer reserve the right to enter into, upon, over and under any Unit for a period of one (1) year after the date of sale of the Unit for such purposes as may be reasonably necessary for Developer or their agents to service any Unit. While Developer own any of the Units and until each Unit sold by it is occupied by Purchasers, Developer and their employees may use and show one (1) or more of such unsold or unoccupied Units as a model Unit or Units and may use one (1) or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith. During the period of sale by Developer, the Developer shall be allowed a seat on the Board of Directors and voting privileges as provided in Article II herein.

Section 4. **Storage.** Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing, and other articles, shall not be stored or kept in the Common Elements, but shall be confined to the units or storage areas within the units and/or its Private Elements. Storage of boats, trailers, campers, and motor homes on the Property shall be subject to the Rules and Regulations of the Association applicable thereto.

Section 5. **Wiring.** No Unit Owner shall overload the electrical wiring in the Building, or operate any machines, appliances, accessories, or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories, or equipment to the heating or plumbing system without the prior written consent of the Board or the prior written consent of the Managing Agent, given in accordance with the Board's direction.

Section 6. **Rules and Regulations**. Unit Owners shall be subject to such further restrictions as may be contained in Rules and Regulations of the Association concerning the use of Units and the Common Elements which may be enacted from time to time by the Board. All such Rules and Regulations shall be binding Rules and Regulations of the Association unless rejected by all of the votes of Unit Owners, and copies of such Rules and Regulations and any amendments or additions thereto shall be furnished to all Unit Owners upon request.

ARTICLE VI
Contractual Powers

No contract or other transaction between this Association and one (1) or more of its Directors, or between the Association and any corporation, firm or association in which one (1) or more of the Directors of the Association are Directors, or are financially interested, is void or voidable because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

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

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

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

ARTICLE VII
Amendments

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of both members present in person or by proxy subject to Section 2 below.

Any proposed amendment in these By-Laws shall require written notice of the proposed amendment to be delivered to members of the Association in writing at least fifteen (15) days

prior to any meeting at which the subject amendment will be considered.

Section 2. **Mortgagee Approvals.** Any and all amendments eligible for approval in Section 1 of this Article shall be subject to the following conditions and restrictions:

Amendments of a material nature must be agreed to by members who represent both votes in the Homeowners Association. In addition thereto, approval must be obtained from eligible mortgage holders who represent all of Units that are subject to mortgages held by eligible holders (eligible mortgage holders shall be defined as those holders of a first mortgage on a Unit who have requested the Homeowner's Association to notify them on any proposed action that requires the consent of a specified percentage of eligible mortgage holders). A change to any of the following shall be considered under this Section, as material:

1. Voting Rights.
2. Assessments, assessment liens, or the priority of assessment liens.
3. Reserves for maintenance, repair and replacement of common areas.
4. Responsibility for maintenance and repairs.
5. Reallocation of interests in the common areas or right to their use.
6. Redefinition of unit boundaries.
7. Conversion of units into common areas or vice versa.
8. Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project.
9. Insurance or fidelity bond changes.
10. Leasing of units.
11. Imposition of any restriction on a unit owners right to sale or transfer his or her property.
12. A decision by the Homeowner's Association to establish self-management when professional management has been required previously by the projects documents or by an eligible mortgage holder.
13. Restoration and repair of the project (after a hazard damage or partial condemnation, in a manner other than specified in the project documents.
14. Any action to terminate the legal status of the project after substantial destruction or condemnation occurs.
15. Any provisions that expressly benefit mortgage holders, insurers or guarantors.

Section 4. Condemnation. Should the unit owners consider termination of the legal status of **SMH Cottages** Homeowners Association, Inc., for any reason other than the substantial destruction or condemnation of the Association property, eligible mortgage holders, as heretofore defined, that represent all of the mortgaged units must agree to said termination of said legal status. Each eligible mortgage holder shall be given written notification of said intent to terminate the legal status of the Association and shall have thirty (30) days in which to respond to said notice. An eligible mortgage holder who fails to submit a response to said written proposal for amendment within thirty (30) days after it receives proper notice of the proposal shall be deemed to assent to said amendment, providing that said notice was delivered by certified or registered mail, with a return receipt requested.

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

ARTICLE VIII
Indemnification

Section 1. **General.** To the extent permitted by law, the Association shall indemnify and hold harmless each of its Directors and officers, each member of any committee appointed pursuant to these By-Laws, against all contractual and other liabilities to others arising out of contracts made by, or other acts of such Directors, officers, or committee members on behalf of Unit Owners, or arising out of their status as Directors, officers, or committee members, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or otherwise, in which any such Director, officer or committee member may be involved by virtue of such person's being or having been such Director, officer, or committee member, provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such Director, officer, or committee member, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such person's being adjudged liable for gross negligence or fraud in the performance of his duties as such Director, officer or committee member.

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

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

Section 4. **Miscellaneous.** The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of any Unit Owner arising out of any contract made by or other acts of the Directors, officers, or members of such committees, or out of the aforesaid indemnity in favor of the Directors, officers, or members of such committees, shall be limited to such proportion of the total liability hereunder as said Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements. Every agreement made by the

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

ARTICLE IX
Mortgages

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

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

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

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

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

ARTICLE X

Definition of Terms

The terms used in these By-Laws, to the extent they are defined therein, shall have the same meaning as set forth in the Declaration for **SMH Cottages**, of record in the Office of the Register of Deeds for Davidson County, Tennessee.

The term "Member" as used in these By-Laws, means "Unit Owner" as defined in the Declaration.

ARTICLE XI
Conflicts

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