

MASTER DEED OF

Gallinburg

G O L F • & • R A C Q U E T • C L U B

HORIZONTAL PROPERTY REGIME

2/599

STATE OF TENNESSEE)	MASTER DEED OF
)	GATLINBURG GOLF AND RACQUET CLUB
COUNTY OF SEVIER)	HORIZONTAL PROPERTY REGIME

KNOW ALL MEN BY THESE PRESENTS, THIS MASTER DEED is made this _____ day of _____, 198__, by FIRST NATIONAL EQUITY CORPORATION (hereinafter called the "Declarant"), a Delaware corporation, authorized to do business in Tennessee, with its principal office and place of business at 4310 Paradise Road, Las Vegas, Nevada, 89109, for the purposes hereinafter set forth.

W I T N E S S E T H :

WHEREAS, Declarant is the owner in fee simple of certain real property, buildings and improvements thereon located in the County of Sevier, State of Tennessee, which is more particularly described in the Exhibits attached hereto and incorporated herein by reference (hereinafter called the "Submitted Property" or "Property"); and

WHEREAS, Declarant desires to submit the Submitted Property to the provisions of the Tennessee Horizontal Property Act, TCA 66-27-101, et. seq., (hereinafter called the "Act"), thereby creating a Horizontal Property Regime known as the Gatlinburg Golf & Racquet Club Horizontal Property Regime (herein the "Regime"); and

WHEREAS, Declarant desires to publish a plan for the individual ownership of the several Apartments of the Submitted Property together with an undivided ownership interest in the general common elements and limited common elements (if any) of the Submitted Property as defined herein and in the Act; and

WHEREAS, Declarant desires to convey the Submitted Property pursuant to and subject to certain protective covenants, conditions, restrictions, reservations, liens and charges hereinafter set forth;

NOW, THEREFORE, Declarant does hereby submit the Property to the provisions of the Tennessee Horizontal Property Act, TCA 66-27-101, et. seq., and hereby publishes its plan for the division of the Property and the imposition of conditions, restrictions, reservations, liens and charges thereon and the individual ownership thereof, and Declarant hereby specifies that this Master Deed and the declarations herein shall constitute covenants, conditions, reservations and restrictions which shall run with the Submitted Property and shall bind and inure to the benefit of the Declarant, its successors and assigns and all subsequent owners of any interest in the Submitted Property, their grantees, successors, heirs, executors, administrators, legatees and/or assigns.

ARTICLE I
Definitions

As used in this Master Deed and all Exhibits hereto, all amendments hereof and thereof unless the context otherwise requires, the following definitions shall prevail:

1. Act means the Tennessee Horizontal Property Act, TCA 66-27-101, et. seq., as presently constituted.

2. Apartment means as defined in the Act. The floor plan and dimensions of each are as shown in the Exhibits hereto.

3. Association or Council of Co-Owners means the Council of Co-Owners as defined in the Act and specifically formed for the purpose of exercising the powers and duties of such for the Regime.

4. Assessment means a share of the fund required for the payment of common expense, capital improvements, extraordinary expense or any other expenses which from time to time are assessed to some or all of the Unit Owners.

5. Board of Directors or Board means an executive and administrative body designated as the governing body of the Association.

6. Building means an improved structure containing one or more Apartments on one or more floors.

7. By-Laws means the by-laws of the Association as they exist from time to time.

8. Commercial Unit means a Condominium Unit or Unit described in the Exhibits hereto and used for the purposes permitted herein.

9. Common Elements means and includes all of the Submitted Property excluding the Apartments and specifically includes both the general common elements and limited common elements (if any).

10. Common Expenses means and includes:

(a) All expenses incident to the administration, maintenance, repair and replacements of the Submitted Property after excluding therefrom any and all expenses which are the responsibility of a particular Co-Owner as hereinafter set forth;

(b) Expenses determined by the Board of Directors of the Association to be Common Expenses;

(c) Expenses in this Master Deed and/or its Exhibits denominated as Common Expenses; and

(d) Any other expenses declared by the Act to be expenses to which the Co-Owners are required to contribute.

11. Common Surplus means the excess of all receipts of the Association over and above the amount of Common Expenses and not otherwise reserved or designated for a specific use.

12. Condominium Unit or Unit means an individual Apartment as defined herein, in the Act and as described in the Exhibits hereto together with an undivided share of the Common Elements, vote, Common Surplus and liability for Common Expenses and other assessments appurtenant thereto.

13. Co-Owner means as defined in the Act, and specifically owning an Apartment in the Regime.

14. Declarant or Developer means as defined in the Act and specifically First National Equity Corporation, its successors and assigns.

15. Exhibits means the exhibits to this Declaration, as they may be amended from time to time.

16. General Common Elements means as defined in the Act.

THESE BY-LAWS are hereby adopted, accepted and fully ratified as the By-Laws of GATLINBURG GOLF AND RACQUET CLUB CONDOMINIUM ASSOCIATION, INC. this _____ day of _____, 198__.

WITNESSETH:

GATLINBURG GOLF AND RACQUET CLUB
CONDOMINIUM ASSOCIATION, INC.

BY: _____ (Seal)

ATTEST: _____ (Seal)

17. Institutional Mortgagee means a bank, savings and loan association, insurance company or union pension fund authorized to do business in the United States of America, an agency of the United States Government, a real estate or mortgage investment trust, the Declarant, any of its affiliates, and any lender generally recognized as an institutional type lender, having a lien on the Property or any part or parts thereof.

18. Limited Common Elements means as defined in the Act and shall also include the deck appurtenant to each Unit as shown in the Exhibits hereto.

19. Majority or Majority Vote or Majority of the Co-Owners means as defined in the Act.

20. Master Deed means this Master Deed establishing and recording the Property of the Regime and thereby submitting it to Condominium Ownership.

21. Occupant means any person or persons residing in a Unit.

22. Person means as defined in the Act.

23. To Record means as defined in the Act.

24. Submitted Property or Property means and includes the Property as it may exist from time to time as contained within the Regime as described in the Exhibits hereto and includes the land, the buildings, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto and subject to all easements, rights-of-way and rights of use as described herein, in the Exhibits and/or of record. The Property shall not include until, but shall include upon proper annexation hereto, all land together with improvements, easements, rights of way and rights of use described herein, in the Exhibits and/or of record, shown, described, and defined or to be described as Phase II, Phase III, Phase IV, Phase V and Phase VI, respectively.

ARTICLE II
Gatlinburg Golf and Racquet Club
Horizontal Property Regime
Council of Co-Owners

1. The administration of the affairs of the Regime and the maintenance, repair, replacement and operation of the Common Elements as herein provided, the enforcement of all rules, regulations, by-laws and those acts required of the Association by the Master Deed and/or by the Act shall be the responsibility of the Association acting through the Board of Directors. Such administration shall be in accordance with and under the powers granted by the provisions of the Act, this Master Deed, the Articles of Incorporation (if any) and the By-Laws of the Association.

2. The Association through its Board of Directors shall be and hereby is authorized to enter into such agreements and to bind itself and all Co-Owners as it may deem necessary or desirable for the administration and operation of the Regime. Each Co-Owner who acquires an interest in a Unit shall thereby be deemed to agree to be bound by the terms and conditions of all such agreements. A copy of each such agreement shall be made available at the office of the Association for review by any Co-Owner.

3. There shall be only one Voting Member for each Unit. If a Unit is owned by more than one person, the Owners thereof shall designate one of their number as the Voting Member. If a person other than an individual owns a Unit, a partner, trustee, officer or employee thereof shall be designated as the Voting Member for such Unit. The designation of the Voting Member shall be made as provided in the By-Laws. The vote of a Voting Member shall not be divisible.

Each Voting Member (and only the Voting Member) shall be entitled to cast the vote(s) for each Unit he represents, on each matter submitted to a vote at a meeting of the Association, regardless of the number of Persons who own such Unit. The Declarant shall be entitled to cast the vote(s) for each Unit it owns.

Each Voting Member shall be entitled to cast his vote(s) at each meeting of the Association in person or, if permitted by the By-Laws, by proxy.

4. Declarant shall appoint an initial Board of Directors to serve until Declarant shall relinquish control and their successors have been elected and qualified. Declarant shall release control upon calling a meeting of the Unit Owners for purposes of taking control, which meeting shall be called no later than the earlier of the following events:

(i) 4 months after 75% of the Units have been conveyed to the Unit purchasers; or (ii) 3 years following the conveyance of the first Unit conveyed in a single-phase project; or (iii) 5 years following such conveyance if an expandable project.

For purposes of this subsection of Article II the term "control" shall mean the right of the Declarant to control the Association, the Association Board, the project, or the Co-Owners in any manner except through votes allocated to units the Declarant owns on the same basis as votes pertaining to sold units.

ARTICLE III Property Rights

1. The Condominium as presently constituted consists essentially of Apartments in buildings, and other improvements and certain lands as the same are described in the Exhibits. For the purposes of identification, each Apartment in the Regime is identified by number and is delineated in the Exhibits hereto. No two Units have the same identifying number combination.

The aforesaid buildings and Apartments therein and other improvements are constructed in accordance with the plats, plans, descriptions and surveys contained in the Exhibits.

2. Ownership of an Apartment includes title to the Apartment and an undivided interest in the Common Elements and the Common Surplus (if any). Any attempt to divide an Apartment by separating title to the Apartment from the undivided interest in the Common Elements and Common Surplus (if any) shall be void.

The undivided interests in the Common Elements, the Common Surplus (if any) and the liability for Common Expenses which the Co-Owners of the Apartments are acquiring are set forth in the Exhibits.

3. Neither the Association, any Co-Owner, the Declarant, nor any other party who owns an interest in the Common Elements

shall have the right to bring any action for partition or division of the Common Elements.

4. Initial rules and regulations governing the use of the Submitted Property shall be promulgated by the Declarant on behalf of the Board of Directors. Additional and/or amended rules and regulations may be adopted or repealed by the Board of Directors. The Board of Directors may amend or repeal any rule or regulation adopted by it or by the Declarant provided such does not affect any right(s) of Declarant or any affiliate of it. All rules and regulations shall be posted in conspicuous places in the Common Elements.

5. Each Co-Owner, by acquiring his Unit, shall be deemed to agree to be bound by, among other things: (i) all rules and regulations adopted for the use of the Submitted Property; (ii) the Master Deed and the By-Laws.

6. Any Occupant may use the Common Elements reserved for the use of the Apartment he occupies during the time such Occupant is actually in residence in the Apartment. Guests and invitees of an Occupant of a Apartment and the Co-Owner of an Apartment (while another occupies his Apartment) may only use the Common Elements with the express permission of the Board of Directors and subject to such terms and conditions as the Board of Directors may specify.

7. Parking spaces shall not be reserved solely for the use of Occupants of any particular Apartment nor shall they be numbered. Further, Declarant hereby reserves unto itself (including the right to grant to others) and grants to all Occupants and visitors of the Regime an easement for vehicular parking upon the parking spaces within the Regime, together with an easement for ingress and egress for access to and from such parking.

8. Common Expenses:

(a) All costs of maintenance, repair and replacements of Common Elements (including General Common Elements and Limited Common Elements, if any) necessitated by the negligence or misuse by any Occupant of an Apartment shall be borne solely by the Co-Owner of such Apartment and the Board of Directors shall have the right to assess such Co-Owner for such costs.

(b) All other costs of maintenance, repair, replacements, preservation and improvement of the Common Elements (including General Common Elements and Limited Common Elements) and all other assessments and payments declared in the Act and/or herein declared to be Common Expenses shall be, unless the Board of Directors otherwise decides, Common Expenses.

9. Development Plan:

(a) Declarant has included within the Regime as initially constituted certain property and improvements including buildings containing 84 residential Apartments and a Commercial Unit. Of the 84 residential Apartments, 30 are one bedroom residential Units and are numbered 102-104, 202-204 (in Building A); 102, 103, 202, and 203 (in Building B); 102, 103, 105, 107, 202, 203, 205, and 207 (in Building C); 102, 104, 202, and 204 (in Building D); and 102, 104, 106, 107, 202, 204, 206 and 207 (in Building E). Further, there are 15 one bedroom residential Units with interior loft areas, numbered 302-304 (in

Building A); 302 and 303 (in Building B); 302, 303, 305 and 307 (in Building C); 302 and 304 (in Building D); 302, 304, 306, and 307 (in Building E). Further, there are 26 two bedroom residential Units numbered 101 and 201 (in Building A); 101, 104, 201 and 204 (in Building B); 101, 104, 106, 108, 201, 204, 206, and 208 (in Building C); 101, 103, 201 and 203 (in Building D); 101, 103, 105, 108, 201, 203, 205 and 208 (in Building E). Further, there are 13 two bedroom residential Units with interior loft areas numbered 301 (in Building A); 301 and 304 (in Building B); 301, 304, 306 and 308 (in Building C); 301 and 303 (in Building D); 301, 303, 305 and 308 (in Building E). The Commercial Unit consists of the reception area, work area, manager's office, laundry, vending area, telephone equipment room, storage room located within the recreation building and storage rooms located on the second floor of each building. The principal improvements included within the Common Elements are an outdoor tennis court, paved traffic and parking areas, electrical panel board, mechanical platforms and a recreation building containing a swimming pool, whirlpool, mens and womens restrooms, sauna, steamroom, recreation room and pool equipment room, the same being shown and designated in the Exhibits hereto. By reason of the relative square footage of the Commercial Unit, the one bedroom residential Units (each having approximately the same square footage to all other one bedroom residential Units), the one bedroom residential Units with interior loft areas (each having approximately the same square footage to all other one bedroom residential Units with interior loft areas), the two bedroom residential Units (each having a square footage approximately the same as all other two bedroom residential Units), and the two bedroom residential Units with interior loft areas (each having a square footage approximately the same as all other two bedroom residential Units with interior loft areas) with regard to the Submitted Property as a whole, there is appurtenant to the Commercial Unit an undivided percentage share of ownership interest in the Common Elements as described in the Exhibits, to each one bedroom residential Unit an undivided percentage share of ownership interest in the Common Elements as described in the Exhibits, to each one bedroom residential Unit with interior loft area an undivided percentage share of ownership interest in the Common Elements as described in the Exhibits, to each two bedroom residential unit an undivided percentage share of ownership interest in the Common Elements as described in the Exhibits, and to each two bedroom residential unit with interior loft area an undivided percentage share of ownership interest in the Common Elements, all as described in the Exhibits.

(b) Declarant reserves the right but not the obligation to annex and include additional property, improvements and Apartments and to amend this Master Deed by its sole action and in its sole discretion for the purpose of creating Phase II, Phase III, Phase IV, Phase V and Phase VI ("Subsequent Phases") of the Regime. The Subsequent Phases, if so annexed, will include property and improvements, including buildings containing residential Apartments, Commercial Units (ownership of which may be retained by Declarant) and additional Common Elements (including but not limited to an outdoor swimming pool and a tennis court); provided, however, no one Subsequent Phase will include more than 150 residential units (but may include fewer residential units). Should the Declarant determine to so annex and include a Subsequent Phase(s), it hereby covenants that the necessary annexation and amendment to the Master Deed shall be filed with the Register of Deeds for Sevier County, Tennessee. The Subsequent Phases, if included, will not increase the proportionate amount of the Common Expenses payable by the Co-Owners of and comprising the Regime as presently constituted (herein "Phase I"). Should the Subsequent Phases be included, the percentage interest in the Common Elements of each Co-Owner in Phase I shall be reduced accordingly. Likewise, although each Co-Owner of Phase I shall retain the vote presently appurtenant to his Unit, there shall be additional votes and, therefore, the percentage value of each vote, compared to the total votes, shall be reduced as described in the Exhibits.

(c) Ownership in the Common Elements and Common Surplus, pro rata share of Common Expenses due and percentage of total votes attributable to each Unit are shown in the Exhibits; provided, however, the Board of Directors may adjust and allocate Common Expenses on a method other than percentage of ownership if it so chooses provided such method is fair and equitable (including, but not limited to, the allocation of Common Expenses in an equal amount to all units).

ARTICLE IV Architectural Control

To preserve the original architectural appearance of the Regime, no exterior construction of any nature whatsoever except as specified in this Master Deed shall be commenced or maintained upon any building and/or Common Element and all such additions as are herein specified shall be architecturally compatible with existing structures. No Co-Owner shall paint, decorate or change the color of any exterior surface, gate, fence, awning, railing or roof, nor shall any Co-Owner change the design or color of the exterior or lighting, nor shall any Co-Owner install, erect or attach to any part of the exterior any sign of any kind whatsoever, nor shall any exterior addition or change, including, without limiting the generality of the foregoing, the erection or construction of any fence or wall, be made unless and until plans and specifications showing the nature, kind, shape, height, material, color and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures by the Board of Directors (or its designee), all Institutional Mortgagees and (so long as Declarant, or its successors or assigns, owns one or more Units in the Regime) the Declarant or its successors and assigns. Failure of the Board of Directors (or its designee) and, if appropriate, of the Declarant to approve or disapprove such plans and specifications within sixty (60) days after their being submitted in writing shall constitute approval.

ARTICLE V Expenses and Common Surplus

The Common Expenses of the Regime and the monetary obligations of the Co-Owners under any agreements entered into by the Association shall be shared by the Co-Owners in the percentages set forth in the Exhibits unless provided otherwise by the Board of Directors. Such percentages shall not be altered because of any increase or decrease in the purchase price or square footage of a Unit or because of its location.

Each Co-Owner's interest in the Common Surplus (if any) shall be equal to his interest in the Common Elements.

ARTICLE VI Amendment of the Master Deed

This Master Deed may be amended at the regular or any special meeting of the Association of the Regime, called and convened in accordance with the By-Laws, upon the affirmative vote of 67 percent of all the Voting Members of the Association; provided, however, that this Master Deed may not be cancelled nor any amendment be made hereto having as its effect a termination of the Regime without the written agreement of all of the Co-Owners in the Regime and all Institutional Mortgagees holding mortgages of record upon the Regime or any portion thereof, as provided in the Act.

All amendments hereto shall be recorded and certified as required by the Act. No amendment(s) shall change any Apartment or the proportionate share of the Common Expenses or Common Surplus attributable to each Apartment, nor the voting rights of any

Apartment, unless all Co-Owners of the Regime and all mortgagees holding any mortgages or other liens upon the Property or any part(s) thereof shall join in the execution of such amendment. No amendment shall be passed which shall impair or prejudice the rights and/or priorities of any Institutional Mortgagee or change the provisions of this Master Deed with respect to Institutional Mortgagees without the written approval of all Institutional Mortgagees of record.

No amendment shall change the rights and privileges of Declarant, its successors and assigns, without written approval and consent of the Declarant, or its successors or assigns.

Notwithstanding the foregoing provisions of this Article, the Declarant reserves the right to alter the interior design and arrangement of and to alter the boundaries between Apartments as long as the Declarant owns all the Apartments so altered; however, no such change shall increase the number of Apartments nor alter the boundary of the Common Elements, except the party wall between any Apartments, without amendment of this Master Deed in the manner herein set forth. If the Declarant shall make any changes in Apartments as provided in this paragraph, such changes shall be reflected by an amendment of this Master Deed and the recording thereof reflecting such authorized alteration of Apartments and said amendment need only be executed and acknowledged by the Declarant and any holder of mortgage(s) encumbering the said altered Apartments. Such shall be certified and recorded in the manner required in the Act.

Notwithstanding the foregoing provisions of this Article, it is understood and agreed that as of the time this Master Deed is dated and recorded in the public records of Sevier County, Tennessee, all of the improvements shown on the Exhibits may not be completed; however, said improvements shall be as and located as described and shown in the Exhibits; provided, however, that all improvements will be completed within twelve (12) months of the date of recording hereof; provided, however, said time may be extended by virtue of delays caused by acts of God, acts of governmental authorities, strikes, labor conditions or any other condition(s) beyond Declarant's control.

ARTICLE VII By-Laws

The operation of the Regime shall be governed by the By-Laws of the Association which are attached to this Master Deed as an Exhibit and made a part hereof.

No modification of, or amendment to, the By-Laws of the Association shall be valid unless set forth in or annexed to a duly recorded amendment. The By-Laws may be amended in the manner provided for therein but no amendment to said By-Laws shall be adopted which will affect or impair the validity or priority of any mortgage upon the Submitted Property or any portion thereof without written consent of the mortgagee thereof and of all Institutional Mortgagees of record. No amendment shall change the rights and privileges of the Declarant without written approval of the Declarant, its successors or assigns.

ARTICLE VIII The Operating Entity

The operating entity of the Regime shall be the Association. The Association shall have all the powers and

duties set forth in the Act as well as all the powers and duties granted to and imposed upon it by the Master Deed, and the By-Laws of the Association, and, in addition, all other powers and duties necessary to operate the Regime which shall be exercised through its Board of Directors.

Every Co-Owner, whether he has acquired his Apartment by purchase, gift, devise or other conveyance or transfer, by operation of law or otherwise, shall be bound by this Master Deed, the Act, the By-Laws, all other Exhibits hereto and any and all Rules and Regulations of the Association.

ARTICLE IX
Assessments

The Association, through its Board of Directors, shall have the power to fix and to provide for the Common Expenses of the Regime and such other sums as are necessary for the care, repair, replacement, maintenance, preservation and improvement of the Submitted Property and shall establish and maintain a adequate reserve fund to cover these periodic expenses. The reserve fund shall be maintained out of regular assessments for Common Expenses. The Board of Directors shall have the power and duty to fix and determine from time to time the sum or sums necessary and adequate to provide for the Common Expenses of the Regime and such other expenses as are provided for herein, in the Act or deemed necessary and appropriate expenses of the Regime. The procedure for the determination of sums necessary and Assessments upon Co-Owners and the method of collection of the same shall be as set forth in the By-Laws of the Association, as provided herein and in the Exhibits hereto and in the Act.

A Co-Owner shall become liable for the payment of Assessments upon issuance of a statement of Assessment by the Board of Directors of the Association.

Upon Assessments that are unpaid for over ten (10) days after due date, at the sole discretion of the Board of Directors (and if not forbidden by law), a late charge not to exceed \$10.00 or 10% of the amount due, whichever is greater, to the extent allowed by Law, shall also be due and payable to defray the expense of late collection. Regular Assessments shall be due and payable on the first day of each month and monthly bills for the same need not be delivered or mailed to the Co-Owners by the Board; provided, however, that on or before December 1st of the preceding year, the amount of regular monthly Assessments due from each Co-Owner for each month of that year shall be mailed by the Board of Directors to each Co-Owner and provided, further, that a notice of any increase or decrease in regular monthly Assessments shall likewise be mailed or delivered to each and every Co-Owner by the Board of Directors no later than thirty (30) days prior to the time the first regular monthly Assessment so changed shall be due.

Due 1st
30 DAY
NOTICE TO
CHANGE TO

Further, the Board of Directors, on behalf of the Council, shall have a lien on each Apartment together with the Common Elements appurtenant thereto in the amount of each Assessment not paid when due as provided in the Act, which may be collected and/or the lien foreclosed upon as provided in the Act. Reasonable attorneys' fees incurred by the Board of Directors incident to the collection of such Assessments or the enforcement (including but not limited to foreclosure) of such lien together with all sums advanced and/or paid by the Association for taxes and payments on account of a superior mortgage lien(s) or encumbrance(s) which may be required to be advanced by the

Association to preserve and/or protect its lien and all other charges allowed by the Act shall be payable by the delinquent Co-Owner and secured by such lien. The Board of Directors may take such action as it deems necessary to collect Assessments as provided in the Act and further may settle and/or compromise the same if deemed in its best interest. Each Assessment against a Unit shall be the personal obligation of the Unit Owner at the time the Assessment fell due. Such personal obligation shall not pass to successors in title unless assumed by them, or required by the Act.

Any lien of the Association for Common Expenses or Assessments, or other charges becoming payable on or after the date of recordation of the first mortgage on any Unit shall be subordinated to the mortgage holder. A lien for Common Expenses or Assessments shall not be affected by any sale or transfer of a Unit, except that a sale or transfer pursuant to a foreclosure of a first mortgage shall extinguish a subordinate lien for Common Expenses or Assessments which became payable prior to such sale or transfer.

No mortgagee of any mortgage of record or other purchaser of an Apartment who obtains title to the same at the foreclosure sale upon foreclosure of such mortgage shall be liable for the share of the Common Expenses or Assessments accruing after the date of recording of such mortgage but prior to the acquisition of title by such acquirer. Rather, such shall become Common Expenses payable pro rata by all Unit Owners (including such acquirer) as provided in the Act. In addition, any Co-Owner, person having executed a contract for the purchase of a Apartment or lender considering the loan of funds to be secured by a Apartment shall be entitled upon request to a statement setting forth the amount of Assessment(s) past due as provided in the Act. Failure to respond timely shall extinguish the lien for such Assessment(s), to be extinguished as provided in the Act. Except in the foregoing circumstances, any acquirer shall be jointly and severally liable for such expenses with the former Co-Owner. Any such sale or transfer pursuant to a foreclosure does not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from the lien of any assessments made thereafter.

The Board of Directors shall have the right to assign any claim and/or lien rights for the recovery of any unpaid Assessments.

No Co-Owner may exempt himself from liability for his share of the Common Expenses or any other Assessment by waiving the use or enjoyment of any of the Common Elements or by abandoning his Apartment.

ARTICLE X Insurance

1. The Board of Directors of the Association shall obtain insurance upon the Submitted Property insuring it (including the Common Elements, all Apartments and the contents thereof) against all risks, all premiums of which shall be included as part of the Common Expenses. The provisions of this Article shall relate to all residential Units and all Common Elements; provided, however, because of the unique nature of the Commercial Unit, the Co-Owner of the Commercial Unit may have that Unit exempted from any master hazard, casualty, liability or other insurance policy(ies) required to be maintained upon the Units (and have the amount of Common Expenses due from that Unit reduced accordingly), provided such Co-Owner provides evidence to the Board, and any

Institutional Mortgagee requesting same, of equivalent insurance coverage with a carrier equivalent to that herein required. Furthermore, should a Co-Owner wish additional coverage on the contents of a particular Apartment, such shall be permitted provided the additional coverage does not adversely affect the policy(ies) maintained by the Board and provided the cost of such additional coverage is paid by the Co-Owner.

The Board, on behalf of the Association, shall obtain extended insurance coverage (by policies, each having, if such can be obtained, a term of not less than three (3) years) upon the Submitted Property and improvements thereon, including the Common Elements, Apartments and contents thereof, insuring the Co-Owners and their mortgagees against loss from fire, earthquake, flood, vandalism and the elements (windstorm, etc.), as well as any other risks the Institutional Mortgagees described in Section 2 (if any) may deem it reasonable to require, in amount(s) sufficient to completely restore and replace the damage and/or destroyed elements in the event of loss or in the event the improvements are not to be repaired or replaced (as described in Section 6), sufficient to, after pro rata division among the Apartments to provide funds to pay off all outstanding mortgages held by Institutional Mortgagees upon Apartments in the Regime, whichever is greater. In the event such coverage as obtained contains deductible(s) and/or is insufficient to so restore or replace, the Insurance Trustee (as hereafter described), with the advice of the Board, shall determine the amount(s) necessary to cover such deductible(s) and/or deficiencies and establish a self-insurance fund to provide insurance to cover the same. Such self-insurance fund shall be established and funded in the same manner as are escrow payments for insurance premiums as hereafter described. Such self-insurance fund shall have the same loss payee as the policies obtained (i.e. the Insurance Trustee for the benefit of the Co-Owners and their mortgagees, etc.). Such self-insurance fund and any increase and/or replacement(s) thereto shall be funded by assessment of all of the Co-Owners by the Insurance Trustee acting on behalf of the Board, which shall be, when so assessed, an item of Common Expense. Such funds so maintained (except for excess funds, which shall be distributed as provided in Section 4), together with interest thereon (if any) may be expended only in the event of: (i) a loss which such funds insure against; (ii) the obtaining of other insurance to cover such deductible(s) and/or insufficiency(ies); (iii) the consent of all Co-Owners and their mortgagees; or (iv) upon termination of the Regime. In the event of distribution of such funds for any of the latter three events, such funds so expended and/or distributed shall be considered as, owned as and distributed as Common Surplus.

2. Any Institutional Mortgagees holding mortgages recorded prior to June 30, 1986, encumbering Apartments in the Regime having collectively an aggregate of original principal balances of \$1,000,000.00 or more shall have the right to approve all such insurance policy or policies, the company or companies, insurance upon such insurance coverage, the amount(s) thereof and, if appropriate, self-insurance sufficient to cover deductibles. Declarant reserves the right to, by amendment, change the date by which mortgages must be recorded in order for an Institutional Mortgagee to qualify for the rights granted herein.

3. Insurance premiums are and shall be a part of the Common Expenses; provided, however, they shall be paid separately and to the Insurance Trustee by each Co-Owner at such address as it shall designate. The Insurance Trustee shall notify the Co-Owners of the place of payment and monthly payment amount, which shall be due and payable by the first day of each month by each Co-Owner. The amount collected monthly from each Co-Owner shall be an amount equal to his percentage share in the Common Expenses multiplied by not less than 1/12th of the annual premiums of all insurance policies maintained upon the Regime. Further, the Insurance Trustee is hereby subrogated to and assigned the lien rights of the Council of Co-Owners as to each Co-Owner.

failing to pay any payment due from him to the Insurance Trustee for insurance premiums or self-insurance to the extent of the amounts due and owing but unpaid, which rights include the right to file notice of, perfect and foreclose upon a lien(s) against such Co-Owner(s) as granted to the Council of Co-Owners by the Act and this Master Deed. Sufficient funds shall be collected and maintained, if necessary in advance, by the Insurance Trustee (as hereinafter defined) such that with monthly installments received by it, it will have sufficient funds to pay the next annual premium on each policy maintained under Section 1 hereof not less than sixty (60) days prior to the date such premium on such policy is due and payable. Such funds so held shall be disbursed and used by it solely to pay premiums on said insurance policies described in Section 1. Unless such carrier fails to meet the requirements of Section 13 hereof or unless otherwise instructed by the Board of Directors and agreed to by the Institutional Mortgagees described in Section 2, the Insurance Trustee shall renew each policy with and pay the renewal premium to the same carrier then carrying said coverage. Such funds shall not be otherwise used or disbursed except upon written instruction of the Board of Directors consented to by all of the Institutional Mortgagees within the classification described in Section 2 of this Article.

4. The Board of Directors is hereby appointed and designated Insurance Trustee. The Insurance Trustee shall receive all funds designated for the self-insurance fund (if any) described in Section 1 hereof, to be held in trust for the benefit of the Co-Owners and their mortgagees, to be distributed as provided, and only as provided, in this Article. The funds comprising such self-insurance fund shall be placed in one or more demand accounts of a federally insured bank or trust company (which shall be interest bearing account(s) if allowed by such institution and permitted by law). To the extent such funds exceed those required (as defined in Section 1), they shall be paid over to the Council of Co-Owners as Common Surplus.

5. The Insurance Trustee is hereby designated and appointed as agent for the Council of Co-Owners, its Board of Directors, each and every present and future Co-Owner thereof and each and every mortgagee (if any) of each and every such Co-Owner for the purposes of this Article. Any Person, by acquiring any ownership or security interest whatsoever in any Apartment, shall be deemed to have appointed the Insurance Trustee as his, her or its agent for the purposes of this Article. Further, such appointment is and shall be irrevocable; provided, however, the present Insurance Trustee may assign upon the acceptance by a successor insurance trustee of all rights, powers and duties herein granted the Insurance Trustee and, further, provided such successor must be a federally insured bank or other federally insured depository having a corporate trust department, and must be acceptable to all Institutional Mortgagees within the classification described in Section 2 of this Article. In its capacity as agent, the Insurance Trustee shall cause itself, as Insurance Trustee, to be designated as named insured and loss payee, for the benefit of those for whom it is herein designated as agent, of the insurance policies procured pursuant to Section 1 of this Article, and in such capacity to receive all proceeds from such policies and execute as duly authorized agent such releases, endorsements or other documents or things as may be necessary to be able to receive such proceeds. In the event of any casualty or loss which is less than 2/3rds (as defined in Section 6 of this Article), the Board of Directors shall be responsible to accomplish substantial reconstruction, replacement and repair, provided the Insurance Trustee shall collect the proceeds of insurance (and to the extent appropriate, from the

self-insurance fund) and distribute such proceeds (by, if appropriate, a percentage of completion basis) to the parties entitled thereto upon satisfying itself as to the effectuation of such repairs, replacement and reconstruction. In the event reconstruction is not required (in accordance with the provisions of Section 6 of this Article), the Insurance Trustee shall receive the proceeds and shall divide them, pro rata, among the Apartments according to the percentage of Common Elements appurtenant to each Apartment. The Insurance Trustee shall then pay over to the mortgagee (and, if more than one, in order of priority of lien) of that Apartment, the share of proceeds appurtenant thereto up to the amount of indebtedness due such mortgagee upon his mortgage, and any balance then remaining to the Co-Owner thereof. If there be no mortgagee or other lien holder of that Apartment, the entire proceeds allocable to that Apartment shall be paid over to the Co-Owner thereof. The Insurance Trustee shall not be required to distribute any funds until it is satisfied in its sole judgment or assured of the parties entitled to such proceeds and the amounts to which they are entitled.

6. The proceeds of any such insurance shall be applied to reconstruct the improvements as provided in the Act; provided, however, reconstruction shall not be compulsory where it comprises the whole or more than two-thirds of the Property. In such event, unless unanimously agreed otherwise in writing by the Co-Owners and all Institutional Mortgagees, the proceeds shall be divided pro rata among the Apartments according to the share of Common Elements appurtenant to each and distributed by the Insurance Trustee as provided in this Article. In the event of such pro rata division, the Institutional First Mortgagee of record shall have first claim upon such insurance proceeds delivered to the Co-Owner of the Apartment upon which such Institutional Mortgagee holds a mortgage lien to the extent of the indebtedness due and owing upon the debt which such mortgage secures.

7. If the Property is not insured or if the insurance proceeds are insufficient to cover the costs of reconstruction, rebuilding costs shall be paid by all of the Co-Owners directly affected by the damage and each shall be responsible for a share equal to the total cost times a fraction, the numerator of which is one and the denominator of which is the number of Apartments so directly affected. Failure or refusal of payment of any of the Unit Owners so affected shall result in a lien upon his Unit in favor of the Association in such amount and may be enforced in the manner provided for collection of unpaid Assessments herein and/or in the Act.

8. Nothing herein contained or contained in the By-Laws shall prevent or prejudice the right of each Co-Owner and/or his mortgagee(s) from insuring his Apartment on his account and for the benefit of himself and/or his mortgagee(s).

9. Any repair and/or restoration must be substantially in accordance with the plans and specifications for the original buildings and improvements or as the buildings or improvements were last constructed or according to plans approved by the Board of Directors and all Institutional Mortgagees of record, which approval shall not be unreasonably withheld.

10. The Insurance Trustee is further hereby irrevocably appointed agent for each Co-Owner, the Council, its Co-Owners and their mortgagees for the purpose of compromising and settling claims arising under insurance policies purchased under the provisions of this Article and to execute and to deliver releases therefor upon the payment of claims.

11. Should the Association fail to pay insurance premiums when due or should the Council or Co-Owners fail to comply with other insurance requirements required herein or by the Act or imposed by Institutional Mortgagees having the right to impose the same, said Institutional Mortgagees or any one of them shall have the right to obtain insurance policies and to advance such sums as are required to maintain or procure such insurance and to the extent of the monies so advanced said mortgagee(s) shall be subrogated to the Assessment and lien rights of the Association and its Board of Directors against the individual Co-Owners for reimbursement of such sums.

12. The Board of Directors of the Association is authorized and directed to purchase such additional insurance and for such additional purposes, including liability insurance (in an amount of not less than \$500,000 per occurrence) and, if required by law or deemed advisable by it, workmen's compensation insurance, to carry out its purposes and/or to protect itself, the Regime, its Common Elements, Apartments, the Co-Owners thereof and their mortgagees.

13. Any and all insurance coverage(s) obtained under Section 1 above by the Association pursuant to this Article must be obtained from an insurance carrier(s) admitted and authorized to do business in the State of Tennessee, and having an Alfred M. Best Financial Rating of at least "B", which company(ies) shall be affirmatively presumed to be a good and responsible company(ies) and the Declarant, the Board of Directors, the Association and Institutional Mortgagees shall not be responsible for the quality or financial responsibility of the insurance company(ies) provided same are so rated and are so licensed, admitted and approved to do business and provide such coverage in the State of Tennessee.

(CONTINUED ON NEXT PAGE)

ARTICLE XI
Use and Occupancy

The Co-Owner of each Apartment (other than a Commercial Unit) shall occupy and use his Apartment as a single family private dwelling for residential purposes for himself and the members of his family and/or his social guests or designees and for no other purposes; provided, however, nothing herein contained nor any present or future action by the Council of Co-Owners or its Board of Directors shall prevent any Co-Owner from leasing or renting his Apartment for such period or periods as he shall determine in his sole discretion to third parties; provided, however, such Apartment shall, if so rented or leased, be used for residential purposes only by such lessee or renter and in compliance with this Master Deed and its Exhibits, the Act and Rules and Regulations properly promulgated. Such renter or lessee may be removed from the Property and/or refused further entrance by the Board of Directors of the Association or its designee for non-compliance, and the Co-Owner of that Apartment shall be liable for all damages caused by his lessee or renter and all costs of removal which shall be a lien upon his Apartment the same as the lien for unpaid Common Expenses. No commercial or business activity shall be carried out in any Apartment or other part of the Submitted Property except a Commercial Unit and further except that the Declarant, its successors and assigns, may maintain and use one or more Apartments of the Condominium owned or leased by it, its successors or assigns, designated by Declarant as a model and/or for management, sales and/or rental offices and/or customer services, and commercial laundry and vending equipment may be maintained and maintenance and laundry equipment kept and maintained in areas of the Common Elements suitable for such purposes. Notwithstanding the foregoing, nothing contained in this Declaration shall be construed to restrict the Declarant or any successor in interest to the Declarant as developer of the Regime from selling and/or conveying any Apartment under any plan of multiple use, interval ownership or time sharing arrangement; provided, further, no Apartment may be sold, leased or otherwise marketed under any plan of multiple use, interval ownership or time sharing arrangement without express written consent of Declarant.

No Co-Owner shall permit or suffer anything to be done or kept in or about his Apartment or upon the Common Elements which will obstruct or interfere with the rights of other Co-Owners, their guests or assigns or annoy them by creating any unreasonable noises or otherwise, nor shall any Co-Owner permit or commit any nuisance or illegal act in or about the Submitted Property.

No animals or pets of any kind shall be kept in any Apartment or on any property of the Regime except with written consent of, and subject to, the Rules and Regulations adopted by the Board of Directors of the Association; provided, however, that in no case shall they be kept, bred or maintained for any commercial purposes; and provided, further, any animal or pet causing or creating a nuisance or unreasonable disturbance may be permanently removed from the Submitted Property by the Board of Directors upon three (3) days written notice to the owner thereof. Once permission to allow a pet to be kept in any Apartment is given, it shall not be withdrawn or terminated unless such pet has caused or created a nuisance or unreasonable disturbance as provided herein.

No Co-Owner shall cause anything to be affixed or attached to, hung, displayed or placed on the exterior walls, doors or windows of the Apartments or upon the general or limited Common Elements, provided, however, the Co-Owner or lessee of a Commercial Unit may display upon the Common Elements signs advertising such commercial establishment provided such must be in keeping with the decor of and not detract from the appearance of the Regime; nor shall he plant any type of plants, shrubbery,

flower, vine or grass outside a Apartment nor shall he cause awnings or storm shutter, screens, enclosures and the like to be affixed or attached to any Apartment, limited or general Common Element; nor shall he place any furniture or equipment outside a Apartment except with the written consent of the Board of Directors of the Association and, further, where approved, subject to the Rules and Regulations of the Board of Directors. No clothesline or similar device shall be allowed on any portion of the Submitted Property nor shall clothes be hung anywhere except where designated by the Board of Directors. Co-Owners may not screen or enclose any exterior deck and/or balcony which abuts his Apartment, where applicable, with any type of material without the prior written consent of the Board of Directors.

No person shall use the Common Elements or any part(s) thereof or an Apartment or any part of the Submitted Property in any manner contrary to, or not in accordance with, such Rules and Regulations pertaining thereto as may from time to time be promulgated by the Board of Directors of the Association.

The Board of Directors may, if it determines appropriate, suspend use of the Common Elements for a period of up to thirty (30) days for any violation of the provisions hereof and/or said Rules and Regulations. Such remedy is not exclusive.

Notwithstanding the provisions hereof, the Declarant, its successors and assigns in interest as developer of the Regime, shall be allowed to maintain one (1) or more Apartments as laundry and/or maintenance areas, management, sales and/or rental office(s); to display and place signs upon the premises to aid in sales or rentals; and to engage in sale or rental activities and provide laundry and maintenance service upon the Submitted Property.

ARTICLE XII Maintenance and Alterations

1. The Board of Directors including the initial Board appointed by the Declarant) may enter into contracts with firm(s), person(s) or corporation(s), or may join with other regimes and/or entities in contracting for the maintenance and/or repair of the Submitted Property and any properties belonging to the Regime; may contract for or may join with other associations in contracting for the maintenance and management of the Regime; and may delegate to such contractor or manager all power and duties of the Association and its Board of Directors except such as are specifically required by this Master Deed, by its By-Laws or by the Act to have approval of the Board of Directors and/or of the Association.

2. There shall be no alterations or additions to the Common Elements or any part(s) thereof except as authorized by the Board of Directors and approved by not less than seventy-five (75%) percent of the total vote of the Co-Owners of the Regime provided the aforesaid alterations or additions do not affect the rights of any Co-Owner and/or his Institutional Mortgagee(s) of record unless the consent of both have been obtained. The cost of the foregoing shall be assessed as Common Expenses. Where alterations or additions as aforesaid are exclusively or substantially for the benefit of the particular Co-Owner(s) requesting the same, then the cost of such alterations or additions shall be assessed against and collected solely from the Co-Owner(s) exclusively or substantially benefiting therefrom. The assessment shall be levied in such proportion as may be determined as fair and equitable by the Board of Directors taking into account the benefit to each and the relative value of each such Apartment as opposed to the others so improved. Where such alterations or additions exclusively or substantially benefit Co-Owner(s) requesting same, said alterations or additions shall

only be made when authorized by the Board of Directors approved by not less than seventy-five (75%) percent of the total votes of the Co-Owners exclusively or substantially benefiting therefrom, and where said Co-Owners are ten (10) or less, the approval of all but one (1) shall be required.

Where the approval of Co-Owners for alterations or additions to the Common Elements of this Regime is required, the approval of Institutional Mortgagees whose mortgages encumber Apartments representing not less than ninety (90%) percent of the total unpaid dollar indebtedness as to principal on said Apartments at said time shall also be required.

3. Each Co-Owner is hereby required:

(a) To maintain in good condition and repair his Apartment, all interior surfaces and the entire interior of his Apartment and to maintain and repair the fixtures and equipment therein, which includes, but is not limited to, the following, where applicable: air conditioning and heating units, including condensers and all appurtenances thereto wherever situated; hot water heaters; refrigerators, ranges and ovens and all other appliances; drains, plumbing fixtures and connections, sinks, all plumbing and water lines within the Apartment; electric panels; lines, outlets and fixtures within the Apartment; interior doors, windows, screens and glass; all exterior doors (except the painting of the exterior of an exterior door shall be a Common Expense). Water, sewerage, disposal and waste fees, electricity or other utility charges, if applicable, shall be part of the Common Expenses if billed to the Regime; however, if the individual bills are sent to each Co-Owner by the provider of such services, each such Co-Owner shall pay said bill for his Apartment individually. Electricity for the Units and all other purposes for the Regime may be metered to the Regime as a whole, rather than to individual Apartments, and, if so, shall be a Common Expense. Where an Apartment is carpeted, the cost of maintaining and replacing the carpeting shall be borne by the Co-Owner of said Apartment. Each Co-Owner shall maintain, care for and preserve those portions of the Limited Common Elements (if any) exclusively for his use or exclusively for his use together with certain other Co-Owners. Where there is a light fixture or fixtures attached to the exterior wall or walls of the Apartment, the Co-Owner thereof shall replace the bulb(s) by the same color and bulb wattage at his cost and expense unless the Board of Directors decides to replace same as a Common Expense. Each Co-Owner is responsible for and will pay for his telephone service.

(b) Not to make or cause to be made any structural addition or alteration to his Apartment or to the Common Elements or any part(s) thereof. Alterations within a Apartment may be made with prior written consent of the Board of Directors and any Institutional Mortgagee holding a mortgage upon such Apartment as could be affected by such alteration. Upon approval of such alteration, the Board of Directors shall have the right to require approval of any contractor and/or sub-contractor employed by such Co-Owner for such purpose. Said parties shall comply with all Rules and Regulations adopted by the Board of Directors. Further, such Co-Owner shall be liable for all damages to any other Apartment(s), Common Element(s) or Submitted Property caused by the Co-Owner's contractor, sub-contractor or employee whether such damage be caused by negligence, accident or otherwise.

(c) To allow the Board of Directors or its representative, agent or employee to enter into his Apartment for the purposes of maintenance, inspection, repair or replacement of improvements within the apartment and/or Common Elements; to determine and remedy in the case of emergency, circumstances threatening the Apartment and/or Common Elements; or to determine compliance with the provisions of this Master Deed and/or any By-Law or Rule or Regulation of the Association.

(d) To show no signs, advertisements or notices of any type on the Common Elements, Apartments or buildings (except for the Co-Owners and/or operators of Commercial Units and Declarant as provided in this Master Deed) and to erect no exterior antennae or aerials except as consented to by the Board of Directors.

4. In the event that a Co-Owner fails to maintain his Apartment and all parts thereof as required, makes any alterations or additions without the required consent, or otherwise violates the provisions hereof, the Board of Directors, on behalf of the Association, shall have the right to proceed with an action at law for damages or to obtain an injunction to prevent such activity and/or to require compliance with the provisions hereof, with the By-Laws, the Act or any Rules or Regulations. In lieu thereof and in addition thereto, the Board of Directors shall have the right to levy an assessment against such Co-Owner for such necessary sums to remove any unauthorized additions or alterations and/or to restore the property to good condition and repair. Said assessments shall have the same force and effect as all other special assessments. The Board of Directors shall have the right to have its employees or agents, or subcontractors appointed by it, enter an Apartment at all reasonable times to do such work as it deems necessary to enforce compliance with the provisions hereof.

5. The Board of Directors shall determine the exterior color scheme of all buildings and all exterior and interior color scheme(s) of the Common Elements (subject to the approval rights of the Association), and shall be responsible for the maintenance thereof. No Co-Owner shall paint an exterior wall, door, window or any exterior surface or place anything thereon or affix anything thereto without the written consent of the Board of Directors.

6. The Council of the Co-Owners shall be responsible for the maintenance and repair and replacements of the Common Elements and all portions of the Submitted Property not required to be maintained and/or repaired and/or replaced by individual Co-Owners. Notwithstanding each Co-Owner's duty of maintenance, repair, replacement and other responsibilities to his Apartment, the Association, through its Board of Directors, may enter into an agreement with such firm(s) or company(ies) as it may determine from time to time to provide certain services and/or maintenance for and/or on behalf of the Co-Owners whereby maintenance and services are provided on a regularly scheduled basis, such as air conditioning maintenance services, exterminating services, cable television and telephone equipment and service, and other types of maintenance and services as the Board of Directors deems advisable and for such periods of time and on such basis as it determines. Further, the Board of Directors may lease equipment and grant easements for the location and/or installation of the same if it determines advisable. The Monthly Assessment due from each Co-Owner for Common Expenses shall be increased by such sum as the Board of Directors deems fair and equitable under the circumstances. Each Co-Owner shall be deemed a party to such agreement with the same force and effect as though said Co-Owner has executed said agreement. It is understood and agreed that the Association through its Board of Directors shall execute said agreements as the agent for each Co-Owner. The aforesaid assessment shall be deemed to be an Assessment under the provisions of the Article regarding Assessments contained in this Master Deed.

ARTICLE XIII Termination

This Regime may be voluntarily terminated at any time upon the terms and conditions and in the same manner set forth and

described in the Act; provided, however, that unless otherwise required by law or in the Act, before the Regime may be terminated, all Co-Owners must agree thereto and all Institutional Mortgagees of record of all Apartments or any other part of the Submitted Property of the Regime must agree in writing to accept such termination and to accept as security the undivided portion of the Submitted Property owned by the debtor(s) of each. In the event of such termination, all Co-Owners shall become tenants in common of the real property and improvements constituting the Apartment and Common Elements. The ownership of each Co-Owner upon such termination as tenant in common shall be the same percentage as his percentage ownership in the Common Elements at that time.

ARTICLE XIV EASEMENTS

Each Person who acquires an interest in an Apartment shall be deemed, thereby, to agree that: (i) if any portion of a Apartment shall encroach upon any portion of the Common Elements or another Apartment or any portion of the Common Elements shall encroach upon any Apartment, there shall exist a valid easement for such encroachment and for the maintenance and repair of the same so long as it stands; and (ii) in the event a building or other improvement or a Apartment is partially or totally destroyed and the reconstruction thereof shall create an encroachment on portions of the Common Elements or on any Apartment, there shall exist a valid easement for such encroachment and the maintenance thereof.

The Property is subject to all conditions, limitations, restrictions, reservations and all other matters of record, the rights of the United States of America, the State of Tennessee and any governmental authority or agency, any taxes, applicable zoning ordinances which now exist or are hereafter adopted and easements for ingress and egress, for pedestrian and vehicular purposes and for utility services and drainage which now exist or are hereafter granted by the Declarant for the benefit of such persons as the Declarant designates. The Declarant shall have the right to grant easements and designate the beneficiaries thereof for such time as it determines in its sole discretion. Such rights include, but are not limited to, reservation unto itself, its successors and assigns, and the right to grant to third parties, easements for access and ingress and egress across the Property suitable for such purposes, for pedestrian and vehicular purposes and for utility services and drains, and easements and licenses of use of the amenities and facilities of the Regime, provided any such grant of use(s) shall require the grantee(s) thereof to pay fees commensurate with such use(s) for such use(s). When the Declarant relinquishes such right, the Association shall be empowered to grant such easements. While the Declarant has the right to grant easements, the consent and approval of the Association to the granting thereof shall not be required. No easement shall be granted by the Declarant or the Association if as a result thereof any buildings or other improvement in the Regime would be structurally weakened or the security of any mortgagee of record would be adversely affected without its written consent.

Declarant does hereby reserve unto itself, its successors in title to said Property and any and all lessees and occupants thereof and does further reserve the right to grant to others: (1) non-exclusive easements for access and ingress and egress to, from, over, across and upon said Property and for parking over, across and upon the portions of the Property suitable for such use for vehicular and pedestrian traffic; (2) non-exclusive easements for the underground installation and maintenance of utilities to or across said Property including, but not limited to, water, sewer, telephone, electrical, cable television (including the location, placement, operation, and maintenance of satellite signal reception and transmission equipment and lines for cable

and/or television programming and anything incidental thereto), and drainage structures including the right to connect such utilities to those of the Regime.

The Association, all present and future Co-Owners and Occupants, the Declarant and their respective successors, assigns, designees, invitees, licensees and guests are hereby granted a perpetual easement over, through and across and a license to use the areas of the Common Elements in the manner for which such is ordinarily intended and are further granted a pedestrian easement over, through and across the Common Elements upon such paths and ways as are suitable for pedestrian traffic and a license to use the same.

ARTICLE XV
Certain Rights of Declarant

1. Notwithstanding any other provisions herein, so long as the Declarant continues to own any of the Apartments, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Declarant from any obligations as a Co-Owner to pay assessments as to each Apartment owned by the Declarant after the construction of said Apartment has been completed.

(a) The Declarant shall have the right at any time to sell, transfer, lease or re-let any Apartment(s) which the Declarant continues to own after this Master Deed has been recorded, without regard to any restrictions relating to the sale, transfer, lease or form of lease of Apartments contained herein and without the consent or approval of the Association or any other Co-Owner being required.

(b) During the period of time in which structures are under construction by the Declarant and not completed, and for a period of 90 days after such completion, no dues shall be charged against the Declarant as the Co-Owner of the Apartments included therein until the completion of said Apartments and the dues shall be assessed against the Co-Owners (including the Declarant) of those Apartments which shall have been completed, proportionately, inter se.

(c) Without limiting the foregoing and to the extent allowed by law, the Declarant shall have the power, but not the obligation, acting alone, at any time (and from time to time) so long as the Declarant owns or holds a mortgage upon at least one Apartment to amend the Declaration to cause the same to conform to the requirements of the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, as set forth, respectively, in "FNMA Conventional Home Mortgage Selling Contract Supplement" and "Seller's Guide Conventional Mortgages," as the same may be amended from time to time.

(d) The Declarant shall have the rights: (i) to use or grant the use or a portion of the Common Elements for the purpose of aiding in the sale or rental of Apartments; (ii) to use portions of the Submitted Property for parking for prospective purchasers or lessees of Apartments and such other parties as the Declarant determines; (iii) to erect and display signs, billboards and placards and store and keep the same on the Submitted Property; (iv) to distribute audio and visual promotional material upon the Common Elements; and (v) to use any Apartment which it leases or owns as a sales and/or rental office, model, management office or laundry and/or maintenance facility.

(e) In order to provide the Regime with, among other things, adequate and uniform water service, sewage disposal service, utility services, telephone service and television reception, the Declarant reserves the exclusive right to contract for the provision of such services. The Declarant, as agent for