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**MASTER DEED OF WOODLANDS OF KNOXVILLE  
HORIZONTAL PROPERTY REGIME**

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TO ALL WHOM THESE PRESENTS MAY COME:

WHEREAS, THE WOODLANDS OF KNOXVILLE, L.L.C. (the "Developer") is a limited liability company organized under the laws of the State of Tennessee; and

WHEREAS, the Developer is the owner of that certain real property more fully described in Exhibit A attached hereto (the "Land") located in Knox County, Tennessee; and

WHEREAS, the Developer is in the process of constructing one hundred forty three (143) residential condominium units and one (1) commercial unit, together with common areas and amenities on the Land; and

WHEREAS, the Developer deems it appropriate to organize a horizontal property regime by duly executing and recording this Master Deed in the Register of Deeds of Knox County, Tennessee; and

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Developer hereby submits the Land, together with all easements, rights and appurtenances there unto belonging, to the provisions of the Horizontal Property Act, Title 66, Chapter 27 of the Tennessee Code Annotated, as amended, and hereby creates thereon a horizontal property regime to be known as WOODLANDS OF KNOXVILLE HORIZONTAL PROPERTY REGIME, subject to the following:

## ARTICLE I

### Definitions

Section 1.1. Definitions. Unless defined herein or unless the context requires otherwise, the words defined in Section 66-27-102 of the Tennessee Code Annotated, when used in this Master Deed or any amendment hereto, shall have the meaning therein provided. The following words when used in this Master Deed or any amendment hereto, unless the context requires otherwise, shall have the following meanings:

"Act" means the Horizontal Property Act, Tennessee Code Annotated (2004), as amended, Section 66-27-101 to Section 66-27-123, and as may be further amended from time to time.

"Assessment" means the amount assessed against an Owner and his Unit from time to time by the Association in the manner provided herein.

"Association" means Woodlands of Knoxville Townhouse Corporation, being an association of and limited to Owners of the Units located in the Regime in the form of a non-profit, non-stock membership association which has been incorporated in accordance with the Articles of Incorporation attached hereto as Exhibit G.

"Board of Administration" , "Board of Directors" or "Board" means the Board of Directors of the Association, and "director" or "directors" means a member or members of the Board.

"Bylaws" means the Bylaws of the Association attached hereto as Exhibit H, as amended from time to time.

"Commercial Unit" means that Unit restricted to commercial use.



"Common Area" or "Common Elements" means all of the Regime property after excluding the Units.

"Common Expenses" means (a) all expenses incident to the administration, maintenance, repair and replacement of the Common Area and the Limited Common Area, after excluding therefrom such expenses which are the responsibility of an Owner; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Owners; (c) expenses declared to be Common Expenses by the Act or the Regime Documents; and (d) reasonable reserves established for the payment of any of the foregoing.

"Developer" means The Woodlands of Knoxville, L.L.C., its successors and assigns.

"Expandable Property" means the real property, with all improvements constructed thereon, particularly described in Exhibit I attached hereto.

"Land" means the certain real property described in Exhibit A attached hereto.

"Limited Common Area" or "Limited Common Elements" means those areas so designated in Exhibit D attached hereto.

"Master Deed" means this document, as amended from time to time.

"Owner" means the record owner, whether one or more persons, of fee simple title in and to any Unit, excluding, however, those persons having such Interest merely as security for the performance of an obligation.

"Percentage Interest" means the percentage of undivided interest each Owner owns as tenant-in-common in the Common Area; and "Total Percentage Interests" means the aggregate of all the Percentage Interests.

"Plans" means and includes the architectural plans of the Project which are filed as an attachment to this Master Deed as Exhibit C, said plans having been prepared by GLA.

"Project" means the Land, the buildings and all other improvements and structures located thereon, and all easements, rights and appurtenances belonging thereto, submitted to the Act by this Master Deed.

"Regime" means the horizontal property regime established by this Master Deed, including all appurtenances and incidents of ownership attendant therewith.

"Regime Documents" means and includes this Master Deed, all Exhibits hereto, the documents of Incorporation of the Association, the Bylaws and the Rules and Regulations, all as amended from time to time.

"Residential Units" means that part of the Project restricted to residential use and intended for independent use by an Owner situate within the Unit Boundaries designated in Exhibit E.

"Rules and Regulations" means the rules and regulations from time to time promulgated by the Board of Directors governing the use of the Common Area, Limited Common Area and Units.

"Site Plan" means and includes the survey of the Land and improvements attached hereto as Exhibit B showing the boundaries of the Land and the location of the Units and amenities of the Project thereon.

"Unit" or "Private Elements" means that part of the Project intended for Independent use by an Owner situate within the Unit Boundaries designated in Exhibit E. Each Unit is identified in Exhibit B and/or Exhibit C by a specific number, which number shall be sufficient to identify the Unit for all purposes.

"Unit Estate" means all the components of ownership held by an Owner, including the rights and interests of the Owner in and to the Unit, the rights of use of the Limited Common Area and the undivided interest in the Common Area and Limited Common Area. Unless the context requires otherwise, all references to "Units" herein shall include the "Unit Estate" or Private Elements.

## ARTICLE II

### Administration

Section 2.1. The Association. The administration of the Regime shall be the responsibility of the Association which shall be made up of all the Owners of Units in the Regime. The Association and the Owners shall be governed by this Master Deed and the Bylaws attached hereto as Exhibit H, as the same may be amended from time to time.

Section 2.2. Professional Management. Management of the Project shall be conducted by a professional management company retained by the Association; provided, however, that the Association shall enter into management contracts with reasonable compensation and termination provisions consistent with provisions generally prevailing for management contracts relating to condominium projects located in Knox County, Tennessee.

Section 2.3. Agreements. The Association shall be and hereby is authorized to enter into such agreements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the Regime. Each Owner by acquiring or holding an interest in any Unit thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Directors on behalf of the Association; provided however, any management agreements may not exceed three (3) years in length and either party may cancel any management agreement, with or without cause, upon ninety (90) days prior written notice and without penalty for cancellation.

Section 2.4. Access to Information. The Association shall make available to Owners and mortgage holders, insurers or government guarantors of any mortgage, current copies of the Regime Documents and the books, records, contractual arrangements and financial statements of the Association. "Available" means available for reasonable inspection, upon request, during normal business hours or under other reasonable circumstances. Any party entitled to the benefits of this Section 2.4 shall be permitted to designate one or more agents who shall be permitted to represent said party in connection with any and all reviews of the Regime Documents and books, records, contractual arrangements and financial statements of the Association.

Section 2.5. Financial Statements. No later than 120 days after the close of any fiscal year of the Association, the Association shall cause financial statements for such fiscal year to be prepared by a certified public accountant licensed in the State of Tennessee. Copies of these financial

statements shall be provided free of charge to any party entitled to the benefits of Section 2.4 promptly upon request.

Section 2.6. Rules and Regulations. The Board of Directors shall be entitled to promulgate reasonable Rules and Regulations from time to time, which shall be binding upon the Association and all Owners and lessees of Owners, their families, invitees and guests, regarding the use and enjoyment of Units, the Limited Common Area and Common Area.

### ARTICLE III.

#### Property Rights

##### Section 3.1. Development Plan.

(a) Development Plan for Phase One. The Developer shall construct or cause to be constructed on the Property buildings containing a total of one hundred forty three (143) Residential Units and one (1) Commercial Unit, and amenities substantially in accordance with the Plans and the specifications for construction, copies of which shall remain on file in the office of the Association. The Developer expressly reserves the right, during the course of construction, to revise, modify or change in whole or in part the Plans and specifications for construction; provided, however, that the Developer shall adhere to the general scheme of development as set forth in the Plans.

(b) Option to Submit Additional Phases. Developer hereby reserves the option, to be exercised in its sole discretion, to submit all or a portion of the "Expandable Property" to the provisions of this Master Deed as additional phases and thereby cause the Expandable Property or portions thereof to become part of the Project. This option may be exercised by the Developer in accordance with the following conditions and limitations which are the only conditions and limitations on such option:

(1) The option may be exercised for a period of seven (7) years from the date of this Master Deed; provided however, that the Unit Owners to which at least two thirds of the votes in the Association appertain, exclusive of any vote or votes appurtenant to any unit or units then owned by the Developer, may consent to the extension of such option within one year prior to the date upon which the option will expire.

(2) The legal description of the Expandable Property is set forth in Exhibit I; a portion of such property may be added at different times as multiple phases and there are no limitations fixing the boundaries of such portions or regulating the order in which such portions may be added to the Condominium.

(3) The Expandable Property has no horizontal boundaries and the vertical boundaries are the perpendicular vertical projections of those lines which are the property line boundaries set forth in the legal description attached hereto as Exhibit I.

(4) There are no limitations with respect to the location of any improvement or the maximum number of units to be located on any portion of the property that may be submitted as a phase except as provided in (b)(2) above.

(5) All units created on the Expandable Property or portions thereof will be restricted to the uses set out in Article IX herein.

(6) No assurances are made that any of the structures to be constructed on the Expandable Property or any portion thereof will be substantially identical to structures on Land constituting Phase One.

(7) The improvements made on the Expandable Property or portions thereof shall be limited to units for residential use, street improvements, driveways, parking areas, and utility systems relating to such units.

(8) The Developer reserves the right to create certain limited common elements appertaining to units on the Expandable Property or portions thereof and to designate common elements within the Expandable Property or portions thereof which may subsequently be designed as limited common elements and there are no limitations on the Developer's right to create or design limited common elements as aforesaid within the Expandable Property or portions thereof.

(9) Should the options set forth herein not be exercised within the term specified, such option shall in all respects expire and be of no further force or effect and in such event the Developer shall not be obligated to impose on the Expandable Property or any portion thereof, any covenants, conditions or restrictions the same as or similar to those contained herein.

(10) No assurances are made with respect to the boundaries or the order of those portions of the Expandable Property to be submitted to this Master Deed as phases.

The option reserved by this Article may be exercised by the Developer only by the execution by it of an amendment to this Master Deed which shall be filed for record in the Register of Deeds of Knox County, Tennessee, together with a revised plat and architectural plans for the units on the particular phase as shall be submitted to this Master Deed by such amendment. Any such amendment shall expressly submit the Expandable Property, or portions thereof, to all of the provisions of this Master Deed, as may be amended, and upon the exercise, if any, of such option, the provisions of this Master Deed shall then be understood and construed as embracing the portion of the Expandable Property submitted, together with all improvements then constructed thereon. From and after the submission of any portion of the Expandable Property to the Act by such amendment to this Master Deed:

(i) The undivided percentage interest in the Common Elements appertaining to each Unit, including the units located on the portions of the Expandable Property submitted, shall be calculated and divided according to Article XI herein; and

(ii) The number of votes in the Association shall be recalculated pursuant to Article XI herein; and

(iii) Each Unit Owner's share of the Annual and Special Assessments shall be the percentage equal to such Unit Owner's percentage of undivided interest in the Common Elements after reallocation pursuant to this Article.

Section 3.2. Units. Each Unit Estate shall for all purposes constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Act and this Master Deed, shall be entitled to the exclusive ownership and possession of his Unit.





**Section 3.3. Common Area and Limited Common Area.**

(a) **Percentage Interest.** The Owners shall own the Common Elements and Limited Common Elements as tenants in common, with each Unit having appurtenant thereto the Percentage Interest in the Common Elements as set forth in Exhibit F attached hereto. The use of the Limited Common Elements shall be restricted as set forth in Section 3.3(e). The Percentage Interest appurtenant to each Unit has been determined by dividing the number of bedrooms contained within a Unit into the total number of bedrooms for Units contained within the Condominium.

(b) **Inseparability of Percentage Interests.** The Percentage Interest in the Common Elements and the appurtenant interest in the Limited Common Elements cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the deed or other instruments.

(c) **No partition.** The Common Elements and Limited Common Elements shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Act, the Bylaws and this Master Deed.

(d) **Use of Common Elements.** The Common Elements shall be used in accordance with the intended purposes without hindering the exercise of or encroaching upon the rights of other Owners. The Board of Administration shall, if any question arises, determine the purpose for which a part of the Common Area is intended to be used. All Owners and lessees of Owners, their families, invitees and guests shall abide by all Rules and Regulations from time to time in effect governing the use of the Common Elements.

(e) **Limited Common Elements.** Ownership of each Unit shall entitle the Owner or Owners thereof to the use of the Limited Common Elements adjacent and appurtenant to such Unit and so designated in Exhibit D, which exclusive use may be delegated by such Owner to persons who reside in his Unit. All Owners and lessees of Owners, their families, invitees and guests shall abide by all Rules and Regulations from time to time in effect governing the use of the Limited Common Elements.

**Section 3.4. Status of Title to the Project.** The Developer represents and warrants to the Association and all the Owners that as of the effective date hereof, the Developer has a reasonably safe, marketable title to the Land. The rights and interests of all Owners in and to the Common Elements and Limited Common Elements shall be subject only to (i) the terms and conditions of this Master Deed (ii) liens for real estate taxes for 2006 and subsequent years; (iii) easements, conditions, covenants and restrictions existing against the property; and (iv) applicable governmental regulations, including zoning laws, which may be imposed upon the Project from time to time; provided, however, that the Developer warrants that the foregoing do not unreasonably interfere with the use of the Project for its intended purposes. In addition, the Developer warrants that it will pay all parties who have provided materials to or rendered services in connection with the construction of the Project by Developer in a timely manner and shall indemnify and hold the Association and the Owners harmless from all liens, claims or causes of action of persons who have supplied materials to or rendered services in connection with the construction of the Project by Developer.



Section 3.5. Limited Warranty from Developer Disclaimer of Warranty from Developer and Limitation of Remedies.

(a) Common Elements or Limited Common Elements.

(1) Limited Warranty. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF SUBSTANTIAL COMPLETION OF THE PROJECT, THE DEVELOPER SHALL AT NO COST TO THE ASSOCIATION REPAIR OR REPLACE (IN THE DEVELOPER'S DISCRETION) ANY PORTIONS OF THE COMMON ELEMENTS OR LIMITED COMMON ELEMENTS (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS, DEALERS OR INSTALLATION CONTRACTORS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP.

(2) Disclaimer of Warranty. THIS LIMITED WARRANTY IS IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DEVELOPER DISCLAIMS ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE LIABILITY OF THE DEVELOPER IS EXPRESSLY LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DEVELOPER SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR NEGLIGENCE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION.

(3) Limitation of Remedies Each Owner, in accepting a deed from the Developer or any other party to a Unit, expressly acknowledges and agrees that this Section 3.5(a) establishes the sole liability of the Developer to the Association and the Owners related to defects in the Common Elements and/or Limited Common Elements and the remedies available with regard thereto. Irrespective of the foregoing, the one (1) year period referred to in this Section 3.5(a) shall not expire until one (1) year has elapsed from the date when Units that represent sixty (60) percent of the votes in the Association have been transferred by the Developer.

(b) Residential Units

(1) Limited Warranty. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF CONVEYANCE OF A RESIDENTIAL UNIT FROM DEVELOPER, THE DEVELOPER SHALL AT NO COST TO THE RESIDENTIAL UNIT OWNER REPAIR OR REPLACE (IN THE DEVELOPER'S DISCRETION) ANY PORTIONS OF THE RESIDENTIAL UNIT (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS, DEALERS OR INSTALLATION CONTRACTORS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP.

(2) Disclaimer of Warranty. THIS LIMITED WARRANTY IS IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DEVELOPER DISCLAIMS ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE LIABILITY OF THE DEVELOPER IS EXPRESSLY LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DEVELOPER SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE



CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR NEGLIGENCE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION.

(3) Limitation of Remedies. Each Owner, in accepting a deed from the Developer or any other party to a Residential Unit, expressly acknowledges and agrees that this Section 3.5(b) establishes the sole liability of the Developer to the Owner related to defects in the Residential Unit and the remedies available with regard thereto.

(c) Commercial Unit

(1) Limited Warranty. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF CONVEYANCE OF THE COMMERCIAL UNIT FROM DEVELOPER, THE DEVELOPER SHALL AT NO COST TO THE COMMERCIAL UNIT OWNER REPAIR OR REPLACE (IN THE DEVELOPER'S DISCRETION) ANY PORTIONS OF THE COMMERCIAL UNIT (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS, DEALERS OR INSTALLATION CONTRACTORS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP.

(2) Disclaimer of Warranty. THIS LIMITED WARRANTY IS IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DEVELOPER DISCLAIMS ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE LIABILITY OF THE DEVELOPER IS EXPRESSLY LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DEVELOPER SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR NEGLIGENCE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION.

(3) Limitation of Remedies. Each Owner, in accepting a deed from the Developer or any other party to the Commercial Unit, expressly acknowledges and agrees that this Section 3.5(c) establishes the sole liability of the Developer to the Owner related to defects in the Commercial Unit and the remedies available with regard thereto.

Section 3.6. Unit Deeds. All conveyances of Units by the Developer or any Owner shall be accomplished through the use of a Unit Deed in form and substance to convey the Unit as delineated herein.

## ARTICLE IV

### Assessments

Section 4.1. Creation of Lien and Personal Obligation for Assessments. Each Unit Estate is and shall be subject to a lien and permanent charge in favor of the Association for the Assessments set forth herein. Each Assessment, together with interest thereon and cost of collection thereof as hereinafter provided, shall be a permanent charge and continuing lien upon the Unit Estate against which it relates, and shall also be the joint and several personal obligation of each Owner of such Unit Estate at the time the Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such Unit Estate, and each and every Owner by acquiring or holding an interest in any Unit Estate thereby covenants to pay such amount to the Association when the same shall become due.

Section 4.2. Annual Assessments. No later than forty-five (45) days prior to the end of each calendar year, the Board of Directors shall set the "Annual Assessments" by estimating the Common Expenses to be incurred during the immediately succeeding calendar year and shall prorate such Common Expenses among the Owners of the Units in accordance with their respective Percentage Interests and shall give written notice to each Owner of the Annual Assessment fixed against his Unit for such immediately succeeding calendar year; provided, however, that the Annual Assessment for the calendar year 2006 shall not exceed \$80,454. The Annual Assessments levied by the Association shall be collected as provided in Section 4.4.

The Annual Assessments shall be levied against the Unit Owners and the Units to defray the Common Expenses of the Project. The Common Expenses of the Project shall be all of the expenditures which are made or incurred by or on behalf of the Association in connection with the exercise of its powers and responsibilities, and shall include the following:

- (i) Management fee, if any, and expenses of administration of the Project;
- (ii) common utility bills and charges for other common services related to Common Area, including but not limited to water, sewerage, water for landscape irrigation which may be purchased from a private vendor rather than the municipality, and street lights;
- (iii) premiums for all insurance policies maintained by the Association;
- (iv) the expenses of performing the maintenance, repair, renovation, restoration and replacement work which is the responsibility of the Association hereunder;
- (v) such other costs and expenses as may be determined from time to time by the Board of Directors to be Common Expenses; and
- (vi) the creation and maintenance of such reserve funds as the Board of Administration shall determine, including but not limited to a reserve for repairs and maintenance.

The Annual Assessments shall not be used to pay for the following:

- (a) Casualty insurance of individual Owners on their possessions within the Units and liability insurance of such Owners insuring themselves and their families individually, which shall be the sole responsibility of such Owners;
- (b) Telephone, electricity, water, gas and sewer charges for each Unit which shall also be the sole responsibility of the Owners of such Units;
- (c) Ad valorem taxes assessed against Units;
- (d) Private mortgage insurance.

It is anticipated that ad valorem taxes and other governmental assessments, if any, upon the Project will be assessed by the taxing authority upon the Unit Estate, and that each assessment will include the assessed value of the Unit and of the undivided interest of the Owner in the Common Area and the Limited Common Area. Any such taxes and governmental assessments upon the Project which are not so assessed shall be included in the Associations s budget as a



recurring expense and shall be paid by the Association as a Common Expense. Each Owner is responsible for making his own return of taxes and such return shall include such Owner's undivided interest in the Common Area and Limited Common Area as such undivided interest is determined by law for purposes of returning taxes.

Section 4.3. Special Assessments. In addition to the Annual Assessments, the Board of Administration may levy in any calendar year "Special Assessments" for the purpose of supplementing the Annual Assessments if the same are inadequate to pay the Common Expenses and of defraying, in whole or in part, the cost of any reconstruction, repair, or replacement of the Limited Common Area or the Common Area (including the necessary fixtures and personal property related thereto); provided, however, that any such Special Assessments shall have the assent of Owners representing a majority of the Total Percentage Interests, voting in person or by proxy, at a meeting at which a quorum is present, duly called for the express purpose of approving such Assessment. Written notice of such meeting shall be sent to all Owners not less than ten (10) days nor more than thirty (30) days in advance of the meeting, which notice shall set forth the purpose of the meeting. The period of the Special Assessments and manner of payment shall be determined by the Board.

Section 4.4. Date of Commencement of Annual Assessments; Due Dates. Although the Annual Assessment is calculated on a calendar year basis, each Owner of a Unit shall be obligated to pay to the Association or its designated agent such Assessment in equal quarterly installments on or before the first day of each quarter during such calendar year.

The obligations of Owners regarding the payment of quarterly portions of the Annual Assessments provided for in this Article IV shall as to each Unit commence upon the date of closing of such purchase, if such date is different from the beginning of a calendar quarter with the quarterly installment being prorated as of the date of closing (such date shall become the "commencement date"). The first quarterly payment of the Annual Assessment for each such Unit shall be an amount equal to the quarterly payment for the fiscal year in progress on such commencement date, divided by the number of days in the quarter of conveyance, and multiplied by the number of days then remaining in such quarter.

The Association shall, upon demand at any time, furnish to any Owner liable for any such Assessment a certificate in writing signed by an Officer of the Association, setting forth whether the same has been paid. A reasonable charge, as determined by the Board, may be made for the issuance of such certificate. Such certificate shall be conclusive evidence of payment of any Assessment stated to have been paid as to any person or entity who has relied on the certificate to his detriment.

Section 4.5. Effect of Non-Payment of Assessment; personal Obligation of the Owner; the Lien; Remedies of Association.

(a) If an Assessment is not paid on the date when due, as hereinabove provided, then such Assessment together with such late charges and interest thereon and any cost of collection thereof as hereafter provided, shall be a charge and continuing lien on the Unit Estate to which it relates, and shall bind such property in the hands of the Owner, his heirs, legal representatives, successors, and assigns. The personal obligation of the Owner to pay such Assessment, however, shall remain his personal obligation. Furthermore, such prior Owner and his successor in title shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Owner and his successor in title.

(b) In the event any Assessment is not received within ten (10) days of the due date thereof, a late charge in the form of a service fee to be set by the Board of Directors shall be added to the Assessment and shall be due and payable on demand. In addition, in the event any Assessment is not received within thirty (30) days of the due date thereof, Interest at the rate of eighteen per cent (18%) per annum or the highest lawful rate, whichever is less, shall be added to the Assessment and shall be due and payable on demand. Interest will continue to accrue until the Assessment is paid in full.

(c) The Association may bring legal action against the Owner personally obligated to pay the same or foreclose its lien against the Unit Estate to which it relates or pursue both such courses at the same time or successively. In any event, the Association shall be entitled also to recover reasonable attorney's fees actually incurred and all other costs of collection. Each Owner, by his acceptance of a deed or other conveyance to a Unit, vests in the Association or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity. The Association shall have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may be relieved from liability from the Assessment provided for herein by abandonment of his Unit or otherwise.

(d) During any period in which an Owner shall be in default in the payment of any Annual or Special Assessment levied by the Association, the voting rights of the Owner and the rights of the Owner and lessees of the Owner, their families, invitees and guests, to use and enjoy the Common Area, except for ingress and egress to the Owner's Unit, may be suspended by the Board of Administration until such time as the Assessment has been paid.

#### Section 4.6. Subordination of the Charges and Liens to Mortgages.

(a) The lien and permanent charge for the Assessments (together with late charges, interest, fees and costs of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any mortgagee or his assigns placed on such Unit Estate if, but only if, all such Assessments with respect to such Unit Estate having a due date on or prior to the date such mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only such lien and charge as relates to Assessments authorized hereunder having a due date subsequent to the date such mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such mortgage.

(b) Such subordination is merely a subordination and shall not relieve the Owner of the mortgaged Unit Estate of his personal obligation to pay all Assessments coming due at a time when he is the Owner; shall not relieve such Unit Estate from the lien and permanent charge provided for herein (except as to the extent the subordinated lien and permanent charge is extinguished against a mortgagee or such mortgagee's assignee or transferee by foreclosure); and no sale or transfer of such Unit Estate to the mortgagee or to any other person pursuant to a foreclosure sale shall relieve any previous Owner from liability for any Assessment coming due before such sale or transfer.

Section 4.7 Reserves The Board of Directors shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the Common Area and Limited Common Area. The Board of Administration shall include amounts needed to maintain an adequate reserve fund in its estimation of the Common Expenses for each fiscal year and shall cause deposits to the reserve fund to be made in connection with the collection of the Annual Assessment.

## ARTICLE V

### Insurance and Casualty Losses

#### Section 5.1 Hazard Insurance

(a) The Association shall obtain, maintain and pay the premiums, as a Common Expense, upon a "master" or "blanket" type policy or policies of property insurance covering the entire Project, except (i) land, foundation, excavation, or other items normally excluded from coverage; (ii) all improvements and betterments made to Units by Owners at their expense; and (iii) personal property of Owners and lessees of Owners, their families, invitees and guests. Such coverage shall also insure supplies, equipment and other personal property of the Association and fixtures, equipment and other personal property inside Units which are transferred as a part of the Unit. All policies of property insurance shall be single entity condominium insurance coverage. The master insurance policy shall afford, at a minimum, protection against loss or damage by fire and other perils normally covered by standard extended coverage endorsements; and all other perils which are customarily covered with respect to condominium projects similar in construction, location and use, including all perils normally covered by a standard "all risk" endorsement, where such is available. The policy shall be in an amount equal to 100 per cent of the current replacement cost of the Project, exclusive of land, foundations, excavation, and other items normally excluded from coverage; and "agreed value" and "inflation guard" endorsements shall also be obtained, if available. A "deductible amount" not to exceed amounts permitted in applicable provisions of the Federal National Mortgage Association Lending Guide may be included at the discretion of the Board of Administration if a material savings in premium cost results therefrom, but the deductible amount shall be considered a Common Expense and borne by the Association regardless of the number of Owners directly affected by the loss.

(b) The Board of Administration shall cause to be conducted an annual insurance review for the purpose of determining the full insurable value of the entire Project, including all buildings, Units, Limited Common Area and the Common Area without respect to the depreciation of improvements on the Land (with the exception of improvements and betterments by the respective Owners at their expense) by one or more qualified persons. The information obtained from this review shall be utilized in connection with satisfaction of the insurance required hereof.

(c) The name of the insured under the master policy shall be substantially as follows: "Woodlands of Knoxville Townhouse Corporation for the use and benefit of the Individual Owners of Units in Woodlands of Knoxville Horizontal Property Regime." Loss payable provisions shall be in favor of the Association and the Board of Administration, and each such Owner's mortgagee as the interests of such parties may appear.

Each Owner and his respective mortgagee, if any, shall be beneficiaries of the policy in a percentage equal to the Percentage Interest attributable to the Unit owned by such Owner. All policies shall contain a standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in Knox County, Tennessee, and which appropriately names all mortgagees or their servicers in such form as requested by such mortgagees or their servicers.

(d) All policies shall be written with a company licensed to do business in the State of Tennessee, holding a general policyholder rating of "A" or better by Bests Insurance Reports and in a financial category of Class VI or better in Bests Key Rating Guide. Policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be



made against the Association, Owners, mortgagees or the designees of mortgagees; (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of administration, policy holders or members; or (iii) the policy includes any limiting clause (other than insurance conditions) which could prevent mortgagees or Owners from collecting insurance proceeds. Policies may not be cancelable or substantially modified without at least ten (10) days prior written notice to the Association and each mortgagee which is listed as a scheduled holder of a first mortgage in the insurance policy. Policies also shall contain a "special condominium endorsement" or its equivalent which provides for the following: recognition of any insurance trust agreement; a waiver of the rights of subrogation against Owners individually such that the insurance is not prejudiced by any act or omission or negligence of individual Owners which is not in the control of such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(e) The Association shall provide copies of all policies to Owners and/or mortgagees requesting the same for a charge not to exceed reasonable copying costs. In addition, the Association shall cause to be provided evidence of insurance forms which provide the following: a minimum of ten (10) days notice to each mortgagee which is listed as a scheduled holder of a first mortgage in the insurance policy prior to cancellation, non-renewal or any change adverse, to the interests of the mortgagee; the amount of types of coverage afforded; indicate by descriptive name any special endorsements made a part of the master policy; and be executed by an authorized company representative.

(f) Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Project at any particular time. Any Owner who obtains an individual insurance policy covering any portion of the Project, other than the personal property belonging to such Owner, shall file a copy of such policy with the Association within thirty (30) days after purchasing such insurance. Each Owner at his own expense may obtain on his Unit or the contents thereof, title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterments and personal property damaged and lost. Each Owner shall be required to notify the Association of all improvements made by such Owner to his Unit, the value of which exceeds \$1,000.00.

Section 5.2. Flood Insurance. If any part of the improvements located in the Project is in a special flood hazard area, the Association shall obtain, maintain and pay the premiums, as a Common Expense, upon a "master" or "blanket" type policy of flood insurance made available under the National Flood Insurance Program covering the Project for so much thereof as may be covered under the available policies of insurance. Coverage of such policy shall not be less than the lesser of (i) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property; or (ii) 100 per cent of the current "replacement cost" of all such buildings and other insurable property. Such policy shall be in a form which meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administrator.

Section 5.3. Liability Insurance. The Association shall obtain, maintain and pay the premiums, as a Common Expense, upon a policy of comprehensive general liability insurance coverage covering at a minimum all of the Common Area and Limited Common Area. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use to the Project; provided, however, that such coverage shall be for at least \$1,000,000.00 for bodily injury, including death of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability to the insured for property damage, bodily injury and death of persons in connection with the operation,





maintenance and use of the Common Area, and legal liability arising out of Workers Compensation laws. All mortgagees, upon written request, may be listed as scheduled holders of first mortgages in the insurance policy. Such policy must provide that it is not cancelable or substantially modifiable, by any party, without at least ten (10) days prior written notice to the Association and each party listed as a scheduled holder of a mortgage in the insurance policy.

**Section 5.4. Fidelity Bonds.** The Association shall obtain, maintain and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds belonging to or administered by the Association: provided, however, that the professional management company assisting with the administration of the Regime shall be responsible to provide its own blanket fidelity bond which meets the requirements of this Section 5.4. The total amount of the fidelity bond coverage required shall be based upon the best business judgment of the Board of Directors and shall not be less than the estimated maximum funds, including reserve funds, in the custody of the Association or the professional management company, as the case may be, at any given time during the term of each bond, provided, however, that in no event shall the aggregate amount of such bonds be less than the sum equal to 3/12ths of the Annual Assessment plus reserve funds. Fidelity bonds shall meet the following requirements: the Association shall be named as an obligee; the bonds shall contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expression; and the bond shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association and all mortgagees who have requested notice of any cancellation or substantial modification of the bond, and each servicer that services a Federal National Mortgage Association owned mortgage in the Project.

**Section 5.5. Authority to Adjust Loss.** The exclusive authority to negotiate, settle and otherwise deal in all respects with insurers and adjust all losses under policies provided for herein shall be vested in the Board of Directors or its duly authorized agent for the benefit of all Owners and mortgagees; provided, however, that all Owners and mortgagees having an interest in such loss shall be advised in advance of all actions anticipated to be taken of a material nature related to the adjustment of the loss. Each Owner, in accepting a deed to a Unit, expressly appoints the directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person on all matters related to the authority granted in this Section 5.5., including executing all documents required in connection therewith on behalf of the Owner.

**Section 5.6 Board of Administration.**

(a) The Board of Administration of the Association shall serve the Association and the Owners and their mortgagees (as their interests may appear) as provided herein.

(b) All insurance policies obtained by the Association shall be deposited with the Board. The insurance policies shall name the Association and Board as loss payees.

(c) Among other things, the duties of the Board shall be to receive proceeds delivered to it, hold such proceeds in trust for the benefit of the Owners and their mortgagees, and disburse the proceeds as hereinafter provided.

(d) Proceeds of insurance policies received by the Board shall be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purposes, shall be disbursed in

payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid to the Association for the benefit of all Owners and their mortgagees, if any.

(ii) If it is determined, as provided in Section 5.7, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.

(iii) Any and all disbursements of funds by the Board for any purpose whatsoever shall be made pursuant to and in accordance with a certificate of the Association signed by the President and attested by the Secretary directing the Board to make the disbursements.

(iv) If the damage or destruction is to the Common Elements and/or to the Limited Common Elements, and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee known by the Board from the records of the Association to have the largest interest in or lien upon such Common Elements and/or Limited Common Elements. If the damage or destruction is to one or more Units and is to be repaired or reconstructed, said certificate shall also be signed by the mortgagee or mortgagees having an interest in or lien upon such Unit or Units: provided, however, that all mortgagees requested to sign certificates shall be obligated to execute the same so long as repair or reconstruction or rebuilding is progressing in a reasonable manner. The Board shall not incur liability to any Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

#### Section 5.7 Damage and Destruction.

(a) Immediately after all or any part of the Project covered by insurance is damaged or destroyed by fire or other casualty, the Board of Administration or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 5.7., means repairing or restoring the damaged property to substantially the same condition in which it existed immediately prior to the fire or other casualty, with each Unit, the Common Elements and the Limited Common Elements having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to the Project shall be repaired unless all the Owners unanimously agree in writing not to repair, reconstruct or rebuild in accordance with the provisions of the Act; provided, however, that any such damage which requires the reconstruction of the whole or more than two-thirds (2/3) of the Units as defined herein, shall not be compulsory unless all the Owners unanimously agreed in writing to repair, reconstruct or rebuild. If not reconstructed, the indemnity shall be delivered in accordance with the provisions of paragraph (c) of this Section 5.7. Except as otherwise provided, any such damage or destruction which renders any Unit untenable or uninhabitable, or any such damage or destruction to the Common Elements or Limited Common Elements, shall be repaired and reconstructed as promptly as practicable. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired, reconstructed or rebuilt.

(c) In the event the Regime is terminated in compliance with the laws of the State of Tennessee, then and in that event:

(i) The Project shall be deemed to be owned by the Owners as tenants in common.



(ii) The undivided Interest in the Project of each Owner shall be a percentage equal to the Percentage Interest appurtenant to the Unit theretofore owned by the Owner.

(iii) All liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owners of the respective Units.

(iv) The Project shall be subject to an action for partition at the instance of any Owner, in which event the net proceeds of the sale shall be deposited with the Board as trustee.

(v) The Association shall proceed to satisfy all of its liabilities and convert all of its assets to cash which shall be deposited with the Board as trustee.

(vi) The proceeds from the sale of the Project, the liquidation of the assets of the Association and the insurance proceeds related to the damage or destruction to the Project shall be considered one fund which, after paying the reasonable expenses of the Board, shall be distributed to all the Owners and their respective mortgagees as their interests may appear in percentages equal to the respective undivided interest in the Project of said Owners. Distributions to such Owners and their mortgagees shall be made pursuant to certificates provided for in Section 5.6.

#### Section 5.8 Insufficient Proceeds to Repair.

(a) If the damage or destruction for which the insurance proceeds are paid to the Board is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall levy a Special Assessment against the Owners of damaged or affected Units in sufficient amounts to provide funds to pay such excess costs of repair or reconstruction. Additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. That portion of such Assessments levied against each Owner shall be equal to that percentage computed by dividing the Percentage Interest appurtenant to such Owner's Unit by the aggregate Percentage Interests appurtenant to all Units damaged or affected.

(b) Any and all sums paid to the Association under and by virtue of those Special Assessments provided for in paragraph (a) of this Section shall be deposited by the Association with the Board. Such proceeds from insurance and Assessments, if any, received by the Board shall be disbursed as provided in Section 5.6.

## ARTICLE VI

### Condemnation

Section 6.1. General. Whenever all or any part of the Project shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof; provided, however, that the exclusive right to negotiate, settle and otherwise deal in all respects with the condemning authority as to the taking of the Common Elements and Limited Common Elements shall be vested in the Board of Administration or its duly authorized agent on behalf of the Association. Each Owner, in accepting a deed to a Unit, expressly appoints the directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person in all matters related to the authority granted in this Section 6.1., including executing all documents required in connection therewith on behalf of the Owner. The award made for such taking shall be payable to the Board. Unless otherwise required by law at the time of such taking, any award made therefore shall be disbursed by the Board, as hereinafter provided in this Article VI.



Section 6.2. Non Essential Areas. If the taking does not include any portion of any Unit or any portion of the Common Elements or Limited Common Elements essential to the continued occupancy of any Unit, then the Board of Administration shall be permitted to replace any non-essential improvements to the extent deemed appropriate and the Board shall disburse the proceeds of such awards in the same manner as hereinabove provided for and in connection with the repair, reconstruction or rebuilding of improvements after damage or destruction, with all excess proceeds to be distributed to the Association.

Section 6.3. Essential Areas. If the taking includes any portion of a Unit, or the Common Elements or Limited Common Elements essential to the use of any Unit, then the award shall be disbursed, and all related matters, including, without limitation, alteration of the Percentage Interests appurtenant to each Unit, shall be handled by the Board of Administration in a just and equitable manner to all Owners; provided, however, that all action of the Board of Administration shall be pursuant to and in accordance with a plan approved by Owners representing at least sixty-seven (67%) per cent of the Total Percentage Interests in a duly recorded amendment to this Master Deed.

## ARTICLE VII

### Architectural Control

Section 7.1. Approval Required for Changes. To preserve the original architectural appearance of the Project, after the purchase of a Unit from the Developer, its successors or assigns, no exterior construction (except such construction performed by the Developer) of any nature whatsoever, except as specified in the Regime Documents, shall be commenced or maintained upon any building, including without limitation, the Limited Common Elements, nor shall there be any change, modification or alteration (except such changes, modifications or alterations performed by the Developer) of any nature whatsoever of the design and appearance of any of the exterior surfaces, or facades, nor shall any Owner paint any gate, fence or roof, nor shall any Owner change the design, or color of the exterior lights, nor shall any Owner install, erect or attach to any part of the exterior any addition or change until after the plans and specifications showing the nature, kind, shape, height, materials, 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 Administration.

## ARTICLE VIII

### Exterior Maintenance

Section 8.1. Responsibility of Association. Except as specifically provided to the contrary herein, the Association shall maintain the Common Elements and Limited Common Elements in first class condition; and shall repair or replace, at its expense, all parts of the Common Elements and Limited Common Elements as necessary. The cost of such shall be charged to the Owners as a Common Expense subject to the provisions of Section 8.3.

Section 8.2. Access to Units. The Association shall have the irrevocable right, to be exercised by the Board of Administration or its agent, to have access to each Unit from time to time during reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom, or for making emergency repairs



therein necessary to prevent damage to the Common Elements, Limited Common Elements or to other Units.

Section 8.3. Responsibility of Owner. In the event that the Board of Administration should determine that the need for maintenance or repairs by the Association as provided for in this Article VIII is caused through the willful or negligent act of an Owner or the lessee of an Owner, their families, invitees or guests, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs shall be added to and become a part of the Assessment to which such Owner and his Unit are subject. Each Owner shall maintain, repair or replace at his own expense all portions of his Unit which may become in need thereof, including the hot water heater and heating, ventilation and air-conditioning system for such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-loadbearing walls, carpeting, drapes, windows, screens and other items within the Unit. Further, each Owner shall, at his own expense, maintain, repair, and replace, when necessary, that portion of the heating, ventilation and air conditioning system servicing his Unit which is located outside his Unit, the deck/patio, screened porch and storage area for such Unit, and all doors and windows for such Unit; and each Owner shall, at his own expense, keep the Limited Common Elements to which his Unit has exclusive access and to which he has exclusive use clean and neat. If the Owner does not make those repairs to be made by him within thirty (30) days from the date of receipt of written demand from the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the Owner and Unit owned by such Owner.

## ARTICLE IX

### Unit Restrictions

#### Section 9.1. Unit Purposes.

(a) Residential Units. All Residential Units shall be, and the same hereby are, restricted exclusively to residential use. No immoral, improper, offensive or unlawful use shall be made of any Unit and no use or condition shall be permitted which is a source of unreasonable noise or interference with the peaceful possession and quiet enjoyment of any other portion of the Project by other Owners or lessees of Owners, their families, invitees and guests. All Units shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage shall be allowed to accumulate. No fire hazard shall be allowed to exist and no use or condition shall be permitted which will increase any rate of insurance related to the Project. In addition, all Owners and lessees of Owners, their families, invitees and guests shall abide by all Rules and Regulations in effect from time to time governing the use of Units.

(b) Commercial Unit. The Commercial Unit shall be, and the same is, restricted to any commercial use allowed under the applicable zoning ordinances of Knox County, Tennessee.

Section 9.2. Construction and Sale Period. Anything contained herein to the contrary notwithstanding, it shall be permissible for the Developer to maintain, during the period of construction and sale of Units, upon such portion of the Project as the Developer may deem necessary, such facilities as in the sole opinion of the Developer may be reasonably required, convenient or incidental to the construction and sale of Units, including, but without limitation, business offices, storage areas, signs, model units and sales offices.

Section 9.3. Animals and Pets. No bird, animal or pet shall be kept or harbored in the Project unless the same in each instance be expressly permitted in writing by the Board of Administration. In no



event shall dogs or cats be permitted in any of the public portions of the Project unless carried or on a leash. The Owner shall indemnify the Association and the Board of Administration and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of having any animal in the Project.

Section 9.4 Exterior Antennas. No exterior television or radio antennas shall be placed on any portion of the Project without prior written approval of the Board of Directors.

Section 9.5 Leasing of Units. Any Owner shall have the right to lease or rent his Unit. All leases or rental agreements shall be in writing and shall be specifically subject to the Regime Documents. No Unit may be leased or rented for a period of less than thirty (30) days.

## ARTICLE X

### Easements

Section 10.1. Encroachments. If any portion of the Common Elements and/or Limited Common Elements encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Elements and/or Limited Common Elements as a result of settling or shifting of a building, an easement shall exist for the encroachment and for the maintenance of the same so long as the building stands. If any building, any Unit, any adjoining part of the Common Elements and/or Limited Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Elements and/or Limited Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements and/or Limited Common Elements due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject building shall stand.

Section 10.2. Utilities, etc. There is hereby granted a blanket easement upon, across, over and under all the Project for ingress, egress, installation, replacing, repairing, and maintaining a master television antenna system and all utilities, including, but not limited to, water, gas, sewers, cable television, telephones and electricity. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the Project and to affix and maintain utility wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Units. In addition, the Board of Administration shall be entitled to grant additional permits, licenses and easements over the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Project.

Section 10.3. Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any manager employed by the Association and to all policemen, firemen, ambulance personnel, and all similar emergency personnel, an easement to enter and right of entry upon the Project or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 10.3 shall be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

Section 10.4. Authority to Grant Easements. The Association has the authority to execute, acknowledge, deliver, and record on behalf of the Unit Owners, easements, rights-of-way, licenses and similar interests affecting the general Common Elements.



Section 10.5 Reservation of Easements by Developer. The Developer reserves:

- (1) non-exclusive, perpetual easements and rights-of-way in common with others for access, ingress and egress, on foot or by vehicle of any kind, and for all purposes over the Common Elements; and
- (2) non-exclusive, perpetual easements and rights-of-way for the construction of additional improvements and for the installation, maintenance and use of water, sewer, electrical, drainage, surface water run-off, cable television, telephone lines, and other utilities and facilities, on, over, under and along the Common Elements; and
- (3) non-exclusive, perpetual easements and rights-of-way to connect with and make use of, and the right, but not the obligation, to maintain, repair and replace, all utility lines, pipes, conduits and facilities in connection therewith located on, over, under and along the Common Elements; and
- (4) non-exclusive, perpetual easements and rights-of-way to use the Common Area in common with others for the purpose for which they are intended.

Developer is the owner of a well, pump house and fixtures to provide landscape irrigation to the Common Elements and the owner of the street lights and posts contained within the Common Elements, with these improvements not being conveyed to the Association or the Unit Owners by recordation of this Master Deed. Developer reserves the ownership of such improvements and a non-exclusive, perpetual easement for the purpose of, from time to time, constructing, operating, repairing, maintaining and servicing the existing well, pump house, street lamps and posts, together with the necessary and convenient fixtures and appliances, over, across, under and through the Common Elements.

In addition, Developer may maintain, during the period of construction and sale of the Units, upon such portion of the Project as the Developer may deem necessary, such facilities as in the sole opinion of the Developer may be reasonably required, convenient or incidental to the construction and sale of Units, including, but without limitation, business offices, storage areas, signs, model units and sales offices.

The foregoing reserved easements shall run with the land, have a terminus on adjoining property of Developer, are appurtenant to adjoining land of Developer, and are essential and necessary to the enjoyment of Developers adjoining property.

## ARTICLE XI

### Percentage Interest and Unit Votes

Section 11.1. Percentage Interests. The schedule of Percentage Interests contained in Exhibit F attached hereto shows the Percentage Interest appurtenant to such Unit for all purposes, said Percentage Interests being subject to change at the time of expansion of the Project.

Section 11.2. Unit Votes. Owners shall be entitled to a vote in the Association and for all other purposes herein equivalent to the Percentage Interest appurtenant to their respective Units.



## ARTICLE XII

### Rights Related to Mortgagees

Section 12.1. Notice of Action. Upon written request to the Association from any first mortgage holder ("Eligible Mortgage Holder") or any insurer or government guarantor of a first mortgage ("Eligible Insurer/Guarantor"), identifying the name and address of the holder, insurer or guarantor and the Unit Estate number or address, such Eligible Mortgage Holder or Eligible Insurer/Guarantor shall be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects any material portion of the Project or any Unit Estate on which there is a first mortgage held, insured or guaranteed by such Eligible Mortgage Holder or Eligible Insurer/Guarantor, as applicable;
- (b) any delinquency in the payment of Assessments or other charges owed by any Owner of a Unit Estate subject to a first mortgage held, insured or guaranteed by such Eligible Holder or Eligible Insurer/Guarantor which remains uncured for a period of sixty (60) days;
- (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (d) any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Section 12.2 hereafter.

Section 12.2. Special Voting Rights of Eligible Mortgage Holders. To the extent permitted by the Act, any action with respect to the Regime, including, but not limited to, amendment of the Regime Documents, restoration or repair of the Project after partial or total condemnation or casualty loss, or termination of the legal status of the Regime under the Act, requiring the vote of the Owners shall also require the consent of the Eligible Mortgage Holders holding mortgages on Unit Estates which represent at least fifty-one (51%) per cent of the aggregate Percentage Interests of Unit Estates subject to liens of mortgages of Eligible Mortgage Holders; provided, however, that in the case of termination of the legal status of the Regime 100% of the Eligible Mortgage Holders must consent to such termination.

Section 12.3. Failure to Provide Negative Response. For purposes of Section 12.2 hereinabove, an Eligible Mortgage Holder who receives a written request to approve action of the Owners in accordance with Section 12.2 shall be deemed to have consented to such action unless the Eligible Mortgage Holder provides a negative written response to the Association within 30 days of the date of receipt by the Eligible Mortgage Holder of the written request.

## ARTICLE XIII

### General Provisions

Section 13.1. Adherence to Provisions of Master Deed Bylaws and Rules and Regulations. Every Owner who rents his Unit must post inside his Unit a list of the Rules and Regulations of the Association. Any rental agency handling his rentals must further agree to abide by the Rules and Regulations and shall be responsible for informing and correcting any breaches of the policies by persons renting through its agency. Should a particular agency or person continue not to take corrective action against the renters he has contracted with, or refuse to cooperate with the Association in the enforcement of its Rules and Regulations along with provisions of the





Regime Documents, the Association may require the Owner to cease using the services of that particular rental agency. Refusal to do so may result in fines against the Owner in an amount to be determined by the Board of Administration.

Section 13.2. Amendment. Amendments to this Master Deed, except as herein expressly provided to the contrary, shall be proposed by the Board of Administration or by any member of the Association in accordance with the following procedure:

(a) Notice. Notice of the subject matter of the proposed amendment or amendments shall be included in the notice of the meeting of the Association at which such proposed amendment or amendments are to be considered;

(b) Adoption. The Master Deed may be amended at any time and from time to time at a meeting of the Association called in accordance with the Bylaws and this Master Deed upon the vote of Owners representing at least sixty-seven (67%) per cent of the Total Percentage Interests; provided, however, that if the Association shall vote to amend the Bylaws in any respect, such amendment shall be set forth in an amendment to this Master Deed and shall be valid only when approved by a vote of Owners representing at least sixty-seven (67%) per cent of the Total Percentage Interests.

(c) Recording. A copy of each amendment provided for in this Section 13.2 shall be certified by the Board of Administration as having been duly adopted and shall be effective when recorded.

Section 13.3. Termination. The Regime may be terminated and the Project removed from the provisions of the Act in the following manner:

(a) Agreement. All of the Owners may remove the Project from the provisions of the Act by an instrument to that effect, duly recorded; provided that the interests of the Owners are unencumbered or if encumbered, that the creditors in whose behalf the encumbrances are recorded accept as security the undivided portions of the debtors' interests.

(b) Destruction. In the event it is determined in the manner provided in Section 5.7 that the Project shall not be repaired or reconstructed after casualty, the Regime will be terminated and the Regime Documents revoked. The determination not to repair or reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded;

(c) Condemnation. In the event that any part of a Unit, or the Limited Common Elements or Common Elements essential to the use of any Unit shall be taken by an authority having the power of eminent domain and the consent of Owners representing at least sixty-seven (67%) per cent of the Total Percentage Interest as provided in Section 6.3 to a plan for continuation of the Regime shall not be expressed in an amendment to this Master Deed duly recorded within ninety (90) days after such taking, the Regime shall be terminated and the Regime Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded.

Section 13.4. Covenants Running With the Land. All provisions of this Master Deed shall be construed to be covenants running with the land, and with every part thereof and interest therein, including, but not limited to every Unit and the appurtenances thereto; and each and every provision of this Master Deed shall bind and inure to the benefit of all Owners and claimants of

