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MASTER DEED  
ESTABLISHING FIRST COLONY CONDOMINIUMS

This Master Deed and Exhibits which are attached hereto and made a part hereof are made and executed in Bristol, Sullivan County, Tennessee, this 2nd day of July, 1984, by UNITED HOMES, INC., a Tennessee corporation, with its offices at 126 Edgemont Avenue, Bristol, Tennessee, hereinafter referred to as the DEVELOPER, for itself, its successors, grantees, heirs and assigns, pursuant to the provisions of the Tennessee Horizontal Property Act (Tennessee Code Annotated §66-27-101, et seq.).

W I T N E S S E T H:

WHEREAS, the DEVELOPER is the owner in fee simple of certain land located in Bristol, Sullivan County, Tennessee, hereinafter referred to as the "Land," more particularly described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, the DEVELOPER is the owner of certain buildings and other improvements now existing or to be constructed upon the Land, all of which are hereinafter called "Property" (hereinafter defined), and it is the intention of the DEVELOPER to submit the Property to a Horizontal Property Regime and to sell and convey the same to various purchasers, subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, simultaneously herewith, the DEVELOPER has filed for record in Map Book \_\_\_, Pages \_\_\_, in the Office of the Register of Deeds for Sullivan County at Bristol, Tennessee, a certain instrument entitled "Plat of First Colony Condominiums," hereinafter referred to as "Plat," which Plat includes a set of floor plans of the buildings constructed on the Land; and

WHEREAS, the DEVELOPER desires and intends by filing this Master Deed and Plat to submit the Property to a Horizontal

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Property Regime according and subject to the terms and provisions of the Tennessee Horizontal Property Act as set forth in Tennessee Code Annotated §66-27-101 et seq., as it is now constituted and as it may from time to time be amended, and to impose upon said Property mutually beneficial restrictions under a general plan of improvement for the benefit of said Property and the subsequent owners thereof.

NOW THEREFORE, the DEVELOPER does hereby publish and declare that all of the Property described in Exhibit A is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the division of said Property into single family residences, and shall be deemed to run with the Land and shall be a burden and a benefit to the DEVELOPER, its successors and assigns, and any persons acquiring or owning an interest in the Property, their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE I  
DEFINITIONS

Unless defined herein or unless the context requires otherwise, the words defined in Tennessee Code Annotated §66-27-101 of the Horizontal Property Act of Tennessee, 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 so requires otherwise, shall have the following meanings:

A. "Act" means the Horizontal Property Act of the State of Tennessee, Tennessee Code Annotated §66-27-101, et seq., as amended, and as may be amended further from time to time.

B. "Assessment" means an Owner's share of the Common Expenses assessed against such Owner and his Single Family

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Residence from time to time by the Association as hereinafter provided.

C. "Association" means First Colony Homeowners Assoc., Inc., an association of and limited to Owners of the Single Family Residences located in First Colony Condominiums, in the form of a not-for-profit corporation organized under the laws of the State of Tennessee.

D. "Association Documents" means and includes the Master Deed of First Colony Homeowners Assoc., Inc., the Charter of First Colony Homeowners Assoc., Inc., the By-Laws of said Association and the Plats of First Colony Condominiums, including any amendments to these documents as may be made from time to time.

E. "Board of Directors" or "Board" means the Board of Directors of First Colony Homeowners Assoc., Inc., and "Director" or "Directors" means a member or members of the Board.

F. "By-Laws" - The By-Laws shall be those required in the Act, and shall hereby become the By-Laws of First Colony Homeowners Assoc., Inc., a copy of said By-Laws being attached hereto as Exhibit E and incorporated herein by reference.

G. "Common Area and Facilities" and "General Common Elements" means and includes all of the Property after excluding the Single Family Residences as provided in the Act.

H. "Common Expenses" means and includes (1) all expenses incident to the administration, maintenance, repair and replacement of the Common Area and Facilities after excluding therefrom such expenses which are the responsibility of an Owner as set forth in Sections F and G of Article III and in Article VIII hereof; (2) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Single Family Residence Owners; (3) expenses declared to be Common Expenses by the Act or the Association Documents; and (4) water

and sewer services supplied to the Co-Owners of the Single Family Residences located in First Colony Condominiums.

I. "Fractional Interest" means the fractional undivided interest each Single Family Residence Owner owns as tenant in common in the Common Area and Facilities as are hereby committed to this Horizontal Property Regime or as may hereinafter be so committed by amendments from time to time of this Master Deed and/or Plat.

J. "Apartment," "Unit," "House," "Home," or "Single Family Residence" shall mean or refer to any portion of a building situated or to be constructed upon the Property herein, designed and intended for use and occupancy as a residence by a single family as more particularly described in Exhibit B attached hereto.

K. "Limited Common Elements" means and includes those common elements as provided in the Act and which are agreed upon by all of the Owners to be reserved for the use of a certain number of Homes to the exclusion of the other Homes, such as special stairways, patios, stoops, decks, parking areas reserved specifically for the use of a certain Apartment or Apartments to the exclusion of other Apartments, and sanitary services common only to certain Homes. Each Apartment contains, appurtenant thereto, two (2) parking spaces, and shall be assigned by the Board of Directors.

L. "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article III Paragraph D herein.

M. "Mortgage" shall include chattel mortgage, bill of sale to secure debt, deed to secure debt, deed of trust, security agreements and financing statements and any and all other similar instruments given to secure the payment of an indebtedness.

N. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title

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to any Home situated upon the Property, but, notwithstanding any applicable theory of the mortgage or deed of trust, shall not mean or refer to the mortgagee, unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

O. "Plat" means and includes the survey of the Property, the Homes and the Floor Plans by Allen N. Dryden, Jr., Registered Architect, dated June 25, 1984, and entitled "First Colony Condominiums," which is incorporated in this Master Deed by reference and will be filed for record in the Register's Office for Sullivan County at Bristol, Tennessee, simultaneously with the filing of record of this Master Deed.

P. "Property" means and includes all the property submitted to the Horizontal Property Regime by this Master Deed and by subsequent amendments.

## ARTICLE II

### PROPERTY RIGHTS

A. NAME: The Property, which shall include the Property and all improvements located thereon, shall hereinafter be named First Colony Condominiums.

B. DESCRIPTION OF PROPERTY AND BUILDINGS: The Property is comprised of approximately 21.4 acres as described in Exhibit A. The Buildings, all of which are or shall be located within the boundaries of the Property described in Exhibit A hereto and as shown on the Plat, are or shall be four-bedroom Single Family Residences containing approximately 2,119 square feet each, three-bedroom Single Family Residences containing approximately 1,620 square feet, three-bedroom Single Family Residences containing approximately 1,490 square feet, three-bedroom Single Family Residences containing approximately 1,728 square feet, two-bedroom Single Family Residences containing approximately 1,740 square feet each, and two-bedroom Single Family Residences containing approximately 1,378 square feet each, and Limited as



well as General Common Elements appurtenant thereto as described in Exhibit B attached hereto and the Plat; provided, however, the Developer hereby expressly reserves the option and right to build and construct a total of fifty-seven (57) Single Family Residences within the boundaries of the Property described in Exhibit A, and to make certain modifications and provide certain options for construction of said buildings in accordance with the floor plans and options described in the Plat. The consent of Owners other than the Developer shall not be required for making certain modifications as may be desired by the Developer provided such modifications are in substantial accordance with the floor plans as described in the Plat. The consent of Owners other than the Developer shall not be required for increasing the number of Homes to be constructed, and the Developer may elect to proceed with all or any part of such increased Home construction or modifications at its sole option and, without limitation on the exercise of such option, to build or construct such additional Single Family Residences.

C. DESCRIPTION OF GENERAL COMMON ELEMENTS: In addition to the common elements defined in the Act, the following shall be General Common Elements:

- 1) All lawns, real property and improvements excluding fixtures attached to the Single Family Residences, roads, driveways, parking areas and sidewalks; and
- 2) Utility and other easements and easement rights described in Exhibit A attached hereto, subject, however, to all conditions, reservations of rights and obligations therein contained.

D. DESCRIPTION OF LIMITED COMMON ELEMENTS: In addition to the limited common elements defined in the Act, the following shall be Limited Common Elements: special stairways, patios, stoops, decks, parking areas reserved specifically for the use of a certain Apartment or Apartments to the exclusion of other

Apartments, mailboxes, and sanitary services commons only to certain Apartments.

E. PLATS AND FLOOR PLANS: The Plat recorded in Map Book \_\_\_, Pages \_\_\_, shows the location of the buildings and other improvements within the boundaries of the Property. The floor plans showing the dimensions and area of each type of Home are shown on Sheets 2 and 3 of the Plat incorporated herein by reference, as well as being shown in the Plat. The floor plan showing the dimensions, area and location of the General Common Elements affording access to each Home are shown on the Plat.

F. DESCRIPTION OF HOMES: A Home and available options as described in the Plat is generally described and each type of Home is specifically described on Sheets 2 and 3 of the Plat and in Exhibit B attached hereto and incorporated herein by reference. The general location of each Home is shown on the Plat.

G. PERCENTAGE OF OWNERSHIP IN COMMON ELEMENTS: Each Home is hereby allocated a pro rata undivided interest in the Common Areas and Facilities as defined in Article I, Paragraph G herein, and as are hereby committed to said Horizontal Property Regime or as may hereinafter be so committed by amendments from time to time of this Master Deed. The approximate square footage of each Home, the approximate cumulative square footage of all Homes, and the percentage of ownership for the purposes of ownership of the General Common Elements and liability for Common Expenses and assessments are shown in Exhibit C attached hereto and incorporated herein by reference. Provided, however, the Developer wishes to maintain discretion and flexibility regarding the number of Apartments of each type described in Exhibit B and more particularly described in the floor plans of the Plat in order to offer Owners their choice of type of Home. The Developer, its successors and assigns, shall have the right to select, construct and place within this Horizontal Property Regime whatever numbers of each type of Condominium Home and to

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make adjustments in the Owners' pro rata undivided interest in the Common Area and Facilities, provided the total number of Homes shall not exceed fifty-seven (57) and the general construction, design and type of each Condominium Home so constructed shall be in accordance with the floor plans on sheets 2 and 3 of the Plat.

### ARTICLE III

#### FIRST COLONY HOMEOWNERS ASSOC., INC.

A. COUNCIL OF OWNERS: First Colony Condominiums shall be administered by a Council of Owners as defined in the Act, and said Council shall be known as First Colony Homeowners Assoc., Inc., hereinafter referred to as the "Association," which shall be constituted as an eleemosynary corporation formed under the laws of the State of Tennessee. Each Owner shall be a Member of said corporation as hereinafter set out. The Charter and By-Laws of said corporation shall be those as required and set forth in the Act as amended and as may be amended from time to time, and are attached hereto as Exhibits D and E, respectively, and incorporated herein by reference.

B. BOARD OF DIRECTORS:

- 1) Members of the Association as Owners shall elect, pursuant to the By-Laws, the Board of Directors to serve as the governing body of the Association.
- 2) The Board of Directors shall have, perform and fulfill the powers, duties and responsibilities required under this Master Deed, the Charter, the By-Laws and the Act as amended and as may be amended from time to time.
- 3) The Members of the Association, as Owners, may delegate to the Board of Directors such powers and duties as they (it), in their sole discretion, deem reasonable and necessary except:
  - a) The Board of Directors may not dissolve or terminate this Horizontal Property Regime;

b) The Board of Directors may not amend the Master Deed;

c) Neither the Board of Directors nor any other person shall bring any suit or other proceeding for partition or division of the co-ownership of the Common Area and Facilities as defined herein; and

d) The Board of Directors shall not be delegated any powers or duties inconsistent with the Act as amended.

C. LIEN FOR UNPAID ASSESSMENTS: The Association shall have a lien for unpaid Assessments as provided by the Act. If a lien for unpaid Assessments is enforced by the Association, either by suit for damages or by the enforcement of liens, the Association shall be entitled to collect all costs of that action, including attorney's fees. The lien of the Assessments provided for herein shall be subordinate to the lien of purchase money first mortgages or first mortgages resulting from refinancing of existing first mortgages now or hereafter placed on the properties subject to Assessments or any first mortgage running to a bank, savings and loan association, insurance company or other institutional lender, provided, however, such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such property pursuant to foreclosure, or any other proceeding in lieu of foreclosure. Notice of any default in the payment of Assessments shall be given to any such first mortgagee as provided in Article XVI hereof. Such sale or transfer shall not relieve such property from liability for any Assessments thereafter becoming due nor from the lien of any such subsequent Assessment.

D. MEMBERSHIP IN THE ASSOCIATION: Every Owner of a Home shall, by virtue of such ownership, be a Member of the Association, and shall remain a Member during such ownership.

E. VOTING RIGHTS OF OWNERS: Each Owner shall be entitled to a vote in the Association and for all other purposes

herein equivalent to the Fractional Interest in the Common Elements and Facilities, as may be amended, appurtenant to such Home, and such vote shall be exercisable by the Owner or Owners of such Home pursuant to Section 7 of Article II of the By-Laws; provided, however, if any Home shall be jointly owned by multiple Owners then the multiple Owners thereof shall be entitled to a pro rata share of said vote.

F. INSURANCE: The Association shall insure and keep insured the Property against fire, liability, windstorms and such other risks in such amounts to insure the full fair market value of said Property, but in no event shall the form and amount of such insurance be less than that required by mortgagees holding first mortgages on Homes within the Horizontal Property Regime. The Association shall further obtain and keep in force comprehensive public liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) in such form as may be required by mortgagees holding first mortgages on Homes within First Colony Condominiums.

G. ASSESSMENTS FOR INSURANCE PREMIUMS: A periodic contribution of Owners toward the expenses of administration and of maintenance and repair of the General Common Elements may include an amount equal to the current premium for blanket fire, liability and extended coverage insurance in the face amount of the valuation placed on each Home for the purposes of the Fire and Extended Coverage Insurance secured by the Council divided by the number of periodic payments remaining in the calendar year of operation and thereafter by the number of periodic Assessments each year. This amount shall be set aside and accumulated for the specific purpose, and no other, of paying the premium on such insurance as it becomes due.

H. DISBURSEMENTS OF CASUALTY INSURANCE PROCEEDS:

1) In the event it should be proper under the Act to repair or reconstruct the damaged portion of the Property, the

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proceeds of insurance (together with funds of the Owners sufficient to defray all expenses of repair or reconstruction above the insurance proceeds) shall be placed in a separate bank account and disbursed by the Treasurer of the Association. In the event the funds collectible from the Owners for repair or reconstruction shall be required and are not provided within sixty (60) days from the date of such request by the Association, the Association, by a majority vote, may levy a Special Assessment against the Fractional undivided Interest of the Owner in the Common Elements of the Horizontal Property Regime.

2) Disbursements shall be made only upon receipt of AIA Requests and Certification for Payment signed by the architect supervising said repair or reconstruction and general contractor, in the case of hard construction costs, or invoices approved for payment by the President and Secretary of the Association in the case of non-construction invoices. If no supervisory architect is employed, all funds shall be disbursed by the Treasurer only upon receipt by him of written approval of the President and Secretary. Should it not be proper under the Act to proceed with repair or reconstruction of the Property, the insurance proceeds shall be disbursed on a pro rata basis to the Owners according to their percentage of ownership in the Property, provided, however, that such disbursements are made subject to the satisfaction of all claims of their mortgagees of record. Reconstruction shall be mandatory if the casualty or event results in destruction of or damage to less than two-thirds of the total Property in the Horizontal Property Regime (even though destruction may be total as to one or more entire Homes) unless three-fourths of all Owners of the Horizontal Property Regime and their mortgagees of record decide by affirmative vote not to proceed with reconstruction.

#### ARTICLE IV

#### EASEMENTS

A. Each Home and all General and Limited Common Elements are hereby subjected to an easement for the repair, main-

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tenance, expansion, reduction, inspection, removal, relocation or other service of or to all electricity, television, telephone, water, plumbing, sewer, utility drainage or other lines or other General Common Elements, whether or not the cause of any or all of those activities originates in the Home in which the work must be performed.

B. Each Owner shall have an easement in common with the other Owners of all other Homes to use all Common Elements including but not limited to pipes, ducts, cables, conduits, public utility lines, roadways, streets, sidewalks and other Common Facilities serving his Home. Each Home shall be subject to an easement in favor of the Owners of all other Homes to use the pipes ducts, cables, wire, conduits, public utility lines and other common facilities serving such other Homes which are located upon the Common Areas.

C. The Association may hereafter grant easements or licenses for utility purposes for the benefit of the Property, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone and television wires, equipment and electrical conduits, and wires over, under, along and on any portion of the Homes and/or General and Limited Common Elements; and each Owner hereby grants to the Association or its designee, an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner such instruments as may be necessary to effectuate the foregoing.

D. If any portion of the Common Area and Facilities now encroaches upon any one Home, or if any Home now encroaches upon any other Home or upon any portion of the Common Area and Facilities as a result of the construction of the buildings, or if any such encroachment shall occur hereafter as a result of settling or shifting of the buildings, a valid easement of the encroachment, and for the maintenance of the same so long as the buildings stand, shall exist. In the event the buildings, the Home, any adjoining Home, or any adjoining Common Area and

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Facilities, shall be partially or <sup>228</sup>~~totally~~ <sup>877</sup>destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachment of parts of the Common Area and Facilities upon any lot or of any Home upon any other Home or upon any portion of the Common Area and Facilities, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the buildings shall stand.

E. The Developer hereby expressly reserves an easement to facilitate sales of the Homes herein. The Developer specifically reserves the right to use any one or more Homes owned by the Developer as a sales office or a model Home for sales of Homes thereby submitted to the Horizontal Property Regime or such other Homes as might subsequently be constructed on the Additional Land.

F. Home owners of First Colony Condominiums possess a right-of-way and easement for ingress and egress to and over the roads of First Colony Condominiums, where such roads presently exist, or shall be constructed, or as such roads may be hereafter designated and defined upon plats of First Colony Condominiums.

G. The Developer, for itself, its successors and assigns, reserves the permanent easement and right-of-way for ingress and egress to pass and repass over all roads, ways, sidewalks and pathways of First Colony Condominiums as well as rights to and from any Additional Land which may be hereafter incorporated into First Colony Condominiums.

#### ARTICLE V

#### MAINTENANCE

A. RESPONSIBILITY OF COUNCIL: Except as specifically provided to the contrary herein, the Association shall maintain, repair and replace, at the Common Expense, all parts of the General Common Areas, Elements and Facilities, whether located inside or outside of a Home, the cost of which shall be charged

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to the Owners as a Common Expense subject to the provisions of Section B of this Article V. The Association shall have the irrevocable right, to be exercised by the Board of Directors or its agent, to have access to each Home from time to time during reasonable hours as may be necessary, for the inspection, maintenance, repair or replacement of any of the General Common Elements and Facilities therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the General Common Elements and Facilities or to other Homes.

B.. RESPONSIBILITY OF OWNER: In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in Section A of this Article V is caused through the willful or negligent act of an Owner, his family, guests or invitees, 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 Home are subject. Each Owner shall maintain, repair and replace, at his own expense, all portions of his Home which become in need thereof, including the heating and air conditioning system for each Home, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-load-bearing walls, carpeting, drapes, other items within the Home and any Limited Common Elements appurtenant to his Home. In the event the Owner does not make those repairs to be made by him within thirty (30) days from written demand from the Association, then the same may be repaired by the Association and the cost thereof shall be assessed against the Home owned by such Owner.

C. LANDSCAPING MAINTENANCE: In addition to maintenance upon the Common Elements and Facilities, the Association shall provide maintenance upon those portions of the General Common Areas which are not occupied by buildings as follows: trees, shrubs, grass, walks, and other landscaping improvements.

D. MAINTENANCE OF HOMES: Each Owner shall, at his sole cost and expense, keep and maintain the exterior and interior of

his Home and any balcony or patio to which he has sole access, in a good state of repair, preservation and cleanliness, and shall not change the color of any exterior portion of any building without the prior written approval of the Architectual Committee. If the Owner fails to maintain the exterior of his Home in good order and condition, the Association shall provide such maintenance and shall assess the Owner, as provided in Section E hereof.

E. ASSESSMENT OF COST: The cost of such exterior maintenance provided in sections D and E hereof shall be assessed against the Home upon which such maintenance is done, and shall be added to or become part of the annual maintenance Assessment or charge to which such Home is subject, under Article VIII hereof, and, as part of such annual Assessment or charge, it shall be a lien and obligation of the Owner and shall become due and payable in all respects as provided in Article VIII hereof, provided that the Board of Directors of the Association, when establishing the annual Assessment against each Home for any Assessment year as required under Article VIII hereof, may add thereto the estimated cost of the exterior maintenance for that year, but shall thereafter make such adjustment with the Owner as is necessary to reflect the actual cost thereof.

F. ACCESS AT REASONABLE HOURS: For the purpose solely of performing the exterior maintenance authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Home or exterior of any Home at reasonable hours, on any day except Sunday.

G. EXAMINATION OF BOOKS: Each Owner shall be permitted to examine the books of account of the Association at reasonable times, on business days, but not more often than once a month.

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ARTICLE VI  
ARCHITECTURAL CONTROL

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A. APPROVAL REQUIRED FOR CHANGES:

1) To preserve the original architectural appearance of First Colony Condominiums after the purchase of a Home from the Developer, its successors or assigns, no exterior construction of any nature whatsoever shall be commenced or maintained upon any building nor shall there be any change, modification or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces facades, other than those modifications described in the Plat and referred to herein, nor shall any Owner paint, decorate, or change the color of any exterior surface, stairway, balcony terrace, fence or roof, nor shall any Owner change the design or color of the exterior lights, nor shall the 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 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 Directors of the Association or by an Architectural Committee composed of three or more representatives appointed by the Board. Failure of the Board or its designated committee to approve or disapprove such plans and specifications within thirty (30) days after their being submitted to it shall constitute approval.

2) Upon two-thirds vote of the Owners, after submission to them of detailed plans and specifications and a fixed price contract for the proposed work at a duly called meeting of the Association, the Association may be authorized to make or have structural alterations made in the General Common Elements and/or Limited Common Elements; provided, however, the plans and

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specifications are approved by the Association and there is deposited with said Association an amount of money sufficient, in the sole discretion of the Association, to defray all costs of modifying this Master Deed and recording said modification, including attorney's fees, and provided that any structural alteration of all or part of the Limited Common Elements shall be uniform.

#### ARTICLE VII

##### SALES, ASSIGNMENTS, LEASES AND MORTGAGES OF HOMES

A. SALES, LEASES AND ASSIGNMENTS: No Owner may sell, lease or assign his Home or any interest therein except by complying with the following provisions:

1) Any Owner who receives a bona fide offer for the sale, or lease, or offer of lease, or makes an offer of lease of his Home together with the interest in the facilities appurtenant thereto (hereinafter called the "Appurtenant Interests"), or a bona fide offer for a lease of his Home (hereinafter called an "Outside Offer"), or either receives a bona fide offer to assign or make assignment, which he intends to accept, shall give written notice to the Board of Directors of such offer and of such intention, the name and address of the proposed purchaser, or lessee, or assignee, the terms of the proposed transaction and such other information as the Board of Directors may reasonably require, and shall offer to sell such Home, together with the Appurtenant Interests, or to lease such Home, to the Board of Directors, or its designees, corporate or otherwise, on behalf of the Owners of all other Homes, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Home owner who has received such offer, to the Board of Directors on behalf of the other Owners, that such Owner believes the Outside Offer to be bona fide in all respects. Within thirty (30) days after receipt of such written notice, the Board of Directors may elect, by notice to such Owner, to purchase such Home, together with the

Appurtenant Interests, or to lease such Home, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise) on behalf of all other Owners, on the same terms and conditions as contained in the Outside Offer, and as stated in the notice from the offering Owner; provided, however, that the Association will not be required to pay more than the value on sale or lease than that established by taking the average of three (3) disinterested, licensed realtors and/or appraisers in Bristol, Tennessee, Bristol, Virginia, or Sullivan County, Tennessee.

2) In the event the Board of Directors shall elect to purchase such Home, together with the Appurtenant Interests, or to lease such Home, or to cause the same to be purchased or leased by its designee, corporate or otherwise, the transaction shall be closed at the office of the Association forty-five (45) days after the giving of notice by the Board of Directors of its election to accept such offer. At the closing, the Owner shall convey the same to the Board of Directors, or to its designee, on behalf of all other Owners, by general warranty deed in the form required by Tennessee law, and shall pay all expenses arising out of such sale. In the event such Home is to be leased, the offering Owner shall execute and deliver to the Board of Directors, or to its designee, a lease between the offering Owner, as landlord, and the Board of Directors, or its designee, as tenant, covering such Home, on the terms and conditions contained in such Outside Offer. In the event the Board of Directors or its designee shall fail to accept such offer within thirty (30) days as aforesaid, the offering Owner shall be free to contract to sell such Home, together with the Appurtenant Interests, or to lease such Home, as the case may be, within ten (10) days after the expiration of the period in which the Board of Directors or its designee might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the written notice from the offering Owner to the Board of Directors of such Outside Offer. Any such deed to an Outside

Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Master Deed, the By-Laws, and the Rules and Regulations of the Association, as the same may be amended from time to time. Any such lease shall be consistent with these instruments, and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Directors; that the tenant shall not sublet the demised premises, or any part thereof without the prior consent in writing of the Board of Directors; and that the Board of Directors shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of such lease. In the event the offering Owner shall not, within such ten-day period, contract to sell such Home, together with the Appurtenant Interests, or to lease such Home, as the case may be, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Owner shall so contract to sell or lease his Home within such ten-day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Owner thereafter elect to sell such Home, together with the Appurtenant Interests, or to Lease such Home, as the case may be, to the same or another Outside Offeror on the same or other terms and conditions, the offering Owner shall be required to again comply with all of the terms and provisions of this section of this Article VII. The Homes will be occupied either by the Owner or tenant within the meaning of this Article VII and by no others.

3) Any purported sale or lease of a Home in violation of this Article VII shall be voidable at the option of the Board of Directors of this Association.

B. NO SEVERANCE OF OWNERSHIP: No Owner shall execute any deed, mortgage, deed of trust, or other instrument conveying or mortgaging title to his Home without including therein the

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Appurtenant Common Area Interests, it being the intention hereof to prevent any severage of such combined ownership. Any such deed, mortgage, deed of trust or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Home may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Home to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Homes.

C. RELEASE BY BOARD OF DIRECTORS OF RIGHT OF FIRST REFUSAL: The right of first refusal contained in Section A of this Article VII may be released or waived by the Board of Directors, in which event the Home, together with the Appurtenant Interests, may be sold, conveyed or leased, free and clear of the provisions of such section.

D. CERTIFICATE OF TERMINATION OF RIGHT OF FIRST REFUSAL: A certificate, executed and acknowledged by the Secretary of the Association, stating that the provisions of Section A of this Article VII have been met by an Owner, or have been duly waived by the Board of Directors, and that the rights of the Board of Directors thereunder have terminated, shall be conclusive upon the Board of Directors and the Owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner who has, in fact, complied with the provisions of Section A of this Article VII, or in respect to whom the provisions of such Section have been waived upon request, at a reasonable fee not to exceed Ten Dollars (\$10.00).

E. FINANCING OF PURCHASE OF HOMES BY BOARD OF DIRECTORS: Acquisition of Homes by the Board of Directors or its designee, on behalf of all Owners, may be made from the working capital and common charges in the hands of the Board of Directors; or, if

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such funds are insufficient, the Board of Directors, in its discretion, and with the approval of all the Members of the Association, may borrow money to finance the acquisition of such Home, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Home, together with the Appurtenant Interests, so to be acquired by the Board of Directors.

F. EXCEPTIONS: Should the interest of an Owner become subject to a mortgage, deed of trust, or other security device given in good faith and for value to a bank, savings and loan association, insurance company or other corporation or association regularly engaged in making mortgage loans, the holder thereof, upon becoming the Owner of such property through whatsoever means, or the seller at any sale under a power of sale therein contained, or the purchaser at a foreclosure sale, shall have the unqualified right to sell, lease or otherwise dispose of said property without offer to the Board, notwithstanding the provisions herein, provided that all subsequent purchasers shall take subject to the limitations contained in these paragraphs.

G. GIFTS AND DEVISES, ETC.: Any Owner shall be free to convey or transfer his Home by gift, or to devise his Home by will, or to pass the same be intestacy, without restriction of the terms of the option of first refusal herein.

H. PAYMENT OF ASSESSMENTS: No Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until he shall have paid in full to the Board of Directors all unpaid common charges theretofore assessed by the Board of Directors against his Home, and until he shall have satisfied all unpaid liens against such Home, except permitted mortgages.

#### ARTICLE VIII

#### ASSESSMENTS

A. CREATION OF LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS: Each Home is and shall be subject to a lien and permanent



charge in favor of the Association for the annual and special Assessments set forth in Sections B and C of this Article VIII. Each Assessment together with interest thereon and cost of collection thereof as hereinafter provided, shall be a permanent charge and continuing lien upon the Home against which it relates, and shall also be the joint and several personal obligation of each Owner of such Home 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 Home, and each and every Owner, by acquiring or holding an interest in any Home, thereby covenants to pay such amount to the Association when the same shall become due. The purchaser of a Home at a judicial or foreclosure sale shall be liable only for the Assessment coming due after the date of such sale.

B. ANNUAL ASSESSMENTS:

1) No later than December 1 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 pro-rate such Common Expenses among the owners of the Homes in accordance with the Fractional Interest appurtenant to such Homes, and shall give written notice to each Owner of the annual Assessment fixed against his Home for such immediately succeeding calendar year. The annual Assessments levied by the council shall be collected by the Treasurer as provided in Section D of this Article VIII.

2) The annual Assessments shall not be used to pay for the following:

(a) Casualty insurance of individual Owners on their possessions within the Homes, and liability insurance of such Owners insuring themselves and their families individually, which shall be the sole responsibility of such Owners;

(b) Telephone, gas, or electrical utility charges for each Home which shall also be the sole responsibility of the Owners of such Homes.

3) The Developer anticipates that ad valorem taxes and other governmental assessments, if any, upon the Property and easements appurtenant thereto will be assessed by the taxing authority upon the Owners, and that each assessment will include the assessed value of the Home and of the undivided interest of the Owner in the General Common Elements and Facilities. Any such taxes and governmental assessments upon the Property which are not so assessed shall be included in the Association's budget as a Common Expense. Each Owner is responsible for making his payment of taxes and such payment shall include such Owner's individual interest in the General Common Elements and Facilities as such undivided interest is determined by law for purposes of paying taxes. If no provision is made by law or the taxing authorities for the determination of an Owner's share of the undivided interest in the General Common Elements and Facilities, each Owner shall pay that percentage of the undivided interest in the General Common Elements and Facilities attributable to his Home under Article II, Section G herein.

C. SPECIAL ASSESSMENTS: In addition to the annual Assessments, the Council 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 construction or reconstruction, repair or replacement of the General Common Elements and Facilities, including the necessary fixtures and personal property related thereto; provided, however, that any such special Assessments shall have the assent of a majority of the votes represented, in person or by proxy, at a meeting, at which a quorum is present, duly called for the express purpose of approving such expenditure, written notice of which shall be sent to all Owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting, which notice shall set forth the purpose of the meeting. Special Assessments shall be fixed against the Homes according to their Fractional Interest; the period of the Assessments and manner of payment shall be determined by the Board.

## D. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE

## DATES:

1) Although the annual Assessment is calculated on a calendar year basis, each Owner of a Home shall be obligated to pay to the Treasurer of the Association such Assessment in equal monthly installments on or before the first day of each month during such calendar year, or in such other reasonable manner as the Board of Directors shall designate.

2) The annual Assessments provided for in this Article VIII shall, as to each Home, commence upon the conveyance thereof (the "Commencement Date"). The first monthly payment of the annual Assessment for each such Home shall be an amount (rounding to the nearest whole dollar) equal to the monthly payment for the fiscal year in progress on such commencement date, divided by the number of days in the month of conveyance, and multiplied by the number of days then remaining in such month.

3) 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 certificates. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

## E. EFFECT OF NON-PAYMENT OF ASSESSMENTS; THE PERSONAL OBLIGATION OF THE OWNER; THE LIEN; REMEDIES OF DEVELOPER:

1) If an Assessment is not paid on the date when due, as hereinabove provided, then such Assessment, together with such interest thereon and any cost of collection thereof as hereafter provided, shall be a charge and continuing lien on the Home 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 then Owner to pay

such Assessment, however, shall remain his personal obligation and if his successor in title assumes his personal obligation, such Owner shall nevertheless remain as fully obligated as before to pay to the Association any and all amounts which he was obligated to pay immediately preceding the transfer; and such prior Owner and his successor in title who assumes such liabilities shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Owner and his successor in title creating the relationship of principal and surety as between themselves other than one by virtue of which such prior Owner and his successor in title would be jointly and severally liable to pay such amounts. The lien herein provided may, upon default in the payment of any contribution or Assessment, be perfected by filing in the Office of the Register of Deeds for Sullivan County at Bristol, Tennessee, a memorandum showing the name of the delinquent Owner; the name of the Association as claimant of the lien; the amount of the claim; and a description of the property on which a lien is claimed. Said memorandum shall be verified by oath of an officer or agent of the Association.

2) Any such Assessment not paid by the 10th of the month within which such Assessment is due shall bear interest from such date (the "Delinquency Date") at the maximum legal rate allowable under Tennessee law. The Association may bring legal action against the Owner personally obligated to pay the same or foreclose its lien against the Home to which it relates or pursue either such course at the same time or successively. In any such event, the Association shall also be entitled to recover attorney's fees actually incurred but not exceeding fifteen percent (15%) of the amount of the delinquent Assessment, and all other costs of collection. Each Owner, by his acceptance of a deed or other conveyance to a Home, 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 Home at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner shall be exempt from contributing assessments by waiver or non-use of the use or enjoyment of the General Common Elements and Facilities or by the abandonment of the Home belonging to him or otherwise.

F. SUBORDINATION OF THE CHARGES AND LIENS TO MORTGAGES:

1) The lien and permanent charge for the annual and special Assessments (together with interest thereon and any cost of collection) authorized herein with respect to any Home is hereby made subordinate to the lien of any mortgagee or his assigns placed on such Home if, but only if, all such Assessments with respect to such Home 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 or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale under power contained in such mortgage.

2) Such subordination is merely a subordination and shall not relieve the Owner of the mortgaged property of his personal obligation to pay all Assessments coming due at a time when he is the Owner; and shall not relieve such property from the lien and permanent charge provided for herein (except as to the extent of subordinated lien and permanent charge is extinguished as a result of such subordination or against a mortgage or such mortgagee, assignee, or transferee by foreclosure or by sale or transfer in any proceeding in lieu of foreclosure or by sale under power of attorney); and no sale or transfer of such property to the mortgagee or to any other person pursuant to a foreclosure sale, or pursuant to any other proceeding in lieu of foreclosure, or pursuant to a sale under power of attorney, shall

relieve any existing or previous Owner of such property of any personal obligation, or relieve subsequent Owners from liability for any Assessment coming due after such sale or transfer.

3) Notwithstanding the foregoing, the Association may, in writing, at any time, whether before or after any mortgage or mortgages are placed on such property, waive, relinquish or quitclaim in whole or in part the right of the Association to Assessments provided for hereunder with respect to such property coming due during the period while such property is or may be held by mortgagee or mortgagees pursuant to said sale or transfer.

4) The Association, by any of its officers, shall, upon request, certify to the Owner, prospective purchaser, or prospective lender of any Home, the amount, if any at the time of certification, of the lien or permanent charge for annual or special Assessments (together with interest thereon and any cost of collection) authorized herein with respect to any Home, and such certification shall be evidence of the total amount of such liens and permanent charges as of the date of said certification.

G. EXEMPT PROPERTY: Each Home shall be exempt from the Assessments created herein until such Home is conveyed by Developer to an Owner. Except as expressly provided herein, no Home and its appurtenant Fractional Interest shall be exempt from said Assessments.

ARTICLE IX  
USE RESTRICTIONS

A. In order to preserve the environmental and architectural plan of the development, provide compatibility for the Owners, and encourage harmonious and congenial occupancy of the Property, and for the protection of the values of First Colony Condominiums, the use of the Property shall be restricted to and in accordance with the following provisions:

1) LAND USE AND BUILDING TYPE: No Home shall be used except for residential purposes. No construction or building will be permitted by Owners, except to replace a Home destroyed or damaged by fire or other casualty. No replacement building shall be allowed or permitted other than one Single Family Residence not to exceed two and one-half stories in height, and it must conform with the original plan, size and value of the Home replaced. It must be in keeping with the overall architectural scheme of development, and must first be approved in writing by the Board of Directors or the Architectural Committee, and/or the Developer.

2) NUISANCES: No nuisances shall be allowed on the Property, nor shall any use or practice be allowed which is a source of annoyance to its residents, or which interferes with the peaceful possession or proper use of the Property by its residents.

3) ANIMALS: No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any Home, except that dogs, cats or other customary household pets may be kept and maintained, provided they are not kept or maintained for commercial purposes; provided, further, however, that:

a) No one shall keep or maintain more than two pets of the same species on the premises (provided this shall not apply to tropical fish);

b) No one shall keep or maintain on the premises any animal having a vicious disposition;

c) No one shall suffer any animal belonging to him to run free on the Common Area or to trespass on the lot of any other Owner, or to disturb the peace and quiet of any resident.

4) OUTSIDE ANTENNAS: No outside antennas, television antennas, or similar devices shall be erected on any lot or

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Home within the Property, unless and until prior written permission for same has been granted by the Board of Directors of the Association or its Architectural Committee.

5) CLOTHESLINES, GARBAGE CANS, ETC.: No outside clotheslines shall be permitted, and all garbage cans and similar items shall be kept screened so as to conceal them from view of neighboring Homes.

6) USE OF COMMON AREA: The Common Area and Facilities shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the normal use and occupancy of the Homes.

7) LEASING OF HOMES: Homes may be rented provided the occupancy is only by the lessee and his immediate family unless otherwise provided by the Board of Directors. No less than all of a Home may be rented and no transient tenants shall be accommodated. This section 7 shall not apply, however, to any lease or leases which have or may be entered into by the Developer.

8) MORTGAGING: No Owner may mortgage his Home nor any interest therein without the approval of the Board of Directors, except to its former Owner, a bank, insurance company, a federal, state savings and loan association or a corporation or partnership acting as a mortgage broker whose primary interest in making any such mortgage is the placement and servicing of same with and on behalf of one of such other lending institutions. The existence of a "permanent commitment" from any such lending institution to purchase any such mortgage from such mortgage broker shall be conclusive evidence of such mortgage broker's intent to place any such mortgage with one of such other lending institutions whether or not such commitment is ultimately fulfilled. The approval of any mortgagee as provided for above may be upon conditions determined by the Board of Directors or may be arbitrarily withheld.



9) VOIDABLE TRANSACTIONS: Any mortgage or lease which is not authorized pursuant to the terms of this Master Deed shall be voidable at the option of any Owner or the Board of Directors until such time as same shall be approved by the Board of Directors.

ARTICLE X

TERMINATION OF HORIZONTAL PROPERTY REGIME

The Horizontal Property Regime may be terminated and the Property removed from the provisions of the Act in the following manner:

A. BY THE DEVELOPERS: If there has been no conveyance of a Home and there is no Owner, other than the Developer, the Developer may unilaterally terminate the Horizontal Property Regime, provided that the holders of all liens affecting the Horizontal Property Regime consent thereto or agree thereto by duly recorded instruments.

B. DESTRUCTION: In the event that more than two-thirds of the Property is destroyed and it is determined in the manner provided in Paragraph H(2) of Article III hereof that the Property shall not be repaired or reconstructed after casualty, then in that event the Horizontal Property Regime as to that portion of the damaged or destroyed Horizontal Property Regime Property not repaired or reconstructed after casualty shall be terminated, provided approval of all mortgagees is obtained and duly recorded. The determination not to repair or reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to facts affecting the termination, which certificate shall become effective upon being recorded. The manner and method of termination of the Horizontal Property Regime, or any part thereof, shall be determined by a two-thirds vote of the Owners, as Members in the Association, subject to approval of any mortgagee having an interest therein.

C. CONDEMNATION: In the event that one or more of the Homes, or any part thereof, shall be taken by any authority

having the power of eminent domain, the Horizontal Property Regime may be terminated as to the Home or Homes and Common Areas appertaining thereto so taken.

D. OWNERSHIP AFTER TERMINATION: Upon recordation of an instrument terminating the Horizontal Property Regime, in whole or in part, the method and manner of ownership of the Property constituting the same shall be determined by a two-thirds vote of the Owners as Members in the Association, subject to approval of any mortgagee having an interest therein.

#### ARTICLE XI

##### RIGHT OF ACCESS

Each Owner hereby grants the Association, its or their designee, the right to enter his Home in case of any emergency originating in or threatening his Home.

#### ARTICLE XII

##### MANAGEMENT AGENT

A. INTERIM MANAGEMENT AGENT AND ASSESSMENTS: From the date of the first conveyance of title by the Developer to an Owner until the date of the first Association meeting, the Developer or its designee shall serve as the Interim Management Agent with responsibility for coordinating all normal management services of the Association. During such period, the Interim Management Agent or its designee shall receive a monthly management fee from each Owner of his monthly pro rata share of the total operating expenses incurred for and on behalf of the Association and the Horizontal Property Regime.

B. MANAGEMENT AGENT AND ASSESSMENTS: As soon as practicable following the first Association meeting and the adoption of the annual budget, any excess of interim Assessments over total, actual operating expenses shall be deposited by the Developer to the account of the Association. The Interim Management Agent shall provide to the Association an accounting

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of operating revenues and expenses. After adoption of the annual budget, the Developer shall be subject to regular Assessments for any Homes still owned by it.

C. TIME OF PAYMENT: Each Owner's pro rata share of the operating expenses for the first month shall be payable at the time of conveyance of title to the Owner by the Developer. Subsequent payments shall be due on the first day of each month. Payments not received when due shall bear interest at the maximum legal rate.

D. EMPLOYMENT OF MANAGEMENT AGENT: The Association may employ a management agent and delegate to said agent all management responsibilities; however, the Association shall obtain supervisory control over said agent. Any management agreement for the Horizontal Property Regime will be terminable by the Association for cause upon thirty (30) days' written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods. Said management agreement may also be terminated by either party without cause and without payment of any termination fee on ninety (90) days written notice. Written notice of any decision by the Association to terminate professional management and assume self-management of the Horizontal Property Regime shall be given to each first mortgage lender herein described.

#### ARTICLE XIII

##### WARRANTIES

The closing of title or occupancy of the Home shall constitute an acknowledgment by the Owner that the Developer makes no other implied or express warranties relating to the Home or the Common Areas and Facilities, except for such warranties as are set forth in the General Warranty Deed to the Home.

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ARTICLE XIV

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COVENANTS TO RUN 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 Home and the appurtenances thereto; and each and every provision of the Master Deed shall bind and inure to the benefit of all Owners and claimants of the Land or any part thereof or interest therein, and their heirs, executors, administrators, successors and assigns.

ARTICLE XVMORTGAGEES AND NOTICE

A. As used in this Master Deed, the word "mortgage" shall mean a beneficiary under or holder of a deed of trust as well as a mortgagee. The terms "mortgagee," "first mortgage lender," "first mortgagee," "institutional lender" and other references to a lender holding security of any Common Element, Limited Common Element or Home within the Horizontal Property Regime shall include, but not necessarily be limited to, banks, savings and loan associations, insurance companies, the Federal National Mortgage Association, the Veterans Administration, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and other similar associations and organizations. Whenever notice is required to be given to mortgagees under the provision of this Master Deed, such notice shall be required to be given to such mortgagees only if the names and addresses of such mortgagees have been furnished in writing to the Board of Directors of the Association, and no notice shall be required to be given until and unless the names and addresses of such mortgagees have been recorded on the books and records of the Association.

B. Any institutional holder of a first mortgage on a Home in the Horizontal Property Regime will, upon request, be

entitled to (1) inspect the books and records of the Association during normal business hours; and (2) receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year; and (3) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

ARTICLE XVI

CONDEMNATION

A. GENERAL: Whenever all or any part of the Property shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Board of Directors. Unless otherwise required by law at the time of such taking, any award made therefor shall be disbursed by the Board of Directors, as hereinafter provided in this Article XVI.

B. COMMON AREA: If the taking is confined to the Common Area and Facilities on which improvements shall have been constructed and if at least sixty-six and two-thirds percent (66 2/3%) of the total vote of the Association shall decide within sixty (60) days after such taking to replace said improvements, or any part thereof, on the remaining land included in the Common Area and Facilities and according to plans therefor to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Board of Directors shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the property is to be repaired or reconstructed as provided for in Article III, Paragraph H hereof; subject, however, to the right hereby reserved to the Association which may be exercised by a majority of the total vote thereof to provide for the disbursement by the Board of Directors of the remaining proceeds held by it (after payment of all costs inci-

dent to such replacement) to the Owners or any one or more of them in amounts proportionate to the Fractional Interests appurtenant to their Homes established herein, which proportionate amounts shall correspond with the proportionate damages sustained by the Owners or any one or more of them as the Association may determine. If at least sixty-six and two-thirds percent (66 2/3%) of the total vote of the Association shall not decide within sixty (60) days after such taking to replace such improvements or if the taking is confined to the Common Area and Facilities on which no improvements shall have been constructed, then the Association or the Board of Directors, as the case may be, shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken; provided, however, that such disbursements are made subject to the satisfaction of all claims of their mortgagees of record.

C. HOMES: If the taking includes one or more Homes, or any part or parts thereof, then the award shall be disbursed in the same manner as the disbursement of casualty insurance proceeds as provided for in Paragraph H of Article III herein. All other related matters, including, without limitation, alteration of the Fractional Interest appurtenant to each Home, shall be handled pursuant to and in accordance with the consent of sixty-six and two-thirds percent (66 2/3%) of the Owners expressed in a duly recorded amendment to this Master Deed.

#### ARTICLE XVII

##### RETENTION OF VOTING RIGHTS BY DEVELOPER

A. Until such time as United Homes, Inc., the Developer, its successors or assigns, has conveyed or otherwise disposed of eighty percent (80%) of all Homes of First Colony Condominiums, i.e., forty-six (46) Homes, provided however, the number of Homes necessary for conveyance by the Developer, as a condition precedent to the Members' rights to exercise their

voting rights, shall not be greater than eighty percent (80%) of the total number of Homes as described in Article II, Paragraph B hereinabove, or within six (6) years from the date of conveyance of the first Home, whichever shall first occur, United Homes, Inc., the Developer, shall retain the right to exercise all voting rights of the Members of the Association.

B. Provided, however, the Developer shall relinquish said voting rights upon the happening of any one of the following events, whichever first occurs:

1) When the total votes of the non-Developer Members of the Association, which are retained hereunder by the Developer, exceeds the sum of the total votes retained by the Developer by virtue of developed but unsold or yet-to-be conveyed Homes and the number of Homes which could be developed in the future upon the property in accordance with Article II herein; or

2) On December 31, 1994; or

3) When Developer or its successors or assigns shall relinquish in writing to the Board of Directors those voting rights of the Members of the Association retained hereunder by the Developer.

#### ARTICLE XVIII

#### GENERAL PROVISIONS

A. RESTRICTION AGAINST PARTITION: The Common Area and Facilities, both general and limited as defined herein, shall remain undivided. No Owner or any other person shall bring any suit or other proceeding for partition or division of the co-ownership of the Common Area and Facilities as defined herein. Nothing contained in this section shall be construed as a limitation on partition by the Owner of one or more Home or Homes in a Horizontal Property Regime as to the individual ownership of such Home or Homes without terminating the Horizontal Property Regime. Provided that upon partition of any such individual Home, the

same shall be sold as an entity and shall not be partitioned in kind.

B. AMENDMENT OF MASTER DEED:

1) This Master Deed may be amended by the vote of sixty-six and two-thirds percent (66 2/3%) of the total percentage of ownership of the General Common Elements by the Owners, cast at a meeting duly held in accordance with the provisions of the By-Laws, provided that no material amendment to the Master Deed or to the By-Laws of the Association, including but not limited to, any amendment which would change the percentage interest of the Owners in the Horizontal Property Regime shall be made without the prior written approval of each first mortgage lender as described herein. No such amendment shall be effective until recorded in the Office of the Register of Deeds for Sullivan County at Bristol, Tennessee. In no event may the Master Deed be amended so as to deprive the Developer of any rights granted herein.

2) The Horizontal Property Regime being part of a unitary development contemplated for the entire perimeter shown on Sheet \_ of the Plat referred to above, Developer shall have and retain, in addition to any other rights herein granted, the following rights:

(a) The right, at its sole expense, to relocate, expand, modify, reduce or extend existing driveways, parking areas and yard, and to construct, expand, enlarge or relocate sewer lines, sewers, utility lines, pipes, conduits, and the like, or service connections thereto, in order to serve any buildings, improvements or developments on the additional adjoining acreage or the Owners or tenants thereof, which right by Developer is assignable.

(b) The right to unilaterally grant such easements, rights-of-way and rights of access within the Horizontal Property Regime and the above-described appurtenances thereto as are reasonable and necessary, or which Developer deems reasonable or necessary, to permit the development of said Additional Land adjoining, as



well as the additional right to unilaterally dedicate such easements and rights-of-way, or any portion of same, as public streets or roads, including easements and rights-of-way of the Property hereby committed to a Horizontal Property Regime as well as easements and rights-of-way of the Additional Land as shown on Sheet \_ of the Plat.

(c) The right to unilaterally amend this Master Deed so as to correct any legal description contained herein resulting from scriveners' or surveyors' error by recording such amendment in the Office of the Register of Deeds for Sullivan County at Bristol, Tennessee, without requirement that the same be approved by the Association, Owners, lienees or mortgagees of Homes in the Horizontal Property Regime.

(d) The right to unilaterally amend this Master Deed for the purposes of complying with rules, regulations and conditions of various lending institutions as they may relate to the financing and sale of Homes within the Horizontal Property Regime by first mortgage lenders by recording such amendment or amendments in the Office of the Register of Deeds for Sullivan County at Bristol, Tennessee, without the requirement that the same be approved by the Association, Owners, lienees or mortgagees of Homes in the Horizontal Property Regime.

(e) The right to connect to or extend for the use and benefit of Additional Land adjoining utilities terminating within the Horizontal Property Regime and to grant rights-of-way and easements as necessary therefor.

(f) The right to unilaterally amend this Master Deed for the purpose of further development of said Additional Land and to amend respectively the percentage interest of Owners in the General and Limited Common Elements appurtenant thereto, the respective voting rights of Owners, and the Assessments for maintenance of the Common Areas and Facilities.

C. USE OF COMMON AREA AND FACILITIES: The Owners may use the Common Area and Facilities in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other Owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the Common Area and Facilities is intended to be used. The Board shall have the right to promulgate rules and regulations limiting the use of the Common Area and Facilities to

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Owners and their guests as well as for the exclusive use of a part of the Common Area and Facilities by an Owner and his guests for special occasions, which exclusive use may be conditioned, among other things, upon the payment of a fee. An Owner may delegate, in accordance with the provisions of this Master Deed and the By-Laws, his right to use the Common Area and Facilities to the immediate members of his family, to a limited number of guests, or to his tenants who reside in his Home.

D. CONVEYANCE OF HOMES BY WARRANTY DEED: All conveyances of title of any Home shall be by general warranty deed, except a deed by a trustee or other fiduciary may be by special warranty deed.

E. REGULATORY DOCUMENTS: The Horizontal Property Regime shall be administered in accordance with the Master Deed and By-Laws of the Association, and in accordance with such other regulations as may from time to time be promulgated by the Association.

F. HOMES SUBJECT TO MASTER DEED AND RELATED DOCUMENTS: All present and future Owners, tenants and occupants of Homes and their guests or invitees shall be subject to, and shall comply with, the provisions of the Master Deed and related documents as amended from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Home shall constitute an agreement that the provisions of the Master Deed and related documents are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the lands and shall bind any person having at any time any interest or estate in such Home as though such provisions were made a part of each and every deed of conveyance or lease. Failure to comply with the provisions of those documents shall entitle the Association or any Owner to seek legal and/or equitable relief, upon written notice to the Owner and the mortgagee of record of any such breach or noncompliance.

G. AGREEMENTS BINDING UPON PROPERTY: All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Master Deed shall be deemed to be binding on all Owners of Homes, their successors and assigns.

H. INVALIDITY: The Invalidity of any provisions of this Master Deed shall not impair or affect the validity and enforceability of the remainder of this Master Deed, and in such event, all of the other provisions of this Master Deed shall continue in full force and effect as if such invalid provisions had never been included.

I. WAIVER: No provisions contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

J. LAW CONTROLLING: This Master Deed and the By-Laws attached hereto shall be construed under and controlled by the laws of the State of Tennessee.

K. CAPTIONS: The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of this Master Deed or the intent of any provision hereof.

L. SEVERABILITY: The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision or portion hereto shall not affect the validity or enforceability of any other provision hereof.

M. NOTICES: Any notice required to be sent to any Member or Owner under the provisions of this Master Deed shall be deemed to have been properly sent when mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

ARTICLE XIX  
UNCONDITIONAL EASEMENT

The Developer hereby expressly reserves a right-of-way and easement for ingress and egress to and over the Property described in Exhibit A and as shown on the Plat. Further, the Property described in Exhibit A is hereby subjected to easements which will be required and necessary for the construction and/or development of the Property and/or option modifications as described in the Plat, including rights to conduct excavation, landscaping and construction activities, as well as easements for the installation, repair, maintenance, expansion, reduction, inspection, removal or relocation of any or all electricity, television, telephone, water, plumbing, sewer, utility drainage, and any other easements necessary for development of the Property. Said easements and rights-of-way are unconditional and shall be retained by the Developer, its successors and assigns, irrespective of the use the Developer, its successors and assigns, shall make of said Property, provided said use is consistent with the terms herein and the Plat.

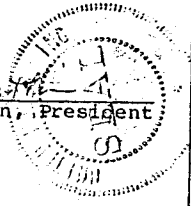
ARTICLE XX  
EFFECTIVE DATE

This Master Deed shall take effect when recorded with the Register of Deeds for Sullivan County at Bristol, Tennessee.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 2nd day of July, 1984.

UNITED HOMES, INC.

BY: James W. McGlothlin  
James W. McGlothlin, President



Attest: Wayne H. Bell  
Wayne H. Bell, Assistant Secretary

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& LAWS  
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State of Virginia )  
City Bristol )  
County of Sullivan )

228 MAY 9 1986

Before me, Sharon K. Owen, of the state and City County County aforesaid, personally appeared James W. McGlothlin, with whom I am personally acquainted (or who proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of United Homes, Inc., the within named bargainer, a corporation, and that he as such President, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as President.

Witness my hand and seal, at office in Bristol,  
this 19th day of July, 1984.

Sharon K. Owen  
Notary Public

My Commission Expires:  
12-7-86

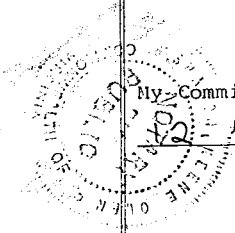


EXHIBIT A  
MASTER DEED  
FIRST COLONY CONDOMINIUMS      228 REC 907

A tract of land lying and being in the Second (2nd) Civil District of Sullivan County within the city limits of Bristol, Tennessee, and being more particularly bounded and described as follows:

BEGINNING at a planted rock on the outside boundary line of the Gray Farm, corner to Tract No. 1; thence North 89 55 E 825 feet to a planted rock, corner to Tract No. 3, allotted to Laura Edmondson; thence with her line South 34-1/4 E 811 feet to a planted rock; thence South 55 50 W 672 feet to a planted rock, corner to the 50-acre tract; thence South 86-1/4 W 400 feet to a planted rock, corner to Tract No. 1, allotted to James Gray; thence with a line of Tract No. 1, N 15-1/4 W 11 50 feet to the point of BEGINNING, containing 21-4/10 acres; and

BEING the same property conveyed to United Homes, Inc., by Deed dated April 12, 1984, from James W. McGlothlin, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 226, Page 46; and being the same property conveyed to James W. McGlothlin by Deed dated July 12, 1978, from J. Hansel Peoples and his wife, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 179, Page 342; reference is also made to Deed from Payton A. Terry and wife, Ora Lee G. Terry, to J. Hansel Peoples and wife, Marion B. Peoples, dated February 28, 1967, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 126, Page 61, said Deed returning to J. Hansel Peoples and wife, Marian B. Peoples, a tract of land 200 feet by 200 feet within the above-described tract of land previously deeded by J. Hansel Peoples and wife, Shirley S. Peoples, to John Spencer Peoples and wife, Dorothy R. Peoples, by Deed dated December 16, 1958, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 124, Page 119, and thereafter deeded by John Spencer Peoples and wife, Dorothy R. Peoples, to Payton A. Terry and wife, Ora Lee G. Terry, by Deed dated February 22, 1967, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 126, Page 38.

There is excepted from the above conveyance the following tract of land within the above-described tract located

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in the Second (2nd) Civil District of Sullivan County, Tennessee,  
and more particularly described as follows:

BEGINNING at a fence post at the corner to the property of the parties hereto; thence running with the property line of the parties hereto N 86 deg. 38 min. E 150 feet to an iron pipe; thence turning to the right on a curve with a radius of 183.10 feet, a chord distance of N 85 deg. 20 min. W 51.29 feet and N 69 deg. 28 min. W 49.85 feet and N 53 deg. 49 min. W 49.85 feet and N 38 deg. 10 min. W 49.85 feet and N 22 deg. 32 Min. W 49.85 feet to an iron pipe, which pipe is located on the property line of the parties hereto; thence with the property line of the parties hereto S 14 deg. 43 min. E 150 feet to the point of BEGINNING, containing approximately 0.11 of an acre, more or less, said tract of land having been conveyed to the Country Club of Bristol by J. Hansel Peoples and wife, Marian B. Peoples, by Deed dated November 26, 1958, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 110, Page 261.

There is also conveyed herewith a right-of-way 16 feet in width, running from the public road (known as the Jonesboro Road) over the property of the Country Club of Bristol (formerly James Gray) along the line to the above 21.4 acre tract, said right-of-way being no greater nor no less than as described in the Deed of Correction dated October 27, 1924, styled James Gray, et al, vs. Joseph Carmack, et al, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 46, Page 278, said right-of-way being further agreed to by J. Hansel Peoples and the Country Club of Bristol by Agreement dated February 2, 1977, of record in the Register's Office for Sullivan County at Bristol, Tennessee, in Deed Book 167, Page 533.

EXHIBIT BMASTER DEED

228 PAGE 909

FIRST COLONY CONDOMINIUMS

The Apartment Owner will obtain fee title to the Apartment. The Apartments include the Apartment's share of the proportionate interest in the common elements appurtenant thereto as set forth in the Master Deed (see Exhibit C). Included in the Apartments are (a) the space enclosed by the unfinished surfaces of perimeter and interior walls, ceilings, and floors thereof, including vents, doors, windows and such other structural elements that ordinarily are regarded as enclosures of space; (b) all interior dividing walls and partitions (including the space occupied by such walls or partitions); and (c) the decorated inner surfaces of all interior walls and partitions contained in the Apartment and the inner decorated and finished surfaces of the perimeter walls, floors and ceilings, including (as the case may be) paint, plaster, wallpaper, carpeting, tiles (except load-bearing walls and floors which are a part of the common elements), to the unfinished surfaces of said walls, floors and ceilings, together with all other furnishings, materials and fixtures affixed or installed therein for the sole and exclusive use of said Apartment, commencing at the point of disconnection from the structural body of the building and from utility lines, pipes or systems serving the dwelling space, together with all fixtures and appliances within the Apartment which are removable without damaging or jeopardizing the soundness, safety or usefulness of the remainder of the Apartment.

The First Colony Horizontal Property Regime contains a maximum of fifty-seven (57) homes which are comprised of two (2) bedroom homes, three (3) bedroom homes and four (4) bedroom homes.

Two Bedroom Homes - Type A. These homes are located on ground floor level and are a story and a half in structure. All are essentially identical and are comprised of the ground floor

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level including an attached single car garage and a deck of approximately 160 square feet. The ground floor consists of a dining and living room area with a fireplace, a kitchen, a master bedroom with a walk-in closet, a second bedroom with a closet, and a full bath with an additional half-bath. The floor plan also includes an entry-way with a closet and a washer/dryer space in the kitchen all of which is a living area of approximately 1604 square feet. On the second floor level is a loft and shower bath of approximately 136 square feet and additional storage space. The home has a combined total of approximately 1740 square feet of living space.

Two Bedroom Homes - Type B. These homes are located on ground floor level and are a story and a half in structure. All are essentially identical and are comprised of the ground floor level including an attached single car garage and two (2) decks both totaling approximately 268 square feet. The ground floor consists of a dining and living room area with a fireplace, a kitchen and a master bedroom. A full-sized bath, accessible to the master bedroom and to the remainder of the living area, also contains space for a washer and dryer. The floor plan includes an entry way with a closet. The living area of this level is approximately 1007 square feet. On the second level is a loft, a shower bath with a linen closet, and a second bedroom with a large closet, all comprising a living area space of approximately 371 square feet not including an additional storage area. The home has a combined total of approximately 1378 square feet of living space.

Three Bedroom Homes - Type A. These homes are located on ground floor level and are two story structures. All are essentially identical and are comprised of the ground floor level including an attached single car garage and, on the opposite end, a deck area of approximately 180 square feet. The ground floor consists of a living room with a fireplace, a half-bath and laundry area with space for a washer and dryer and a kitchen

separated from a family dining area by a work island. There is an entry way with a closet. The ground floor contains approximately 793 square feet of living space. The second story has a master bedroom with a walk-in closet and full bath. Two additional bedrooms are on this floor, both with closets. A second full bath and a linen closet are included to comprise a living area of approximately 827 square feet. The home has a combined total of approximately 1620 square feet of living space.

Three Bedroom Homes - Type B. These homes are located on ground floor level and are a story and a half in structure. All are essentially identical. The ground floor level includes a front patio with a storage closet and a deck of approximately 180 square feet. The ground floor consists of a living room with a fireplace, a master bedroom with access to a shower bath, a dining room, a kitchen with a nook and washer and dryer space, and an entry way with a closet. This level has approximately 984 square feet of living space. The second story, which is partially open to the ground floor level, contains a second bedroom with a walk-in closet, a third bedroom with a closet, and a full bath with a linen closet and has approximately 506 square feet of living area. The home has a combined total of approximately 1490 square feet of living space.

Three Bedroom Homes - Type C. These homes are located on ground floor level and are a story and a half in structure. All are essentially identical. The ground floor level includes a front patio and a deck of approximately 180 square feet. The ground floor consists of an entry way with a closet and a half-bath, a kitchen with a nook and washer and dryer space, a dining room, a master bedroom with a walk-in closet and full bath and a living room with fireplace. This floor contains approximately 1222 square feet of living space. The second story, which is partially open to the ground floor, contains a second bedroom with a walk-in closet, a third bedroom with a closet, and a full bath with a linen closet and has approximately 506 square feet of

living space. The home has a combined total of approximately 1728 square feet of living space.

Four Bedroom Homes. These homes are located on ground floor level and are two-story structures. All are essentially identical. The ground floor level includes an attached double garage and a deck of approximately 200 square feet. The ground floor consists of an entry way with a closet, a dining room, a large kitchen with a work island, an eating area, washer and dryer space, a half-bath, and a master bedroom with walk-in closet and a full bath and a living room with a fireplace. This level has approximately 1335 square feet of living space. The second story, which is partially open to the ground floor, has three bedrooms with closets, a shower bath, and a full bath with a linen closet. This story has approximately 784 square feet of living space not including a large storage area. The home has a combined total of approximately 2119 square feet of living space.

EXHIBIT C

TO MASTER DEED OF FIRST COLONY CONDOMINIUMS

Types of Homes	Percent Ownership of Each Home*	Approximate Square Feet In Each Home
Two Bedroom Homes:		
Type A	17.27%	1,740
Type B	13.68%	1,378
Three Bedroom Homes:		
Type A	16.08%	1,620
Type B	14.79%	1,490
Type C	17.15%	1,728
Four Bedroom Home:	21.03%	2,119
TOTAL PERCENTAGE OWNERSHIP	100.00%	
TOTAL SQUARE FEET		10,075

\* Percentages shown as if only one of each type of Home constructed.  
Note: All pro rata percentages subject to amendment from time to time pursuant to terms of Article II of the Master Deed.

MASTER DEED ESTABLISHING FIRST COLONY CONDOMINIUMSCHARTER OFFIRST COLONY HOMEOWNERS ASSOC., INC.

228 PAGE 914

The undersigned natural person or persons, having capacity to contract and acting as the incorporator or incorporators of a corporation under the Tennessee General Corporation Act, adopt the following charter for such corporation:

1. The name of the Corporation is FIRST COLONY HOMEOWNERS ASSOC., INC.
2. The duration of the corporation is perpetual.
3. The address of the principal office of the corporation in the State of Tennessee shall be South Hampton Drive, Bristol, Tennessee 37620.
4. The corporation is not for profit.
5. The purpose or purposes for which the corporation is organized are:

For all lawful purposes, subject to the provisions of Tennessee Code Annotated Section 48-103 and Section 48-1301, and more particularly for the purpose of doing, performing, exercising, and carrying out the privileges, duties, responsibilities, and obligations authorized, permitted, or contemplated in the management, administration, regulation, or operation of a council of co-owners in a condominium project under the Tennessee Horizontal Property Act set forth in T.C.A. Section 66-27-101, with all incidental powers and purposes in relation thereto, including but not limited to the authority, powers, privileges and obligations set forth in any master deed recorded pursuant to the aforesaid statutes.

6. This corporation is to have members.
7. Other provisions:

The general powers of said corporation shall be those provided under the Tennessee General Corporation Act and as may be amended from time to time, such as: (1) To sue and be sued by the corporate name; (2) To establish by-laws, and make all rules

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and regulations not inconsistent with the laws and constitution, deemed expedient for the management of corporate affairs; and (3) The corporation shall also have such other powers which are lawful under the laws of the State of Tennessee, in force from time to time which govern corporations of this type.

No dividends shall be paid and no part of the income or profits of the corporation shall be distributed to its members, directors or officers.

The corporation shall not make, directly or indirectly, any loan of money or property to, or guarantee or otherwise secure the obligation of, any director or officer of the corporation.

The means, assets, income, or other property of the corporation shall not be employed, directly or indirectly, for any other purpose whatever than to accomplish the legitimate objects of the creation, nor hold any more real estate than is necessary for its legitimate purposes.

There shall be no individual liability against the directors for the corporate debts, but the entire corporate property shall be liable for the claims of creditors.

DATED: 7-3-84


  
Incorporator

EXHIBIT E  
228 MAY 9 1966  
TO MASTER DEED ESTABLISHING FIRST COLONY CONDOMINIUMS

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EXHIBIT E 228 PAGE 918  
TO MASTER DEED ESTABLISHING FIRST COLONY CONDOMINIUMS

BY-LAWS

OF

FIRST COLONY HOMEOWNERS ASSOC., INC.

A NOT-FOR-PROFIT TENNESSEE CORPORATION

ARTICLE I

GENERAL

Section 1. The Name: The name of the corporation shall be First Colony Homeowners Assoc., Inc.

Section 2. The Principal Office: The principal office of the corporation shall be South Hampton Drive, Bristol, Tennessee 37620, or at such other place as may be subsequently designated by the Board of Directors.

Section 3. Definition: As used herein, the term "Corporation" shall be the equivalent of "Association" as used in the Master Deed of First Colony Condominiums dated the 2nd day of July, 1984, and recorded in the Office of the Register of Deeds for Sullivan County at Bristol, Tennessee, in Deed Book \_\_\_\_\_ at Page \_\_\_\_, and as defined in the Tennessee Horizontal Property Act set forth in Tennessee Code Annotated §66-27-101, et seq., herein referred to as "the Act."

Section 4. Applicability: These By-Laws are established pursuant to the "Horizontal Property Act" of Tennessee, Tennessee Code Annotated §66-27-101, et seq.; are applicable to First Colony Condominiums, the Common Area and Facilities, and the Association; and are binding on all Owners, their families, tenants and guests, and any other person residing in or occupying a Home. Each and every person who accepts a deed to, a lease of,

or who occupies any Home thereby consents to be bound by the provisions of these By-Laws.

## ARTICLE II

### MEMBERSHIP

Section 1. Definition: Membership in the corporation shall be limited to Owners of Homes in First Colony Condominiums.

Section 2. Transfer of Membership and Ownership: Membership in the corporation may be transferred only as an incident to the transfer of the transferor's Home and his undivided interest in the Common Areas and Facilities of the Home, and such transfer shall be subject to the procedures set forth in the Master Deed and the Act.

Section 3. Suspension of Membership and Voting Rights: During any period in which an Owner or Owners of a Home shall be in default of the payment of any annual or special Assessment levied by the Association, the voting rights of the Member designated by such Owner or Owners and the rights of such Owner or Owners, the members of their family or families, and the tenants who reside in such Owner's or Owners' Home to use and enjoy the Common Area and Facilities may also be suspended by the Board of Directors until such time as the Assessment has been paid. Such rights may also be suspended by the Board of Directors for the violation of the published rules and regulations with respect to the use of the Common Area and Facilities as published from time to time by the Board of Directors. Such rules shall be kept in the Office of the Association as a matter of record, and copies thereof shall be furnished to any Owner on request.

Section 4. Delegation of Property Rights: Each Member of the Association shall be entitled to the use and enjoyment of the Common Area and Facilities as provided in the Master Deed. Any Member may assign his rights of enjoyment and use of the

Common Area and Facilities to the members of his immediate family, to his guests, or to his tenants who reside in his Home. Such Member shall notify the Secretary of the Association in writing of the name or names of any such assignees. The rights and privileges of such assignees are subject to suspension to the same extent as those of the Member.

### ARTICLE III

#### MEETINGS OF MEMBERSHIP

Section 1. Place: All meetings of the corporate membership shall be held at the office of the corporation or such other place as may be stated in the notice.

Section 2. Annual Meeting:

A. The annual meeting of Members shall be held at First Colony Condominiums in each year commencing in 1984; provided, however, that the first such meeting will not be held until the earlier of (1) the sale by the DEVELOPER, as defined in the Master Deed, of Eighty Percent (80%) of the Homes in this Horizontal Property Regime, (2) notice by the DEVELOPERS, or (3) six (6) years from the date of conveyance of the first Home.

B. Regular annual meetings subsequent to the first such meeting shall be held on the first Monday in July of each year if not a legal holiday, and if a legal holiday, then on the next secular day following unless otherwise determined by the Board.

C. All annual meetings shall be held at such hour as is determined by the Board.

D. At the annual meeting, the Members shall elect the new members of the Board of Directors and transact such other business as may properly come before the meeting.

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E. Written notice of the annual meeting shall be served upon or mailed to each Member entitled to vote thereat at such address as appears on the books of the corporation, at least ten (10) but not more than sixty (60) days prior to the meeting. Each Member shall notify the Secretary of any address change, and the giving of said notice shall be in all respects sufficient if sent to the address of the Member which is then on file with the Secretary.

Section 3. Membership List: At least ten (10) but not more than sixty (60) days before every election of Directors, a complete list of Members entitled to vote at said election, arranged numerically by House numbers, with residence of each, shall be prepared by the Secretary. Such list shall be produced and kept for ten (10) days prior to and throughout the election at the office of the corporation, and shall be open to examination by any Member throughout such time.

Section 4. Special Meetings:

A. Special Meetings of the Members for any purpose or purposes unless otherwise described by statute may be called by the President or by the vote of a majority of the Board of Directors and shall be called at the request of not less than twenty-five percent (25%) of the Members entitled to vote at the meeting. Such request shall state the purpose or purposes of the proposed meeting.

B. Written notice of a Special Meeting of Members stating the time, place, purpose thereof, and the person or persons calling the meeting shall be served upon or mailed to each Member entitled to vote thereat at such address as appears on the books of the corporation, said notice to be given at least ten (10), but not more than sixty (60), days before such meeting.

C. Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

Section 5. Quorum: Over fifty percent (50%) of the total number of Members of the corporation, present in person or represented by written proxy, shall be requisite to and shall constitute a quorum at all meetings of the Members for the transaction of business, except as otherwise provided by statute, by the Certificate of Incorporation, as amended, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting of which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called. If adjournment extends past thirty (30) days, notice of the date on which the adjourned meeting is to be reconvened shall be given as herein provided for regular meetings.

Section 6. Vote Required to Transact Business: When a quorum is present at any meeting, a majority of the votes cast, in person or represented by written proxy filed with the Secretary in advance of the meeting, shall decide any question brought before the meeting, unless the question is one upon which, by express provision of the statutes, the Master Deed or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 7. Right to Vote: Each Owner shall be entitled to a vote equal to his percentage of ownership of the General Common Elements. At any meeting of the Members, every Member having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof. If more than one (1) person or entity own a Home, the vote shall be divided among them according to their ownership of the Home.

Until such time as the DEVELOPER, United Homes, Inc., has sold, conveyed or otherwise disposed of eighty percent (80%) of all Homes of First Colony Condominiums, i.e., forty-six (46) Homes, or within six (6) years from the date of conveyance of the First Home, the DEVELOPER shall retain the right to exercise all voting rights of the Members of the Association and to exercise and perform all of its duties and functions.

Until such time as the DEVELOPER has sold, conveyed or otherwise disposed of eighty percent (80%) of the Homes in First Colony Condominiums, the Master Deed and/or By-Laws shall not be changed, altered, amended or revoked with regard to the method of selecting the managing agent, the imposition of Assessments, the repair or reconstruction of any Home, the method and procedure of adopting rules and regulations pertaining to the conduct of Members and the use of the Common Area and Facilities without the express written approval of the Developer and the approving vote of eighty percent (80%) of the current Members first had and obtained.

Section 8. Waiver and Consent: Whenever the vote of Members at a meeting is required or permitted by any provision of the statutes, the Master Deed, or these By-Laws to be taken in connection with any action of the corporation, the meeting and vote of Members may be dispensed with if all Members who would have been entitled to vote upon the action of such meeting if such meeting were held shall consent in writing to such action being taken.

Section 9. Order of Business: The order of business at annual Members' meetings will be:

- A. Roll call and certifying of proxies;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of prior meeting;
- D. Officers' reports;
- E. Committee reports;
- F. Appointment by Chairman of Inspectors of Election;
- G. Elections of Directors and Officers;
- H. Unfinished business;
- I. New business;

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J. Adjournment.

ARTICLE IV

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BOARD OF DIRECTORS

Section 1. Number and Term: The number of Directors which shall constitute the whole Board of Directors (the Board") shall be five (5). Until succeeded by Directors elected at the first annual meeting of Members, Directors need not be Members. Within the limits above specified, the number of Directors shall be determined by the Members at the annual meeting. The Directors shall initially be elected by Members of the Association to serve staggered terms, one (1) for three (3) years, two (2) for two (2) years, and two (2) for one (1) year, and they shall serve until their successors shall be elected and shall qualify. Thereafter, each Director shall be elected for a term of three (3) years. Cumulative voting is not permitted.

Section 2. Vacancy and Replacement: If the office of any Director becomes vacant by reason of transfer of ownership, death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, at a special meeting of Directors duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. First Board of Directors: The first Board shall consist of James W. McGlothlin, Wayne L. Bell and J. Thomas Fowlkes, who shall hold office and exercise all powers of the Board until the first Association membership meeting, anything herein to the contrary notwithstanding.

Section 4. Powers: The property and business of the corporation shall be managed by the Board, which may exercise all corporate powers not specifically prohibited by statute, the Certificate of Incorporation, as amended, or the Master Deed to which a copy of these By-Laws are attached. The powers of the

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Board shall specifically include, but not be limited to, the following:

A. To make and collect regular and special Assessments and establish the time within which payments of same are due.

B. To use and expend the Assessments collected to maintain, care for and preserve the Homes and Property, except those portions thereof which are required to be maintained, cared for and preserved by the Owners.

C. To purchase the necessary equipment and tools required in the maintenance, care and preservation referred to above.

D. To enter into and upon the Homes when necessary and at as little inconvenience to the Owner as possible in connection with such maintenance, care and preservation.

E. To insure and keep insured said Property in the manner set forth in the Master Deed against loss from fire and/or other casualty, and the Association, Owners, and the mortgagees, if applicable, against public liability, and to purchase such other insurance as the Board may deem advisable, including insurance against Director's liability.

F. To collect delinquent Assessments by suit or otherwise, abate nuisances and enjoin or seek damages from Owners for violations of these By-Laws and the terms and conditions of the Master Deed.

G. To employ and compensate such personnel as may be required for the maintenance and preservation of the property.

H. To make appropriate changes in the Rules and Regulations for the occupancy of the Homes as may be deemed necessary. Any such changes shall be approved at the next meeting of the membership by a majority of the votes cast.



I. To acquire and/or rent and/or lease a Home in the name of the corporation or a designee.

J. To contract for management of the Property and to delegate to such other party all powers and duties of the Corporation except those specifically required by the Master Deed to have specific approval of the Board or membership.

K. To carry out the obligations of the Corporation under any restrictions and/or covenants running with any land submitted to the Horizontal Property Regime ownership of this Corporation or its Members.

L. To designate, as the Board deems appropriate, assigned parking spaces for each Home, visitors, service vehicles, and other vehicles.

M. To adopt any Rules and Regulations for governing the use of the Homes and Common Elements and the conduct of all residents and guests.

N. To impose a special Assessment (against any Owner), not to exceed \$50 for each occurrence, for the violation by the Owner or his guests of any rule or regulation adopted by the Board or the breach of any By-Laws contained herein, or the breach of any provision of the Master Deed.

O. To terminate any lease or rentals whether by written or oral agreement; and to remove from a Home any lessee, renter or guest who fails to comply with the terms of the Master Deed.

P. To propose, adopt and amend an annual budget for the Property.

Section 5. Liability: The Directors shall not be liable to the Owners for any mistake of judgment, or otherwise, except for their own individual negligent willful misconduct, actual bad faith, or gross negligence.

Section 6. Compensation: Neither Directors nor officers shall receive compensation for their services as such unless otherwise directed by the Board.

Section 7. Meetings:

A. The first meeting of each Board newly elected by the Members shall be held immediately upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the general Members' meeting, and immediately before or after the adjournment of same.

B. Special meetings of the Board shall be held whenever called by the direction of the President or a majority of the Board. The Secretary shall give notice of each special meeting either personally, by mail or telegram, at least three (3) days before the date of such meeting, but the Directors may, in writing, waive notice of the calling of the meeting, before or after such meeting.

C. A majority of the Board shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business, and the act of a majority present at any meeting at which there is a quorum shall be the act of the Board. If a quorum shall not be present at the meeting, the Directors then present may adjourn the meeting without notice other than announcement at the meeting until a quorum shall be present.

Section 8. Order of Business: Unless otherwise determined by the Board the order of business at all meetings of the Board shall be as follows:

- A. Roll Call;
- B. Proof of notice of meeting or waiver of notice;
- C. Reading of minutes of last meeting;
- D. Consideration of communications;
- E. Elections of necessary Directors and officers;

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- F. Reports of officers and employees;
- G. Reports of committees;
- H. Unfinished business;
- I. Original resolutions and new business;
- J. Adoption or amendment of budget (when appropriate);
- K. Adjournment.

Section 9. Annual Statement: The Board shall present, no less often than at the annual meeting, a full and clear statement and accounting of the business and condition of the corporation, including a report of the operating expenses of the corporation and the Assessments paid by each Member.

Section 10. Removal of Directors: At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by a vote of eighty percent (80%) of the total Fractional Interests authorized to vote thereon, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by any Owner or Owners shall be given an opportunity to be heard at such meeting. Sale of his Home by a Director shall automatically terminate his directorship.

ARTICLE V

OFFICERS

Section 1. Executive Officers: The executive officers of the corporation shall be a President, Secretary, and Vice President-Treasurer, all of whom shall be elected annually by and from the Board. No two offices may be united in one person. If the Board so determines, there may be more than one Vice President.

Section 2. Subordinate Officers: The Board may appoint such other officers and agents from the membership as they may deem necessary, who shall have such authority and perform such duties as from time to time may be prescribed by said Board.

Section 3. Tenure of Officers; Removal: All officers shall be subject to removal, with or without cause, at any time,

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by action of the Board. The Board may delegate powers of removal or subordinate officers and agents to any officer.

Section 4. The President:

A. The President shall preside at all meetings of the Members and Directors; he shall have general and active management of the business of the corporation; he shall see that all orders and resolutions of the Board are carried into effect; he shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation.

B. He shall have general supervision and direction of all the other officers of the corporation, and shall see that their duties are performed properly.

C. He shall submit a report of the operations of the corporation for the fiscal year to the Directors whenever called for by them and to the Members at the annual meeting, and from time to time shall report to the Board all matters within his knowledge which the interest of the corporation may require to be brought to their notice.

D. He shall be an ex-officio member of all committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

Section 5. The Secretary:

A. The Secretary shall keep the minutes of the Members' and of the Board's meetings in one or more books provided for that purpose.

B. He shall see that all notices are fully given in accordance with the provision of these By-Laws or as required by Law.

C. He shall be custodian of the corporate records and of the seal of the corporation and shall see that the

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seal of the corporation is affixed to all documents, and execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provision of these By-Laws.

D. He shall keep a register of the post office address of each Member, which shall be furnished to the Secretary by such Member.

E. In general, he shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 6. The Vice President-Treasurer:

A. The Vice President-Treasurer shall be vested with all the powers and required to perform all the duties of the President in his absence, and such other duties as may be prescribed by the Board.

B. He shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board.

C. He shall disburse the funds of the corporation as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation. Such records shall be open to inspection by Members at reasonable times.

D. He may be required to give the corporation at the corporation's expense, a bond in a sum and with one or more sureties satisfactory to the Board, for the faithful performance of the duties of his office, and the restoration to the corporation, in case of his death, resignation or removal

from office, of all books, papers, vouchers, money or other property of whatever kind in his possession belonging to the corporation.

E. He shall maintain a register for the names of any mortgage holders or lien holders on Homes who have requested in writing that they be registered and to whom the corporation will give notice of default in case of non-payment of Assessments. No responsibility by the corporation is assumed with respect to said register except that it will give notice of default to any registered mortgagee or lienor therein, if so requested by said mortgagee or lienor.

F. With the approval of the Board, he shall be authorized to delegate all or part of his responsibilities to competent accounting, collection or management personnel, pursuant to written definition of the responsibilities delegated, but, in such event, the Treasurer shall retain supervisory responsibilities.

Section 7. Vacancies: If any office becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining Directors, by a majority vote of the remaining Directors provided for in these By-Laws, may choose a successor or successors who shall hold office for the unexpired term. If the number of Directors falls below four (4), a special Members' meeting shall be called for the purpose of filling such vacancies in the Board of Directors.

Section 8. Resignations: Any Director or officer may resign his office at any time, such resignation to be made in writing, and to take effect from the time of its receipt by the Board of Directors, unless some time be fixed in the resignation, and then from that date. The acceptance of a resignation by the Board shall not be required to make it effective.

Section 9. Liability of Officers: To the extent permitted by the Tennessee General Corporation Act in effect at the

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applicable time, no officer shall be liable to any Owner for injury or damage caused by such officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer. Furthermore, each officer shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been an officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the Members of the Association only when such approval is required by the Tennessee General Corporation Act.

#### ARTICLE VI

##### OBLIGATIONS OF THE OWNERS

Section 1. Agreements: All Owners are obligated to pay monthly Assessments imposed by the Association as provided in the Master Deed to meet Common Expenses, which may include the expense of liability insurance coverage and/or hazard insurance coverage for repair and reconstruction. An Owner is required to reimburse the Association for any expense incurred by it in repairing or replacing Common Elements damaged by such Owner.

##### Section 2. Maintenance and Repair:

A. All maintenance of and repair to any Home, whether structural or non-structural, ordinary or extraordinary, other than maintenance of and repair to any Common Elements contained therein, and not necessitated by the misuse or neglect of the Owner or Owners of another Home, shall be made by the Owner or Owners thereof, and such Owner or Owners shall keep

the same in good condition and repair. Each such Owner shall be responsible for any and all damage to any and all other Homes, to the Common Elements caused by his failure to do so.

B. All maintenance, repairs and replacements to the Common Elements, whether inside or outside of the Homes, unless necessitated by the negligence, misuse or neglect of the Owner or Owners of a Home, in which case the cost shall be borne by the Owner or Owners of such Home, shall be made by the Association or at its direction and shall be charged to the Members thereof as a Common Expense.

Section 3. Right of Entry: Each and every Owner by accepting a deed to a Home thereby grants to the managing agent or such other person designated by the Board of Directors, in the event that fire or some similar emergency is, in the opinion of such agent or designated person, threatening his Home, the right to enter the same regardless of whether such Owner is present at such time. For such purpose, each and every Owner shall provide the Association with a key to his Home.

Section 4. Conduct: All Owners, their families, guests, visitors, and tenants, and each and every occupant of a Home shall at all times observe the published rules of conduct which may be established from time to time by the Association or its Board of Directors.

Section 5. Notices: An Owner who mortgages his dwelling or executes and delivers a deed to secure debt, deed of trust or other security instrument which may become a lien on his Home shall notify the President or the Board of Directors of the name and address of his mortgagee, or the holder of such deed to secure debt, deed of trust or security instrument, and thereby authorize the Association to furnish such information as such mortgagees may request respecting unpaid Assessments, taxes or other reasonable information concerning such Home.



ARTICLE VII

NOTICES

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Section 1. Definition: Whenever under the provisions of the statutes, the Master Deed, the Certificate of Incorporation, or these By-Laws, notice is required to be given to any Director or Member, it shall not be construed to mean personal notice; but such notice may be given in writing by mail, by depositing the same in a post office or letter box in a postpaid, sealed envelope, addressed as appears on the books of the corporation.

Section 2. Service of Notice - Waiver: Whenever any notice is required to be given under the provisions of the statutes, the Master Deed, the Certificate of Incorporation, or these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

Section 3. Address: The address for notice of the corporation shall be that of the Registered Agent for Service of Process of the corporation.

ARTICLE VIII

FINANCES

Section 1. Fiscal Year: The fiscal year shall be the calendar year.

Section 2. Checks: All checks or demands for money and notes of the corporation shall be signed by any one of the following officers: President, Secretary, or Vice President-Treasurer, or by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Determination of Assessments:

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A. The Board shall determine from time to time the sum or sums necessary and adequate for the Common Expenses of the property. As approved by the Board, the budget shall constitute the basis for all regular Assessments for Common Expenses against Owners, which Assessments shall be due and payable periodically as determined by the Board. Common Expenses shall include expenses for the operation, maintenance, repair or replacement of the Common Areas and Facilities and the Limited Common Areas and Facilities, cost of carrying out the powers and duties of the corporation, all insurance premiums and expenses relating thereto, and any other expenses designated as Common Expenses from time to time by the Board of Directors of the corporation.

B. The Board is specifically empowered on behalf of the corporation to make and collect Assessments and to maintain, repair and replace the Common Areas and Facilities and the Limited Common Areas and Facilities of the Property. Funds for the payment of Common Expenses shall be assessed against the Owners in the proportions or percentages of sharing Common Expenses provided in the Master Deed. Assessments shall be payable periodically as determined by the Board.

C. Special Assessments for budgeted items not adequately funded through the regular Assessments may be required by the Board and shall be levied and paid in the same manner as hereinbefore provided for regular Assessments. No other special Assessment shall be made by the Board without the approval of a majority vote of the membership, except for the repair of the Property due to damage and destruction, which shall occur as provided in the Master Deed.

D. When the Board has determined the amount of any Assessment, the Vice President-Treasurer of the corporation shall mail or present a statement of the Assessment to each of the assessed Owners. All Assessments shall be payable to the corporation, and upon request, the Vice President-Treasurer

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or his designated agent shall give a receipt for each payment made.

E. The Board may enter into a management contract with third parties to whom the Board may delegate the power to levy and collect Assessments approved by the Board as required by the Master Deed.

F. All Assessments not paid when due shall bear interest at the highest legal rate of interest allowable in the State of Tennessee.

## ARTICLE IX

### DEFAULT

Section 1. Enforcement of Lien for Assessments: In the event an Owner does not pay any sums, charges, or Assessments required to be paid to the corporation by the due date, the corporation, acting on its own behalf or through its Board, may enforce its lien for Assessments, or take such other action to recover the sums, charges or Assessments to which it is entitled, in accordance with the Master Deed and the Act or both.

Section 2. Governmental Liens and Assessments: In the event that an Owner fails to pay any tax or assessment lawfully assessed by any governmental subdivision within which the Property is situated, by the date such tax or assessment is due, the Board may pay the same from the funds of the corporation and assess such Owner for the amount paid, plus interest thereon.

Section 3. Legal Costs: In the event such legal action is brought against an Owner and results in a judgment for the corporation, the Owner shall pay the corporation's reasonable attorney's fees, costs of collection, and court costs.

Section 4. Sale of Corporately Owned Homes: If the corporation (Association) becomes the Owner of a Home, it shall offer said Home for sale and at such time as a sale is consum-

mated, it shall deduct from the proceeds of said sale all sums of money due it for Assessments and charges, all costs incident thereto, including reasonable attorney's fees, and any and all expenses incurred in the resale of the Home, which shall include but not be limited to advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Home in question.

Section 5. Other Remedies: In the event of violation of the provisions of the Master Deed as the same are defined in the Master Deed, for ten (10) days after notice from the Association to the Owner or Owners to correct said violation, the corporation, on its own behalf or by and through its Board of Directors, may bring appropriate action to enjoin such violation or may enforce the provisions of said Master Deed, or may sue for damages, or take such other courses of action, or other legal remedy as it or they may deem appropriate.

Section 6. Intent: Each Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the remedy available to the corporation and regardless of the availability of the other equally adequate legal procedures. It is the intent of all Owners of Homes to give to the corporation a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from the Owners of Homes, and to preserve each Owner's right to enjoy his Home, free from unreasonable restraint and nuisance.

#### ARTICLE X

#### RULES AND REGULATIONS

In addition to the other provisions of these By-Laws, any Rules and Regulations (adopted by the Board) together with any subsequent changes, shall govern the use of the Homes located on the Property and the conduct of all residents and guests.

PREPARED BY:

LAW OFFICES

GILLENWATER  
& LAWS

BRISTOL, TENN.-VA.

37621

P. O. BOX 545

ARTICLE XI

INDEMNIFICATION

228 MAY 938

The corporation may indemnify any person made a party to an action by or in the right of the corporation to procure a judgment in its favor by reason of his being or having been a Director or officer of the corporation, against the reasonable expenses including attorneys' fees actually and necessarily incurred by him in connection with an appeal therein, except in relation to such matters as to which such Director or officer is adjudged to have been guilty of gross negligence or willful misconduct in the performance of his duty to the corporation.

ARTICLE XII

AMENDMENT

These By-Laws may only be altered, amended or added to at any duly called meeting of the Members; provided (1) that the notice of the meeting shall contain a full statement of the proposed amendment; and (2) that there be an affirmative vote of the Owners representing not less than two-thirds (2/3) of the total percentage of ownership of the General Common Elements, as well as an affirmative vote of a majority of the Board of Directors. No amendment to these By-Laws shall be passed which would operate to impair or prejudice the right or liability of any mortgagee nor shall any amendment be passed in violation of any provision of the Act.

ARTICLE XIII

CONSTRUCTION

Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be constructed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or become unenforceable at law or <sup>in</sup><sub>21</sub> equity, the remaining provi-

sions of this instrument shall nevertheless be and remain in full force and effect.

The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these By-Laws or the intent of any provision hereof.

#### ARTICLE XIV

##### BOOKS AND RECORDS

Section 1. Inspection: The books, records, and papers of the Association shall at all times during reasonable hours be subject to inspection by any Member at the principal office of the Association. The Master Deed and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased for a reasonable price.

#### ARTICLE XV

##### CONFLICTS

In the event of any conflict between the provisions of these By-Laws and provisions of the Master Deed, the provisions of the Master Deed shall control.

#### ARTICLE XVI

##### ASSOCIATION SEAL

The Association shall have a seal, which shall consist of two concentric circles between which shall be written the words: "First Colony Homeowners Assoc., Inc.," and in the middle of the smaller circle shall be written the word "SEAL."

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Sullivan County, Tenn. Register of Deeds: Received for record on the 20th day of

July, 1984 at 4:45 M. Noted in Note Book 23 Page 92

Mary Duncan  
Register