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MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME

This Master Deed made and executed in the City of Memphis, County of Shelby, State of Tennessee, this 13th day of September, 19 73, by Kondo-Plex, Inc., a Tennessee Corporation, (formerly Tennessee Townhouse Developers, Inc., name changed pursuant to Charter Amendment) hereinafter called "Developer", pursuant to the provisions of the Horizontal Property Act of the State of Tennessee.

WITNESSETH:

WHEREAS, Developer is the owner of certain real property located in the City of Germantown, County of Shelby, State of Tennessee, and more particularly described as follows:

The Downs, Section A, as shown on plat of record in Plat Book 49, Page 2, in the Register's Office of Shelby County, Tennessee, which is all the property designated on said plat, except that part shown and designated as "Future Development, Phase II".

WHEREAS, Developer is in the process of improving the above-described property by constructing thereon fourteen (14) separate buildings with a total of ninety-three (93) condominium units as hereinafter defined, and

WHEREAS, Developer desires and intends by filing this Master Deed to submit the above described property and improvements thereon to the provisions of the Horizontal Property Act of the State of Tennessee as a condominium project to establish a plan for the individual ownership of condominium units as hereinafter defined together with co-ownership of both general and limited common elements or areas as those terms are hereinafter defined, and to impose upon said property mutually beneficial restrictions for the benefit of the real property and improvements thereon and the owners thereof, their heirs, successors, administrators, grantees and assigns.

NOW, THEREFORE, Developer does hereby declare that all of the property described above is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and im-

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proved subject to the following covenants, conditions, easements, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in the furtherance of a plan for the improvement of said property and a division thereof into condominiums, and shall be deemed to run with the land and binding upon all the parties having any right, title or interest in the above described property or any part thereof, their heirs, successors, administrators, grantees and assigns.

ARTICLE I

DEFINITIONS

1. "Developer" shall mean Kondo-Plex, Inc., a Tennessee corporation, which has made and executed this Master Deed.
2. "Master Deed" shall mean this instrument by which The Downs Condominiums is established as provided for under the Horizontal Property Act of the State of Tennessee.
3. "Condominium Project" or "Project" shall mean the entire parcel of real property referred to in this Master Deed including all structures thereon.
4. "Plat" shall mean the plat or plats of The Downs Condominiums filed for record by Developer and recorded in Plat Book 49, Page 2, Register's Office, Shelby County, Tennessee.
5. "Building" as used herein shall refer to one of the fourteen (14) separate structures as shown on the plat containing condominium units.
6. "Condominium Unit" or "Unit" shall mean the separate freehold estate consisting of the space bounded by and contained within the interior surfaces of the perimeter wall, floors, ceilings, windows and doors of each separately designated living unit shown upon the plat designated model plan, excluding, however, all bearing walls, columns, floors, roofs, foundations, reservoirs, tanks, pumps and other central services, pipes, ducts, flues, chutes, conduits, wires, and other utility installations, wherever located, except in outlets thereof when located within the unit. The unit as designated

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on the plat contains, as more specifically set out on the applicable **J16358** model plan, attached hereto as Exhibit, the patio and garage for the use of that particular living unit. The patio and garage shall be a limited common element or area, as defined herein.

In interpreting deeds, declarations and plans, the existing physical boundaries of the unit or of a unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in the deed, plan or declaration, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or in the deed and declaration and those of the building.

7. "Property" shall mean and refer to that certain real property first described above.

8. "General Common Elements" or "General Common Area" shall mean all of the property and improvements thereon except the portions deeded to fewer than all the owners, and include, but not by way of limitation, roofs, foundations, pipes, ducts, flues, chutes, conduits, wires and other utility installations to the outlets, bearing walls, perimeter walls, columns, and girders to the exterior surface thereof regardless of location, all installations of power, lights, gas, hot and cold water and heating existing for common use and all other parts of property necessary or convenient to its existence, maintenance and safety or all other elements of the project rationally of common use or necessary to its existence, upkeep and safety.

9. "Limited Common Elements" or "Limited Common Area" shall mean those portions of the common elements such as garage, car parking area, patio, attic and storage facilities, balconies, etc., which are reserved for the use of a certain individual unit or units to the exclusion of other individual units as shown on the condominium plats.

10. "Condominium Interest" shall mean the following:

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(a) Fee simple title to a condominium unit together with an undivided 1/93 interest as tenants in common together with all other owners in the general common area as hereinabove defined.

(b) The exclusive right to use as a limited common area the patio and garage contiguous to the living unit and contained within the area of the unit designated in the plat and the attic space immediately above and contiguous to the condominium unit.

(c) Membership in the Association as hereinafter defined subject to this Master Deed and the Charter of Incorporation and By-Laws of said Association.

The foregoing elements of a Condominium Interest shall be inseparable, and any conveyance of a Condominium Unit shall be deemed to convey said elements whether set forth in the instrument of conveyance or not.

11. "Co-Owner" or "Owner" shall mean any person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who own a condominium unit or units within the condominium project.

12. "Council of Co-Owners" means all of the co-owners as defined in Number 11 above, who shall also be members of the Association, hereafter defined.

13. "Association" shall mean The Downs Homeowners Association, Inc., a non-profit corporation composed of the Council of Co-Owners.

14. "Member" shall mean a member of the Association and the owner of a condominium interest. When more than one person owns a condominium interest, all such persons shall be members. A vote for each condominium interest shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any condominium interest. The cessation of ownership of a condominium interest shall terminate membership.

15. "Common Expenses" shall mean the expenses of repair, maintenance and operation of the limited and general common elements

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or areas, including, but not limited to, care and maintenance of the common area, building, roofs, walls and structural members, maintenance of recreational facilities and premiums for any insurance written in the name of the Association or Council of Co-Owners.

16. "Mortgage" shall mean a Deed of Trust as well as a mortgage, and mortgagee shall mean a beneficiary under or holder of a deed of trust as well as a mortgage.

17. "Horizontal Property Act" shall mean the Horizontal Property Act of the State of Tennessee as found in Section 64-2701 et seq., Tennessee Code Annotated.

ARTICLE II

PROPERTY RIGHTS, DESCRIPTION AND NUMBER OF UNITS

1. The property located in the project is constituted as a condominium project, and a Horizontal Property Regime as defined by the Horizontal Property Act of Tennessee and shall continue as such forever unless terminated in the manner hereinafter provided.

2. Within the condominium buildings are situated ninety-three (93) individual units. Each unit has the number and location as shown on the condominium plat. Exhibits 2 through 7, attached hereto, incorporated herein by reference, are the model plans for the specifically designated unit numbers and the patios and garages shown thereon are limited common elements or areas.

The boundary lines of each unit, except the patios and garages, are those shown on the condominium plat and the designated model plan as shown on the applicable exhibit hereto. The distances shown are the measured distances between the unfinished basement slab floor, if any, or unfinished subfloor and exterior surface of the interior ceilings and the exterior surface of the interior walls enclosing each unit and the exterior surface of the interior perimeter or main walls bounding a unit; in the event of any variation between the distance as shown on the plat and the plan and the actual distance between the boundary line, the actual distance between the boundary

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line shall prevail, as the said exterior of the interior walls bounding a unit's ceiling, basement floors or subfloors and the exterior surface of the perimeter or main walls bounding each unit, including a fireplace, all as shown on the plat, are its actual boundary.

3. Each unit shall be individually transferred, conveyed and encumbered and shall be the subject of ownership, possession, mortgage, deed of trust or sale and all other types of juridic acts or mortis causa as if it were solely and entirely independent of the other units in the project of which they form a part and the corresponding individual titles and interests shall be recordable. An individual condominium unit may be identified, described and conveyed together with an undivided interest in the limited and general common elements or areas by reference to the unit number on the plat with the same validity and effect as if described by metes and bounds giving the exact dimensions thereof.

4. Owners Easement of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the general common area which shall be appurtenant to and shall pass with the title to the condominium unit subject to the following provisions:

(a) Right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the General Common Area;

(b) Right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Unit remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association to dedicate or transfer all or any part of the General Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless made by an instrument signed by two-thirds of Council of Co-Owners;

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(d) Right of the Association to limit the number of guests of members;

(e) Right of the Association in accordance with its Articles and By-Laws to borrow money for the purpose of improving the common area or elements and facilities;

(f) The right of the Association to determine the time and manner of use of the recreation facilities by the owner.

5. Delegation of Use. Any owner may delegate in accordance with the By-Laws his right of enjoyment to the general common area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

6. The Common Elements shall remain undivided and shall not be partitioned by judicial proceedings or otherwise. No unit or the undivided interest of the Common Elements incidental thereto shall be partitioned by judicial proceedings or otherwise.

7. Limited Common Elements heretofore described are assigned to the exclusive care, use and enjoyment of the individual unit owner to which it pertains subject to the By-Laws and the rules and regulations of the Association or Council of Co-Owners.

ARTICLE III

BY-LAWS OF ASSOCIATION

The By-Laws regulating the conduct of the Association composed of the Council of Co-Owners, for the administration of the project, are attached hereto and made a part hereof as Exhibit 1 to this Master Deed.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

1. All of the co-owners of units shall constitute the Council of Co-Owners and shall be members of the Association, and membership shall be appurtenant to and may not be separated from ownership of a condominium interest.

2. The members of the Association shall be all co-owners and shall be entitled to one vote for each condominium interest owned. When title to a condominium interest is owned by more than one person,

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all such persons shall be members. The vote for such condominium interest shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one condominium interest.

3. Until such time as the Board of Directors (provided for in the By-Laws of the Association attached hereto as an Exhibit) is elected at the initial meeting of the members, the Developer herein shall exercise the powers, rights, duties and functions granted to the Board, officers and/or the members of the Association.

4. The initial meeting of the members of the Association shall be held upon ten (10) days written notice given by the Developer at any time after seventy-five percent (75%) of the units are conveyed to an owner or occupied.

5. The Developer shall have the right to enter into a management contract for the management of the property to extend not more than two (2) years beyond the formation of the Board of Directors.

ARTICLE V

LIMITATION ON USE OF UNITS AND COMMON ELEMENTS

1. No owner shall occupy or use his unit, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner and the owner's family or the owner's lessees, guests and contract purchasers.

2. There shall be no obstruction of the common elements or common area. Nothing shall be stored in the common area without the prior consent of the Association.

3. Nothing shall be done or kept in any unit or in the common area or elements which will increase the rate of insurance on the common area or elements, without the prior written consent of the Association. No owner shall permit anything to be done or kept in his unit or in the common area or elements which will result in the cancellation of insurance on any unit or any part of the common area or elements or which would be in violation of any law. No waste will be committed in the common area.

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4. No sign of any kind shall be displayed to the public view on or from any unit or the common area, without the prior consent of the Association.

5. No commercial business activities of any kind whatever shall be conducted in any building or in any portion of said project; provided, however, the foregoing restrictions shall not apply to the business activities, signs and billboards, or the construction and maintenance of buildings, if any, of Developer, its agents and assigns during the construction and the sale period of the project.

6. No animals, livestock or poultry of any kind shall be raised, bred, or kept in any unit or in the common area, except dogs, cats or other household pets which may be kept in units, subject to rules and regulations adopted by the Association.

7. No noxious or offensive activities shall be carried on in any unit or in the common area or elements, nor shall anything be done therein which may be or become an annoyance or nuisance to the other owners.

8. Nothing shall be altered or constructed in or removed from the common area or elements, except with the written consent of the Association.

9. It is strictly prohibited to store or park a house trailer, camper, pleasure or fishing boat, motor, trailer, junk, or inoperable automobiles on or about any of said units unless they are stored or parked inside a completely enclosed garage belonging to said unit. The repairing of automobiles other than on an emergency basis shall be prohibited.

10. All buildings or structures erected upon said project shall be of new construction. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any portion of said project at any time as a residence or storage facility, either temporarily or permanently.

11. All rubbish, trash, or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. All clotheslines shall be confined to areas within the individual

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condominium units, or the patio and garage.

12. No planting or gardening shall be done, except within the patio area, and no fences, hedges or walls shall be erected or maintained upon said project, except as are installed in accordance with the initial construction of the units located thereon or as approved by the Council of Co-Owners, Board of Directors, or their designated representative.

13. Without prior written approval and the authorization of the Association, no exterior television or radio antennae of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located on the project, nor upon any structure situated upon the project other than an aerial for a master antenna system, should such master antenna system or systems be utilized and require any such exterior antenna.

14. None of the rights and obligations of the owners created herein, or by the Master Deed creating the condominiums shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful conduct of said owner or owners.

15. No condominium unit with the project shall be rented for transit or hotel purposes or in any event for any period less than twelve months. No portion of any condominium unit other than the entire unit shall be leased for any period. Provisions in this subsection shall not apply to any mortgagee of any condominium unit who comes into possession of the unit as the result of a foreclosure sale or other judicial sale or as a result of any proceeding in lieu of foreclosure.

16. Notwithstanding any provision herein contained to the contrary, it shall be expressly permissible for Developer to maintain

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during the period of construction and sale of said condominium units upon such portion of the premises as Developer deems necessary, such facilities as in the sole opinion of Developer may be reasonably required, convenient or incidental to the construction and sale of said units including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

ARTICLE VI

EASEMENTS

1. Each condominium unit and the property included in the General Common Area and Limited Common Area shall be subject to an easement for encroachments created by construction, settling and overhangs for said encroachments and for the maintenance of same so long as it stands shall and does exist. In the event a building containing condominium units is partially or totally destroyed and then rebuilt, the owners of the condominium units so affected agree that minor encroachments on parts of the adjacent units or general or limited common areas due to construction shall be permitted and that a valid easement for said encroachment and maintenance shall exist.

2. There is hereby created a blanket easement upon, across, over and under all of said property for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewers, gas, telephones and electricity and a master television antenna system. By virtue of this easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls of said building. An easement is further granted to all police, fire protection, ambulance and all similar persons to enter upon the streets and general common area in the performance of their duties. Further, an easement is hereby granted to the

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Association, its officers, agents, employees and to any management company elected by the Association to enter in or to cross over the General Common Area provided for herein. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines or other utilities may be installed or re-located on said property except as initially programmed and approved by Developer or thereafter approved by the Developer or the Association's Board of Directors. Should any utility furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Developer shall have the right to grant such easement on said property without conflicting with the terms hereof. The easements provided for in this Article shall in no way affect any other recorded easement on said premises.

3. Underground Electric and Telephone Service. Developer may grant such easements as necessary to maintain underground electric and telephone service and such easement may be crossed by driveways and walkways provided the Developer makes prior arrangements with the utility company furnishing such service. Such easements for the underground service shall be kept clear of all other improvements including buildings or other pavings other than crossing walkways or driveways, and neither Developer nor any utility company using the easement shall be liable for any damage done by either of them or their assigns, their agents, employees or servants to the shrubbery, trees, flowers or other improvements of the owners located on the land covered by said easement.

4. There shall exist the following easements from each unit owner to each other unit owner:

(a) Easements through the common elements for ingress and egress for all persons making use of such common elements in accordance with the terms of this master Deed;

(b) Easements through the units in common areas and common elements. Use of these easements, however, for access to

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the unit shall be limited to reasonable hours, except that access may be had at any time in case of emergency;

(c) Every portion of a unit which contributes to the structural support of the condominium building shall be burdened with an easement of structural support for the benefit of the common elements;

(d) Easements through the units and common elements for all facilities for the furnishing of utility services within the building, which facilities shall include, but not be limited to, conduits, ducts, plumbing and wiring; provided, however, that the easements for such facilities through a unit shall be substantially in accordance with the plans and specifications of the building.

ARTICLE VII

MAINTENANCE

1. Exterior Maintenance. In addition to maintenance upon the General Common Area and Element, the Association shall provide exterior maintenance upon each of the fourteen (14) buildings as follows: paint, repair, replace and maintain roofs, gutters, downspouts and exterior building surfaces. Such exterior maintenance shall not include glass surfaces, screens and screen doors and exterior door and window hardware. Expenses for such maintenance shall be common expenses.

2. Maintenance of Limited Common Area. In addition to the exterior maintenance as provided under the terms of Section 1 above, the Association shall provide maintenance of the Limited Common Areas of the building except for utility lines, mechanical equipment and fixtures which serve only one condominium unit, electrical fixtures and equipment which serve only one condominium unit, and such fixtures and equipment which are located within the condominium unit. Expenses for maintenance provided under the terms of this section shall be common expenses.

3. Maintenance of Condominium Unit Interior. Maintenance of the interior surfaces of each condominium unit together with the

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utility lines, mechanical equipment and fixtures which serve only one condominium unit, electrical fixtures and equipment which serve only one condominium unit, and all fixtures and equipment which are located within the condominium unit; and glass surfaces, screens and screen doors, and exterior door and window hardware appurtenant to each condominium unit shall be the responsibility of each condominium owner. The expense of such maintenance shall be borne solely by each such owner. An owner shall do no act nor any work which would impair the structural soundness or integrity of another condominium unit nor impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other condominium units or their owners.

4. Willful or Negligent Damage. In the event that the need for maintenance or repair under the provisions of Sections 1 or 2 above is caused through the willful or negligent act of the owner, his family, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such unit is subject.

ARTICLE VIII

COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. The Developer, for each Unit owned within the Property, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) Annual assessments or charges, and
- (b) Special assessments for capital improvements;

such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest,

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costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property and for the improvement and maintenance of the Common Areas and, as provided herein, the Condominium Units situated upon the Property.

3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment shall be (\$) per Unit and shall be payable monthly at the rate of \$ per month.

(a) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

4. Special Assessments for Capital Improvements. In addition to the special assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the General Common Area,

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including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose.

5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than ten (10) days, nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6. Rate of Assessment. Both annual and special assessments must be fixed at uniform rate for all Condominium Units.

7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Unit on the first day of the month following the conveyance of such Unit by Developer to an Owner or occupancy of said Unit, whichever shall first occur. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors, and, unless otherwise provided, the Association shall collect each month from the Owner of each Unit one-twelfth (1/12) of the annual assessment for such Unit. The Association shall,

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upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Unit have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

8. Effect of Nonpayment of Assessments. Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property; and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to a Unit, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on a real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Unit Owners. The Association, acting on behalf of the Unit Owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting Owner's portion of the premium. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of

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the Common Area or abandonment of his Unit.

9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer provided, however, the lien shall continue and attach to any proceeds from such sale which might be due the mortgagor or successor in title of the instrument being foreclosed. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof.

10. Exempt Property. All property dedicated to and accepted by, a local public authority, the General Common Area, and all Property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Tennessee shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

11. Insurance and Insurance Assessments. The Association, or its duly authorized agent, shall have the authority to and shall obtain insurance for all the buildings, including all units and interior portions thereof and general and limited common elements, against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or construction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy covering all the General and Limited Common Areas, and all damage or injury caused by the negligence of the Association or any of its agents. Said insurance may include coverage against vandalism. Premiums for all such insurance shall be common expenses. All such insurance coverage shall be written in the name of the Association as Trustee for each of the Condominium Unit Owners in equal proportions. It

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shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, hazard insurance, homeowner's liability insurance, theft and other insurance covering personal property damage and loss.

In the event of damage or destruction by fire or other casualty to any Property covered by insurance written in the name of the Association, the Board of Directors shall, subject to the provisions of Sec. 64-2718, Tennessee Code Annotated, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Property to as good condition as formerly. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Board of Directors shall levy a special assessment against all Members of the Association, as provided in the Master Deed, to make up any deficiency for the repair or rebuilding. "Building", as used in Sec. 64-2718, Tennessee Code Annotated, shall mean or refer to the definition of building hereinbefore set out in this Master Deed.

In the event that any mortgagee does not concur in the reconstruction of any unit, the owner of such unit shall convey his interest in such unit to the Association. The Association is authorized to reconstruct the unit or units and to offer same for sale and to distribute any excess proceeds from the sale to the owner that conveyed that unit to the Association.

There shall be no right of action by an owner, the Association, nor the insurer, against a co-owner of the Association, for alleged liability for damages covered by the insurance provided herein and there is an express waiver of subrogation; it being the intention of this provision that all insurance carried for the benefit of any unit owner or the Association, shall inure to the benefit of every other unit owner and the Association.

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ARTICLE IX

ARCHITECTURAL CONTROL

1. No building, fence, wall or other structure shall be commenced, erected, or maintained upon the project, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design in relation to surrounding structures and topography by the Association. In the event said Association, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required.

ARTICLE X

MANAGEMENT AGREEMENTS

Each owner of a Unit hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association shall provide that said management agreement may be cancelled, prior to the expiration of said agreement, by an affirmative vote of sixty percent (60%) of the votes of each class of the Members of the Association. In no event shall such management agreement be cancelled prior to the effecting by the Association or its Board of Directors of a new management agreement with a party or parties, which new management agreement will become operative immediately upon the cancellation of the preceding management agreement. It shall be the duty of the Association or its Board of Directors to effect a new management agreement prior to the expiration of any prior management contract. Any and all management agreements shall be made with a responsible party or parties having experience adequate for the management of a project of this type.

ARTICLE XI

MORTGAGE PROTECTION

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1. The liens created hereunder upon any condominium shall be subject and subordinate to and shall not affect the rights of the holder of the indebtedness secured by any recorded first mortgage (meaning a mortgage with first priority over other mortgages) upon such interest made in good faith and for value, provided that after the foreclosure of any such mortgage, there may be a lien created on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such purchaser as an Owner after the date of such foreclosure sale, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

2. No amendment to this Master Deed shall affect the rights of the holder of any mortgage recorded prior to recordation of such amendment who does not join in the execution thereof.

3. No mortgagee and no beneficiary or Trustee under deed of trust shall become personally liable for or obligated for any unpaid maintenance assessment.

4. Any recorded first mortgage secured on a condominium unit in the project shall provide that any default by the mortgagor in the payment of any assessment levied pursuant to this Master Deed or By-Laws or any installment thereof shall likewise be a default in such mortgages or the indebtedness secured thereby, and failure to include such provision in any mortgage shall not affect the validity or priority thereof, and the protection extended to the holder of such mortgage or the indebtedness secured thereby shall not be diminished by reason of such failure. The Association shall notify the holder of the mortgage of any default by the mortgagor in the payment of any amount levied which is delinquent for a period of thirty (30) days.

5. Any mortgage secured on a condominium unit shall include, whether or not specifically described therein, the entire condominium interest as defined in this Master Deed, and all amenities to which the appraisal on said unit relates, such as parking, recreation and service areas.

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ARTICLE XII

NON-WAIVER OF CONDITIONS, COVENANTS AND RESTRICTIONS

1. The failure of the Association, or its delegate, to insist in any one or more instances, upon the strict performance of any of the terms, covenants, conditions or restrictions of this Master Deed, or to exercise any right or option herein contained, or to serve any notice or institute any action shall not be construed as a waiver or a relinquishment for the future, of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect.

2. The receipt by the Association, or its delegate, of any assessment from an Owner, with knowledge of the breach of any covenant hereof shall not be deemed to have been made unless expressed in writing and signed by the Association or its delegate.

ARTICLE XIII

LIMITATION OF LIABILITY OF COUNCIL OF CO-OWNERS

1. The Association, its Board of Directors, or delegate, shall not be liable for any failure of water supply or other service to be obtained and paid for by the Association hereunder, or for any injury or damage to persons or property caused by the elements, or by another Owner or person in the project, or resulting from electricity, water, rain, dust or sand which may leak or flow from outside or from any part of the buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other place.

2. No diminution or abatement of common expense assessments shall be claimed or allowed for inconveniences or discomfort arising from the making of repairs or improvements to the common area or from any action taken to comply with any law, ordinance or orders of governmental authority.

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ARTICLE XIV

INDEMNIFICATION

1. Each Director, officer, and employee of the Association shall be indemnified by the owners against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been the director, officer, or employee of the Association, or any settlement thereof, whether or not he is a director, officer or employee of the Association at the time such expenses are incurred, except in such cases wherein the director, officer or employee of the Association is adjudged guilty of a willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors of the Association approves such settlement and reimbursement as being for the best interests of the Association.

ARTICLE XV

ANNEXATION OF ADDITIONAL PROPERTY

1. Additional land hereinafter described may be annexed by the Developer without the consent of owners within years of the date of the recording of this Instrument. The said land which may be annexed is described as follows:

The property contiguous to the property covered by this Master Deed, designated as "Future Development, Phase II", on plat of record in Plat Book 49, Page 2, Register's Office of Shelby County, Tennessee, including the building, units and common areas as shown and described thereon.

2. The annexed land shall be developed in substantial accordance with the general plan of development as set out on the above described plat.

3. The additions and annexations authorized under this Article shall be made by the developer by filing of record a supplemental Master Deed and/or plat with respect to the additional

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property which shall extend all the terms and provisions of this Master Deed to such property.

4. Upon the filing of record of such supplemental Master Deed and/or plat, the percentage interest of ownership in the common elements or areas of the owners embraced within this Master Deed shall be changed to a percentage interest of ownership in the entire property, which shall include property embraced in this Master Deed and the property embraced in the annexed property.

5. The percentage interest held by each owner in the common elements or areas is the maximum of a 1/93 interest. Upon the acquisition of the additional property pursuant to the provision hereof, the maximum percentage interest shall be diminished to a minimum of a 1/201 interest in the common element embraced within this master deed and the common elements embraced in the annexed property.

ARTICLE XVI

ENFORCEMENT

Each Owner shall comply strictly with the provisions of this Master Deed and with the administrative rules and regulations drafted pursuant thereto as the same may be lawfully amended from time to time and with decisions adopted pursuant to said Master Deed and administrative rules and regulations, and failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief or both, maintainable by the Board of Directors of the Association, or its delegate, on behalf of the owners, or in a proper case, by an aggrieved owner.

ARTICLE XVII

INTERPRETATION

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision hereof shall not constitute a waiver of the

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right to enforce said provisions or any other provision hereof and the provisions of Sec. 64-2701 et seq., Tennessee Code Annotated, are adopted herein by reference.

ARTICLE XVIII

AMENDMENT

Except as otherwise provided herein, the provisions of this Master Deed may be amended by an instrument in writing signed and acknowledged by record owners holding seventy-five percent (75%) of the total vote hereunder, which amendment shall be effective upon recordation in the Office of the Register, Shelby County, Tennessee.

ARTICLE XIX

REMOVAL OF THE PROPERTY FROM THE PROVISIONS
OF THIS MASTER DEED

1. Subject to the prior or simultaneous release of all encumbrances against all condominium interests, the owners of all condominium interests in the condominium property may remove said condominium property from the provisions of this Master Deed by conveyance or conveyances duly recorded vesting title to the condominium property in a person, corporation, partnership, trustee or other legal entity capable of holding title to real property; or by recording an instrument duly executed and acknowledged by all of said owners revoking the Master Deed and removing the condominium property from the provisions of this Master Deed. Such removal shall not prevent such property from being again made subject to the provisions hereunder.
2. Such removal shall have the effect of removing such property from the provisions of this Master Deed, including any effect of the Master Deed or other matters recorded, pursuant to this Master Deed from and after the date of the recording of such conveyance and revocation and of placing such property under other applicable provisions of law in effect in this state pertaining to real property. Such removal shall not prevent such property from again being conveyed subject to this Master Deed.

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ARTICLE XX

SEVERABILITY

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not effect the validity or enforceability of any other provision hereof.

ARTICLE XXI

EFFECTIVE DATE

This Master Deed shall take effect upon recordation.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized officer this the 13th day of September, 1973.

KONDO-FLEX, INC.

BY: William B. Close
President

STATE OF TENNESSEE
COUNTY OF DAVISON HAMILTON

Before me, the undersigned Notary Public in and for the County and State aforesaid, personally appeared Mr. William B. Close, with whom I am personally acquainted and who upon oath acknowledged himself to be the President of the within named corporation, and he as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by the said William B. Close, President.

WITNESS my hand and official seal at office this 13th day of September, 1973.

Harry K. Atkinson
Notary Public

My Commission Expires October 1, 1974



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The First National Bank of Memphis, Memphis, Tennessee,
the holder of the Trust Deeds encumbering the within described pro-
perty, joins in the execution of this instrument for the purposes
therein contained and does hereby consent to the terms and provisions
hereof.

This 21st day of September, 1973.

FIRST NATIONAL BANK OF MEMPHIS

By: 

Robert B. Hurston, Vice President

ATTEST:

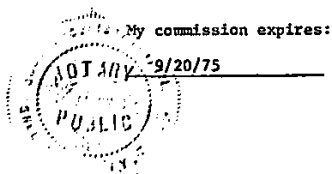

Goodloe Early, Loan Officer

STATE OF TENNESSEE)
COUNTY OF SHELBY)

Before me, the undersigned Notary Public in and for the County
and State aforesaid, personally appeared Robert B. Hurston
and Goodloe Early, with whom I am personally acquainted
and who upon oath acknowledged themselves to be the Vice President
and Loan Officer, respectively, of the First National Bank of
Memphis, the within named bargainor, a corporation, and they as such
Vice President and Loan Officer, being authorized so to do,
executed the foregoing instrument for the purposes therein contained by
signing the name of the corporation by the said Robert B. Hurston,
Vice President, and attesting the same by the Loan Officer.

WITNESS my hand and official seal at office this 21st day of
September, 1973.


Notary Public



OFFICIAL



BY-LAWS
OF
THE DOWNS HOMEOWNERS ASSOCIATION, INC.
FOR THE ADMINISTRATION OF THE DOWNS CONDOMINIUMS

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ARTICLE I

NAME AND LOCATION

The name of the corporation is The Downs Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at The Downs, Kimbrough Road, Germantown, Tennessee.

ARTICLE II

PURPOSE

The purpose of the Association made up of members who compose the Council of Co-Owners is to administer The Downs Condominiums and to do and perform any and all other things, matters or acts required by or permitted by the co-owners under the Horizontal Property Act of the State of Tennessee.

ARTICLE III

DEFINITIONS

The definitions set out in the Master Deed to which these By-Laws are attached as an Exhibit are hereby incorporated herein by reference as if copied verbatim.

ARTICLE IV

MEMBERS, MEETINGS AND VOTING RIGHTS OF MEMBERS

Section 1. All of the co-owners of units within The Downs Condominiums shall constitute the Council of Co-Owners and be members of the Association.

Section 2. Annual Meetings - The first annual meeting of the members (Council of Co-Owners) shall be held when called by the Developer upon ten (10) days notice after seventy-five percent (75%) of the units within The Downs Condominiums are conveyed to an owner or occupied. Each subsequent regular annual meeting of the

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members shall be held on the same day of the same month of each year thereafter at the hour of 8:00 P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held on the first day following which is not a legal holiday.

Section 3. Special Meetings - Special meetings of the members may be called at any time by the President, or by the Board of Directors, or upon written request of one-third (1/3) of the members (co-owners).

Section 4. Notice of Meetings - Written notice of meetings stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called and the person or persons calling the meeting shall be delivered, either personally or by mail, to each member at his address as it appears on the books of the Association. If mailed, such notice shall be delivered not less than ten (10), nor more than thirty (30) days before the date of the meeting, and shall be deemed to be delivered when deposited in the U. S. Mail and addressed to the member at his said address, with postage thereon prepaid. If delivered personally, such notice shall be delivered not less than ten (10), nor more than thirty (30) days before the date of the meeting and shall be deemed delivered when actually received by the member.

Section 5. Quorum - The presence at the meeting of members entitled to cast, or of proxies entitled to cast at least a majority of the votes of the entire number of unit co-owners shall constitute a quorum for any actions, except as otherwise provided in the Charter of Incorporation, the Master Deed, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum as aforesaid shall be present or be represented.

Section 6. Proxies - At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Each proxy shall be revokable and shall

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automatically cease upon conveyance by the member of his condominium unit.

Section 7. Voting Rights - Members shall be all co-owners, and shall be entitled to one vote for each condominium interest owned. When title to a condominium interest is owned by more than one person, all such persons shall be members. The vote for such condominium interest shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any one condominium interest.

ARTICLE V

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. The affairs of this Association shall be managed by a Board of seven (7) Directors, the members of which shall be either the owner of a unit, or of an interest therein, or in the event of ownership of a unit by a partnership, trustee, corporation, or other entity, a partner, trustee, officer, or other designated representative thereof.

Section 2. Term of Office - At the first meeting, the members shall elect one (1) Director for a term of one (1) year, three Directors for a term of two (2) years, and three Directors for a term of three (3) years; and at each annual meeting thereafter, members shall elect a Director or Directors, as the case may be, for a term of three (3) years to replace the outgoing Director or Directors.

Section 3. Removal - Any Director may be removed from the Board with or without cause by a majority vote of the members of the Association. In the event of death or resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation - No Director shall receive compensation for any service he may render to the Association; however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting - The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the

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Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination - Nomination for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election - Election to the Board of Directors shall be by secret ballot. At such elections, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the

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Association, or by any three directors, after not less than five (5) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provision of these By-Laws, the Charter, or the Master Deed;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors' and
- (e) to authorize the officers to enter into one or more management agreements with third parties in order to facilitate efficient operation of the Properties. It shall be the primary purpose of such management agreements to provide for the administration,

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management, repair and maintenance of the Properties, all improvements included therein and designated as common areas and elements, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interests of the members, and shall be subject in all respects to the Charter of the Association, these By-Laws and the Master Deed.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-third (1/3) of the members;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Master Deed to:
 - (1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) to procure and maintain adequate insurance all as set out more fully in the Master Deed;

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(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Element and areas to be maintained.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to

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such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors and all meetings of the members (Council of Co-Owners); shall see that orders and resolutions of the Board and of the members are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The Vice-President shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association

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books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

Section 1. The Association shall appoint an Architectural Control Committee as provided in the Master Deed and a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, such as:

(1) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

(2) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Board in its discretion, determines;

(3) A Publicity Committee which shall inform the members on all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association; and

(4) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting. The treasurer shall be an exofficio member of the Committee.

Section 2. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties and activities within its field of

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responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Master Deed, Charter and the By-Laws of the Association as well as the Management Agreements shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Master Deed, each member is obligated to pay to the Association annual and specific assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interests, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit.

ARTICLE XII

AMENDMENTS

Section 1. These By-laws may be amended, at a regular or special meeting of the members, by a vote of two-thirds (2/3) of the members (Council of Co-Owners).

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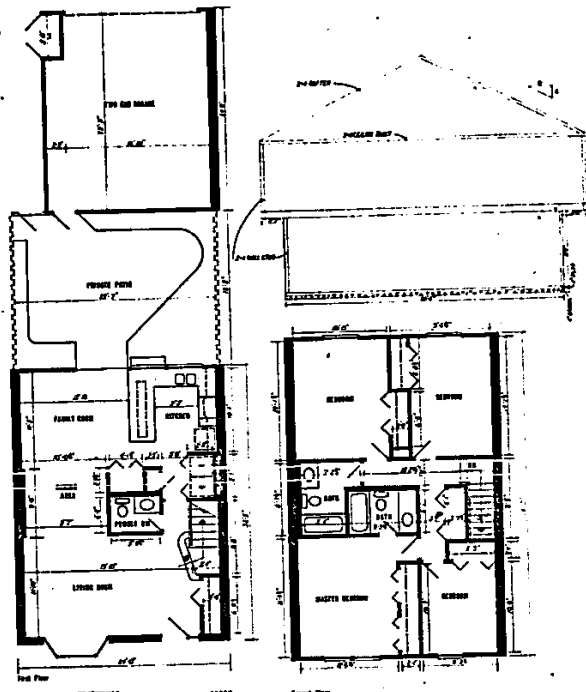
Section 2. In the case of any conflict between the Charter and these By-Laws, the Charter shall control; and in the case of any conflict between the Master Deed and these By-Laws, the Master Deed shall control.

IN WITNESS WHEREOF, the undersigned incorporator of The Downs Homeowners Association, Inc. has adopted these By-Laws this 13TH day of SEPTEMBER, 1973.

James O. Buchanan

OFFICIAL

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FARMINGTON

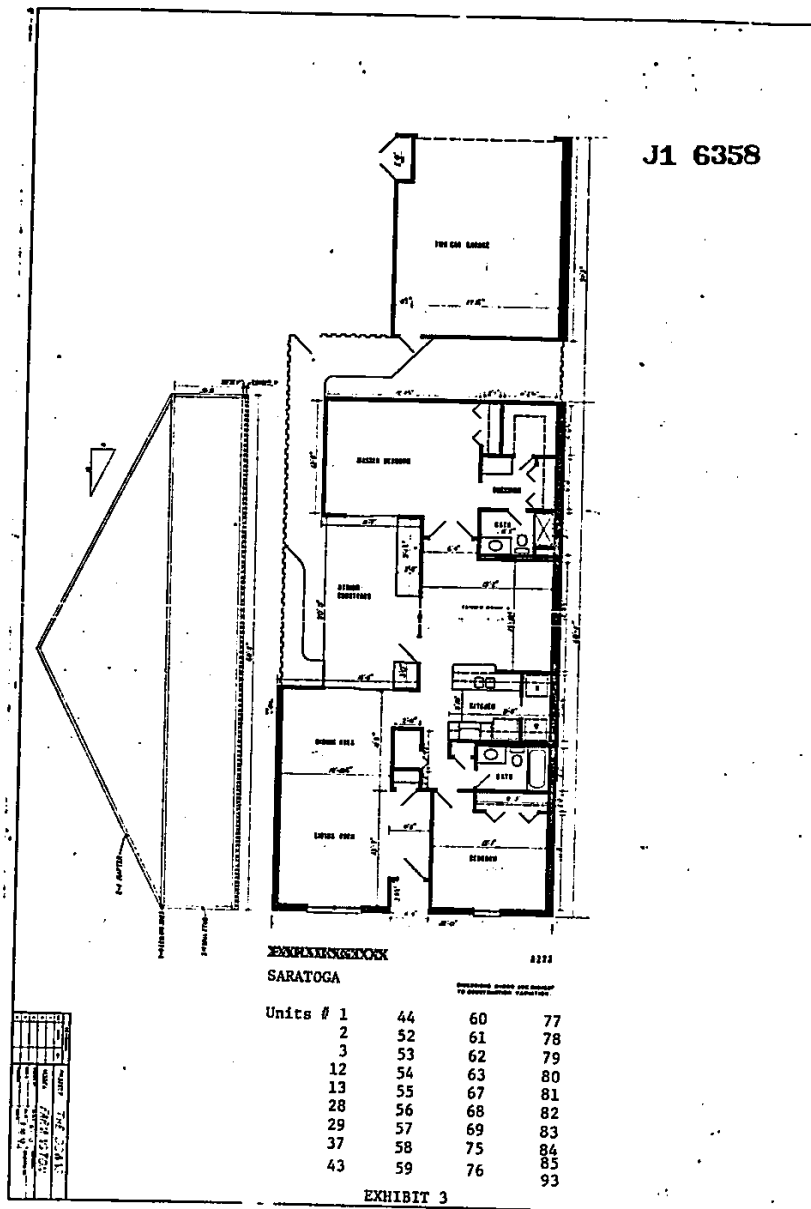
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EXHIBIT 2

MEMO

LEGIBILITY OF WRITING, TYPING OR PRINTING
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MICROFILMED.

King R. B. Baker
REGISTER



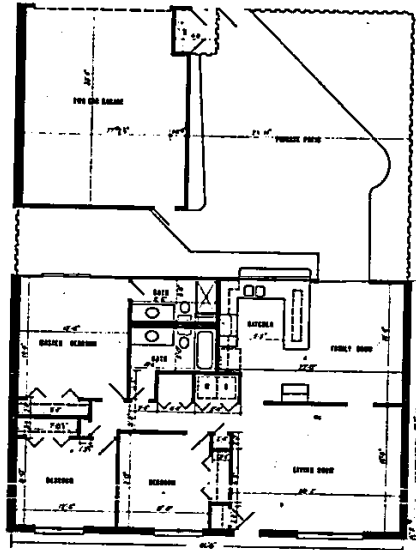
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Long R. Bate

REGISTER

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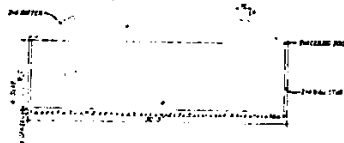


EXHIBIT 4

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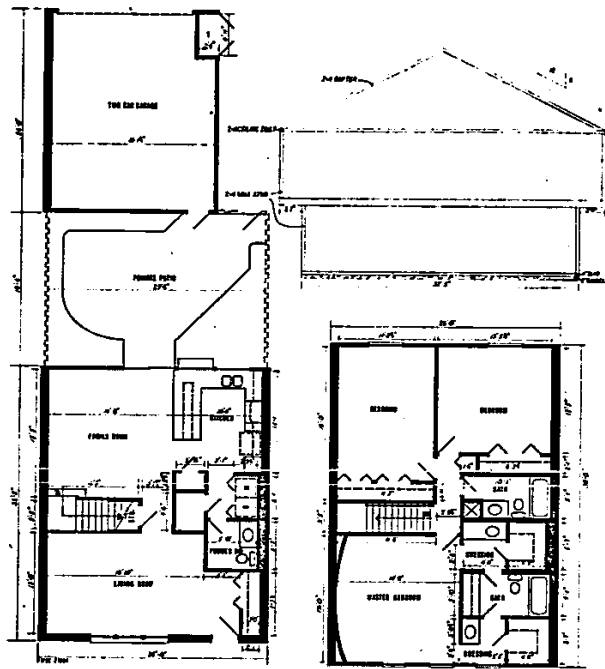
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Units # 6
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EXHIBIT 5

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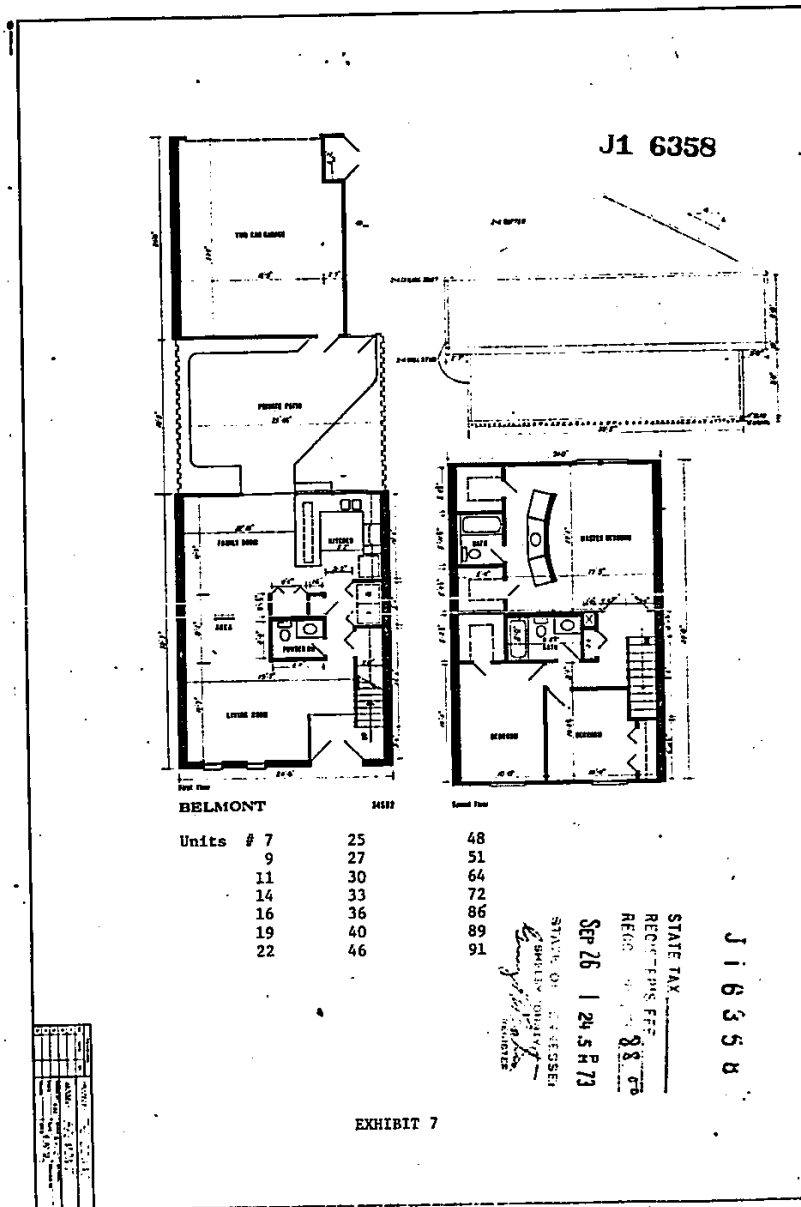
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