

GLENSHIEL CONDOMINIUM TOWNHOUSES

[A ten (10) unit condominium project located in Pigeon Forge Tennessee presented by Glen Glafenhain of Sevierville, Tennessee.]

CONTENTS

- I TABLE OF CONTENTS
- II MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME
- III APPENDIX I - BY LAWS OF GLENSHIEL CONDOMINIUM TOWNHOUSE ASSOCIATION
- IV APPENDIX II - DESCRIPTION OF PROPERTY

STATE OF TENNESSEE, SEVIER COUNTY

The foregoing Instrument and Certificate were noted in
Note Book 31 Page 154 At 10:30 clock A.M. 7-26 19 83
Item No. 6132 Recorded WR Book 323 Page 791
State Tax _____ Fee _____ Recording 14.00 Ct. House Fund 2.00
Total 146.00 Receipt 269

Witness My Hand

Vernon Henderson
Register

Prepared by:
Charlie R. Johnson, Attorney
JOHNSON AND MAXWELL, P. C.
142 Court Avenue
Sevierville, Tennessee 37862

731

See Warren & Mc. proc. 184 pg 446

MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME
GLENSHIEL CONDOMINIUM TOWNHOUSES

I.	INTRODUCTION	1
II.	CONVEYANCE FOR CONDOMINIUM REGIME.....	1
III.	DEFINITIONS.....	3
IV.	RESTRICTIONS, SPECIFICATIONS, RESERVATIONS.....	5
	1. Amendment of Plans.....	5
	2. Alteration of Boundaries and Apartment Dimensions.....	5
	3. Easements.....	6
	4. Parking.....	6
	5. Parking Areas and Storage Areas.....	7
	6. Fee Title in Common and Limited Common Elements.....	7
	7. Encroachments.....	7
	8. Ownership Interests and Expenses.....	8
	9. Delineation of Condominium Area.....	8
	10. Assessments Lien on Unit.....	8
	(a) Developer may assess until first Management Committee is elected.....	9
	(b) Late charges and remedies.....	9
	(c) Notices.....	9
	(d) Management Committee may adopt rules and regula- tions.....	9
	11. Structural Integrity of Units.....	10
	12. Insurance.....	10
	13. Alterations due to Settlement of Buildings.....	10
	14. Separate Real Estate Taxes.....	10
	15. Entry by Management Committee	11
	16. Grantees	11
	a. Covenants.....	11
	b. Right of first refusal for Developer to repurchase.	11
	18. By-Laws.....	12

BY-LAWS OF THE GLENSHIEL CONDOMINIUM TOWNHOUSE ASSOCIATION

SECTION I. General - Principal Office.....	1
SECTION II. Definitions.....	1
SECTION III. Management Committee.....	1
A. Government of Management Committee.....	1
1. Designation of original committee of two (2).....	1
2. Committee members elected after co-owners have power to elect a majority.....	2
3. Power to change number.....	2
B. Election of Members of Management Committee.....	2
1. First annual meeting.....	2
2. Number elected by majority of unit owners.....	2
3. Number elected by owners when developer has no more units for sale	2
4. Developer reservation.....	3
C. Term of Office.....	3
D. Removal.....	3
E. Resignation.....	4
F. Vacancy and Replacement.....	4
G. Powers and Duties of Management Committee.....	4
1. Make and collect assessments.....	4
2. Use proceeds of assessments.....	4
3. Enter agreements for maintenance.....	5
4. Enter units when necessary.....	5
5. Insure.....	5
6. Reconstruct.....	5
7. Make and amend regulations.....	5
8. Enforce Master Deed and By-Laws.....	5
9. Employ personnel.....	5
H. Meetings.....	5
1. Organizational meeting.....	5
2. Regular meetings.....	5
3. Special meeting.....	6
4. Waiver of Notice.....	6
5. Action of members without a meeting.....	6
6. Meetings open to all Unit Owners.....	7
I. Quorum.....	7
J. Order of Business at Meetings.....	7
K. Compensation.....	7
L. Minutes.....	8
M. Annual Statement.....	8
N. Limitations of Liability.....	8
SECTION IV. MEMBERSHIP.....	9
SECTION V. MEETINGS.....	9
A. Annual Meetings.....	9
B. Special Meetings.....	10
C. Quorum and Vote Required to Transact Business.....	10
D. Votings.....	11
E. Proxies.....	11
F. Order of Business.....	11
G. Minutes.....	12
H. Waiver and Consent.....	12

SECTION VI.	MAINTENANCE, ALTERATION AND IMPROVEMENT.....	12
A.	Responsibility.....	12
1.	Apartment Units.....	12
(a)	Association responsibility.....	12
(b)	Unit Owner responsibility.....	13
2.	Common Elements.....	14
(a)	Association responsibility.....	14
(b)	Management Committee may contract repairs.....	14
(c)	Unit Owner may not alter or change.....	14
(d)	Association responsible for exterior of building.....	14
B.	Developer responsible until association takes over.....	14
SECTION VII.	INSURANCE.....	15
A.	Acquisition of Insurance	15
1.	Liability Insurance.....	15
2.	Casualty Insurance.....	15
3.	Other.....	16
B.	Premiums.....	16
C.	Distribution of Proceeds.....	16
1.	To Management Committee.....	16
2.	If damage is to be repaired.....	16
3.	If damage is NOT to be repaired.....	16
D.	Agent.....	17
E.	Unit Owners Insurance Responsibility.....	17
SECTION VIII.	RECONSTRUCTION OR REPAIR AFTER CASUALTY.....	17
A.	Decision to Reconstruct or Repair.....	17
1.	Lessee Damage.....	17
2.	Major Damage.....	17
(a)	Obtain estimates.....	17
(b)	give notice.....	17
B.	Manner of Reconstruction or Repair.....	18
C.	Unit Owner Responsibility to Reconstruct or Repair.....	18
SECTION IX.	CONDEMNATION.....	19
A.	Taking does not make untenable.....	19
B.	Taking does make untenable part of units.....	19
C.	Taking does make untenable all units.....	19
SECTION X.	AUTHORITY TO GRANT EASEMENTS.....	20
SECTION XI.	AUDIT OR INSPECTION OF BOOKS.....	20
SECTION XII.	LIBERAL CONSTRUCTION; WAIVER	20
SECTION XIII.	FINANCES	20
A.	Calendar Year.....	20
B.	Checks.....	21
C.	Annual Budget.....	21
D.	Assessments.....	22
E.	Billing and payment of assessments.....	23
F.	Common Surplus.....	23
G.	Default in the payment of assessments.....	23
SECTION XIV	BLANKET MORTGAGE	23
SECTION XV.	HOUSE RULES.....	24
A.	Residential Use.....	24
B.	Nuisance.....	24
C.	Conformance with Law.....	24
D.	Obstruction of common elements.....	24
E.	No advertisement.....	25
F.	Minimize noise.....	25
G.	No objects to hang from windows; cleaning.....	25
H.	Garbage and trash removal.....	25
I.	No wiring without authorization.....	25
J.	Parking.....	25
K.	Pets.....	26
L.	Obstructions.....	26
M.	Children.....	26

N.	Destruction of property.....	26
O.	Exterior appearance.....	26
P.	Balconies.....	27
Q.	Store Rooms.....	27
R.	Emergency entry.....	27
S.	Bicycles.....	27
T.	Roof.....	27
U.	Laundry Room.....	27
SECTION XVII	DEFAULT.....	28
A.	Remedies.....	28
B.	Attorneys fees and costs.....	28
C.	Unit Owners bound.....	28
SECTION XVIII	MISCELLANEOUS.....	29
A.	Governing Documents.....	29
B.	Authority of the association.....	29
C.	Parital invalidity.....	29
D.	Gender.....	29
SECTION XIX	AMENDMENT.....	29
A.	Notice	29
B.	Approval.....	29
C.	Proviso.....	30
D.	Execution and Recording.....	30
SECTION XX	EFFECTIVE DATE.....	30
SECTION XXI	RIGHT OF FIRST REFUSAL.....	30
SECTION XXII	RENTAL OF UNITS.....	30

MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME

GLENSHIEL CONDOMINIUM TOWNHOUSES

THIS MASTER DEED is made and executed in Sevier County, State of Tennessee, this 16th day of July, 1983, by Glen Glafenhein, a single person, hereinafter called "Developer", pursuant to the provisions of the Tennessee Horizontal Property Act.

WITNESSETH:

WHEREAS, Developer is the owner in fee simple of certain real property located in the City of Pigeon Forge, Tennessee, and in the Fifth (5th) Civil District of Sevier County, Tennessee, and being a part of the property described in Warranty Deed Book 272, Page 603, Register's Office of Sevier County, Tennessee and more particularly described in the attached Appendix II; and

WHEREAS, Developer is the owner of certain condominium townhouse buildings and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid premises, which property constitutes a "Condominium Project" under the terms of the provisions of the Tennessee Horizontal Property Act, and it is the desire and the intention of the Developer to divide the project into condominiums 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, Developer shall file for record in the office of the Register of Deed for Sevier County, State of Tennessee, a certain instrument entitled GLENSHIEL CONDOMINIUM TOWNHOUSES hereinafter referred to as "Plat", which plat shall be filed of record herewith; and,

WHEREAS, Developer desires and intends by filing this Master Deed and the aforesaid plat, to submit the above-described property and condominium townhouse buildings and other improvements constructed thereon, together with all other appurtenances thereto, to the provisions of the aforesaid act as a Condominium Project, and to impose upon said property mutually beneficial restrictions under a general plan of improvement for the benefit of all of said condominiums and the owners thereof.

NOW, THEREFORE, the Developer does hereby publish and declare that all of the property and improvements described above are a Horizontal Property Regime and, therefore, they are 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 improvement of said property and the division thereof into condominiums, and shall be deemed to run with the land and shall be a burden and a benefit to Developer, its successors and assigns, and any person acquiring or owning an interest in the said Horizontal Property Regime, their grantees, successors, heirs, executors, administrators, devisees and assigns.

In accordance therewith the Developer hereby establishes that each individual unit shall be owned, possessed, sold, encumbered or conveyed entirely independent of the other units in the building. Therefore, be it established that any transfer of an individual unit shall also be deemed to include and transfer the undivided

interest of the owner in the common elements as if they were specifically included in the transfer. Likewise, be it established that an owner cannot convey or transfer his undivided interest in the common elements without also conveying his individual ownership in his townhouse or "unit".

Further, a "Condominium" may be owned, possessed, sold, encumbered or conveyed in any manner of recognized ownership as one person, tenants in common, tenancy by the entireties of any other relationship recognized under the laws of the State of Tennessee.

Definitions: Certain terms as used in this Master Deed and in the By-Laws of the Owners Association shall be defined as follows, unless the context clearly indicates a different meaning therefor:

(A) "Developer" shall mean Glen Glafenhain which has made and executed this Master Deed;

(B) "Master Deed" shall mean this instrument by which Glenshiel Condominium Townhouses are established as provided for under the Tennessee Horizontal Property Act;

(C) "Project" shall mean the entire parcel of real property referred to in this Master Deed to be divided into condominiums, including all structures thereon;

(D) "Plat" shall mean the Condominium Plat of Glenshiel Condominium Townhouses, filed for record herewith by Developer;

(E) "Unit" shall mean the elements of a condominium which are not owned in common with the owners of other condominiums in the project as shown on the Plat. The boundary lines of each unit are the interior surfaces of its perimeter walls, bearing walls, floors, ceilings, windows and window frames, and trim, and includes both the portions of the building so described and the space so encompassed;

(F) "Common Elements" shall mean all land and all portions of the property not located within any unit; and also includes, but is in no way limited to, roofs, foundations, pipes, ducts, flues, chutes, conduits, wires and

other utility installations to the outlets, bearing walls, perimeter walls, columns and girders, to the interior surfaces thereof, regardless of location, greens, gardens, patios, storage areas, walkways, hallways, lobbies, entrances, stairways, exits, service streets and parking areas, and any other recreational areas and facilities, all installations of power, lights, gas, hot and cold water and heating existing for common use, and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use;

(G) "Limited Common Elements" means and includes those common elements which are agreed upon by all of the co-owners or to be designated by the Developer prior to the existence of any co-owners, which limited common elements are to be reserved for the use of a certain number of units to the exclusion of other units such as parking areas, storage areas patios and balconies peculiar to a given unit, sidewalks leading into the unit and the like;

(H) "Condominium" shall mean the entire estate in the real property owned by the owner, consisting of an undivided interest in the common elements and ownership of a separate interest in a Unit;

(I) "Owner" shall mean any person with an ownership interest in a condominium in the project;

(J) "Management Committee" shall mean the governing body of the project, elected pursuant to the By-Laws;

(K) "Manager" shall mean the person or firm designated by the Management Committee to manage the affairs of the Project;

(L) "Mortgage" shall mean a beneficiary under, or holder of, a deed of trust, as well as a mortgagee;

(M) "Record" means to file of record with the office of Registrar of Deeds of Sevier County, State of Tennessee.

(N) "Horizontal Property Act" shall mean the Tennessee Horizontal Property Act (Tennessee Code Annotated 66-27-101);

(O) "Owners Association" shall mean an association of all owners of Condominiums in Glenshiel Condominium Townhouse Project;

(P) "By-Laws" shall mean the By-Laws of Glenshiel Condominium Townhouse Association which are incorporated in the Master Deed.

(Q) "Parking Area" shall mean the areas located on the plat. One (1) parking space for each unit shall be designated for the exclusive use of that unit. All other spaces are for guest parking.

The Developer does hereby make, publish and declare the following specifications, reservations, and restrictions which shall run with the land and the Condominiums and shall be a burden and a benefit to all parties claiming title under this Horizontal Property Regime and which are made in addition to and exclusive of any other reservations and restrictions heretofore or hereafter in this Master Deed:

1. Amendment of Plans. Developer reserves the right to change the interior design and arrangement of all units so long as Developer owns the units so changed and altered, provided such changes be reflected by an amendment of this Master Deed and the plat. An amendment for such purposes need be signed and acknowledged only by the Developer and shall not require the approval of Unit Owners or the Association, notwithstanding anything to the contrary contained herein.

2. Alteration of Boundaries and Apartment Dimensions. Developer reserves the right to alter the boundaries between units so long as Developer owns the units so altered; to increase or decrease the number of units and to alter the boundaries of the common elements so long as Developer owns the units abutting the common elements where the boundaries are being altered, provided no such change shall be made without amendment of

this Master Deed. An amendment for such purpose need be signed and acknowledged only by Developer and such amendment shall not require the approval of Unit Owners or the Association, notwithstanding anything to the contrary contained herein.

3. Easements. Each unit shall have and be subject to and have appurtenant thereto non-exclusive easements in the common elements designated for such purposes as ingress to, egress from, utilities services for, and support, maintenance and repair of each unit; and in the other common elements for use according to their respective purposes. If any part of the common elements encroaches upon any unit or parking stall, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. The Association shall have the right, to be exercised by its Management Committee or the Managing Agent, to enter into each unit from time to time during reasonable hours as may be necessary for the operation and maintenance of the condominium or for making emergency repairs therein necessary to prevent damage to any unit or common elements.

4. Parking Space. Parking space in the parking areas located within the condominium property, as aforesaid, has been assigned by the Developer to each unit. Such facilities constitute Limited Common Elements and, as such, are reserved for the use of the unit appurtenant thereto, to the exclusion of other units, and there shall pass with each unit as appurtenant thereto the exclusive right to use the Limited Common Elements so appurtenant. Notwithstanding the designation of the parking spaces as Limited Common Elements, expenses of maintenance and repair of the parking area shall be assessed in the same proportion as for the maintenance and repair of Common Elements as provided hereinafter.

5. Parking Areas and Storage Areas. Parking areas and storage areas may be conveyed by the Developer to individual unit owners, or may be retained by the Developer for use of the Association. If a Parking space or Storage Area is conveyed to an individual unit owner it becomes appurtenant to that unit to the exclusion of other units. No one except a condominium unit owner may own a parking area and/or storage area. The parking areas and or storage areas shall not be used for any commercial purpose. A parking area or storage area may not be leased unless it is leased in conjunction with a lease of the parking area owner's or storage area owner's condominium unit.

6. Fee Title in Common & Limited Common Elements.

Each unit shall have appurtenant thereto an undivided interest as hereinafter set forth, in the Common Elements and the Limited Common Elements. The fee title to each unit shall include both the unit and the undivided interest in the Common Elements and the Limited Common Elements; and said undivided interest shall be deemed to be conveyed or encumbered with its respective unit, even though the description in the instrument of conveyance or encumbrances may refer only to the fee title of that unit. Any attempt to separate the fee title to a unit from the undivided interest in the Common Elements and the Limited Common Elements appurtenant to such unit shall be null and void.

7. Encroachments. The owners of the respective units agree that if any portion of the Unit or Common Element or Limited Common Element encroaches upon another, a valid easement for the encroachment and the maintenance of same so long as it stands, shall and does exist. In the event the multi-family structure is partially or totally destroyed, and then rebuilt, the owners of the Condominium Units agree that encroachments of parts of the Common Elements or Limited Common Elements or Units, as aforescribed, due to construction, shall be permitted, and that a valid easement for said encroachments and the maintenance thereof shall exist.

8. Ownership Interests and Expenses. The Condominium shall consist of the property described and all improvements thereon and therein contained. The Developer may develop property adjacent to that described herein thereby creating additional condominium units. In the event additional units are constructed along with amenities the Developer agrees that unit owners herein shall have a right to use the amenities on the adjacent property provided they pay a fee for such use. This fee shall be determined by the management committee of the adjoining condominium association.

9. Delineation of Condominium Area. An individual owner shall not own the surfaces of the perimeter walls, floors, ceilings, windows and doors bounding his unit; nor shall an owner be deemed to own the utilities running through his unit which are utilized for or which serve more than one unit except as a tenant in common with the other owners. An owner, however, shall be deemed to own and shall have the exclusive right to paint, repaint, tile, wax, paper, or otherwise refinish or decorate the interior surface of the walls, floors, ceilings, windows and doors bounding his unit.

10. Assessments Lien On Unit. All assessments made for the maintenance of the Common Expense fund shall be in accordance with the terms of the By-Laws. To secure prompt payment of these assessments, there is reserved herein a lien against the condominium of any owner who shall be declared in default in accordance with the By-Laws for a period of thirty (30) days. Said lien shall be subordinate to any first mortgage on the condominium but shall be a protected interest and shall be a preferred interest with respect to all other creditors of the owner or owners of any condominium so in default.

(a) Until such time as the first Management Committee provided for herein is elected, the Developer may assess each unit owner a maintenance fee. All of the rights, duties and functions of the Board set forth in this Declaration shall be exercised by the Developer for a period ending thirty (30) days after the date on which the first annual meeting of the unit owners is called pursuant to the terms of the By-Laws.

(b) If a unit owner is in default in the monthly payment of the aforesaid charges or assessments for thirty (30) days, the Management Committee may assess a service charge of 5% of the balance of the aforesaid charges and assessments in default for thirty (30) days for each month, or part thereof, that said balance, or any part thereof, remains unpaid. In addition, to any remedies or liens provided by law, including the right to possession of the unit of a unit owner in default as aforesaid under the provisions of the Forceable Entry and Detainer Act, if a unit owner is in default in the monthly payment of the aforesaid charges or assessments for thirty (30) days, the Management Committee may file a Notice of Lien in the office of Register of Deeds for Sevier County, Tennessee and may bring suit for and on behalf of itself and as representative of all unit owners, to enforce collection thereof or to foreclose the lien therefor as provided by law; and there shall be added to the amount due the costs of said suit, together with legal interest and reasonable attorney fees to be fixed by the Court. No owner may waive or otherwise escape liability for the assessments provided for herein by non-user of the common elements or abandonment of his or her unit.

(c) On ten (10) days' notice to the Management Committee, and the payment of a reasonable fee fixed by the Board, from time to time, any unit owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such owner.

(d) The Management Committee may, from time to time, adopt or amend such rules and regulations governing the operation, maintenance, beautification and use of the common elements and

the units, not inconsistent with the terms of this Declaration, as it sees fit, and the unit owners shall conform to, and abide by, such rules and regulations. Written notice of such rules and regulations shall be given to all unit owners and occupants. A violation of such rules or regulations shall be deemed a violation of the terms of this Declaration.

11. Structural Integrity of Units. An owner shall do no act nor any work that will impair the structural soundness or integrity of the buildings or safety of the property; neither shall he impair any easement or hereditament without the written consent of all owners.

12. Insurance. No owner shall do any act or keep anything in his unit or in the Common Elements which will increase the rate of insurance on the Common Elements or permit anything to be done or kept in his unit or in the Common Elements which will result in the cancellation of insurance on any unit or any part of the Common Elements.

13. Alterations Due to Settlement of Buildings.

None of the rights and obligations of the owners created under this Master Deed or by the Deeds conveying title to the individual condominiums shall be altered in any way by encroachments due to settlement of the building, or shifting of structures or any other cause. There shall be a valid easement 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 if said encroachment occurred due to the willful conduct of said owner.

14. Separate Real Estate Taxes. It is understood that real estate taxes are to be separately taxed to each unit owner for his unit and his corresponding percentage of ownership in the common elements, as provided in the Condominium Property Act - Horizontal Property Act. In the event that for any years such taxes are not separately taxed to each unit owner, but are taxed on the property as a whole, then each unit owner shall pay his proportionate share thereof in accordance with his respective percentage of ownership interest in the common elements.

15. Entry by Management Committee. The Management Committee or its agents or employees may enter any unit when necessary in connection with any painting, maintenance or reconstruction for which the Board is responsible, or which the Board has the right or duty to do. Such entry shall be made with as little inconvenience to the unit owners as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the maintenance fund.

16. Grantees.

a. Covenants. Each grantee of the Developer, by the acceptance of a deed of conveyance, or each purchaser under Articles of Agreement for Deed, accepts the same subject to all easements, restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and the provisions of the Condominium Property Act - Horizontal Property Act, as at any time amended, and all easements, rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such person in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

b. Right of First Refusal for Developer to Repurchase.

In the event that any owner of a condominium shall desire to sell said condominium unit said owner shall first offer the unit to the developer for purchase. Said offer must be made in writing. The developer shall have five (5) days in which to either accept or refuse the offer, after presentment of the purchase price offered by a third party purchaser.

17. By-Laws. In the furtherance of this Master Deed and for the welfare and benefit of the project, there have been made, declared and are hereby published certain By-Laws of Glenshiel Condominium Townhouse Association which are affixed to the Master Deed as Appendix I and which are incorporated herein.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 16th day of July, 19 83.

GLENSHIEL CONDOMINIUM TOWNHOUSES

By, Glen Glafenhein

GLEN GLAFENHEIN

STATE OF TENNESSEE

COUNTY OF SEVIER

Personally appeared before me, the undersigned authority, a Notary Public in and for said county and state GLEN GLAFENHEIN

the within named bargainors, with whom I am personally acquainted; and who acknowledged that they executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at office, in the aforesaid county, this 25th day of July, 1983.

Charlie R. Johnson
Notary Public

My Commission Expires: 7-24-84



APPENDIX I
BY-LAWS OF THE
GLENSHIEL CONDOMINIUM TOWNHOUSE ASSOCIATION

SECTION I: GENERAL

Principal Office. The Principal Office of the Association shall be at the office of SHULAR REALTY, Parkway, Pigeon Forge, Tennessee, until such time as eighty percent (80%) of the units are sold by the Developer, at which time the Principal Office of the Association shall be on the grounds of the project, which is in Pigeon Forge, Tennessee.

SECTION II: DEFINITIONS

Definitions. The definitions used in these By-Laws shall be the same as those listed in the Master Deed, establishing the Horizontal Property Regime for the project and shall be incorporated herein by reference.

SECTION III: MANAGEMENT COMMITTEE

A. Management Committee. The affairs of the Association shall be governed by a Management Committee consisting of members as follows:

1. The initial Management Committee shall consist of two (2) persons who shall be designated by Developer and shall serve until their successors qualify or until the first annual meeting of Unit Owners as set forth in these By-Laws. The members of the initial Management Committee shall consist of such of the officers, directors, agents and/or employees of Developer as Developer shall from time to time designate.

2. At such time as the Unit Owners other than Developer are entitled to elect a majority of the Management Committee, the number of members on the Management Committee shall be increased to three (3) persons to be elected as set forth in Section B of this Section. The Unit Owners' representatives on

the Management Committee elected as specified in Section B of this Section shall be owners, co-owners, spouses of owners, mortgagees of units, or in the case of corporate owners or mortgagees of units, officers, directors, shareholders or authorized employees of such corporation.

3. Thereafter, the Unit Owners shall have the right at any annual or special meeting called for that purpose to change the number of directors constituting the Management Committee. In no case shall the Board consist of less than two (2) persons nor more than three (3) persons.

B. Election of Members of Management Committee.

Unit Owners shall be entitled to elect members of the Management Committee as follows:

1. At the first annual meeting of Unit Owners, one (1) of the members of the Management Committee designated by the Developer shall resign and the Unit Owners other than Developer shall elect one (1) member to serve until the next annual meeting of Unit Owners. At each annual meeting thereafter and until such time as the Unit Owners other than Developer become entitled to elect a majority of the Management Committee, the Unit Owners shall elect one (1) member to replace the member previously elected by the Unit Owners and to serve for a period of one (1) year or until the next annual meeting, whichever shall occur sooner.

2. At such time as the Unit Owners other than Developer are entitled to elect a majority of the Management Committee as set forth below, the Unit Owners other than Developer shall elect the greater of (1) a majority of the members of the Management Committee, or (2) that number of members corresponding to the aggregate voting power of Unit Owners other than Developer.

3. The Unit Owners other than Developer shall elect a majority of the Management Committee at a meeting to be held no

later than three months after eighty percent (80%) of the units are sold.

4. Developer shall be entitled to designate at least one (1) member of the Management Committee for so long as Developer holds any Units in the Condominium for sale.

C. Term of Office. Commencing with the first meeting of the Unit Owners after the date on which Unit Owners other than Developer become entitled to elect at least a majority of the members of the Management Committee, Unit Owners shall elect one (1) members to serve for a period of two (2) years and one (1) members to serve for a period of one (1) year. The members shall hold office until their successors have been elected, qualified or until his earlier death, resignation or removal. Members designated by Developer shall serve until their successors qualify or until their earlier death, resignation or removal.

D. Removal. At any regular or special meeting of the Unit Owners, any one or more of the members of the Management Committee elected by Unit Owners may be removed with or without cause by a majority of the whole number of Unit Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Members designated by Developer may only be removed and replaced by Developer. Any member of the Management Committee whose removal has been proposed by Unit

Owners shall be given an opportunity to be heard at the meeting prior to a vote for such removal.

E. Resignation. Any member 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 Association, unless some other time be fixed in the resignation. Acceptance of the resignation shall not be required to make it effective.

F. Vacancy and Replacement. Vacancies in the Management Committee, other than vacancies occurring as a result of removal by the Unit Owners, shall be filled for the unexpired term by the remaining members at any regular or special meeting. If the office of any member becomes vacant by reason of death, resignation, retirement, disqualification, or otherwise, a majority of the remaining members, though less than a quorum, at a special meeting duly called for the purpose of filling such vacancy or vacancies shall choose a successor(s) who shall hold the office for the predecessor member's unexpired term.

G. Powers and Duties of the Management Committee. All of the powers and duties of the Association existing under the Master Deed and these By-Laws shall be exercised exclusively by the Management Committee, its agents, contractors and employees, subject only to approval by Unit Owners when such is specifically required. Such powers and duties of the Management Committee shall include but not be limited to the following:

1. To make and collect assessments against Unit Owners in accordance with these By-Laws, to defray the cost and expenses of the Condominium.

2. To use the proceeds from the assessments in the exercise of its powers and duties in the manner provided in these By-Laws.

757

3. To enter into agreements and to purchase necessary equipment and tools for the maintenance and preservation of the Condominium.

4. To enter in and upon the Units when necessary and reasonable in connection with the maintenance and preservation of the Condominium.

5. To insure the Condominium property against casualty losses and public liability, and to purchase such other insurance as the Management Committee may deem advisable.

6. To reconstruct improvements after casualty and to further improve the Condominium Property.

7. To make and amend reasonable regulations respecting the use of the Condominium Property as provided in these By-Laws.

8. To enforce by legal means the provisions of the Master Deed and the By-Laws.

9. To employ personnel as may be required for the maintenance and preservation of the Condominium Property.

H. Meetings.

1. Organizational Meeting. The first meeting of the Management Committee held after a majority of the members have been elected by Unit Owners other than Developer, shall be and constitute the organizational meeting and shall be immediately upon adjournment of the meeting at which any members were elected, provided a quorum shall then be present, or as soon thereafter as may be practical.

2. Regular Meetings. Regular meetings of the Management Committee may be held at such time and place as shall be determined from time to time by a majority of the members of

the Management Committee. During the period in which the members of the Management Committee are designated by Developer, the Management Committee shall hold at least one (1) such meeting during each calendar year. After a majority of the members of the Management Committee are elected by Unit Owners other than the Developer, the Management Committee shall hold at least two (2) such meetings during each calendar year. Notice of regular meetings of the Management Committee shall be given to each member by personal delivery, mail or telegram, at least five (5) business days prior to the day of such meeting.

3. Special Meetings. Special meetings of the Management Committee may be called by the Chairman or by a majority of the members by giving five (5) business days' prior notice to each member of the Management Committee, by personal delivery, mail or telegram, which notice shall state the time, place and purpose of the meeting.

4. Waiver of Notice. Any member of the Management Committee may at any time waive notice of any meeting of the Management Committee in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Management Committee shall constitute a waiver of notice by him at the time and place thereof. If all members of the Management Committee are present at any meeting, no notice shall be required and any business may be transacted at such meetings.

5. Action of Members Without a Meeting. Any action which may be taken at a meeting of the members of a committee thereof, may be taken without a meeting if a consent in writing setting forth the action to be taken is signed by all the members of all the members of the committee, as the case may be, and such consent is filed in the minutes of the proceedings of the Management Committee. Such consent shall have the same effect as a unanimous vote.

6. Meetings Open to All Unit Owners. Meetings of the Management Committee shall be open to all Unit Owners and Notice of said Management Committee meeting shall be given by hand delivery of the notice to the door of each unit at least forty eight (48) hours in advance of said meeting, except in the case of emergency meetings.

I. Quorum. At all such meetings of the Management Committee, a majority of the members thereof shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the Management Committee present at a meeting at which a quorum is present shall constitute the decision of the Management Committee. If at any meeting of the Management Committee, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

J. Order of Business at Meetings. The order of business at all meetings of the Management Committee shall be as follows:

1. Roll Call
2. Reading of the minutes of the last meeting
3. Consideration of communications
4. Resignation and elections
5. Reports of employees
6. Reports of committees
7. Unfinished business
8. Original resolutions and new business
9. Adjournment

K. Compensation. No member of the Management Committee shall receive any compensation from the Condominium

for acting in the capacity of member; provided, however, that commencing with the election of a majority of the members of the Management Committee by Unit Owners rather than the Developer, members shall be compensated for reasonable expenses incurred by them while acting as members of the Management Committee.

L. Minutes. Minutes of all Management Committee meetings shall be kept in a business-like manner for a period of at least seven (7) years after such meeting and shall be available for inspection by all Unit Owners and members of the Management Committee at all reasonable times.

M. Annual Statement. Commencing with the first annual meeting of Unit Owners after the meeting at which Unit Owners other than the Developer elect a majority of the Management Committee, the Management Committee shall present no less often than at the annual meeting of the Association, a full and clear statement of the business and condition of the Association, herein called the "Annual Statement," including a report of the operating expenses of the Association. Incident to the Annual Statement, the Management Committee shall also prepare and present the proposed annual budget of Common Expenses of the Association in the manner provided in these By-Laws.

N. Limitation of Liability. The members of the Management Committee shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners, including those who are members of the Management Committee, in proportion to their respective interests in the Common Elements, shall indemnify and hold harmless each of the members of the Management Committee against all acts and/or omissions to the fullest extent provided by law while acting on behalf of the Association, unless any such acts and/or omissions shall have been made in bad faith or contrary to the provisions of law, the Master Deed, or these By-Laws. It is understood and

permissible for the initial Management Committee, who may be officers of or employed by Developer, to contract with the Developer and affiliated corporations and entities without incurring any liability for self-dealing, provided that any compensation paid in respect thereof shall be at their competitive rates.

SECTION IV. MEMBERSHIP

Each Unit Owner, including the Developer, shall be a member of the Association, provided, however, that if more than one (1) person owns a single Unit, voting rights shall be in the manner set forth in these By-Laws. A Unit Owner will cease to be a member of the Association upon the sale, transfer or disposition of his ownership interest in his Condominium Unit, and such transfer shall be subject to the procedures set forth herein. As used in these By-Laws and the Master Deed, the term "Unit Owners" shall be synonymous with the term "members" when referring to members of the Association.

SECTION V. MEETINGS

A. Annual Meetings. Within thirty (30) days after the date on which Unit Owners other than Developer own eighty percent (80%) of the units that will eventually be operated by the Association, the Management Committee shall call and give notice of the first annual meeting of Unit Owners, which meeting shall be held not less than thirty (30) nor more than forty (40) days after the date of that notice. At such meeting, one (1) of the members designated by Developer holding office as a member of the Management Committee shall resign, as provided for herein, and Unit Owners rather than Developer shall elect one (1) member of the Management Committee. Thereafter, annual meetings of the Unit Owners shall be held at Pigeon Forge on the fourth Wednesday of January of each succeeding year; provided, however, that the meeting at which Unit Owners other than Developer

become entitled to elect a majority of the Management Committee, as set forth herein, shall be deemed to be the annual meeting with respect to said year, and it shall not be necessary that this annual meeting be held on the date specified herein. At each such subsequent meeting, the Unit Owners, including Developer, shall elect a number of members to the Management Committee sufficient to fill all vacancies and to replace or re-elect members whose terms have expired. Unit Owners may also transact such other business of the Association as may properly come before the meeting. The Chairman of the Management Committee shall preside over the annual meeting of Unit Owners or designate another member to act in his place.

B. Special Meeting. It shall be the duty of the Management Committee to call a special meeting of the Unit Owners if so directed by a resolution of the Management Committee or upon a petition signed and presented to the Management Committee by a majority of the members. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent either in person or by proxy of Unit Owners owning at least seventy-five percent (75%) of the common interest.

C. Quorum and Vote Required to Transact Business. Except as otherwise provided in the Master Deed or these By-Laws, the presence in person or by proxy of Unit Owners, including Developer, owning at least one-third (1/3) of the common interest in the Condominium shall constitute a quorum at all meetings of the Unit Owners. When a quorum is present at any meeting, the vote of a majority of the Unit Owners present, in person or represented by written proxy, shall decide any question brought before the meeting, unless the Master Deed or these By-Laws expressly provide for a different vote, in which case such express provisions shall govern with respect to such question.

D. Voting. Each Unit is entitled to one (1) vote. If a Unit is owned by one (1) person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one (1) person, or is under lease, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record owners of the Unit and filed with the Management Committee of the Association. If a Unit is owned by a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Corporation and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any owner of a Unit. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

For voting purposes, at least fourteen (14) days prior to a particular meeting, the Management Committee shall prepare a complete list of Unit Owners entitled to vote, arranged numerically by Units. Such list shall be kept until the questions to be voted upon have been determined, and shall be open to examination by Unit Owners throughout such time.

E. Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote, must be in writing signed by the Unit Owner(s), and shall be valid only for the particular meeting designated therein and must be filed with the Management Committee before the appointed time of the meeting or the adjournment thereof.

F. Order of Business. The order of business at the meetings of the Unit Owners shall be as follows:

1. Roll call
2. Reading of the minutes of the last meeting
3. Consideration of communications
4. Reports of officers
5. Report of Board of Directors
6. Reports of committees
7. Election of members of Board of Directors
(when appropriate)
8. Unfinished business
9. New business

G. Minutes. The minutes of all Unit Owners meetings shall be taken at all meetings of Unit Owners, kept in a business-like manner for a period of at least seven (7) years from such meeting and shall be available for inspection by Unit Owners at all reasonable times.

H. Waiver and Consent. Notwithstanding the foregoing, whenever the vote of Unit Owners at a meeting is required or permitted by any provisions of law, the Master Deed, these By-Laws, or otherwise, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners entitled to vote at said meeting consent in writing to the proposed action.

SECTION VI. MAINTENANCE, ALTERATION AND IMPROVEMENT.

A. Responsibility.

Responsibility for the maintenance of the Condominium Property, and restrictions upon the alteration and improvement thereof, shall be as follows:

1. Apartment Units.

(a) The Association shall maintain, repair and replace, at the Association's expense:

(1) all portions of a unit, except interior surfaces, contributing to the support of the condominium building, which portions shall include, but not be limited to, the outside

walls of the condominium building and all fixtures on its exterior, boundary walls of units, floor and ceiling slabs, load-bearing columns and load-bearing walls;

(2) all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portions of a unit that service part or parts of the Condominium other than the unit within which contained; and

(3) all incidental damage caused to a Unit by such work specified in (1) and (2) of this subsection.

(b) The responsibility of the Unit Owner shall be as follows:

(1) to maintain, repair and replace at his expense all portions of his unit, except the portions to be maintained, repaired and replaced by the Association. The portions of a unit to be maintained, repaired and replaced by the Unit Owner at his expense shall include but not be limited to the following items: major appliances such as dishwasher, laundry, refrigerator, oven, stove, water heater, whether or not such items are built-in equipment; floor coverings, except floor slabs, interior fixtures such as electrical and plumbing fixtures; inside paint and other inside wall finishes. Mechanical equipment and installation of such equipment shall be such that its operation will not cause annoyance to the residents of other Units:

(2) not to make or cause to be made any structural addition or alteration, decoration, repair, replacement or change to the Common Elements and/or the Limited Common Elements or to any outside or exterior portion of the building, whether part of a Unit, the Common Elements and/or Limited Common Elements;

(3) each owner shall have a duty to repair and reconstruct his unit according to its original design. If an

owner fails to repair or reconstruct his unit within a reasonable time, the Management Committee may elect to either repair or reconstruct the unit, and the cost shall be both the personal obligation of the owner and a lien upon the unit.

2. Common Elements.

(a) The maintenance of the Common Elements and the Limited Common Elements shall be the responsibility of the Association; and there shall be no material alteration or substantial additions to the Common Elements and the Limited Common Elements, except in the manner provided in the Master Deed or in the By-Laws of the Association.

(b) The Management Committee of the Association may enter into a contract with any firm, person or corporation for the maintenance and repair of the Condominium Property and may join with other Condominium Associations in contracting with the same firm, person or corporation for maintenance and repair.

(c) No Unit Owner shall make any alterations in the portions of the improvements of the Condominium which are to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do any work which would jeopardize the safety of soundness of the Condominium Building containing his Unit, or impair any easements.

(d) The Association shall determine the exterior scheme of the building and all exterior surfaces and shall be responsible for the maintenance thereof, and no Unit Owner shall paint an exterior wall, door, window or any exterior surface without the written consent of the Management Committee.

B. Notwithstanding the foregoing provisions of this Section, Developer shall be responsible for and assume all rights and duties of the Association as hereinabove enumerated until such time as a majority of the Board of Directors is

elected by Unit Owners other than Developer in the manner provided in these By-Laws.

SECTION VII. INSURANCE

A. Acquisition of Insurance.

The Management Committee of the Association shall obtain and maintain at all times the following insurance listed below. The named insured in all insurance policies upon the Condominium Property shall be the Association individually and as agent for the Unit Owners, without naming them, and first mortgagees, and to other mortgagees upon request.

1. Liability Insurance. Public liability insurance covering all of the Common Elements and insuring the Association and the Unit Owners as it and their interests appear, in such amounts as the Management Committee may determine from time to time, provided that the minimum amount of coverage shall be \$1,000,000.00. Premiums for such insurance shall be chargeable as a Common Expense to be assessed against and paid by each of the Unit Owners in the proportions set forth herein. The Association shall not be responsible for purchasing liability insurance to cover accidents occurring within the individual Units.

2. Casualty Insurance. Casualty insurance insuring against vandalism, malicious mischief, fire, windstorm and extended coverage insurance, insuring all of the insurable improvements upon the land and all personal property included in the Common Elements and Limited Common Elements for a minimum of eighty percent (80%) of the full replacement value, together with such other insurance as the Association deems necessary. Premiums for such insurance shall be chargeable as a Common Expense to be assessed against and paid by each of the Unit Owners in the proportion set forth above herein. The Management Committee shall annually make an analysis to determine replacement costs for insurance purposes for all of the then existing

improvements for the ensuing year. Said insurance shall not insure against damage to the interior of individual units or personal property therein contained.

3. Other.

Such other insurance as the Management Committee of the Association shall determine from time to time to be desirable.

B. Premiums. Premiums for such insurance shall be chargeable as a Common Expense to be assessed against and paid by each of the Unit Owners in the proportions set forth herein.

C. Distribution of Proceeds. In the event a loss occurs for which proceeds of insurance policies are received, payments under the policies shall be disbursed and expended in the following manner:

1. To the Management Committee of the Association.

2. If the damage for which the proceeds are paid is to be repaired or reconstructed, the Association shall pay the proceeds to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners, each Owner's share being the same as the undivided interest to his Unit. Such proceeds shall be paid to Unit Owners and their mortgagees jointly.

3. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial Owners by the Association, each Owner's share being equal to the undivided interest in the Common Elements and Limited Common Element appurtenant to his Unit. Remittances shall be paid to Unit Owners and their mortgagees jointly.

D. Agent.

The Association is irrevocably appointed agent for each Unit Owner and for each holder of a mortgage or other lien upon a Unit and for each owner of any other interest in the Condominium Property to adjust all claims arising under insurance policies purchased by the Association and to execute and delivery releases upon the payment of claims.

E. Unit Owners Insurance Responsibility.

Unit Owners may obtain insurance coverage at their own expense upon their own property and for their personal liability and living expense.

SECTION VIII. RECONSTRUCTION OR REPAIR AFTER CASUALTY

A. Decision to Reconstruct or Repair.

If any part of the Condominium Property shall be damaged by casualty, a decision as to whether or not it shall be reconstructed or repaired shall be determined in the following manner:

1. Lesser damage. If Units to which at least fifty percent (50%) of the Common Elements are appurtenant are found by the Management Committee of the Association to be tenantable after the casualty, the damaged property shall be reconstructed or repaired by the Association.

2. Major damage. If Units to which more than fifty percent (50%) of the Common Elements and the Limited Common Elements are appurtenant are found by the Management Committee to be not tenantable after the casualty, a decision as to whether the damaged property will be reconstructed and repaired or the condominium terminated shall be determined in the following manner:

(a) Immediately after the casualty, the Association shall obtain reliable and detailed estimates of the costs to rebuild and repair.

(b) Immediately after the determination of the amount of insurance proceeds, the Association shall give notice

to all Unit Owners of the Casualty, the extent of the damage, the estimated costs to rebuild or repair, the amount of insurance proceeds and the estimated amount of assessments required to pay the excess of the cost of reconstruction or repair over the amount of insurance proceeds. Such notice shall announce a meeting of Unit Owners to be held within thirty (30) days from the mailing of such notice. If the reconstruction and repair is approved as such meeting by the Owners of seventy-five (75) of the Common Elements and Limited Common Elements, the damaged property shall be reconstructed or repaired; or if not so approved, the Condominium shall be terminated without agreement and any proceeds from insurance of sale of Condominium Property shall be distributed as provided for herein. Such approval may be expressed by vote or in writing filed with the Association at/or prior to the meeting. The expense of such determination shall be assessed against all Unit Owners in proportion to their shares of the Common Elements and the Limited Common Elements.

B. Manner of Reconstruction or Repair.

Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements, or if not, then according to plans and specifications approved by the Management Committee of the Association and by the owners of not less than seventy-five percent (75%) of the Common Elements, including Institutional First Mortgagees, the owners of damaged Units and owners of Units whose plans are intended to be altered, which approvals shall not be unreasonable withheld.

C. Unit Owner Responsibility to Reconstruct or Repair.

If the damage is only to those parts of an individual Unit or Units for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty shall be that of the Association.

SECTION IX. CONDEMNATION

In case at any time or times the Condominium Property or any part thereof shall be taken or condemned by an authority having the power of eminent domain, all proceeds paid for or on account of such taking shall be payable to the Association as trustee for all Unit Owners and mortgagees according to the loss or damage to their respective interest in the Condominium Property, as follows:

A. Taking Does Not Make Untenantable.

If such taking does not reduce or make untenable any of the Units, said proceeds shall be used promptly to replace or restore improvements taken upon the affirmative vote of seventy-five percent (75%) of the Unit Owners. In the event seventy-five percent (75%) in number and in common interest of the Unit Owners do not approve the replacement and restoration of the property so taken, the proceeds shall be distributed to the Unit Owners in proportion to the impairment of their respective interest.

B. Taking Does Make Untenantable Part of Units.

If such taking reduces or makes untenable any of the Units, the proceeds shall be distributed to the Unit Owners and mortgagees affected by such taking jointly and in proportion to the impairment of their respective interest. The shares in the Common Elements appurtenant to the Units which continue as part of the Condominium shall be equitably adjusted to distribute the ownership of the Common Elements among the reduced number of Owners.

C. Taking Makes Untenantable All Units.

If such taking reduces or makes untenable all of the Units, the proceeds shall be distributed by the Association in the same manner as insurance proceeds as provided above, unless seventy-five percent (75%) in number and in common interest of the Unit Owners vote to restore or replace the portions of the Condominium Property so taken. In the event said Unit Owners approve the restoration and replacement of said property, the Association shall disburse the award to contractors

engaged in such replacement and restoration in appropriate progress payments; provided, however, any such replacement or restoration must be according to plans and specifications approved by the Management Committee of the Association and by the owners of not less than seventy-five percent (75%) in number and in common interest of the Unit Owners. If the award is not sufficient to pay the costs of such replacement and restoration, then additional assessments may be made against Unit Owners as provided in these By-Laws.

SECTION X. AUTHORITY TO GRANT EASEMENTS.

The Management Committee shall have the authority to grant such easements over and across the Common Elements as shall be determined by said Management Committee to be in the interest of the owners.

SECTION XI. AUDIT OR INSPECTION OF BOOKS.

Any owner may at any time, at his own expense, cause an audit or inspection to be made of the books and records of the Association. The Management Committee, at the expense of the Common Expense Fund, may obtain an audit of all books and records pertaining to the project from year to year, if it is deemed necessary by a majority of the members thereof.

SECTION XII. LIBERAL CONSTRUCTION; WAIVER

The provisions of these By-Laws shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of this Horizontal Property Regime. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any provision hereof.

SECTION XIII. FINANCES

A. Calendar Year. The Association shall operate upon a calendar year beginning the first day of January and ending on the 31st day of December of each year. The Managment Committee

is expressly authorized to change from a calendar year basis to that of a fiscal year basis whenever deemed expedient for the best interest of the Association.

B. Checks. All checks or demands for money and notes of the Association shall be signed by person or persons authorized by the Management Committee.

C. Annual Budget. Annually the Management Committee of the Association shall prepare a proposed budget setting forth the sums necessary and adequate for the Common Expenses of the Condominium Property in advance for the next year upon which Unit Owners' assessments shall be based. Said budget shall include projected expenses for the operation and maintenance of the Common Elements.

As used in these By-Laws, the term "Common Expenses" shall mean expenses or charges for which Unit Owners are proportionately liable, and shall include but not be limited to the following:

1. All expenses of administration, maintenance, repair, and replacement of the Common Elements.
2. Insurance premium on all policies of insurance obtained by the Management Committee.
3. Warranty capital and reserve.
4. General operating reserve.
5. Reserve for deficiency accrued in prior years.
6. All other amounts designated Common Expenses by the Master Deed, these By-Laws or by law.
7. All other amounts that the Unit Owners may agree upon or that the Management Committee may deem necessary or appropriate for the operation, administration and maintenance of the Condominium.

A copy of said proposed annual budget shall be mailed to the Unit Owners not less than thirty (30) days prior to the Management Committee meeting at which the budget will be considered, together with written notice of the time and place of that meeting, and said meeting shall be open to all Unit Owners.

A final budget of Common Expenses will be adopted by the Management Committee at such meeting subject to the rights of the Unit Owners set forth below.

Upon written application of ten percent (10%) of the Unit Owners, a special meeting of the Unit Owners shall be held upon not less than ten (10) days' written notice to Unit Owner, but within thirty (30) days of the delivery of such application to the Management Committee or any member thereof, at which special meeting Unit Owners may consider and enact a revision of the budget, or recall any and all members of the Management Committee and elect their successors. The revisions of the budget or the recall of any and all members of the Management Committee shall require a vote of not less than a majority of the votes of all Unit Owners.

D. Assessments. Until such time as a majority of the members of the Management Committee are elected by the Unit Owners, funds for the payment of Common Expenses shall be assessed against Unit Owners in the amount specified by Developer and shall be paid directly to Developer.

Thereafter, each Unit Owner shall be obligated to pay Common Expenses assessed by the Management Committee pursuant to a properly approved annual budget in the proportion set forth in the Master Deed and By-Laws. Said Assessments shall be payable monthly, in advance, as ordered by the Management Committee.

Should the annual budget prove inadequate for the maintenance of Common Elements, or should expenses arise not contemplated by the time of preparation of said budget, the Management Committee may levy special assessments as required. Special assessments shall be levied in the same proportion as set forth in the Master Deed and the By-Laws and paid in the same manner as hereinabove provided for regular assessments.

769

E. Billing and Payment of Assessments. When the Management Committee, of which a majority of the members have been elected by the Unit Owners other than Developer, has determined the amount of any assessment, the Management Committee shall mail or present a statement of the assessment to each Unit Owner or Owners. All assessments shall be payable to the Management Committee, and upon request, the Management Committee shall give a receipt for each payment made.

F. Common Surplus. If in any taxable year the net receipts of the Association from assessments and all other sources, except casualty insurance proceeds and other non-recurring items, exceeds the sum of (a) total Common Expenses for which payment has been made or liability incurred within the taxable year, and (b) reasonable reserves for Common Expenses and other liabilities in the next succeeding taxable year as may be determined by the Management Committee, such excess shall be retained and applied to lessen the assessments for the next succeeding year.

G. Default in the Payment of Assessments. In the event a Unit Owner does not pay any sums, charges or assessments required to be paid to the Association within thirty (30) days from the due date, the Association, acting on its own behalf or through its Management Committee, may foreclose on the unit in the same manner as allowed by the laws and statutes of the State of Tennessee that govern the foreclosure of chattel mortgage.

SECTION XIV. BLANKET MORTGAGE

Should the Condominium Property, or some or all of the Units therein, together with the undivided interest in the Common Elements and Limited Common Elements appurtenant thereto, become subject to a blanket mortgage constituting a first lien thereon, created by an instrument executed by all owners of the property

of units covered thereby and recorded in the office in which these By-Laws are recorded, then any Unit included under the lien of such mortgage may be sold or otherwise conveyed or transferred subject thereto. The instrument creating any such mortgage shall provide a method whereby any Unit Owner may obtain a release of his Unit and its appurtenant interest in the Common Elements and Limited Common Elements from the lien of such mortgage and a satisfaction and discharge in recordable form, upon payment of a sum equal to the proportionate share attributable to his Unit or the then outstanding balance of unpaid principal and accrued interest and other proper charges. The proportionate share attributable to each Unit shall be in each case the proportion in which all units then subject to the lien of the mortgage share among themselves in liability for Common Expenses as provided in the Master Deed and these By-Laws.

SECTION XV. HOUSE RULES

In addition to the other provisions of these By-Laws, the following house rules and regulations, together with such additional rules and regulations as may hereafter be adopted by the Management Committee, shall govern the use of the Units located on the property and the conduct of the residents thereof.

A. Residential Use.

Each Unit shall be used only for residential purposes and may not be used for any business or commercial purposes whatsoever.

B. Nuisance.

Unit owners shall not use or permit the use of their premises in any manner which would be disturbing or be a nuisance to other Unit Owners, or in such a way as to be injurious to the reputation of the property.

C. Conformance With Law.

The use of the Units shall be consistent with existing law, and these restrictions.

D. Obstruction of Common Elements.

Common Elements shall not be obstructed; lit-

tered, defaced or misused in any manner.

E. No Advertisements.

No Unit Owner or occupant of a unit shall post any advertisements or posters of any kind in or on the unit or the Condominium Property except as authorized, in writing, by a majority of the Management Committee.

F. Minimize Noise.

Owners and occupants of units shall exercise extreme care to minimize noises and in the use of musical instruments, radios, television sets, amplifiers, so as not to disturb the other persons and parties occupying units.

G. No Objects to Hang From Windows: Cleaning.

No garments, rugs or other items may be hung from the windows of the units; rugs, etc. may only be cleaned within the units, and not in any other portion of the Condominium Property.

H. Garbage and Trash Disposal.

All garbage and trash shall be deposited in the disposal installations provided for such purpose.

I. No Wiring Without Authorization.

No Owner or occupants of a unit shall install wiring for electrical or telephone installations, nor install any type of television antenna, machines or air conditioning units, etc., except as authorized, in writing, by a majority of the Management Committee.

J. Parking.

One parking space in the parking area of the Condominium Property shall be assigned by the Management Committee to each unit; a space once assigned by the Management Committee to each unit shall thereafter be deemed a Limited Common element reserved for the use of the Condominium Unit to which it was originally assigned and to the exclusion of the other Condominium Units. The remaining parking area shall be for the general use of the Unit Owners and their guests.

772

K. PETS: No bird, reptile or animal shall be kept or harbored in the condominium except small dogs and cats, not to exceed ten (10) pounds in weight. No animals owned by members shall be allowed to permit a nuisance in any public portion or common elements of the building or grounds. Pets shall be kept on a lease in the common elements of the property.

L. OBSTRUCTIONS: Sidewalks, entrances, driveways, passages, courts, vestibules, stairways, corridors and halls must be kept open and shall not be obstructed in any manner. Rugs or mats must not be placed outside of doors or corridors. No sign, notice or advertisement shall be inscribed or exposed on or at any window or other part of the condominium, except such as shall have been approved in writing by the association, nor shall any thing be projected out of any window in the condominium without similar approval. No radio or television antenna or aerial shall be attached to, or hung from the exterior of the condominium or the roof thereon.

M. CHILDREN: Children are not to play on the public walkways or parking area. Reasonable supervision must be exercised when children are playing on the grounds. No Unit Owner shall keep or maintain any children in the condominium unit on a permanent basis. Any stay by visiting children for more than twenty-one (21) days shall be considered as staying on a permanent basis and a violation of this provision.

N. DESTRUCTION OF PROPERTY: Neither members, their dependants nor guests shall mark, mar, damage, destroy, deface or engrave any part of the building. Members shall be responsible for any such damage.

O. EXTERIOR APPEARANCE: The exterior of the condominium and all other areas appurtenant to the condominium shall not be painted, decorated, or modified by any owner in any manner without prior consent of the association; which consent may be withheld on purely aesthetic grounds within the sole discretion of the association. No awnings, window guards, light reflective materials, draperies, storm shutters, ventilators, fans or air conditioning devices shall be used in 773 1

or about the condominium except as shall have been approved by the association; which approval may be withheld on purely aesthetic grounds within the sole discretion of the association. No uniform exterior colors may be altered.

P. BALCONIES: Plants, pots, receptacles, and other removable objects, must not be kept, placed and maintained on ledges of balconies. No objects shall be hung from balconies or window sills. No cloth, clothing, rugs or mops shall be hung up or shaken from windows, doors or balconies. Members shall not throw objects from the balconies. No open fires or barbequeing shall be permitted upon the balconies.

Q. STORE ROOMS: A storage area shall be provided for each condominium unit. The storage areas shall be designated by unit member and the unit owner shall have the exclusive right to use that designated space to the exclusion of other unit owners. Owners are responsible to see that nothing is placed in the storage areas which would be a fire hazard.

R. EMERGENCY ENTRY: In case of any emergency originating in or threatening any dwelling, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the association, or any other person authorized by it, or the building superintendent or the managing agent shall have the right to enter such dwelling for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate and to facilitate entry in the event of any such emergency, the owner of each dwelling, if required by the association, shall deposit under the control of the association a key to such dwelling.

S. BICYCLES: Bicycles must be placed or stored in areas as may be designated by the management.

T. ROOF: Members are not permitted on the roof for any purpose.

774 7

U. LAUNDRY ROOM: A laundry room with coin operated equipment is provided for the use of the unit owners and their guests. Users of the laundry equipment and laundry room shall be responsible to leave the room in a clean and orderly manner after each use. Money derived from the equipment shall be turned over to the management committee and placed in the operating account.

SECTION XVII. DEFAULT

A. Remedies. In the event of violation of the provisions of law, the Master Deed or these By-Laws, as the same or may hereafter be constituted, thirty (30) days after notice from the Association by certified mail to the Unit owner to correct such breach or violation of the Association, on its own behalf or by and through its Management Committee, may bring appropriate action to enjoin such violation or may enforce the provisions of said documents, including suit for damages or foreclosure, or pursue such other course or action or legal remedy as it may deem appropriate.

B. Attorneys' Fees and Costs. In the event such legal action is brought against a Unit Owner, the Unit Owner as defendant shall pay the prevailing plaintiff's reasonable attorneys' fees and court costs.

C. Unit Owners Bound. Each Unit Owner, for himself, his successors or assigns, agrees to the foregoing provisions relating to default and abatement of nuisance, regardless of the harshness of the remedy available to the Association and regardless of the availability of the other equally adequate legal procedures. It is the intent of all Owners of Condominium Units to give the Association 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 Unit Owners, and to preserve each Unit Owner's right to enjoy the Condominium Unit free from unreasonable restraint and nuisance.

SECTION XVIII. MISCELLANEOUS

A. Governing Documents. The documents governing this Condominium and ownership of Condominium Parcels therein shall include the Master Deed and By-Laws, which may be amended from time to time.

B. Authority of the Association. The Association shall have the powers, right and authority, including lien rights, subject to any limitations thereon imposed by the Master Deed and By-Laws, which may be amended from time to time. No Unit Owner or member of the Management Committee shall have any authority to act for the Association or bind it.

C. Partial Invalidity. If any By-Laws or part thereof shall be adjudged invalid, the same shall not affect the validity of any other By-Law or part thereof.

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

SECTION XIX. AMENDMENT

These By-Laws may be amended by a majority of the first Management Committee until the first annual meeting, and thereafter by the Unit Owners, in the following manner, only:

A. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

B. Approval. An amendment shall be approved by two-thirds (2/3) of all of the voting Unit Owners. Unit Owners not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting.

C. Proviso. Provided, however, that no amendment shall discriminate against any Unit Owner nor against any Unit or class or group of Units unless the members so affected shall consent. No amendment may be made affecting the rights, as expressed in the Master Deed and By-Laws or any documents attached thereto, of the Developer, as a Unit Owner or otherwise, unless the prior written consent of the Developer is given for such amendment.

D. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Master Deed and By-Laws, which certificate shall be executed by the Officer of the Association with the formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the Register of Deeds for Sevier County, Tennessee.

SECTION XX. EFFECTIVE DATE.

These By-Laws shall become effective upon recording of the Master Deed, wherein they are incorporated, in the Office of the Register of Deeds for Sevier County, Tennessee.

SECTION XXI. RIGHT OF FIRST REFUSAL.

In the event that any owner of a condominium shall desire to sell said condominium unit said owner shall first offer the unit to the developer for purchase. Said offer must be made in writing. The developer shall have five (5) days in which to either accept or refuse the offer at a price made by a prospective third party purchaser.

SECTION XXII. RENTAL OF UNITS:

A unit owner may lease his unit however no lease shall be of a duration of less than three (3) months. Any lessee of the unit owner shall abide by the rules and regulations of the management committee and these by-laws.

APPROVED BY:

Don Glafenhein
DEVELOPER

THIS 25th day of July, 19 83

APPENDIX II

LEGAL DESCRIPTION
GLENSHIEL CONDOMINIUM TOWNHOUSES

SITUATED in the 5th Civil District of Sevier County, Tennessee and being a 1.2367 acre tract as the same appears on a plat entitled "GLENSHIEL CONDOMINIUMS" dated the 17th day of January, 1983, prepared by Ronnie Sims, RLS and being more particularly described as follows:

BEGINNING at an iron pin on the West right-of-way line of Suncrest Drive, at a point of curvature and intersection with Valley Drive; thence with said right-of-way line of Suncrest Drive S 3 deg. 00 min. 00 sec. W 38.93 ft. to an iron pin, a point of curvature; thence with a curve to the East with Delta Angle=74 deg. 00 min. 00 sec., R=145.97, T=110.0 for an arc distance of 204.28 ft. to an iron pin; thence leaving Suncrest Drive and with a severance line of Lot 9 of Lafollette Addition No.2 S 44 deg. 23 min. 44 sec. W 111.78 ft. to an iron pin; thence S 55 deg. 37 min. 40 sec. W 107.91 ft. to an iron pin; thence N 33 deg. 54 min. 45 sec. W 115.64 ft. to an iron pin; thence N 24 deg. 55 min. 28 sec. W 146.1 ft. to an iron pin on the S right-of-way line of Valley Drive; thence with the S right-of-way line of Valley Drive N 50 deg. 57 min. 50 sec. E 210.0 ft. to an iron pin; thence with a curve to the right with R=45.0, for an arc distance of 46.09 ft. to the point of BEGINNING. Containing 1.2367 acres according to survey of Ronnie Sims, RLS.

BEING all of Lot No. 8 and a part of Lot 9, Lot 11 and Lot 12 of LAFOLLETTE ADDITION NO.2 as shown on Plat of record in Map Book 7, Page 83 of the Register's Office, Sevier County, Tennessee.

FOR SOURCE OF TITLE see Warranty Deed Book 272, Page 603, Register's Office, Sevier County, Tennessee.