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ST FOR : LG - WARRANTY DEED	
NO. BATCH: 18365	
11/17/2006 - 03:26:57 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	260.00
NO FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	262.00
STATE OF TENNESSEE, UNION COUNTY	

MARY BETH KITTS
REGISTER OF DEEDS

THIS INSTRUMENT PREPARED BY:
M. Douglas Campbell, Jr.
Wagner, Myers & Sanger, P.C.
1801 First Tennessee Plaza
Knoxville, Tennessee 37929
(423) 525-4600

**MASTER DEED
AND
DECLARATION OF CONDOMINIUM
FOR
WATERSIDE AT NORRIS LAKE**

This **MASTER DEED** and the exhibits which are attached hereto and made a part hereof are made and executed in Knox County, Tennessee, as of the 14th day of November, 2006, by **WATERSIDE GROUP, LLC**, a limited liability company (hereinafter called "Developer"), for itself, its successors, grantees and assigns, pursuant to the provisions of the Tennessee Horizontal Property Act, Tenn. Code Ann. § 66-27-101 et seq. (hereinafter referred to as the "Act").

ASSESSOR OF PROPERTY
UNION COUNTY
NOV 17 2006
RECORDED

WITNESSETH

WHEREAS, Developer is the owner of certain real property located in Union County, Tennessee, and more particularly described in Exhibit "A" of this Master Deed which is attached hereto and made a part hereof (hereinafter referred to as the "Land"); provided, however, the Land shall not include any area below the 1035 contour as shown on the Plat (hereinafter defined), together with certain improvements on the Land (the Land and all improvements now or hereafter located thereon are collectively referred to as the "Property"); and

WHEREAS, it is the intention of the Developer to submit the Property to a horizontal property regime pursuant to the Act, and to sell and convey individual condominium units within the regime to various purchasers, subject to the covenants, conditions, and restrictions herein reserved to be kept and observed; and

WHEREAS, Developer desires and intends by filing this Master Deed to submit the Property to the provisions of the Act as a residential condominium property regime, to impose upon such Property mutually beneficial restrictions under a general plan of improvement for the benefit of the Property and the owners thereof, in accordance with the provisions hereof.

NOW, THEREFORE, the Developer does hereby declare as follows:

1. **Establishment of Condominium.** The Developer hereby submits the Property to the provisions of the Act in order to establish a horizontal property regime known as "Waterside at Norris Lake." By the recording of this Master Deed, Developer hereby publishes and declares that the Property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved in accordance with the provisions of the Act and subject to the covenants, conditions, restrictions, uses, limitations, and obligations of this Master Deed, which shall be deemed to run with the Property and shall be a burden and a benefit to the Developer, its successors and assigns, and any person acquiring or owning an interest in the Property, their grantees, successors, heirs, executors, administrators, devisees and assigns. References herein to "the Condominium" or to "Waterside at Norris Lake" shall refer to the horizontal property regime hereby established with respect to the Property and improvements thereto as contemplated herein.

2. **Definitions.** The terms used herein or in the exhibits attached hereto shall have the meanings stated as follows, unless the context otherwise requires:

(a) **Building** means the High Rise Buildings and the Townhouse Buildings. For purposes of this Master Deed, each High Rise Building shall be considered a separate Building, and all structures containing the Townhouse Units shall be considered a single Building. The planned location of each Building is shown upon the Plat. As Buildings are constructed, the actual locations of the completed Buildings on the Property shall be shown by a revised Plat(s), which shall be placed of record as an amendment to this Master Deed (which amendment may be effected by the Developer without the

without the joinder or consent of any Unit Owner(s) or Mortgage holder(s)), with said revised Plat(s) being substituted for the then current Exhibit "D" attached hereto (see definition of "Plat" as set forth in Section 2(r) hereof).

(b) Building Common Element means all portions of each Building, including in the case of each High Rise Building the parking garage contained within such Building, other than the Units and the Limited Common Elements which are contained in or a part of such Building.

(c) Building Common Element Expenses means the following:

(i) Expenses of administration, insurance, maintenance, operation, repair or replacement of the Building Common Elements, including but not limited to any taxes and special assessments attributable to Building Common Elements;

(ii) Expenses agreed upon and designated as Building Common Element Expenses by the Condominium Association;

(iii) The expense of performing the Condominium Associations' maintenance obligations described in Section 10(b); and

(iv) Such reasonable reserves as may be established by the Condominium Association, whether held in trust or by the Condominium Association, for maintenance, repair and replacement of the Building Common Elements.

(d) Common Elements means all parts of the Property not included within the Unit boundaries.

(e) Condominium Association means Waterside at Norris Lake Condominium Association, Inc., a Tennessee non-profit corporation, its successors and assigns. A copy of the Charter of Waterside at Norris Lake Condominium Association, Inc. is attached hereto as Exhibit "B" and shall be hereinafter referred to as the "Condominium Charter."

(f) Condominium Board of Directors means the governing body of the Condominium Association with the powers and duties set forth in the Condominium Bylaws.

(g) Condominium Bylaws shall mean the bylaws for the administration of Waterside at Norris Lake by the Condominium Association contained in Exhibit "C" attached hereto, as the same may be amended from time to time. The terms of the Condominium Bylaws are hereby incorporated into this Master Deed, but this Master Deed shall control in the event that any provision of the Condominium Bylaws shall conflict with any provision of this Master Deed.

(h) Condominium Rules and Regulations shall mean the rules and regulations concerning the use of the Property and operation and functions of the Condominium Association as from time to time are in effect.

(i) Developer Control Period shall have the meaning given to such term in Section 18 hereof.

(j) Eligible Mortgagee shall mean a beneficiary under or holder of a deed of trust or a mortgage whereby such holder holds a first security interest in a Unit which has notified the Condominium Association, in writing, of its name and address and pertinent Unit number. The term Eligible Mortgagee shall also be deemed to include, unless the context otherwise requires, any insurer or guarantor of a first security interest in a Unit which has notified the Condominium Association, in writing, of its name and address and pertinent Unit number.

(k) General Common Elements shall mean all Common Elements other than Limited Common Elements or the Building Common Elements, as further defined and set forth herein.

(l) General Common Element Expenses means the expenses or financial liabilities for the operation of Waterside at Norris Lake. These include:

(i) Expenses of administration, insurance, maintenance, operation, repair, or replacement of the General Common Elements, including but not limited to any taxes and special assessments attributable to the General Common Elements;

(ii) Expenses agreed upon and designated as General Common Element Expenses by the Condominium Association;

(iii) Expenses declared General Common Element Expenses pursuant to the provisions of this Master Deed, the Condominium Bylaws, or the Act;

(iv) Any valid charge against Waterside at Norris Lake as a whole; and

(v) Such reasonable reserves as may be established by the Condominium Association, whether held in trust or by the Condominium Association, for maintenance or addition to the General Common Elements, or any other real or personal property acquired or held by the Condominium Association.

(m) High Rise Building means each of the Buildings designated on the Plat, as amended from time to time, as a "High Rise Building."

(n) High Rise Units means the Units contained within the High Rise Buildings.

(o) Limited Common Elements shall mean a portion of the Common Elements reserved for the exclusive use of owners of such Units to which they may be appurtenant as hereinafter set forth as described in Section 6.

(p) Master Deed shall mean this document relating to the Property pursuant to the provisions of the Act.

(q) Mortgage shall mean a deed of trust as well as a mortgage.

(r) Plat shall mean and refer to collective Exhibit "D" hereto, prepared by Wanis L. Rghebi, RLS No. 2306, and shall include any additions or amendments to said collective Exhibit "D" or any new plats or surveys showing a more detailed location of any completed structures, Buildings and Units that may be recorded as an amendment hereto in accordance with the provisions of this Master Deed or as a separate recorded plat.

(s) Property shall mean the entire interest of the Developer in the Land to be divided and developed into residential condominium units including the buildings, all improvements and structures thereon, all easements, rights, and appurtenances belonging thereto, the Common Elements, and all articles of personal property intended for common use in connection therewith.

(t) Townhouse Building means the structures depicted on the Plat as "Townhouse Buildings." For purposes of this Master Deed, all such structures shall be considered one Townhouse Building.

(u) Townhouse Unit means the Units contained within a Townhouse Building.

(v) Unit Owner means "co-owner" as defined by the Act, but excluding those having such interest merely as security for the performance of an obligation.

(w) Unit means "Apartment" as defined by the Act and shall be a portion of Waterside at Norris Lake designed and intended for separate ownership or occupancy as set forth herein. The Units consist of High Rise Units and Townhouse Units.

3. Development Plan. The Waterside at Norris Lake have been or will be developed in the following manner:

(a) Name: The name of the condominium project is "Waterside at Norris Lake."

(b) Buildings and Units: As of the date as of the date of this Master Deed, the Developer intends that Waterside at Norris Lake shall consist of one (1) or more Buildings constructed on the Land in the locations shown on the Plat, with said Buildings containing one (1) or more Units. In accordance with the terms hereof, the Developer has reserved the right to amend this Master Deed (and all exhibits attached hereto) to establish the number of Buildings and Units, and to indicate the location and elevation of all Buildings and Units.

(c) Building and Unit Types: Waterside at Norris Lake shall consist of High Rise Buildings containing High Rise Units and/or Townhouse Buildings containing Townhouse Units.

(d) Unit Descriptions and Floor Plans: The floor plans attached hereto as Exhibit "E" (the "Floor Plans") depict typical floor plans for Units. The Floor Plans may be supplemented and/or modified by the Developer at any time or from time-to-time by an amendment(s) to this Master Deed, which amendment may be effected by the Developer without the joinder or consent of any Unit Owner(s) or Mortgage holder(s). Once a Unit has been constructed, the Developer shall amend this Master Deed and Exhibit "E" attached hereto to indicate the following as respects such Unit:

(i) the number or other designation assigned to such the Unit;

(ii) the type of Unit (Townhouse Unit or High Rise Unit);

(iii) the Building in which said Unit is located;

(iv) the floor plan of the Unit as constructed (with dimensions of the Unit included and calculated consistent with Section 4 hereof), and

(v) the elevation and boundaries of the Unit (subject to and consistent with Section 4 hereof) as measured from a fixed point on the Property.

(e) Other Improvements: The Waterside at Norris Lake shall include any landscaping, driveways, sidewalks and/or pool area, which are or will be located substantially as shown on the Plat, as amended from time to time in accordance with the terms hereof.

(f) Amendment and Alteration for Floor Plans and Plat: Developer reserves the right to change the interior design and arrangement of any Unit, as long as Developer owns the Unit so altered. In addition, anything herein to the contrary notwithstanding, the Developer may at any time and from time to time amend the Plat to show the location and boundaries of the existing Units and/or alter the location of Units, Buildings or other improvements which have not then been constructed (including deleting one or more Buildings or replacing one type of Building with another) by recording an amendment to the Master Deed, and any such amendment(s) shall require execution and approval only by the Developer and by no Unit Owner(s) or Mortgage holder(s).

4. Units and Unit Boundaries. Each Unit Owner shall have an estate in fee simple in the Unit(s) acquired and owned by such Unit Owner. The boundaries of each Unit shall be the unfinished interior surfaces of its perimeter walls, floor and ceiling, except where there is attached to or made a part of the Unit. A balcony, loggia, terrace, canopy, stairway, or other improvement serving only the Unit being bounded, in which event the boundaries shall be such as will include all of such structures and fixtures thereon. In determining the components of and what constitutes the makeup of a Unit, each Unit shall include all improvements located within the boundaries described above, including but not limited to wall coverings, carpet, ceiling coverings and coatings, cabinetry, appliances and lighting fixtures exclusively serving a specific Unit and located within the boundaries of each Unit.

5. General Common Elements. The General Common Elements consist of the entire Property other than Units, Limited Common Elements, and Building Common Elements, including, by way of description, without limitation, the following:

(a) The Land described on Exhibit "A" aforesaid whether improved or unimproved;

(b) All private streets and street curbs, subject to the easements and provisions set forth in this Master Deed;

(c) Any fence installed by the Developer on the Land, and all appurtenances thereto;

(d) Any controlled access entrance to the Land, including an electronic gate and all appurtenances thereto;

(e) Public connections, conduits, utility lines, and meters for gas, electricity, telephone and water not owned by the public utility or other agencies providing such services and serving more than one (1) Unit;

(f) Exterior lighting and other facilities necessary to the upkeep and safety of the buildings and grounds and serving multiple Units;

(g) Any easement or other right which may now or hereafter be granted for the benefit of the Unit Owner(s) or others for access to or use of the Common Elements or for any other purposes;

(h) All tangible personal property required for the operation, maintenance and administration of Waterside at Norris Lake which may be owned by the Condominium Association; and

(i) All other facilities or elements of any improvement located upon the Property necessary or convenient to the management, operation, maintenance and safety of Waterside at Norris Lake or normally in common use.

6. **Limited Common Elements.** The Limited Common Elements shall be for the exclusive use of the Unit to which they are appurtenant as they may appear on the Plat and/or the Plans. Ownership of the Unit and the Limited Common Elements may not be divided, and any transfer of the Unit shall include a transfer of the Limited Common Elements appurtenant thereto. The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(a) If a chute, chimney, flue, pipe, duct, wire, conduit, bearing wall, bearing column, fence, or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit, and any portion thereof serving more than one (1) Unit or a portion of the Common Elements is a part of the Building Common Elements.

(b) Any shutters, awnings, window boxes, doorsteps, stoops, porches, decks, balconies, patios, courtyards enclosed by fencing, exterior lighting and each exterior door and window or other fixture designed to serve a single Unit that is located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit served and their use is limited to that Unit.

(c) Storm windows and storm doors, if any, will be Limited Common Elements of the Unit which they service.

(d) Mechanical equipment, utility boxes, HVAC pads, etc. not owned by a public utility or other entity and serving only one (1) Unit shall be Limited Common Elements allocated to the Unit served. To the extent that any mechanical or electrical system, outlet, meter or the like shall be physically attached to or located in one (1) Unit but primarily or exclusively for the use or benefit of a second Unit(s), said system shall be a Limited Common Element of the second Unit(s) and the Unit Owners of the second Unit(s) shall have a perpetual easement for the location, maintenance, inspection and replacement of said system over and across the Unit(s) to which the same are attached or in which the same are located.

(e) In the case of Townhouse Units, but not the High Rise Units, the following shall also be considered Limited Common elements:

(i) Mailboxes, name plates and exterior lamp poles exclusively serving a specific Unit and located outside of the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit served and their use is limited to that Unit.

(ii) Walkways and steps which provide access to a single Unit, shall be Limited Common Elements allocated exclusively to the Unit served, and their use is limited to that Unit subject to the Condominium Rules and Regulations.

7. Rights and Use of General, Limited and Building Common Elements.

(a) Each Unit Owner shall have an estate in fee simple in such Owner's Unit and shall acquire as an appurtenance thereto an undivided interest in and to (i) the General Common Elements (ii) the Limited Common Elements (if any) which are appurtenant to and/or service said Unit Owner's Unit(s) and (iii) the Building Common Elements of the Building containing said Owner's Unit. Neither General, Limited nor Building Common Elements shall be divisible from the Unit to which they appertain.

(b) The General and Building Common Elements are hereby declared to be subject to a perpetual nonexclusive easement in favor of all Unit Owners for their use and the use of their immediate families, guests and invitees for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended and such easement shall be appurtenant to and shall pass with the title to each Unit.

(c) There shall be a perpetual and appurtenant right of ingress and egress to each Unit over and across any General and Building Common Elements. Notwithstanding anything to the contrary herein contained, there shall be no restriction on the right of ingress and egress of any Unit Owner except in accordance with the Master Deed as pertains to security gating or controlled access for the protection and benefit of the Unit Owners. No amendment to the Master Deed, Condominium Bylaws, or any Condominium Rule or Regulation shall in any way restrict any Unit Owner's right of ingress and egress to any Unit, except as provided in the immediately preceding sentence. The right of ingress and egress shall pass with title to the Unit.

(d) So long as the Condominium has not been terminated, the Common Elements shall not be subject to partition or division, and further, no Owner shall have the right to bring any action in the nature of requiring partition or division of co-ownership.

(e) Notwithstanding anything to the contrary herein contained, there shall be no right of first refusal or similar restrictions on the alienation of any Unit whether now or hereafter located in Waterside at Norris Lake.

8. Liability for Common Element Expenses. Each Unit Owner shall be liable for and shall pay as and when assessed a portion of the Common Element Expenses to the extent and as provided in Section 11 hereof.

9. Maintenance, Repair, Alteration, and Replacement of Units.

(a) The responsibility of the Unit Owner shall be:

(i) except for the maintenance to be performed by the Condominium Association in accordance with the terms of Section 10 hereof, to maintain, repair and, if necessary, replace, at such Unit Owner's sole cost and expense, all portions of such Owner's Unit and all Limited Common Elements appurtenant thereto;

(ii) not to paint or otherwise decorate or change the appearance of any portion of any Building outside the boundaries of the Unit Owner's Unit; and

(iii) to promptly report to the Condominium Association any defects or needs for repairs the responsibility for which is that of the Condominium Association.

(b) If any Unit Owner, after the receipt of written notice from the Condominium

Association, fails or neglects in any way to perform any obligation with respect to the first class maintenance of its Unit, the Condominium Association shall have the right to perform or cause to be performed such maintenance and all sums expended and all costs and expenses incurred in connection with such maintenance by the Condominium Association shall be immediately due and payable by such Unit Owner to the Condominium Association and shall, for all purposes hereunder, constitute an expense payable solely by such Unit Owner. In the event such Unit Owner fails to pay the expense within ten (10) days after receipt of written notice from the Condominium Association of the amount due, such sums shall bear interest at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less, from the date when due until paid.

(c) Except for purely cosmetic changes or as otherwise provided in this Master Deed, except for purely cosmetic changes to the interior of a Unit, Unit Owners shall not make any alterations, changes, modifications, or improvements to the Building in which the Unit is located without the prior written approval of the Condominium Association to be exercised in its sole discretion. Written notice of any intended change, improvement or modification shall be given to the Condominium Association, setting forth details (including colors and materials to be used) and requesting approval. The Association shall consider the request and decide whether or not approval should be granted, and in doing so the Condominium Association shall take into consideration such factors as uniformity of exterior appearance and overall aesthetic impact of the proposed improvements or changes. The Condominium Association shall have the obligation to answer the written request within sixty (60) days after such request is received, and the failure to do so within the stipulated time shall constitute the Condominium Association's consent. Prior to, and as a condition of the granting of its consent, the Condominium Association may, at its option, require the Unit Owner to execute an agreement in form and substance satisfactory to the Condominium Association setting forth the terms and conditions under which such alterations, changes, additions, or improvements may be made, including, without limitation, the days and hours during which any work may be performed. Approval by the Condominium Association of any alterations, additions or improvements by Unit Owners shall not in any way be deemed to or construed to mean that such alterations, improvements, or additions are in compliance with laws, ordinances, and regulations of any governmental authorities, and such compliance shall (i) be a condition to any alterations, addition or improvement by a Unit Owner even if Condominium Association approval has been obtained, and (ii) be the sole responsibility of the Unit Owner. The provisions of this Section 9(c) shall not apply to the Developer or Developer owned Units.

10. Condominium Association's Maintenance, Repair, Alteration, and Replacement Obligations. The obligations of the Condominium Association with respect to the maintenance, repair, alteration and replacement of the Property shall be:

(a) The maintenance, repair, and, if necessary, replacement of the General Common Elements.

(b) The maintenance, repair and, if necessary, replacement of the Building Common Elements.

(c) Any necessary painting of the exterior of the Units and Buildings and all necessary repairs and replacements of Building roofs.

(d) After the completion of the improvements which are contemplated by this Master Deed, the Plat and the Plans, there shall be no alteration or further improvement of the real property constituting the General Common Elements without prior approval in writing by the Unit Owners of not less than seventy-five percent (75%) of the General Common Elements, except (i) as provided by the Condominium Bylaws, and (ii) changes in the landscaping sought by the Developer during the Developer Control Period so long as the government standards for landscaping required under applicable governmental regulations for the improvements which are contemplated by this Master Deed are met or exceeded.

(e) Except as otherwise provided in this Master Deed or the Condominium Bylaws, all alterations, additions or improvements in or to any General Common Elements and/or the Building Common Elements shall be made by the Condominium Association. No Unit Owner other than the Developer shall undertake to modify any portion of the General Common Elements and/or the Building Common Elements..

11. Assessments for Common Element Expenses.

(a) Every Unit Owner, by acceptance of a deed to a Unit, shall be deemed to covenant and agree to pay the Condominium Association the Unit Owner's share (such share being referred to as an "Assessment") of the General Common Element Expenses and the Unit Owner's share Building Common Element Expenses which are attributable to the Building in which such Unit is located. A Unit Owner's share of General Common Element Expenses shall be the amount which is equal to the amount of such General Common Element Expenses multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the total number of Units projected to be constructed, which is one hundred ninety-eight (198) as of the date of recordation of this Master Deed. A Unit Owner's share of Building Common Element Expenses shall be the Building Common Element Expenses that are attributable to the Building in which such Unit Owner's Unit is located, multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of Units to be constructed in the Building to which such expenses relates. The foregoing notwithstanding, the allocation of General Common Elements Expenses and Building Common Element Expenses is based upon the total number of Units the Developer intends to construct upon the Land and the number of Units the Developer intends to construct in each Building, and, if upon completion of the construction of all Units the actual number of total Units constructed or the number of Units actually constructed in any Building varies from the number the Developer originally intended, the allocation of General Common Element Expenses and Building Common Element Expenses shall be adjusted to reflect the total number of Units actually constructed and/or the number of Units constructed in any such Building, respectively.

(b) General and/or Building Common Element Expenses attributable to fewer than all of the Units described in Subsection (a) above shall be allocated in the following manner:

(i) Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed to the Unit.

(ii) If a General and/or Building Common Element Expense is caused by the negligence or misconduct of a Unit Owner, the Condominium Association may assess that expense exclusively against that Unit Owner's Unit.

(iii) Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the terms of this Master Deed or the Condominium Bylaws are enforceable as Assessments.

(c) The Condominium Association shall set the amount of the Assessments, and such amounts shall be reasonably sufficient to pay all General Common Element Expenses and Building Common Element Expenses. Assessments shall be due and payable monthly, quarterly or semi-annually, in the manner prescribed by the Condominium Association.

(d) The Condominium Association may levy a Special Assessment applicable for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the General Common Elements and/or Building Common Elements, including necessary fixtures, equipment, and other personal property related thereto or for other lawful purposes, provided that any such Special Assessment shall be apportioned in the same manner as the regular Assessments and shall receive the assent of seventy-five percent (75%) of all the votes eligible to be cast in the affairs of the Condominium Association.

(e) The Condominium Association shall have a lien against a Unit for default in payment of Assessments. Such lien shall secure the timely payment of Assessments and shall also secure the payment of interest, costs, and reasonable attorney's fees in accordance with the provision of this Master Deed, the Condominium Bylaws or applicable law. The Assessments together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person(s) who was the Owner at the time the Assessments fell due. The personal obligation of the Unit Owner for delinquent Assessments shall not be deemed to pass to any successors in title unless expressly assumed by them or unless required by law. All record Unit Owners shall be jointly and severally liable with respect to the Assessments.

(f) No offsets against any Assessment shall be permitted for any reason whatsoever,

whatsoever, including, without limitation, any claim that the Condominium Association is not properly discharging its duties. Further, no Unit Owner may be exempted from contributing to the Assessments by waiver of use or enjoyment of the Common Elements or by abandonment of any Unit or otherwise.

(g) Assessments and installments thereon paid on or before ten (10) days after the date when due shall not bear interest, but all sums not paid on or before ten (10) days after the date when due shall be subject to such late fees, if any, as the Condominium Association shall assess and shall bear interest at the rate of eighteen percent (18%) per annum or the maximum rate allowed by applicable law, whichever is less, from the date when due until paid. All payments upon account shall be first applied to interest and then to the Assessment payment first due. Assessments may be collected monthly, quarterly or semi-annually in advance, as determined in the sole discretion of the Condominium Association.

(h) In any foreclosure of a lien for Assessments, the Unit Owner of the Unit subject to the lien shall be required to pay a reasonable rental for the Unit and the Condominium Association shall be entitled to the appointment of a receiver to collect such rental.

(i) To the extent permitted by the Act, any lien which the Condominium Association may have against a Unit under the Act or under this Master Deed shall be subordinate to the lien or equivalent security interest of a first Mortgage on the Unit recorded prior to the date any such lien for Assessments was recorded.

(j) To the extent permitted by the Act, any Mortgagee holding a first Mortgage on a Unit who obtains title to the Unit as a result of foreclosure of the first Mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, is not liable for the Assessments pertaining to such Unit or chargeable to the former Unit Owner which became due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be a General Common Element Expense collectable from all of the Unit Owners. Any such sale or transfer pursuant to a foreclosure, however, shall not relieve the purchaser or transferee of a Unit from liability for, nor the Unit from, the lien of any Assessments made or arising thereafter. Such foreclosure, or transfer in lieu of foreclosure, shall in no way affect, limit or abrogate the personal liability of the predecessor Unit Owner for such unpaid Assessments, and the Condominium Association's rights with respect to such predecessor Unit Owner shall not be diminished.

12. Percentage of Eligible Mortgagees. Wherever in this Master Deed the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding security interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Condominium Association when compared to the total allocated to all Units then subject to security interests held by Eligible Mortgagees.

13. Amendment to Documents. Except as otherwise provided herein, this Master Deed may be amended in accordance with the following provisions:

(a) Except as otherwise provided herein, any amendment shall be approved by a vote of at least seventy-five percent (75%) of holders of the voting power of the membership of the Condominium Association.

(b) No amendment shall change the method of calculating the dues or General Common Element Expenses or Building Common Element Expenses to be paid by a Unit Owner or affect the priority of any Mortgage, unless the record Unit Owner of the Unit affected and all Mortgage holders thereon give their approval in writing.

(c) The amendment shall be executed by the President and one (1) other officer of the Condominium Association and duly recorded in the Register's Office for Union County, Tennessee; provided, however, that in the event the Developer exercises its right to amend this Master Deed pursuant to the terms hereof, such signature by officers of the Condominium Association shall not be required; provided further, however, that the Developer shall certify that the amendment has been adopted pursuant to the particular terms hereof, and shall recite in the amendment the provisions

amendment the provisions granting the authority of the Developer to so amend this Master Deed. Further, during the Developer Control Period, the Developer shall be entitled to sign (by itself) and record any amendment so adopted pursuant hereto.

(d) Notwithstanding anything to the contrary herein contained, during the Developer Control Period, the Developer (i) must consent to and approve any amendment to this Master Deed, and (ii) shall have the right to amend this Master Deed, the Condominium Charter and the Condominium Bylaws without the consent or approval of any Unit Owner or Mortgage holder: (1) to conform with applicable laws, governmental regulations, and statutes, and/or to meet the requirements of lending institutions and agencies including but not limited to HUD, FmHA, etc., so that the Condominium and said documents are "approved" by said agencies; and/or (2) to correct any inconsistencies or inadequacies therein and/or to more particularly locate (by legal description if necessary) the Buildings, the boundaries of a specific Unit(s), or as necessary to meet requirements of lending institutions and agencies, including, but not limited to, HUD, FmHA, etc.

(e) Notwithstanding any lower requirement permitted by this Master Deed or the Act, no provision of this Master Deed (or its exhibits) that establishes, provides for, governs or regulates any of the following shall be materially amended, nor shall any such provision have any material term added to it, without the vote of at least seventy-five percent (75%) of the Unit Owners and the approval in writing by at least fifty-one percent (51%) of the Eligible Mortgagees:

- (i) voting rights;
- (ii) Assessments, Assessment liens or subordination of Assessment liens;
- (iii) dues, dues liens or subordination of dues liens;
- (iv) responsibility for maintenance, repairs and replacement of Common Elements and all other portions of the Condominiums;
- (v) rights to use the Common Elements;
- (vi) once a Unit has been conveyed by the Developer to a Unit Owner, the boundaries of such Unit or the exclusive easement rights appertaining thereto;
- (vii) convertibility of any Units into Common Elements or vice versa;
- (viii) after the end of the Developer Control Period, expansion or contraction of Waterside at Norris Lake, or the addition, annexation or withdrawal of real property to or from Condominiums;
- (ix) imposition of any restriction on any Unit Owner's rights to sell his Unit;
- (x) any amendment affecting any decision by the Condominium Association to establish self-management when professional management has been required previously by at least fifty-one percent (51%) of the Eligible Mortgagees;
- (xi) any change in the manner of restoration or repair of the Property after casualty;
- (xii) any amendment affecting actions to terminate the legal status of the Condominium regime;
- (xiii) any action affecting insurance or fidelity bonds;
- (xiv) reserves for maintenance, repair and replacement of the Common Elements; or
- (xv) any amendment affecting provisions that expressly benefit holders of Mortgages or insurers of first Mortgages on any Unit.

The limitations of this Subsection (e) shall not apply to any amendment or termination of the Condominium regime made as a result of destruction, damage, or condemnation pursuant to other provisions of this Master Deed, nor shall they apply to any reallocation of interests in the Common Elements that might occur pursuant to any plan of expansion or phased development.

14. Notices of Action. All Eligible Mortgagees will be entitled to timely written notice of:

(a) Any proposed amendment of the Condominium instruments effecting a change in: the boundaries of any Unit or the exclusive easement rights appertaining thereto; the interests in the Common Elements appertaining to any Unit or the liability for Common Element Expenses appertaining to any Unit; or the purposes to which any Unit or the Common Elements are restricted.

(b) Any proposed termination of the Condominium regime.

(c) Any condemnation or casualty loss that affects either a material portion of Condominiums or the Unit securing its Mortgage.

(d) Any 60-day delinquency in the payment of Assessments or charges owed by the Unit Owner of any Unit on which it holds the Mortgage (or insures or guarantees such Mortgage).

(e) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Condominium Association.

(f) Any proposed amendment to this Master Deed that requires the consent of a specified percentage of mortgagees as provided in Section 13 above.

15. Condominium Association. The operation of Waterside at Norris Lake shall be by the Condominium Association, which shall fulfill its functions pursuant to the following provisions:

(a) The members of the Condominium Association shall be the Unit Owners.

(b) Notwithstanding the duty and right of the Condominium Association to maintain, repair and, if necessary, replace parts of the Property, the Condominium Association shall not be liable for injury or necessary, replacement, caused by any latent condition of the Property to be maintained and repaired by the Condominium Association, nor for injury or damage caused by the elements or other Unit Owners or persons.

(c) The share of a member in the funds and assets of the Condominium Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his Unit.

(d) The Condominium Association shall have a right of entry upon the Units to effect emergency repairs. The Condominium Association shall also have a reasonable right of entry upon the Units to effect other repairs, maintenance, replacement, and improvements deemed necessary.

16. Developer's Reserved Rights. In addition to any other rights of the Developer contained herein, the Developer hereby reserves the following rights:

(a) The right to change the size and floor plan of any Units and, by way of amendment to this Master Deed (which may be made by the Developer without the consent or approval of any Unit Owner(s)), to set forth such additional Unit types as further exhibits to this Master Deed.

(b) The right to withdraw and grant easements to public utilities, municipalities,

the State of Tennessee, riparian owners etc., so as to effectuate its development plan pertaining to Waterside at Norris Lake.

(c) The right to maintain ingress and egress easements over and upon the Common Elements for purposes of construction and repair.

(d) The right to complete improvements shown on the Plat.

(e) The right to maintain sales offices, management offices and model Units within Waterside at Norris Lake, so long as the Developer owns the Unit so employed.

(f) The right to maintain any and all easements over the Common Elements for the purposes of making improvements within Waterside at Norris Lake.

(g) The right to post signs and displays on the Common Elements to promote sales of Units, and to conduct sales activities, in a manner which will not unreasonably disturb Unit Owners.

(h) The right to store and secure construction materials on the Common Elements.

It is understood, acknowledged and agreed by each of the Unit Owners, upon their acceptance of a deed for their respective Unit, that, in exercising its rights under this section, the Developer may cause certain noises, dust and other construction related situations which are the result of construction activities.

17. **Limitations on Developer's Reserved Rights.** The Developer's Reserved Rights may be exercised at any time prior to the expiration of the Developer Control Period. This Master Deed shall not be construed to constitute a cloud on the Developer's title rights to Waterside at Norris Lake. The rights of the Developer under this Master Deed (including, without limitation, the right to develop the Property in accordance with the Plans and the Developer's Reserved Rights) may be assigned to any successor(s) by an express assignment in a recorded instrument, including without limitation, a deed, an option, or a lease. This Master Deed shall not be construed in any way to limit the right of the Developer at any time prior to such an assignment to establish additional licenses, reservations, and rights of way to itself, to utility companies, or to others as may be reasonably necessary to the property development and disposal of property owned by the Developer.

18. **Developer Control Period and Transfer.** During the Developer Control Period, the Developer shall be a member of the Condominium Association, shall hold one hundred percent (100%) of the voting power of the membership of the Condominium Association, and shall be entitled to cast one hundred percent (100%) of all votes cast in the affairs of the Condominium Association. During the Developer Control Period the Developer shall be entitled to, among other things, appoint and remove the officers and members of the Condominium Board of Directors and members of any committee of the Board. Upon the expiration of the Developer Control Period, the Developer shall relinquish all rights through which it may directly or indirectly control, direct, modify or veto any action of the Condominium Association, the Condominium Board of Directors or a majority of Unit Owners, and control of the Condominium Association shall pass to the Unit Owners. The "Developer Control Period" (such term is used herein) shall commence on the date hereof and shall expire upon the earlier of (i) one hundred twenty (120) days after the date by which one hundred percent (100%) of Units (whether built or unbuilt) have been conveyed to Unit purchasers, or (ii) the date the Developer voluntarily relinquishes all rights through which it may directly control, direct, modify or veto any action of the Condominium Association, the Condominium Board of Directors or a majority of the Unit Owners. Provided however, that following expiration of the Developer Control Period, nothing herein shall be construed to limit the Developer's rights to exercise the votes allocated to the Units which it owns.

19. **Insurance.**

(a) To the extent reasonably available, the Condominium Association shall obtain

and maintain insurance coverage as set forth in this section. If such insurance is not reasonably available, and the Condominium Association determines that any insurance described herein will not be maintained, the Condominium Association shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

(b) The Condominium Association shall obtain property insurance covering all personal property and fixtures owned by the Condominium Association and all building and improvements that are part of the Common Elements, in an amount equal to one hundred percent (100%) of the current replacement cost, exclusive of land, foundation, excavation and other items normally excluded from coverage. The Condominium Association shall also obtain insurance against such risks normally covered by a standard extended coverage endorsement, and such other risks as are customarily covered with respect to condominiums similar in construction, location and use, including all risks normally covered by the standard "all risk" endorsement, in each case to the extent reasonably available and affordable. Insurance policies required by this subsection (b) shall provide that:

(i) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owners.

(ii) An act or omission by a Unit Owner will not void the policy or be a condition to recovery under the policy.

(iii) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Condominium Association provides primary insurance.

(iv) Loss must be adjusted with the Condominium Association.

(v) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and in the absence of such designation to the Condominium Association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee.

(vi) The insurer may not cancel or refuse to renew the policy until ten (10) days after written notice of the proposed cancellation or non-renewal has been mailed to the Condominium Association, each Unit Owner, and each holder of a security interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

(vii) The name of the insured shall be substantially as follows: "Waterside at Norris Lake Condominium Association, Inc. for the use and benefit of the individual Unit Owners".

(viii) In addition, any fixtures, equipment, or other property within any Unit that is to be financed by a Mortgage to be purchased by FmHA or FHLMC (regardless of whether or not such property is a part of the Common Elements) must be covered in such insurance policy.

(ix) Such policy must be consistent with state and local insurance laws and at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the area in which the Condominium is located.

(c) The Condominium Association shall obtain comprehensive general liability insurance, including medical payments insurance, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements and public ways of the Property or with the activities of the Condominium Association. Coverage shall be in amounts determined to be reasonable by the Condominium Association but in no event less than One Million Dollars (\$1,000,000.00) for bodily injury, death, and property damage arising out of a single occurrence. Insurance policies carried pursuant to this subsection (c) shall provide that:

(i) Each Unit Owner is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Condominium Association.

(ii) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.

(iii) An act or omission by a Unit Owner will not void the policy or be a condition to recovery under the policy.

(iv) If at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Condominium Association provides primary insurance.

(v) The insurer issuing the policy may not cancel or refuse to renew it until ten (10) days after notice of the proposed cancellation or non-renewal has been mailed to the Condominium Association, each Unit Owner, and each holder of a first Mortgage to whom a certificate or memorandum of insurance has been issued at their last known addresses.

(d) The Condominium Association shall obtain worker's compensation as required by law.

(e) The Condominium Association shall obtain flood insurance, to the extent required by the Revised Legal Policies printed as Appendix 24 (Number 4265.1HG4) by the United States Department of Housing and Urban Development (elsewhere herein "HUD") after any determination by the Secretary of HUD that the Property has special flood hazards insurance under NFIP.

(f) A blanket fidelity bond (to the extent reasonably available and at a cost satisfactory to the Condominium Association) shall be maintained by the Condominium Association for all officers, directors, and employees of the Condominium Association and for anyone who either handles or is responsible for funds of the Condominium Association or funds held or compensation for their services. The bond shall name the Condominium Association as obligee and shall cover the maximum funds that will be in the custody of the Condominium Association or of the manager at any time while the bond is in force, and in no event less than the sum of three (3) months' Assessments plus reserve funds. The bond shall include a provision that calls for ten (10) days written notice to the Condominium Association, to each holder of a security interest in a Unit, to each servicer or insurer of a Mortgage on a Unit and to the Insurance Trustee, if any, before the bond can be canceled or substantially modified for any reason.

(g) The Condominium Association shall obtain such other insurance as the Condominium Association shall determine from time to time to be desirable in terms of both coverage and cost. Such other insurance may include, but need not be limited to, property insurance to cover the Units, including but not limited to, all walls located within the Units and any other structure deemed to be a part of the Units utilizing the definition of a Unit set forth in this Master Deed, to the extent that such insurance may be available to be obtained by the Condominium Association (the "Unit Structure Insurance"). If the Condominium Association elects to obtain and maintain the Unit Structure Insurance, insurance policies with respect thereto shall be in an amount equal to one hundred percent (100%) of the current replacement costs and the insurance policy requirements shall be the same as the insurance policy requirements for other property insurance to be obtained by the Condominium Board of Directors and described in subsection (b) of this Section 19. Notwithstanding any right of the Condominium Association to procure Unit Structure Insurance, absent the procurement of such insurance by the Condominium Association, the insurance responsibility for each Unit, including but not limited to, all walls and all other parts of the Unit and all Limited Common Elements appurtenant thereto, shall be the responsibility of the Owner of such Unit. In addition, nothing contained in this section giving the Condominium Association the right to procure Unit Structure Insurance shall preclude the Unit Owners, or any of them, from also procuring similar insurance and, to the extent that the individual Unit Owners do not procure such insurance and the Condominium Association does not obtain and/or maintain Unit Structure Insurance, the risk of loss remains with the Unit Owners with respect to the Units, including all

of loss remains with the Unit Owners with respect to the Units, including all walls, floor systems, roofs, ceilings, foundations/slabs and all other items comprising the respective Units, or located therein.

(h) To the fullest extent permitted by law, to the extent that the Condominium Association has procured insurance which covers any loss relating to any aspect of the Condominium or the Units and such insurance proceeds are available to make repairs with respect to portions of the Condominium, including some or all of the Units, each of the Unit Owners waives the liability of the other Unit Owners, the Condominium Association and the Condominium Association with respect to the cause of any such loss so covered by said insurance.

(i) Premiums upon insurance policies purchased by the Condominium Association shall be paid by the Condominium Association as a General Common Element Expense; provided, however, property and Unit Structure Insurance purchased with respect to each Building shall be a Building Common Element Exposure of the Building covered by such insurance.

(j) The Condominium Association is authorized to obtain appraisals periodically for the purpose of establishing said replacement costs of the project facilities and the actual cash value of the personal property, and the cost of such appraisals shall be a General Common Element Expense.

(k) The Condominium Association is hereby irrevocably appointed agent for each Unit Owner to adjust all claims arising under insurance policies purchased by the Condominium Association, and to execute and deliver releases upon the payment of claims.

(l) Each Unit Owner shall obtain insurance on its Unit (including all Limited Common Elements appurtenant thereto) and on personal property belonging to such Unit Owner at its own expense; provided, however, that no Unit Owner shall be entitled to maintain insurance coverage in such a way as to decrease the amount which the Condominium Association, on behalf of all of the Unit Owners and their mortgagees, may realize under any insurance policy which the Condominium Association may have in force on the Property at any particular time.

(m) Any Unit Owner who obtains an individual insurance policy covering any portion of the Property, other than its Unit and personal property belonging to such Unit Owner, shall file a copy of such policy with the Condominium Association within thirty (30) days after purchase of such insurance. The Condominium Association shall use generally acceptable insurance carriers.

20. Responsibility of Insurance Trustee.

(a) Notwithstanding any other provision or requirement of this Master Deed relating to property or liability insurance, the Condominium Association may name as an insured, on behalf of the Condominium Association, the Condominium Association's authorized representative, including any trustee with whom the Condominium Association may enter into any insurance trust agreement or any successor to such trustee, which may be (but shall not be required to be) any commercial bank regulated by the Federal Deposit Insurance Corporation in Tennessee having trust power that is selected by the Condominium Association as a trustee (herein referred to as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. To the fullest extent permitted under law, each Unit Owner shall be deemed by acceptance of his deed, to appoint and agree to appoint the Condominium Association or Insurance Trustee as attorney-in-fact (such appointment being irrevocable and coupled with a legal interest) for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

(b) All insurance policies purchased by the Condominium Association shall provide that, during any period when the appointment of an Insurance Trustee remains effective, proceeds covering property losses shall be paid to the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds.

(c) Proceeds of insurance policies received by the Insurance Trustee shall be distributed as follows:

(i) All expense of the Insurance Trustee shall be first paid.

(ii) If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be expended as provided in Section 22 below. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

(iii) If it is determined as provided herein that the damage for which the proceeds are paid shall not be reconstructed or repaired, or if there are excess proceeds remaining after a reconstruction and repair, the remaining proceeds shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

(iv) In making distributions to Unit Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Condominium Association as to the names of the Unit Owners and their respective shares of the distribution, and as to whether or not the building(s) in which the Unit owned by a Unit Owner is to be reconstructed or repaired.

21. Reconstruction or Repair of Damaged Property.

(a) If the General Common Elements and/or Building Common Elements or any portion thereof are damaged, they shall be reconstructed or repaired, unless it is determined that Waterside at Norris Lake shall be terminated.

(b) If the damaged property is any or all of the Buildings in which any Units are located, and if Units to which fifty percent (50%) or more of the Common Elements are appurtenant are found by the Condominium Association to be tenantable, the damaged property shall be reconstructed or repaired unless within sixty (60) days after the casualty it is determined hereunder that Waterside at Norris Lake shall be terminated.

(c) If the damaged property is any or all of the Buildings in which any Units are located, and if Units to which more than seventy five percent (75%) of the Common Elements are appurtenant are found by the Condominium Association to be not tenantable, the damaged property will not be reconstructed or repaired and Waterside at Norris Lake will be terminated under Section 27 below unless within sixty (60) days after the casualty, the Unit Owners of at least seventy-five percent (75%) of the Common Elements agree in writing to such reconstruction or repair (provided, however, that such termination of the Condominium regime following substantial destruction shall not occur without the approval of Eligible Mortgagees of Units to which are allocated at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by such Eligible Mortgagees). No mortgagee shall have any right to participate in the determination as to whether damaged property shall be reconstructed or repaired.

(d) Any reconstruction or repair must be substantially in accordance with the Plans, unless a departure from the Plans is approved by fifty-one percent (51%) of Eligible Mortgagees and by the Condominium Association. In addition, if the damaged property is one (1) or more of the buildings in which any Units are located, such departure must be approved by the Unit Owners of not less than seventy-five percent (75%) of the Common Elements, including the Unit Owners of all damaged Units, which approval shall not be unreasonably withheld.

(e) Unless otherwise required by applicable law, no allocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of the Property may be effected without the approval of the Eligible Mortgagees of first Mortgages on Units to which are allocated at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by Eligible Mortgagees.

22. Responsibilities and Procedures as to Payment for Repairs.

(a) If damage occurs only to those parts of a Unit 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. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Condominium Association.

(b) Immediately after a casualty causing damage to property for which the Condominium Association has the responsibility of maintenance and repair, the Condominium Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

(c) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Condominium Association, assessments shall be made against (i) the Unit Owners who own the damaged property, (ii) against all Unit Owners in the case of damage to General Common Elements and (iii) against the Unit Owners who own Units within a Building in the case of damage to the Building Common Elements within such Building, in each case in sufficient amounts to provide funds to pay the estimated costs. Additional assessments may be made at any time during construction or following the completion of construction. Such assessments against Unit Owners for damage to Units; shall be in proportion to the cost of reconstruction and repair of their respective Units such assessments on account of damage to General Common Elements shall be in proportion to the Unit Owner's share in the General Common Elements; and such assessments or account of damage to the Building Common Elements shall be in proportion to Owner's of Units in such Building share in such Building Common Elements.

(d) If the amount of the estimated costs of reconstruction and repairs for which the Condominium Association is responsible is more than Five Thousand Dollars (\$5,000.00), the sums paid upon assessments to meet such costs shall be deposited by the Condominium Association with the Insurance Trustee (if an Insurance Trustee has been appointed in accordance with the provisions hereof). In all other cases, the Condominium Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

(e) The proceeds from assessments and insurance received by the Insurance Trustee or the Condominium Association, as the case may be, shall be disbursed as follows:

(i) The portion of insurance proceeds relating to the damage, the reconstruction and repair of which is the responsibility of the Unit Owner, shall be paid by the Insurance Trustee or the Condominium Association, as the case may be, to the Unit Owner, or, if there is a mortgagee endorsement, then to the Unit Owner and the mortgagee jointly, who may use such proceeds as they may be advised.

(ii) The portion of insurance proceeds relating to the damage, the reconstruction and repair of which is the responsibility of the Condominium Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Condominium Association and upon approval of an architect qualified to practice in Tennessee and employed by the Condominium Association to supervise the work.

(iii) An Insurance Trustee shall not be required to determine whether a disbursement is to be made, the identity of the payee, or the amount to be paid, but may rely upon a certificate of the Condominium Association stating such information.

23. Condemnation. The Condominium Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements, and agreements with the condemning authority for acquisition of the Common Elements, or any part thereof, by the condemning authority. For that purpose, each Unit Owner, by accepting his deed, appoints and agrees to appoint the Condominium Association as his attorney-in-fact, such appointment being irrevocable and coupled with a legal interest. The Condominium Association may appoint an agent, representative or trustee to act on behalf of the Unit Owners in carrying out the foregoing functions. In the event of a condemning authority, the award

condemning authority, the award or proceeds of settlement shall be payable to the Condominium Association, or any trustee, to be held in trust for the Unit Owners and their first Mortgage holders as their interests may appear.

24. Use Restrictions. The use of Waterside at Norris Lake shall be in accordance with the following provisions:

(a) Each of the Units shall be solely for human habitation and no business or commercial enterprise of any nature shall be operated or maintained in any Unit; provided, Unit Owners may, subject to such reasonable policies as the Condominium Association may develop (which shall apply uniformly to all Units) rent their Units to others. No Unit may be divided or subdivided into a smaller unit nor any portion thereof sold or otherwise transferred without first amending this Master Deed, in accordance with the provisions hereof, to show the changes in the Units to be effected thereby.

(b) The Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units.

(c) No use or practice shall be permitted on the Property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Property by its residents. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate, nor any fire hazard be allowed to exist. No Unit Owner shall permit any use of his Unit or of the Common Elements which will increase the rate of insurance upon the Property. No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification, replacement or repair of the Property shall be the same as the responsibility for the maintenance, repair and replacement of the Property concerned. No rooms may be rented or transient guests accommodated.

(d) Until the Developer has completed and sold all of the Units, neither the Unit Owners nor the Condominium Association nor the use of the Property shall interfere with the contemplated improvements and the sale of the Units. The Developer may make such use of the unsold Units and Common Elements as may facilitate such completion and sale, including but not limited to the maintenance of a sales office, the showing of the Property, the display of signs, or leasing such Units. In addition, as set forth above, the Developer may lease any unsold Unit.

(e) The use of Waterside at Norris Lake shall be further governed by the Condominium Rules and Regulations as may be promulgated from time to time by the Condominium Board of Directors.

25. Notice of Lien or Suit.

(a) A Unit Owner shall give notice to the Condominium Association of every lien upon his Unit other than for permitted Mortgages, property taxes, and special assessments, within five (5) days after the attaching of the lien. Failure to comply with this subsection (a) will not affect the validity of any judicial sale.

(b) Notice shall be given to the Condominium Association of every suit or other proceeding which may affect the title to his Unit within five (5) days after the Unit Owner receives knowledge thereof.

26. Compliance and Default.

(a) Each Unit Owner shall be governed by and shall comply with the terms of this Master Deed, the Condominium Charter, the Condominium Bylaws, and the Condominium Rules and Regulations adopted pursuant thereto, as they may be amended from time to time. A default shall entitle the Condominium Association and any aggrieved Unit Owner to the relief described in section (b) of this Section 26 in addition to the remedies provided by the Act. The Condominium Association and aggrieved Unit Owners shall have rights of action against Unit Owners for failure to comply with the

comply with the provisions of this Master Deed, the Condominium Bylaws, or the Condominium Rules and Regulations, or with decisions of the Condominium Association made pursuant to authority granted the Condominium Association in such documents. Unit Owners shall have similar rights of action against the Condominium Association for any such failure to comply.

(b) A Unit Owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness or by that of any member of his family or his or their guests, employees, agents, or licensees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Condominium Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a Unit Owner. The prevailing party shall be entitled to recover the costs of any proceeding to enforce the remedies authorized hereby or by the Act and such reasonable attorneys fees as may be awarded by the court.

(c) The failure of the Condominium Association or any Unit Owner to enforce any covenant, restrictions, or other provision of the Act, this Master Deed, the Condominium Charter, the Condominium Bylaws or the Condominium Rules and Regulations shall not constitute a waiver of the right to do so thereafter.

27. **Termination.** Waterside at Norris Lake may be terminated in the following manner in addition to the manner provided by the Act:

(a) In the event it is determined under Section 21 hereof that the Buildings in which the Units are located shall not be reconstructed because of major damage, the condominium plan of ownership will be thereby terminated by agreement, subject to the requirement of consent by Eligible Mortgagees set out in Section 21.

(b) The Condominium regime may be terminated at any time by the approval in writing of all of the Unit Owners and by all Eligible Mortgagees. If the proposed termination is submitted to a meeting of the members of the Condominium Association, the notice of which meeting gives notice of the proposed termination, and if the approval of the Unit Owners of not less than seventy-five percent (75%) of the General Common Elements, and of the record owners of liens upon the same seventy-five percent (75%) of the General Common Elements, are obtained not later than thirty (30) days from the date of such meeting, then the approving Unit Owners shall have an option to buy all of the Units of the other Unit Owners by written notice given during the period ending on the sixtieth (60th) day from the date of such meeting.

(c) The option described in subsection (b) of this section shall be exercised by delivery or mailing by registered mail to each of the record Unit Owners of the Units to be purchased of any offer to purchase signed by the record Unit Owners of Units who will participate in the purchase. Such offer shall indicate which Units will be purchased by each participating Unit Owner and shall offer to purchase all of the Units owned by Unit Owners not approving the termination, but the offer shall effect a separate contract between each seller and his purchaser.

(d) The sales price for each Unit shall be the fair market value determined by agreement between the seller and purchaser within thirty (30) days from the delivery or mailing of such offer, and in the absence of agreement by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser. The purchase price shall be paid in cash, and the sale shall be closed within thirty (30) days following the determination of the sale price, whether such determination is by agreement of the parties or pursuant to the arbitration provisions above.

(e) The termination of the Condominium regime shall be evidenced by a certificate of the Condominium Association executed by the President and Secretary certifying as to facts effecting the termination which certificate becomes effective upon being recorded in the Register's Office of Union County, Tennessee.

(f) After termination of the Condominium regime, the Unit Owners shall own the condominium property and the assets of the Condominium Association as tenants in common in undivided shares, and their respective Mortgages and lienors shall have Mortgages and liens upon the respective undivided shares of the Unit Owners which shall be the same as the undivided shares in the Common Elements appurtenant to the Unit Owners' Units prior to the termination.

28. Easements.

(a) In the event of any portion of the Common Elements encroaches upon any Unit or any Unit encroaches upon the Common Elements or any other Unit as a result of the construction, reconstruction, repair, shifting, settlement, or movement of any portion of the Property, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

(b) The Condominium Association shall have the right and power to grant easements, permits, and licenses upon, across, over, and under all or any portion of the Common Elements for ingress, egress, installation, replacing, repairing, or maintaining all utilities, including but not limited to water, gas, electricity, telephone, sewers, and cable, and for all other purposes reasonably necessary or useful for the proper maintenance and operation of Waterside at Norris Lake.

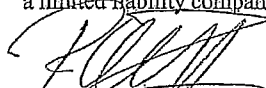
29. Severability. The invalidity in whole or in part of any covenant or restriction, or any section, subsection, sentence, clause, phrase, or word, other provision of this Master Deed, the Condominium Charter, the Condominium Bylaws, or the Condominium Rules and Regulations shall not affect the validity of the remaining portions thereof.

30. Power of Attorney. The Condominium Association is hereby irrevocably appointed as agent and attorney-in-fact for the Unit Owners of all of the Units and for each of them, to manage, control, and deal with the interests of such Unit Owners in the Common Elements of the Condominium to permit the Condominium Association to fulfill all of its powers, rights, functions and duties. The Condominium Association is hereby irrevocably appointed as agent and attorney-in-fact for each Unit Owner, each mortgagee (including, without limitations, the Eligible Mortgagees), other named insureds and their beneficiaries, and any other holder of a lien or other interest in the Condominium or the Property, to adjust and settle all claims arising under insurance policies purchased by the Condominium Association and to execute and deliver releases upon the payment of claims. The Condominium Association may grant and accept easements and licenses pursuant to applicable law and this Master Deed. The Condominium Association shall have the full power to assert, defend, compromise, adjust, and settle claims or actions related to the Common Elements. All of the appointments in this Section shall be and are coupled with a legal interest.

31. Availability of Documents. The Condominium Association shall make available, upon request, to all Unit Owners, to all lenders whose loans are secured by any property in Waterside at Norris Lake, and to the holders and insurers of all first Mortgages encumbering any Unit, current copies of this Master Deed and any recorded amendments, the Condominium Bylaws, all rules governing the Condominium (including the Condominium Rules and Regulations), and all other books, records, and financial statements of the Condominium Association. The Condominium Association shall make available, upon request, to prospective purchasers of Units current copies of this Master Deed and any recorded amendments, the Condominium Bylaws, all rules governing the Condominium (including the Condominium Rules and Regulations), and the most recent annual financial statement of the Condominium Association (if such financial statement is prepared). The foregoing documentation shall be available for inspection upon request, during normal business hours or under other reasonable circumstances. Upon written request from any federal or state agency or corporation that has an interest or prospective interest in the Condominium, the Condominium Association shall prepare and furnish within a reasonable time to a financial statement of the Condominium Association for the immediately preceding fiscal year.

IN WITNESS WHEREOF, the Developer has executed this Master Deed as of the day and year first above written.

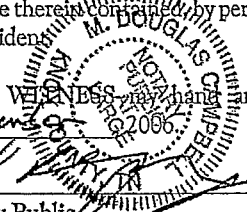

WATERSIDE GROUP, LLC
a limited liability company



Rufus H. Smith III, President

STATE OF TENNESSEE
COUNTY OF KNOX

PERSONALLY appeared before me, the undersigned authority, a Notary Public in and for said County and State, Rufus H. Smith III, with whom I am personally acquainted, and who acknowledged himself to be the president of Waterside Group, LLC, the within named bargainor, a limited liability company, and that s(he) as such president, executed the foregoing instrument for the purpose therein contained by personally signing the name of the limited liability company by himself as president.

and official seal, at office in Knox County, this 14th day of November, 2006.

Notary Public

My Commission Expires: MY COMMISSION EXPIRES 05/7/2007

LIST OF EXHIBITS

Exhibit A	Legal Description of the Land
Exhibit B	Condominium Charter
Exhibit C	Condominium Bylaws
Exhibit D (collective)	Plat
Exhibit E (collective)	Floor Plans

EXHIBIT A
TO MASTER DEED

Prepared by:
Southland Engineering Consultants, LLC
4909 Ball Road
Knoxville, Tennessee 37931
Phone: 865-694-7756
Fax: 865-693-9699

SITUATED, LYING, and BEING in the Fourth (4th) Civil District of Union County, Tennessee, and without the corporate limits of any municipalities, and being more particularly bounded and described as follows:

BEGINNING at an iron, said iron pin is being located North 75 degrees 47 minutes 13 seconds East, 127.83 feet from the TVA monument CR53R, thence from said POINT OF BEGINNING, North 38 degrees 12 minutes West, 47.56 feet to a point; thence North 43 degrees 09 minutes East, 40.52 feet to a point; thence North 58 degrees 28 minutes East, 17.50 feet to a point; thence North 68 degrees 27 minutes East, 65.08 feet to a point; thence North 79 degrees 02 minutes East, 29.11 feet to a point; thence North 52 degrees 11 minutes East, 8.86 feet to a point; thence North 53 degrees 38 minutes East, 33.17 feet to a point; thence North 39 degrees 11 minutes East, 29.01 feet to a point; thence North 53 degrees 52 minutes East, 15.78 feet to a point; thence North 39 degrees 11 minutes East, 12.75 feet to a point; thence North 33 degrees 31 minutes East, 27.04 feet to a point; thence North 28 degrees 04 minutes East, 61.00 feet to a point; thence North 43 degrees 47 minutes East, 71.73 feet to a point; thence North 37 degrees 07 minutes East, 43.04 feet to a point; thence North 46 degrees 24 minutes East, 77.41 feet to a point; thence North 46 degrees 43 minutes East, 33.34 feet to a point; thence North 47 degrees 13 minutes East, 50.73 feet to a point; thence North 52 degrees 00 minutes East, 44.89 feet to a point; thence North 52 degrees 36 minutes East, 42.88 feet to a point; thence North 67 degrees 49 minutes East, 19.07 feet to a point; thence North 52 degrees 19 minutes East, 43.49 feet to a point; thence North 29 degrees 37 minutes East, 10.99 feet to a point; thence North 52 degrees 10 minutes East, 35.54 feet to a point; thence North 86 degrees 44 minutes East, 6.64 feet to a point; thence North 42 degrees 56 minutes East, 35.49 feet to a point; thence North 48 degrees 17 minutes East, 14.57 feet to a point; thence North 54 degrees 08 minutes East, 36.64 feet to a point; thence North 50 degrees 14 minutes East, 23.86 feet to a point; thence North 39 degrees 17 minutes East, 23.35 feet to a point; thence North 42 degrees 34 minutes East, 13.66 feet to a point; thence North 49 degrees 15 minutes East, 10.40 feet to a point; thence North 72 degrees 41 minutes East, 29.09 feet to a point; thence South 42 degrees 22 minutes East, 19.69 feet to a point; thence South 01 degrees 52 minutes East, 9.55 feet to a point; thence South 06 degrees 27 minutes West, 47.24 feet to a point; thence South 13 degrees 53 minutes West, 17.70 feet to a point; thence South 18 degrees 02 minutes West, 27.70 feet to a point; thence South 15 degrees 10 minutes West, 14.69 feet to a point; thence South 05 degrees 55 minutes West, 19.96 feet to a point; thence South 00 degrees 45 minutes West, 14.50 feet to a point; thence South 36 degrees 22 minutes East, 6.26 feet to a point; thence South 07 degrees 01 minutes West, 33.63 feet to a point; thence South 30 degrees 47 minutes West, 13.59 feet to a point; thence South 14 degrees 26 minutes West, 34.73 feet to a point; thence South 13 degrees 04 minutes West, 23.45 feet to a point; thence South 10 degrees 52 minutes West, 21.68 feet to a point; thence South 07 degrees 21 minutes West, 58.56 feet to a point; thence South 12 degrees 26 minutes West, 29.30 feet to a point; thence South 15 degrees 33 minutes West, 18.82 feet to a point; thence South 17 degrees 55 minutes West, 31.07 feet to a point; thence South 49 degrees 18 minutes West, 2.29 feet to a point; thence South 29 degrees 38 minutes West, 9.84 feet to a point; thence South 07 degrees 02 minutes East, 7.01 feet to a point; thence South 19 degrees 23 minutes West, 40.10 feet to a point; thence South 20 degrees 33 minutes West, 256.05 feet to a point; thence South 25 degrees 50 minutes West, 30.28 feet to a point; thence South 22 degrees 00 minutes West, 32.90 feet to a point; thence South 15 degrees 59 minutes West, 53.63 feet to a point; thence South 20 degrees 07 minutes West, 27.44 feet to a point; thence South 17

degrees 36 minutes West, 16.08 feet to a point; thence South 13 degrees 57 minutes West, 16.08 feet to a point; thence South 11 degrees 25 minutes West, 14.20 feet to a point; thence South 14 degrees 29 minutes West, 14.26 feet to a point; thence South 19 degrees 27 minutes West, 20.59 feet to a point; thence South 25 degrees 56 minutes West, 32.64 feet to a point; thence South 21 degrees 53 minutes West, 7.32 feet to a point; thence South 15 degrees 52 minutes West, 18.32 feet to a point; thence South 75 degrees 45 minutes West, 109.52 feet to a point; thence North 84 degrees 52 minutes West, 47.55 feet to a point; thence North 67 degrees 26 minutes West, 12.01 feet to a point; thence South 24 degrees 53 minutes West, 29.63 feet to a point; thence North 53 degrees 59 minutes West, 30.85 feet to a railroad spike; thence North 24 degrees 53 minutes East, 162.60 feet to an iron pin; thence North 60 degrees 24 minutes West, 8.94 feet to an iron pin; thence North 60 degrees 51 minutes West, 195.46 feet to an iron pin; thence North 39 degrees 28 minutes West, 161.46 feet to an iron pin; thence South 41 degrees 40 minutes West, 51.94 feet to an iron pin, the POINT OF BEGINNING, and containing 7.392 acres according to a boundary plat by Southland Engineering Consultants, LLC, dated September 22, 2006 and bearing Drawing NBD05-06-BD-WS.

This tract is subject to a 25 foot wide Ingress and Egress Easement, 12.5' on each side of the centerline and contains 11,967 square feet (0.275 acres), as retained by Smithbilt Marinas, LLC in Warranty Deed dated 11-14-06, 2006 and recorded in Book 2-7, Page 70 in the Register's Office for Union County, Tennessee, described as follows:

To find the point of Beginning, start at the TVA monument CR53R, thence following three calls: North 75 degrees 47 minutes 13 seconds East, 127.83 feet to an iron pin; North 41 degrees 40 minutes East, 51.94 feet to an iron pin; South 39 degrees 28 minutes East, 139.02 feet to the POINT OF BEGINNING, thence from said POINT OF BEGINNING and with the centerline of the 25' wide Ingress and Egress Easement, North 56 degrees 20 minutes East, 23.31 feet to a point; thence with a curve to the right having an arc of 27.41 feet, a radius of 25.00 feet and a chord of North 87 degrees 45 minutes East, 26.06 feet to a point; thence South 60 degrees 51 minutes East, 205.10 feet to a point; thence with a curve to the right having an arc distance of 31.99 feet, a radius of 22.5 feet and a chord of South 20 degrees 07 minutes East, 29.36 feet to a point; thence South 20 degrees 36 minutes West, 66.40 feet to a point; thence with a curve to the right having an arc distance of 23.00 feet, a radius of 50.00 feet and a chord of South 23 degrees 47 minutes West, 22.79 feet to a point; thence South 46 degrees 58 minutes West, 52.13 feet to a point; thence with a curve to the left having an arc distance of 16.27 feet, a radius of 50.00 feet and a chord of South 37 degrees 38 minutes West, 16.20 feet to a point on the right-of-way of Andersonville Boat Dock Road, according to a boundary plat by Southland Engineering Consultants, LLC, dated September 22, 2006 and bearing Drawing NBD05-06-BD-WS.

BEING THE SAME PROPERTY conveyed to Waterside Group, LLC by Warranty Deed from Smithbilt Marinas, LLC dated 11-14-06, 2006 and recorded in Book 2-7, Page 70 in the Register's Office for Union County, Tennessee.

RECEIVED
STATE OF TENNESSEE
2006 OCT 19 PM 12:44

RILEY DARNELL
SECRETARY OF STATE

CHARTER

OF

WATERSIDE AT NORRIS LAKE CONDOMINIUM ASSOCIATION, INC.

The undersigned, acting as the incorporator under the Tennessee Nonprofit Corporation Act, hereby adopts the following charter for and on behalf of Waterside at Norris Lake Condominium Association, Inc. (the "Corporation"):

1. **Name.** The name of the Corporation is Waterside at Norris Lake Condominium Association, Inc.

2. **Mutual Benefit.** The Corporation is a mutual benefit corporation.

3. **Registered Office and Agent.** The address of the registered office of the Corporation is 1801 First Tennessee Plaza, Knoxville, Knox County, Tennessee 37929. The name of the registered agent at that office shall be M. Douglas Campbell, Jr.

4. **Incorporator.** The name of the sole incorporator is M. Douglas Campbell, Jr., whose address is 1801 First Tennessee Plaza, Knoxville, Knox County, Tennessee 37929.

5. **Principal Office.** The street address of the principal office of the Corporation is 4909 Ball Road, Knoxville, Tennessee 37931.

6. **Not-for-Profit.** The Corporation is not for profit.

7. **Members.** The Corporation shall have members. Members shall be owners of units in the Condominium and shall be admitted to membership in accordance with the criteria and procedures established in the bylaws of the Corporation, and no other persons or legal entities shall be entitled to membership.

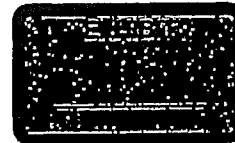
8. **Distribution of Assets Upon Dissolution.** Upon the dissolution of the Corporation;

a. all liabilities and obligations of the Corporation shall be paid and discharged, or adequate provision shall be made therefor;

b. assets held by the Corporation upon condition requiring return, transfer, or conveyance, which condition occurs by reason of dissolution, shall be returned, transferred, or conveyed in accordance with such requirements; and

c. all remaining assets of the Corporation shall be disposed of in such manner as the members direct, but in all events in a manner consistent with the terms of the Tennessee

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RECORD FEE: \$7.00
M. TAX: \$0.00 T. TAX: \$0.00



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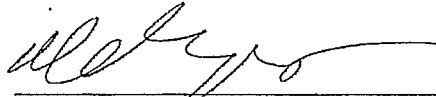
Nonprofit Corporation Act and applicable law.

9. **Purpose.** The purpose for which the Corporation is organized is to operate and manage the Condominium for the use and benefit of the owners of units in the Condominium, as the agent of such owners. A Master Deed has been or will be recorded in the Register's Office for Union County, Tennessee (the "Master Deed"). As used herein, the term "Condominium" refers to the horizontal property regime to be established by the Master Deed, which shall be known as Waterside at Norris Lake Condominiums.

10. **Limitation of Liability.** The liability of any member, director, officer, employee or agent of the Corporation, and their respective successors in interest, shall be eliminated and limited to the fullest extent allowed under the Tennessee Nonprofit Corporation Act, as amended from time to time, or any subsequent law, rule or regulation adopted in lieu thereof.

11. **Indemnification.** The Corporation may indemnify and advance expenses to any member, director, officer, employee or agent of the Corporation, and their respective successors in interest, to the fullest extent allowed by the Tennessee Nonprofit Corporation Act, as amended from time to time, or any subsequent law, rule or regulation adopted in lieu thereof.

IN WITNESS WHEREOF, this Charter is executed this 18th day of October, 2006.


(M. Douglas Campbell, Jr., Incorporator)

5875.8483



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PAGE: 2 OF 2

BYLAWS
OF
WATERSIDE AT NORRIS LAKE CONDOMINIUM ASSOCIATION, INC.
A CORPORATION NOT FOR PROFIT

I. GENERAL PURPOSE

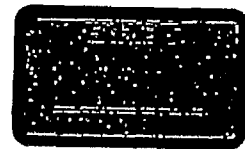
Waterside at Norris Lake Condominium Association, Inc. (the "Condominium Association") has been organized for the purpose of administering the operation and management of condominium facilities for the use and benefit of the unit owners in "Waterside at Norris Lake," a condominium regime located or to be located in Union County, Tennessee (herein referred to as "Waterside at Norris Lake"), which is more particularly described in a Master Deed creating such condominium recorded or to be recorded in the Register's Office for Union County, Tennessee (the "Master Deed"). The terms and provisions of these Condominium Bylaws are expressly subject to the terms, provisions, conditions and authorizations contained in the Charter of Waterside at Norris Lake Condominium Association, Inc. (the "Charter") and the Master Deed. The terms and provisions of such Charter and Master Deed are incorporated herein by reference and shall be controlling wherever the same may be in conflict herewith. For purposes of these Condominium Bylaws, capitalized terms shall have the meaning set forth in the Master Deed unless otherwise defined or the context so requires.

II. MEMBERSHIP AND VOTING RIGHTS

A. Membership. Each person who is a record owner of a fee interest in a Unit, as determined by the deed to such Unit, shall automatically be a member of the Condominium Association (hereinafter referred to as "Member"). Subject to Section H of Article III, the record owner of each Unit is entitled to one (1) vote in the affairs of the Condominium Association. In the event one (1) or more persons own a Unit as co-tenants, such persons, as Members, shall deliver to the Secretary of the Condominium Association a certificate signed by all such Members designating one (1) Member who shall cast the vote related to such Unit. The vote of the Unit shall be cast by the Member named in the certificate, and such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such Members shall not be considered in determining the requirement for a quorum, nor for any other purpose.

B. Change of Membership. Change of membership shall be accomplished by recording in the Union County Register's Office a deed or other instrument establishing record title to a Unit, and delivery to the Secretary of the Condominium Association a certified copy of such instrument. The membership of the prior Unit Owner in the Condominium Association shall be thereby terminated.

C. Suspension of Rights. The membership and voting rights of any Member may be suspended by the Condominium Board of Directors for any period during which any Assessment



against the Unit to which its membership is appurtenant remains unpaid; but upon payment of such Assessments, and any interest accrued thereon, its rights and privileges shall be restored as of the date of payment. Further, if Condominium Rules and Regulations governing the use of the Property and the conduct of persons thereon have been adopted and published, as authorized in these Condominium Bylaws, the rights and privileges of any person in violation thereof or in violation of the provisions hereof may be suspended at the discretion of the Condominium Board of Directors.

D. Proxies. Proxy ballots shall be permitted with respect to all elections of Directors, and all amendments to the Charter, the Master Deed or these Condominium Bylaws, or any other matter which is to come before a meeting of the membership of the Condominium Association. All proxies shall be in writing, signed by the individual Unit Owner or Owners (or in the case of joint owners by the person named in the certificate described in Section A of this Article II), or by his or her duly authorized representative(s) and delivered to the Secretary of the Condominium Association, or such other person as the President may designate, at least twenty-four (24) hours prior to the commencement of the meeting at which ballots are to be cast.

III. MEETINGS OF MEMBERS

A. Place of Meetings. All meetings of the Members of the Condominium Association shall be held at the Property or at such other place convenient to the Members as may be designated by the Condominium Board of Directors or the President.

B. First Annual Meeting and Regular Annual Meetings. The first annual meeting of the Members shall be held on such date as is fixed by the Board of Directors, which date shall in no event be later than the expiration of the Developer Control Period. Thereafter, annual meetings shall be held on such date as selected by the Board which is within thirty (30) days before or after the first anniversary of the first annual meeting of the Members. At such meeting, the election of Directors shall take place and the Members may transact such other business as may properly come before them.

C. Special Meetings. Special meetings of Members may be called by the President whenever he or she deems such a meeting advisable or shall be called by the secretary when ordered by a majority of the Condominium Board of Directors, or upon the written request of Members of the Condominium Association representing at least twenty percent (20%) of all votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted upon.

D. Notice. Notice of all Members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Condominium Association, or other officer of the Condominium Association in absence of said officers, to each Member, unless waived in writing, such notice to be written or printed and to state the time and place and purpose for which the meeting is called. Such notice shall be given to each Member not less than ten (10) days nor more than thirty

(30) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each Member within said time.

E. Quorum and Adjourned Meetings. A quorum at a Members' meeting shall consist of persons entitled to cast a majority of the votes of the entire membership; provided, however, that in the case of the election of members of the Condominium Board of Directors, a quorum shall consist of a majority of the Owners of Units in each Building with respect to which directors are to be elected in accordance with Section A of Article IV. In the absence of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum shall be present or represented.

F. Action by Written Consent. Whenever Members of the Condominium Association are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the persons entitled to vote thereon.

G. Organization. At each meeting of the Condominium Association, the President, or, in his or her absence, the Vice-President, or in their absence, Members present in person or represented by proxy and entitled to vote thereat, shall act as a chairperson, and the Secretary, or in his or her absence, a person whom the chairperson shall appoint, shall act as Secretary of the meeting.

H. Voting. During the Developer Control Period, the Developer shall have the only vote in the affairs of the Condominium Association. Following the Developer Control Period, the Unit Owner or Owners of each Unit shall collectively have one (1) vote in the affairs of the Condominium Association. Except as otherwise required by the Charter, the Master Deed, these Bylaws or any law, the affirmative vote of a majority of the votes represented at any duly called Members' meeting at which a quorum is present shall be binding upon the Members. The election of directors shall be by a secret ballot.

I. Member in Good Standing. A Member shall be deemed to be in good standing and entitled to vote at any annual meeting or at any special meeting if and only if all Assessments appertaining to his or her Unit(s) have been paid, together with all interest, costs, attorneys' fees, penalties and other expenses, if any, properly chargeable to him or her and to his or her Unit or Units, at least three (3) days prior to the date fixed for such meeting.

J. Order of Business. The order of business at the annual meeting of the Members or at any special meetings insofar as practicable shall be:

- (1) Roll Call (or check-in procedure)
- (2) Proof of notice of said meeting or waiver of notice
- (3) Reading of minutes of preceding meeting
- (4) Establish number and term of memberships of the Condominium Board of Directors (if required and noticed)
- (5) Reports of Committees

- (6) Election of directors (if required and noticed)
- (7) Unfinished Business
- (8) New Business
- (9) Ratification of Budget (if required and noticed)
- (10) Adjournment

IV. CONDOMINIUM BOARD OF DIRECTORS

A. Number and Qualification. The Condominium Board of Directors shall consist of the number of Buildings, multiplied by two (2). At least a majority of the Condominium Board of Directors shall be Members of the Condominium Association, or shall be authorized representatives, officers or employees of the Developer. Provided, however, during the Developer Control Period as provided in the Master Deed, the Developer shall have the right to designate and select the persons who shall serve as members of the Condominium Board of Directors, who need not be Members. Thereafter, each group of Members who own Units in a Building shall be entitled to elect two (2) directors by a majority vote of such group of Members and the Developer shall be entitled to vote for election of directors in proportion to the number of Units it owns in such Building in the same manner as other Owners of Units in such Building are allowed under these Condominium Bylaws, which is one vote per Unit.

B. Term of Office. During the Developer Control Period, the Directors shall serve such term as the Developer specifies. For the first Condominium Board of Directors elected by the Unit Owners after the expiration of the Developer Control Period, the initial term of office of each director elected by a group of Members who own Units in a Building who received the higher number of votes of the two (2) directors elected by such group of Members shall be established at two (2) years, and the term of office of the other director elected by each such group of Members shall be established at one (1) year. After the expiration of the initial term of office of each member of the Condominium Board of Directors elected by the Unit Owners, his or her successors shall be elected to serve a term of two (2) years, which term shall expire at the second annual meeting following their election, or until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law.

C. Organizational Meeting. The organizational meeting of a newly elected Condominium Board of Directors shall be held within fourteen (14) days of their election at such time and at such place as shall be fixed by the directors at the Condominium Association meeting at which they were elected, and no further notice of the organizational meeting shall be necessary in order to legally constitute such a meeting, providing a quorum of the Condominium Board of Directors shall be present.

D. Regular Meetings. Regular meetings of the Condominium Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings shall be

given by the Secretary or other designated person to each director, personally or by mail, telephone or telefax, at least three (3) days prior to the day named for such meetings, unless notice is waived.

E. Special Meetings. Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of any two (2) directors. Not less than three (3) days' notice of a meeting shall be given to each director personally, by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. Waiver of Notice. Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice. Actual attendance by a Condominium Board of Directors member at any meeting of the Board shall be deemed a waiver of notice by him or her. If all directors are present at any meeting of the Condominium Board of Directors, no notice shall be required and any business may be transacted at such meeting. In the discretion of the Condominium Board of Directors, meetings of the Condominium Board of Directors, or portions thereof, may be open to Members of the Condominium Association for observation or participation in such manner and to the extent the Condominium Board of Directors may deem appropriate.

G. Quorum and Adjourned Meetings. At all meetings of the Condominium Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business and acts of the majority of directors present at a meeting at which a quorum is present shall be acts of the Condominium Board of Directors, unless otherwise provided in the Charter and/or the Master Deed. If any directors' meeting cannot be organized because a quorum has not attended, the directors who are present may adjourn the meeting from time to time until a quorum is present.

H. Removal of Members of the Board of Directors. During the Developer Control Period, a director may be removed at any time by the Developer with or without cause, and a successor may then be appointed by the Developer to fill the vacancy thus created. Following the expiration of the Developer Control Period, any director may be removed with or without cause at any duly held regular or special meeting of the Condominium Association by a majority of the votes held by the group of Members who elected such director, and a successor may be then and there elected to fill the vacancy thus created. Each person so elected shall be a director for the remainder of the term of the director whose term he or she is filling and until his or her successor is duly elected and qualified. Any director whose removal has been proposed shall be given at least ten (10) days' notice of the calling of the meeting and an opportunity to be heard at the meeting.

I. Vacancies. Vacancies on the Condominium Board of Directors caused by any reason other than the removal of a director by a vote of the Members of the Condominium Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Condominium Board of Directors held for that purpose promptly after the occurrence of any such vacancy; provided, however, in the event that the vacancies on the Condominium Board of Directors result in one (1) or fewer directors remaining on the Condominium Board of Directors, a special meeting of the Condominium Association shall be called by the President in order to fill such vacancies;

provided, further, that any director so elected to fill a vacancy shall be an Owner of a Unit in the Building, the Unit Owners of which originally elected the director whose ceasing to be a director caused such vacancy. Each person so elected at a special meeting of the Condominium Association shall serve as a director for the remainder of the term of the director whose term he or she is filling and until his or her successor is duly elected and qualified. If the vacancy has been filled by a vote of the remaining directors, each person so elected shall be a director until his or her successor is elected at the next meeting of the Condominium Association.

J. Action without a Meeting. Any action by the Condominium Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the Condominium Board of Directors.

K. Powers and Duties. The Condominium Board of Directors may act in all instances on behalf of the Condominium Association, except as provided by the Master Deed, these Condominium Bylaws, the Act or other applicable law, and shall have the powers and duties necessary for the administration of the affairs of the Condominium Association and of Waterside at Norris Lake Condominiums, which shall include, but not be limited to, the following:

1. To make, levy and collect Assessments against Members and Members' Units to defray the costs of the operation and maintenance of Common Elements, and to use the proceeds of said Assessments in the exercise of the powers and duties granted unto the Condominium Association;

2. To cause the Common Elements to be maintained according to accepted standards established by the Condominium Association and as set forth in the Master Deed;

3. To make and amend Condominium Rules and Regulations governing the use of the Property, for the use and benefit of the Members, so long as such Condominium Rules and Regulations and limitations which may be placed upon the use of such Property do not conflict with the terms of the Charter and/or the Master Deed;

4. To acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, as may be necessary or convenient in the operation and management of the Common Elements and in accomplishing the purposes set forth in the Charter;

5. To contract for the management of the Condominium Association, and to delegate to such manager all of the powers and duties of the Condominium Association, subject to the limitations of the Master Deed and the Act;

6. To comply with and to enforce by legal means all terms and conditions of the Master Deed, the Charter, these Condominium Bylaws and any Condominium Rules and Regulations hereafter promulgated governing the use of Waterside at Norris Lake Condominiums.

7. To pay all taxes and assessments which are liens against any part of the Property and to assess the same against any part of the Property and to assess the same against the Members and their respective Units;

8. To carry insurance for the protection of the Members and the Condominium Association as provided in the Master Deed;

9. To employ personnel (including, without limitation, attorneys and accountants) for reasonable compensation to perform the services required for proper administration of the Condominium Association;

10. To borrow money for any legitimate purposes which may be necessary for the improvement, maintenance, and well-being of the Property, the repayment of which shall be Common Element Expenses;

11. To cause to be kept a complete record of all its acts and corporate affairs and to present a summary report thereof to the Members at the annual meeting or at any special meeting;

12. To delegate to Members responsibilities concerning the maintenance, repair, and replacement and insurance of portions of the Property; and

13. To exercise any other power necessary and proper for the governance of the Condominium Association.

L. Eligibility of Directors. Nothing contained in these Condominium Bylaws shall prohibit a director from being an officer, nor preclude the Condominium Board of Directors from employing a director as an employee of the Condominium Association or contracting with a director for the management of Waterside at Norris Lake Condominiums Association, Inc. subject, however, to the limitations contained herein and in the Master Deed.

M. Building Committees. There shall be a standing committee (the "Building Committees") with respect to each Building, which shall be composed of the two (2) directors elected by the group of Members who own Units in such Building (the "Applicable Building") and such other individuals as such directors may select. Each Building Committee shall have the following power, authority and duties in connection with the operation of the Applicable Building:

1. To establish reasonable Building Rules and Regulations concerning the use of the Applicable Building. Such Building Rules and Regulations shall be consistent with the Condominium Rules and Regulations, and in the event of a conflict with the Condominium Rules and Regulations, the Condominium Rules and Regulations shall control.

2. To establish budgets for the operation, maintenance, repair and replacement of the Building Common Elements of the Applicable Building, which shall be subject to the reasonable approval of the Condominium Board of Directors. Such budgets shall serve as the basis for the determination by the Condominium Board of Directors of the appropriate amount of Assessments attributable to Building Common Elements for each Building.

3. To cause the Building Common Elements for the Applicable Building to be maintained according to accepted standards established by the Condominium Association and as set forth in the Master Deed; provided, however, any structural modifications of the Applicable Building and any modifications to the exterior of the Applicable Building (including painting and roof repairs) shall be subject to the approval of the Condominium Board of Directors and the Building Committee shall submit the plans and specifications and such other information as the Condominium Board of Directors may require with respect to any such modification to the Condominium Board of Directors for their approval prior to undertaking any such modification. In the event the Condominium Board of Directors determines that a Building Committee has failed to cause the Applicable Building to be properly maintained, the Condominium Board of Directors may so cause the Applicable Building to be maintained. The cost of any modification to the Building Common Elements of a Building shall be paid from the portion of the Assessments paid by the Unit Owners of such Building that is attributable to Building Common Element Expense.

4. To enforce by legal means all terms and conditions of the Master Deed, the Charter, these Condominium Bylaws, the Condominium Rules and Regulations and the Building Rules and Regulations, in each case as such apply to the Applicable Building.

V. OFFICERS

A. Designation. The executive officers of the Condominium Association shall be a President, who shall be a director, a Treasurer and a Secretary, all of whom shall be elected annually by the Condominium Board of Directors at any meeting. The Condominium Board of Directors may also appoint such other officers as in its judgment may be necessary to manage the affairs of the Condominium Association. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary.

B. Election of Officers. The officers of the Condominium Association shall be elected annually by the Condominium Board of Directors at the first Condominium Board of Directors meeting following each annual meeting of the Members and such officers shall hold office at the pleasure of the Condominium Board of Directors.

C. Removal of Officers. Upon any affirmative vote of a majority of the full number of directors, any officer may be removed, either with or without cause, after opportunity for a hearing, and his or her successor elected at any regular meeting of the Condominium Board of Directors, or at any special meeting of the Condominium Board of Directors called for such purposes.

D. Duties and Responsibilities of Officers.

1. The President shall be the chief executive officer of the Condominium Association. He or she shall preside at all meetings of the Condominium Association and the Condominium Board of Directors. He or she shall have all the powers and duties which are usually vested in the office of the President of an association including but not limited to the power to appoint committees from among the Members from time to time, as he or she may in his or her discretion determine appropriate, to assist in the conduct of the affairs of the Condominium Association.

2. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. If neither the President nor the Vice-President are able to act, the Condominium Board of Directors shall appoint some other person to do so on an interim basis. He or she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

3. The Secretary shall keep the minutes of all proceedings of the Condominium Board of Directors and the Members and shall keep the minute book and record all proceedings therein. He or she shall attend to the giving and serving of all notices to the Members and directors, and such other notices required by law. He or she shall keep the books and records of the Condominium Association, except those of the Treasurer, and shall perform all other duties incident of the office of the Secretary of an association and as may be required by the directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary when the Secretary is absent.

4. The Treasurer shall have custody of all of the property of the Condominium Association, including funds, securities and evidences of indebtedness. He or she shall keep the Assessment rolls and accounts of the Members; he or she shall keep the books of the Condominium Association in accordance with good accounting practices; and he or she shall perform all other duties incident to the office of Treasurer.

VI. COMPENSATION, INDEMNIFICATION AND EXCULPABILITY OF OFFICERS, DIRECTORS AND COMMITTEE MEMBERS.

A. Compensation. No compensation shall be paid to the President or any officer or any director or committee member for acting as such officer or director. Nothing herein stated shall prevent any officer or director, or committee member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Condominium Association; provided, however, that any such expenses incurred or services rendered shall have been authorized in advance by the Condominium Board of Directors.

B. Indemnification. Each director, officer or committee member of the Condominium Association shall be indemnified by the Condominium Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him or her in connection

with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason or his or her being or having been a director, committee member or agent of the Condominium Association or in any settlement thereof, whether or not he or she is a director or officer at the time such expenses are incurred, except in such cases wherein he or she is adjudged guilty of willful misfeasance or gross negligence in the performance of his or her duties; provided that in the event of a settlement the indemnification herein shall apply only when the Condominium Board of Directors approves such settlement and reimbursement as being in the best interest of the Condominium Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer or committee member may be entitled.

C. Exculpability. Unless acting in bad faith, neither the Condominium Board of Directors as a body nor any director, officer, committee member or agent of the Condominium Association, shall be personally liable to any Member in any respect for any action or lack of action arising out of the execution of his or her office. Each Member shall be bound by the good faith actions of Condominium Board of Directors, officers, committee members or agents of the Condominium Association, in the execution of the duties of said directors, officers, committee members or agents.

VII. FISCAL MANAGEMENT

A. Annual Assessments.

1. The Condominium Board of Directors shall adopt a budget for each fiscal year of the Condominium Association and such budget shall contain estimates of the amount of monies deemed necessary for the General Common Element Expenses and Building Common Element Expenses, the manner of expenditure thereof and the proposed Assessments against each Unit Owner. Each Unit Owner shall be obligated to pay his or her proportionate share of the General Common Element Expenses and Building Common Element Expenses assessed against him by the Condominium Board of Directors in accordance with the Master Deed. The timing and due dates of such payments shall, subject to the terms of the Master Deed, be established by the Condominium Board of Directors. As provided in the Master Deed, the Developer is not required to pay assessments or dues on unsold Units or Units owned by the Developer.

2. The Condominium Board of Directors shall give notice to each Unit Owner, in writing, of the amount estimated by the Condominium Board of Directors for General Common Element Expenses and Building Common Element Expenses for the management and operation of the Condominium Association for the next ensuing budget period and the proposed annual Assessments, directed to the Unit Owner at his or her last known address by ordinary mail, or by hand delivery. Said notice shall be conclusively presumed to have been delivered five (5) days after deposit in the United States mail.

3. The portion of the Assessments and expenditures attributable to Building Common Element Expenses for each Building shall be segregated on the books and records of the

- Condominium Association; and the portion of Assessment attributable to Building Common Element Expenses that are paid by Unit Owners within a Building may only be expended for Building Common Element Expenses for that Building.

4. The omission by the Condominium Board of Directors, before the expiration of any year, to fix the Assessment thereunder for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of the Master Deed and Condominium Bylaws or a release of any Unit Owner from the obligation to pay the Assessments, or an installment thereof for that or any subsequent year, but the Assessment fixed for the preceding year shall continue until a new Assessment is fixed.

B. Special Assessments. In addition to the annual Assessments authorized by Section A of this Article VII, the Condominium Board of Directors may levy, in any Assessment year, a Special Assessment, applicable to that year only, for the purposes of defraying, in whole or in part, any unexpected expenses or for other lawful purposes, provided that any such Special Assessment shall be apportioned in the same manner as a regular Assessment and shall receive the assent of seventy-five percent (75%) of all of the votes eligible to be cast by all of the Members.

C. Reserves. The Condominium Board of Directors shall not be obligated to expend all of the Assessments collected in any accounting period, but must establish and maintain reasonable reserves for the periodic maintenance, repair and replacement of the Common Elements, which reserves will be established and maintained out of the annual Assessments.

D. Working Capital. In order to ensure that the Condominium Association will have funds to meet unforeseen expenditures or to purchase equipment and services during the initial start up operations of the Condominium Association, each Unit Owner, excluding the Developer, shall pay an amount equal to two (2) months' estimated annual Assessments of each Unit to the Condominium Association at the time of the closing of any initial purchase of the Unit from the Developer. Such amounts shall not be considered advance payment of regular annual Assessments which are required to be paid by each Unit Owner under Section A of this Article VII. The Condominium Association shall maintain the amounts collected in a working capital fund for the use and benefit of the Condominium Association.

E. Depository. The depository of the Condominium Association shall be such bank or banks and/or federal savings and loan associations as shall be designated from time to time by the directors and in which the monies of the Condominium Association shall be deposited. Withdrawal of monies from such accounts shall be by such persons as are authorized by the directors.

F. Tax Returns. The annual federal income tax return of the Association (plus such other federal, state or local tax returns or filing which the Association is required to file or submit) shall be prepared by a certified public accountant selected and designated by the Board of Directors. In addition, the Board of Directors by resolution may require for each and/or any year a compilation, review or audit of the books, records and accounts of the Association duly performed by a certified

public accountant. The cost of the compilation, review or audit, as the case may be, shall be an expense of the Association to be paid from member dues and assessments. If such compilation, review or audit shall be conducted, a copy of any report(s) generated as a result thereof shall be provided to each Member upon written request.

G. Examination of Books and Records. The Condominium Board of Directors shall keep a book with a detailed account, in chronological order, of the receipts and expenditures affecting Waterside at Norris Lake Condominiums and its administration and specifying the maintenance and repair expense of the Common Elements and any other expenses incurred. Such book, the vouchers accrediting the entries made thereon, copies of the Master Deed, these Condominium Bylaws, the Condominium Rules and Regulations and other books, records and financial statements of the Condominium Association shall be maintained at the principal office of the Condominium Association and shall be available for inspection by Members or by holders, insurers and guarantors of Mortgages that are secured by Units in Waterside at Norris Lake Condominiums during normal business hours or under any other reasonable circumstances.

H. Management Contracts. The Condominium Association may enter into professional management contracts or other agreements; provided, however, that each such contract or other agreement shall contain a right of termination with or without cause that the Condominium Association can exercise at any time after the end of the Developer Control Period; such right to be exercised without penalty on advance notice of more than ninety (90) days.

I. Fidelity Bonds. The Condominium Association shall, subject to the provisions of the Master Deed, maintain blanket fidelity bonds for all persons who either handle or are responsible for funds held or administered by the Condominium Association, whether or not they receive compensation for such services. Any management agent that handles funds for the Condominium Association shall also be covered by a fidelity bond.

J. Interest and Attorneys' Fees. The Condominium Board of Directors shall have the option, in connection with the collection of any charge or Assessment from a Unit Owner, to impose a late fee, or an interest charge at a rate of eighteen percent (18%) per annum or the highest legal rate then chargeable, whichever is less, from the date the charge or Assessment was due until paid. In the event attorneys' fees are incurred by the Condominium Board of Directors in the collection of such charges, the Unit Owner shall be responsible for payment of all reasonable attorneys' fees, in addition to such costs allowable by law.

VIII. OBLIGATIONS AND RESTRICTIONS OF UNIT OWNERS

A. Nuisances. No nuisance shall be allowed upon the Property, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Property by its residents. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, or any fire hazard

allowed to exist. No Unit Owner shall permit any use of his Unit or of the Common Elements which will increase the rate of insurance upon the Property.

B. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Property. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the Property shall be the same as the responsibility for the maintenance and repair of the Property concerned.

C. Rules and Regulations. Reasonable Condominium Rules and Regulations concerning the use of Waterside at Norris Lake Condominiums may be made and amended from time to time by the Condominium Board of Directors. Copies of such Condominium Rules and Regulations and amendments thereto shall be furnished by the Condominium Association to all Unit Owners and residents of Waterside at Norris Lake Condominiums, and such Condominium Rules and Regulations shall be of the same force and effect as the provisions of these Condominium Bylaws.

D. Commercial Business. All Units shall be utilized for residential purposes only and no commercial business shall be permitted within the Property. Unit rentals by the Developer or Unit Owners in accordance with the terms of the Master Deed shall not be considered a commercial use.

E. Obstruction of Common Elements. There shall be no obstruction of the Common Elements.

F. Signs. No sign of any kind shall be displayed for the public view on any portion of the Common Elements, except signs used by Developer to advertise the Property during the construction and sales period, without the prior approval of the Condominium Board of Directors.

G. Insurance. Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Elements without the prior written consent of the Condominium Association. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common Elements, or which would be in violation of any law.

H. Waste. No waste will be committed of the Common Elements.

I. Exterior Work. There shall be no exterior painting of Units or patio or yard walls by or on behalf of the Unit Owners thereof, or any person holding thereunder, or repair or replacing of original roofs or utility laterals by such persons, without the prior approval of the Building Committee for the Applicable Building and the Condominium Board of Directors; it being the intention hereunder that such items be regulated by the Condominium Association in conjunction

with the Condominium Association's maintenance of Common Elements in order to preserve the external harmony and overall appearance of the Property.

J. Repair of Vehicles. No vehicles of any type shall be permanently or semi-permanently parked on the Property or in the vicinity of any Unit or in the Common Elements for purposes of accomplishing repairs thereto, or the reconstruction thereof except as permitted by the Condominium Rules and Regulations adopted by the Condominium Association.

K. Recreational Vehicles and Boats. Parking of boats and all recreational vehicles shall be allowed on the Common Elements only in accordance with the Condominium Rules and Regulations of the Condominium Association.

L. Rules of Conduct. In order to assure the peaceful and orderly use and enjoyment of the Units, the Common Elements and the Common Areas of the Condominium Association, the Unit Owners may, from time to time, adopt, modify and revoke in whole or in part, subject to the provisions of the Master Deed, by a vote of the Members present in person or represented by proxy whose aggregate interest in the Common Elements constitutes two-thirds ($\frac{2}{3}$) of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Condominium Rules of Conduct, governing the conduct of said persons on the Property as the Condominium Association may deem necessary. Such Condominium Rules of Conduct, upon adoption, and every amendment, modification and revocation thereof, shall be delivered promptly to each Unit Owner, and shall be binding upon all Unit Owners and occupants of Units in the Condominium. The following shall constitute the initial Condominium Rules of Conduct:

1. Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions or amplifiers that may disturb the other residents.

2. No resident of the Property shall:

(a) Post any advertisements or solicitations of any kind in or on the Property except (i) signs of usual and customary size, design and construction advertising the Owner's Unit for sale or lease or (ii) as authorized by the Condominium Board of Directors;

(b) Hang garments, towels, rugs or similar objects from the windows or balconies or from any of the facades of the Property;

(c) Hang dust mops, rugs or similar objects from the windows or balconies, or clean rugs or similar objects by beating on the exterior part of the Property; or

(d) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Units of the Property.

3. No animals, livestock, poultry or fowl of any kind shall be raised, kept or bred by any resident, except household pets such as dogs and cats may be kept, provided they are not kept, bred or maintained for any commercial purpose, and provided no household may have more than two (2) animals of any species. No Unit Owner nor resident may maintain any pet(s) which cause distress to the other Unit Owners or residents through barking, biting, scratching or damaging of property. In addition, each Unit Owner and resident shall promptly and properly clean-up any excreta expelled from a permitted pet(s).

4. No Unit Owner or resident shall install wiring or electrical or telephone installations, television antennae, machines or air conditioning units, solar panels, satellite dishes or similar object outside his or her Unit which protrude through the walls or roof of his or her Unit except as authorized by the Condominium Board of Directors.

IX. INSURANCE

A. By the Condominium Board of Directors. The Condominium Board of Directors shall be required to obtain and maintain such insurance as is provided for and required in the Master Deed to be carried by the Condominium Association.

B. By Unit Owners. Unit Owners should carry insurance for their own benefit insuring their Units and the Limited Common Elements serving their Unit, provided, that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Condominium Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

X. ENFORCEMENT

A. Enforcement. The Condominium Board of Directors shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: lawful self-help; sending notice to the offending party to cause certain things to be done or undone, restoring the Condominium Association to its original position and charging the breaching party with the entire cost or any part thereof; complaint to the duly constituted authorities; or by taking any other action before any court, summary or otherwise, as may be provided by law.

B. Fines. The Board shall also have the power to levy fines against any Unit Owner(s) for violation(s) of any Condominium Rule or Regulation or for any covenants or restrictions contained in the Master Deed or Condominium Bylaws in accordance with applicable law. Additionally, each Building Committee shall have the power to levy fines against any Unit Owner(s) within the Applicable Building for violation(s) of any Condominium Rule or Regulation or Building Rule or Regulation or for any covenants or restrictions contained in the Master Deed or Condominium Bylaws in accordance with applicable law. Any such fine shall be considered and shall be an additional Assessment against the applicable Unit Owner(s) and Unit(s).

C. Waiver. No restrictions, condition, obligation or covenant contained in these Condominium Bylaws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

XI. AMENDMENTS

Until the expiration of the Developer Control Period, these Bylaws may be altered and/or amended only by the Developer. From and after the date of the first annual meeting of the Members, subject to the provisions contained in the Master Deed and in the Act, these Condominium Bylaws may be altered or repealed, or new Condominium Bylaws may be made, at any meeting of the Members of the Condominium Association duly held for such purpose, previous to which written notice shall have been sent, a quorum being present, by an affirmative vote of seventy-five percent (75%) of all the votes of the Condominium Association. Directors and Members not present at the meetings considering the amendment may express their approval in writing. Any amendment which would necessitate the approval of such amendment to the Master Deed by a mortgagee pursuant to provisions of the Master Deed, must be approved and consented to by mortgagees holding first Mortgages with respect to Units representing at least fifty-one percent (51%) of such Units. An amendment when adopted shall become effective only after being recorded in the Register's Office of Union County, Tennessee, as an amendment to the Master Deed.

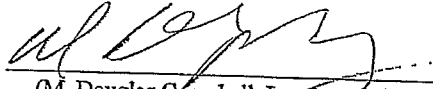
XII. CONFLICT; INVALIDITY

A. Conflict. Anything to the contrary herein notwithstanding, if any provision of these Condominium Bylaws is in conflict with or contradiction of the Master Deed or the Charter, or with the requirements of any law or regulation, then the requirements of said Master Deed, Charter, law or regulation shall be deemed controlling.

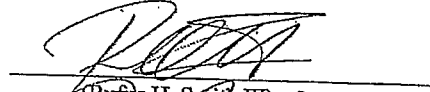
B. Severability. The invalidity of any part of these Condominium Bylaws shall not impair or affect in any manner the enforceability or affect the remaining provisions of the Condominium Bylaws.

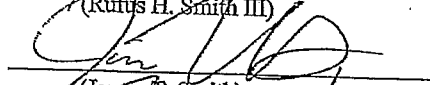
[signatures on the following page]

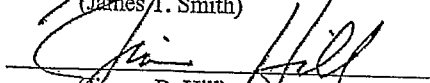
ADOPTED AND APPROVED for and on behalf of Waterside at Norris Lake Condominium Association, Inc., this _____ day of _____, 2006.

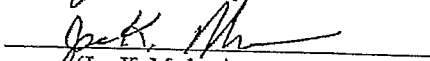

(M. Douglas Campbell, Incorporator)

INCORPORATOR


(Rufus H. Smith III)


(James T. Smith)

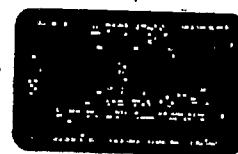
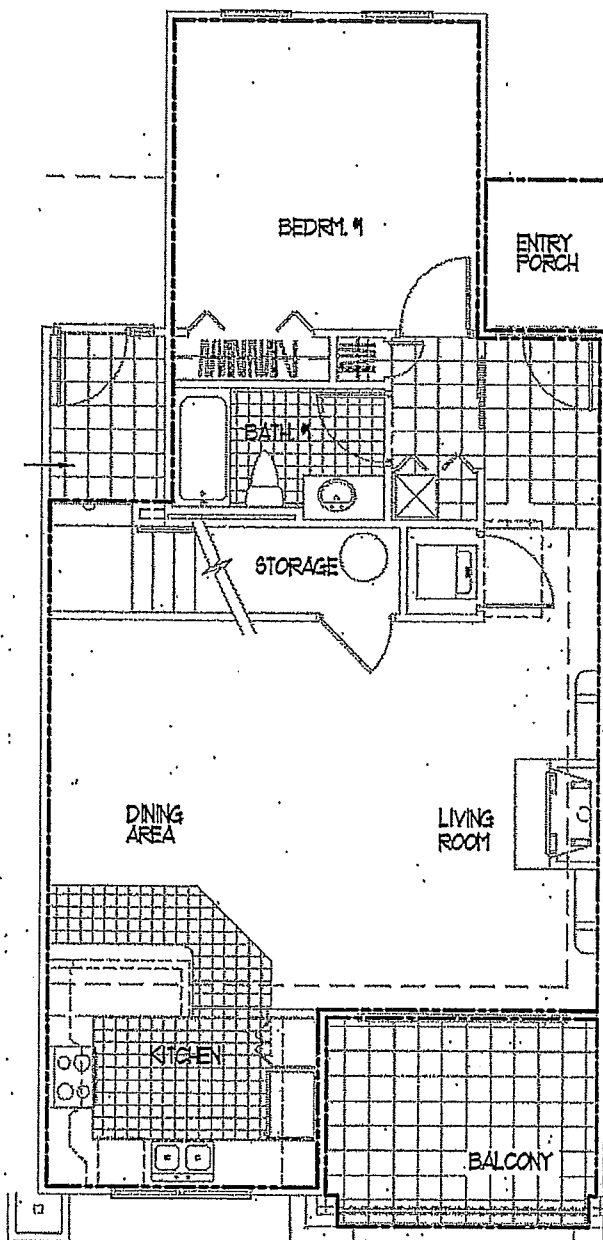

(Jimmy R. Hill)


(Joe K. Madron)

INITIAL DIRECTORS



The Villas | Unit A – 1 Bedroom



KEY	
---	A/C AREA
---	NON A/C

Unit A – 1-Bedroom Unit	
A/C Area S.F.	890
Covered w/o A/C	136
Total S.F.	1,026

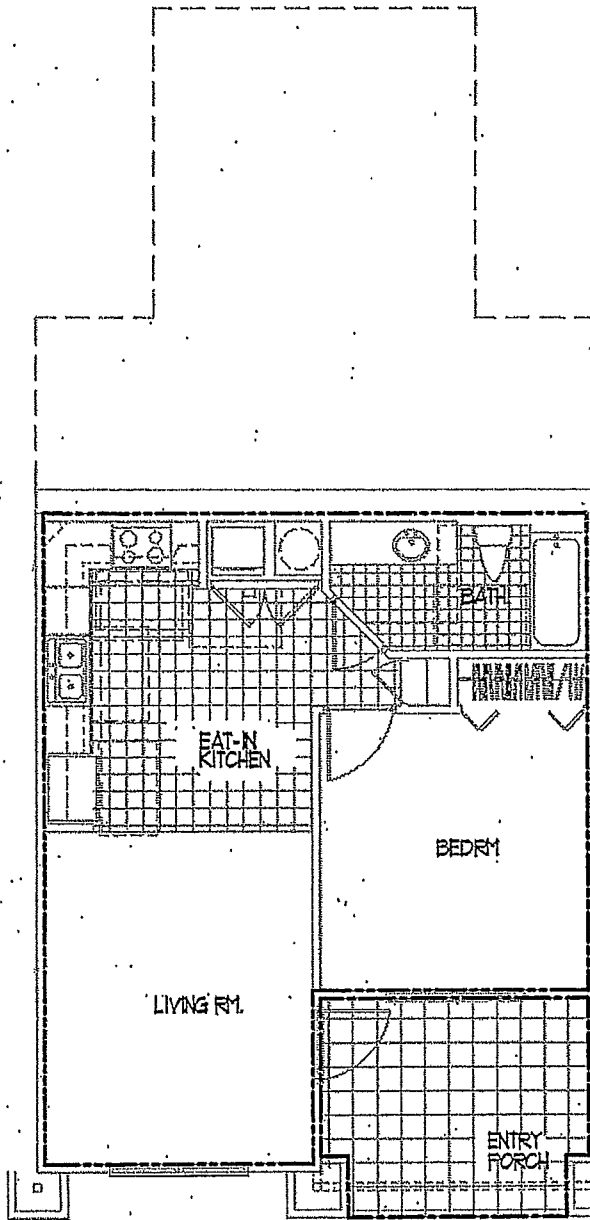
Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

Phone: 865-687-4840 • Toll-Free: 1-866-504-9304 • 5641 Merchants Center Blvd., Suite A104 • Knoxville, TN. 37912
info@WatersideAtNorris.com • www.WatersideAtNorris.com
Design layout and dimension of any unit or any building is subject to change at the developer's discretion.



The Villars

Unit B - 1 Bedroom



KEY	
----	A/C AREA
----	NON A/C

Unit B - 1-Bedroom Unit.

A/C Area S.F. 569

Covered w/o A/C 105

Total S.F. 674

Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

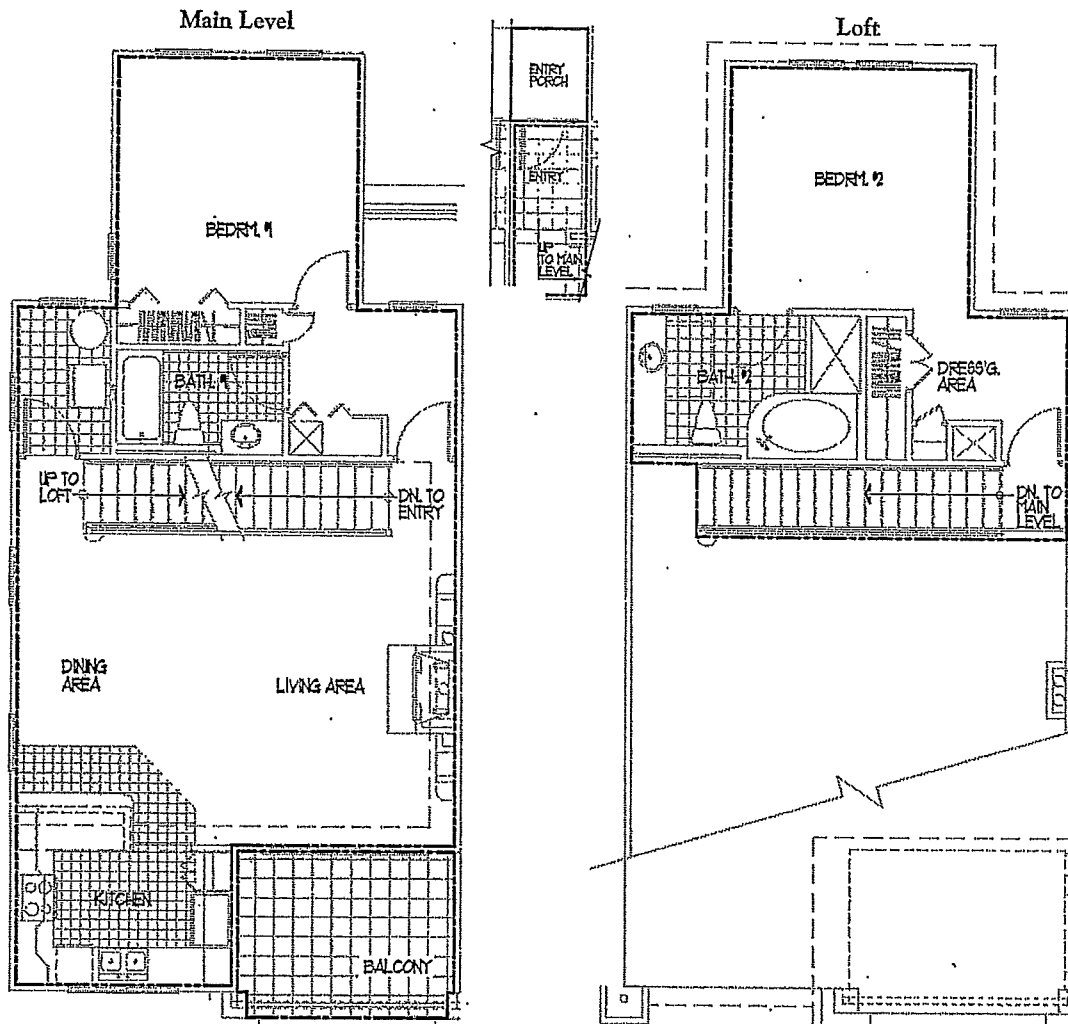
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Design layout and dimension of any unit or any building is subject to change at the developer's discretion.



The Villars

Unit C – 2 Bedroom



Unit C – 2-Bedroom Unit

Total A/C Area

Main Level 928

Loft 441

Lower Level Entry 58

Total A/C S.F. 1,427

Non A/C Area

Balcony 102

Entry Porch 34

Total Non A/C S.F. 136

KEY	
	A/C AREA
	NON A/C

Unit C Total S.F. 1,563

Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

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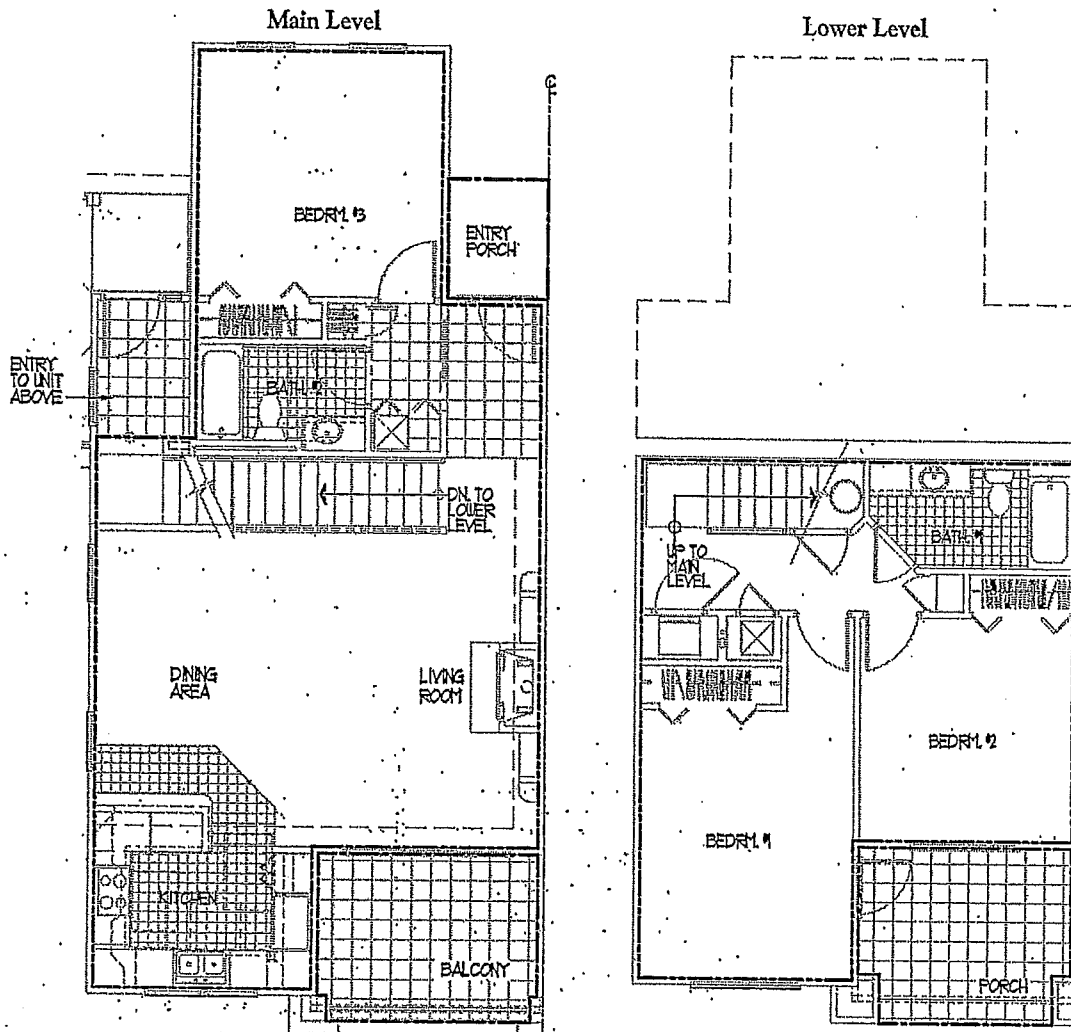
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Design layout and dimension of any unit or any building is subject to change at the developer's discretion.



The Villars

Unit D - 3 Bedroom



Unit D - 3-Bedroom Unit

Total A/C Area

Main Level 890

Lower Level 565

Total A/C S.R. 1,455

Non A/C Area

Lower Level Porch 105

Entry Porch 34

Balcony 102

Total Non A/C S.R. 241

Unit D Total S.R. 1,696

Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

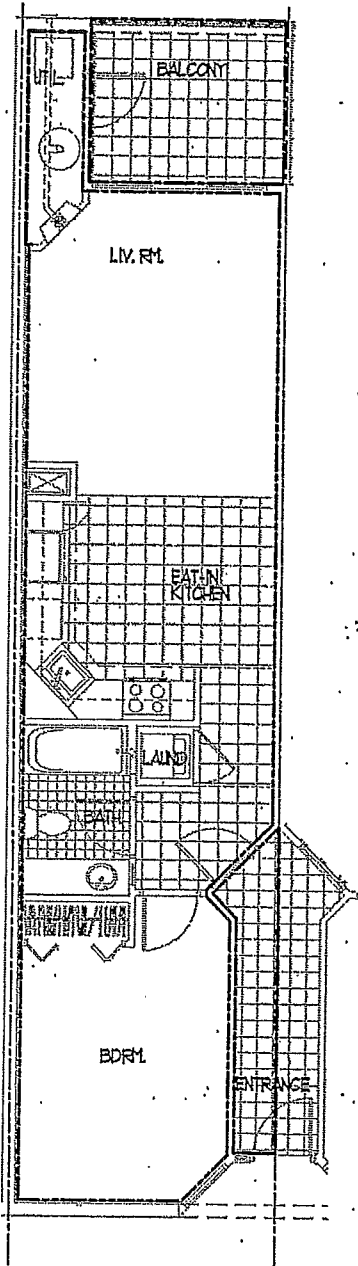
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info@WatersideAtNorris.com • www.WatersideAtNorris.com

Design layout and dimension of any unit or any building is subject to change at the developer's discretion.



Waterside Towers | Unit A - Studio



KEY	
	A/C AREA
	NON A/C

Unit A - Studio Unit	
A/C Area S.F.	661
Non A/C Area	
Balcony	85
Entrance	18
Total S.F.	764

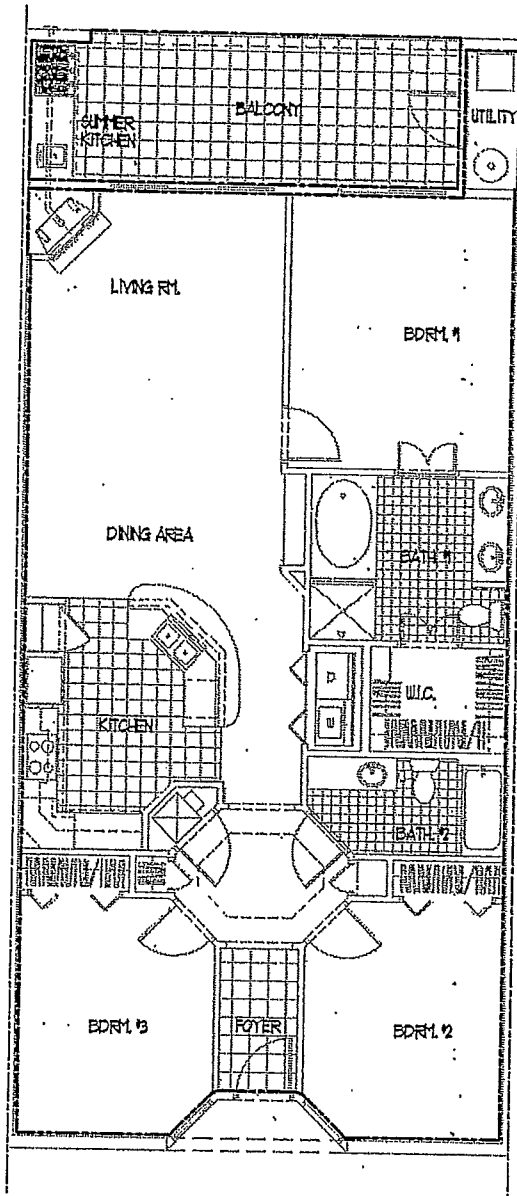
Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

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Design layout and dimension of any unit or any building is subject to change at the developer's discretion.



Waterside Towers | Unit B - 3 Bedroom



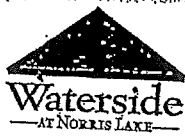
KEY
A/C AREA
NON A/C

Unit B - 3-Bedroom Unit	
A/C Area S.F.	1,402
Non A/C Area Balcony	198
Total S.F.	1,600

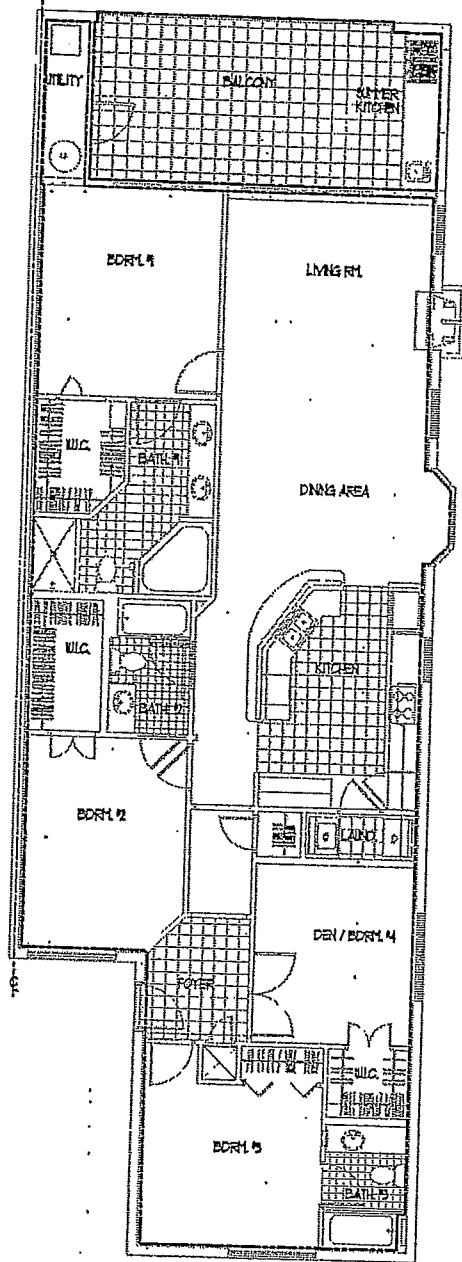
Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

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info@WatersideAtNorris.com • www.WatersideAtNorris.com

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Waterside Towers | Unit D-1 - 3 Bedroom



KEY	
	A/C AREA
	NON A/C

Unit D-1 - 3-Bedroom Unit
A/C Area S.F. 1,803

Non A/C Area
Balcony 270

Total S.F. 2,073

Note: Indicated areas are derived from design configuration and subject to variation in as-built condition.

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