

EXHIBIT "A"
BY-LAWS OF ELIZABETH CONDOMINIUM ASSOCIATION, INC.

The following provisions shall constitute the by-laws of The Elizabeth Condominium Association, Inc. which shall, along with the provisions of the master deed and rules and regulations adopted by the board, govern the administration of the property.

1. VOTING. Any specified percentage of the co-owners, majority or otherwise, for purposes of voting and for all other purposes wherever provided, shall mean such percentage in the aggregate in interest of the common elements. If any unit is owned by more than one person, the voting rights with respect to such unit shall not be divided, but shall be exercised as if the co-owners of such unit consisted of only one person in accordance with a proxy or other designation made by the persons constituting the owners of such unit.

2. BOARD OF ADMINISTRATORS. The direction and administration of the property shall be vested in a board of administrators (the "board") consisting of three persons who shall be elected in the manner hereinafter provided. Each member of the board shall be one of the co-owners; provided, however, that in the event a co-owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any shareholder, officer or director of such corporation, partner of such partnership, beneficiary or individual trustee of such trust, or manager of such other legal entity shall be eligible to serve as a member of the board.

3. MEMBERS OF BOARD. The members of the board shall serve for a term of two (2) years and until their successors are elected. At the first meeting of the council of co-owners, the co-owners shall, by a vote of a majority of the co-owners present at such meeting, elect members to fill the vacancies of those expiring terms. A majority of the members of the board shall constitute a quorum. The board shall act by the vote of the majority of those members present at a meeting of the board when a quorum is present, or by unanimous consent signed by all of the members of the board. Until the first meeting of the council of co-owners, the developer shall act as and for the board.

4. MEETINGS OF BOARD. A regular annual meeting of the board shall be held within seven (7) days after, and at the time and place as announced at the annual meeting of the council of co-owners. Other meetings of the board may be called, held and conducted in accordance with such regulations as the board may, from time to time, adopt.

5. REMOVAL OF BOARD MEMBER. Any member of the board may be removed from office by the affirmative vote of fifty (50) percent of the co-owners at a special meeting of the council of co-owners called for such purpose.

6. LIABILITY OF BOARD. The members of the board and the officers thereof shall not be liable to the co-owners for any mistake of judgment, or of any acts or omissions made in good faith as such members or officers. The council of co-owners shall indemnify and hold harmless each member of the board and officers against all liabilities to others arising out of contracts made or acts or omissions by such members or each officer on behalf of the council of co-owners, unless any such contract, act or omission shall have been in bad faith or contrary to the provisions of the master deed, or this exhibit thereto. The liability of any co-owners arising out of any contract, act or omission by such member or officer of the board or out of the aforesaid indemnity shall be limited to such proportion of the total liability thereunder as such co-owner's percentage interest in the common elements bears to the total percentage interest of all the co-owners in the common elements. Each agreement made by such members or officers as agents for the council of co-owners.

7. DISPUTES. In the event of any dispute or disagreement between any co-owners relating to the rules and regulations of the board regarding the use of the property, the determination thereof by the board shall be final and binding on the co-owners.

8. POWERS OF BOARD. The board shall have the power:

(a) to engage the services of a manager or managing agent, who may be any person, firm or corporation, upon such terms and compensation as the board deems fit, and to remove such manager or managing agent at any time;

(b) to engage the services of any persons deemed necessary by the board at such compensation deemed reasonable by the board, in the operation, repair, maintenance and management of the property, and to remove at any time any such personnel;

(c) to establish or maintain one or more bank accounts for the deposit of any funds paid to, or received by the board; and

(d) to make such charges as it sees fit for the use by co-owners or others of the common elements or portions thereof on such terms as the board sees fit. Any funds received by the board for any such use shall become a part of the maintenance fund.

9. DUTIES OF BOARD. The board shall acquire and make arrangements for, and pay out of the maintenance fund, in addition to the manager, managing agent or other personnel above provided for, the following:

(a) water, waste removal, electricity and gas and other necessary utility service for the common elements and such services to the units as not separately metered to the co-owners thereof;

(b) such insurance as the board is required to obtain and such other insurance as the board deems advisable in the operation of the condominium (any losses under such policies of insurance shall be payable and all insurance proceeds recovered thereunder shall be applied and disbursed in accordance with the provisions of the Act, the master deed, and this exhibit thereto);

(c) the services of a bank or trust company authorized to do business in the state of Tennessee to act as trustee or agent on behalf of the board for the purpose of receiving and disbursing the insurance proceeds resulting from any loss and the proceeds from any condemnation, upon such terms as the board shall determine consistent with the provisions of the master deed and this exhibit thereto;

(d) a policy or policies insuring the board and the council of co-owners against any liability incident to the ownership and the use of the common elements, the liability under such insurance shall be not less than \$1,000,000 for bodily injury for any one accident, and \$100,000 for property damage (such limits to be reviewed at least annually by the board and increased in its discretion) with severability of interest endorsements;

(e) worker's compensation insurance to the extent necessary to comply with any applicable laws;

(f) landscaping, gardening, snow removal, painting, cleaning, maintenance, decorating, repair and replacement of the common elements (not including the interior surfaces or windows and doors of the units, and decks and storage which the co-owners have the exclusive right to use and occupy pursuant to the master deed and this exhibit thereto, which the respective co-owners shall paint, clean, decorate, maintain and repair) and such furnishings and equipment for the common elements as the board shall determine are necessary, and the board shall have the exclusive right and duty to acquire the same for the common elements;

(g) any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or assessments which the board deems necessary to proper for the maintenance and operation of the property as a first class condominium, for the enforcement of any restrictions or provisions contained in the Act, these by-laws and the master deed;

(h) any amount necessary to discharge any mechanic's lien or other encumbrance levied against the property or any part thereof which in the opinion of the board constitutes a lien against the property or against the common elements, rather than merely against the interest therein of particular co-owners (where one or more co-owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any cost incurred by the board by reason of said lien or liens shall be specially assessed to said co-owners, and shall, until paid by such co-owners, constitute a lien on the interest of such co-owners in the property as provided in the Act with respect to liens for failure to pay a share of the common expenses);

(i) maintenance and repair of any unit or of any other portion of the property which a co-owner is obligated to maintain or repair under the terms in the discretion of the board, to protect the common elements, or any portion of the property, and the co-owner or co-owners of said unit have failed or refused to perform said maintenance or repair within a reasonable time after the notice of the necessity of said maintenance or repair delivered by the board to said co-owner or co-owners; provided that the board shall levy a special assessment against such unit for the cost of such maintenance or repair and the amount of such special assessment shall constitute a lien on the interest of said co-owner or co-owners in the property as provided in the Act with respect to liens for failure to pay a share of the common expenses; and

(j) a fidelity bond covering each employee handling funds of the council of co-owners.

10. MEETINGS OF COUNCIL OF CO-OWNERS. The first meeting of the council of co-owners shall be called by the developer within thirty (30) days after the closing of the sale of the eighth (8th) unit. Thereafter an annual meeting of the council of co-owners shall be held on the first Tuesday in May of each year for the purpose of electing members of the board and such other business as comes before the meeting. Special meetings of the council of co-owners may be called, for any reasonable purpose, either by the president, or not less than sixty (60) percent of the co-owners, the notice for which shall specify matters to be considered in such meeting.

11. PLACE, NOTICE AND PROXIES. All meetings of the council of co-owners shall take place in some section of the property designated by the person or persons calling a special meeting, or at such other reasonable place or time designated by the board. Written notice of the holding of the regular or a special meeting of the council of co-owners, stating the date, hour and place of such meeting shall be delivered or sent in person or by mail to each co-owner in care of his unit at least five (5) days before the date of such meeting. A majority of the co-owners shall constitute a quorum at such meeting. A co-owner may vote either in person or by proxy at a regular or special meeting of the council of co-owners. Every proxy must be dated and in writing, and no proxy shall be valid after twelve months from the date of its execution.

12. BOARD OFFICERS. A president, a vice president, a secretary and a treasurer shall be elected at each annual meeting of the board from among its members. Any two or more offices may be held by the same person, except the offices of president and secretary. Any such officer may be removed by the majority of the board at any time. A vacancy in any office may be filled by the board for the unexpired term.

13. DUTIES OF PRESIDENT. The president shall preside over the meetings of the board and the council of co-owners; he may sign, together with any other officer designated by the board, any contracts, checks, drafts, or other instruments designated or approved by the board. In the absence of the president, or in the event of his inability to act, the vice president shall perform the duties of the president.

14. SECRETARY. The secretary shall, in addition to any other duties, see that all notices are duly given as herein provided.

15. MAINTENANCE EXPENSES, ETC. All expenses, charges and costs of the maintenance, repair or replacement of the common elements, and any other expenses, charges or costs which the board may incur or expend pursuant hereto shall be approved by the board, and a written memorandum thereof prepared and signed by the treasurer. There shall be no structural alterations to, capital additions to, or capital improvements on, the common elements (other than for purposes of replacing or restoring portions of the common elements) requiring an expenditure in excess of \$1,000 without the prior approval of sixty (60) percent of the co-owners.

16. BUDGET AND ASSESSMENTS. Each year on or before November 15, the board shall estimate the annual budget of the common expenses (the "annual budget") including the total amount required for the cost of wages, materials, insurance, services, and supplies which will be required for the cost of wages, materials, insurance, services, and supplies which will be required during the ensuing calendar year for the rendering of all services together with a reasonable amount considered by the board to be necessary for a reserve for contingencies and replacements, and shall on or before December 1 notify each co-owner in writing as to the amount of such estimate with reasonable itemization thereof. Said annual budget shall be assessed to the co-owners equally. On or before January 10 of the ensuing year, and on the tenth day of each month of said year, each co-owner shall be obligated to pay to the board, or as it may direct, 1/12 of the assessment made pursuant to this paragraph. On or before the first day of April of each calendar year, the board shall supply to all co-owners an itemized accounting of the maintenance expenses for the preceding calendar year actually incurred and paid together with the tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall be credited equally to the next monthly installments due from co-owners under the current year's estimate, until exhausted, and any shortage shall be added equally to the installments due in the succeeding six months after rendering of the accounting. The board shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserve, but if said annual budget provision is inadequate for any reason, including nonpayment of any co-owner's assessment, the board may at any time and from time to time levy a further assessment, which shall be assessed to the co-owners according to

each co-owner's percentage of ownership in the common elements. The board shall serve notice of such further assessment to all co-owners by a statement in writing giving the amount and reasons therefor, and such assessment shall become effective with the monthly maintenance payment which is due no more than ten (10) days after the delivery or mailing of such notice of further assessment, and all co-owners shall be obligated to pay the adjusted monthly amount.

17. INTERIM BUDGET. When the first board elected hereunder takes office, it shall determine the estimated budget, as herein above defined, for the period commencing thirty (30) days after said election and ending on the last day of each calendar year in which said election occurs. Assessment shall be levied against co-owners during said period as herein provided.

18. BUDGET DELAY. The failure or delay of the board to prepare or serve the annual or adjusted budget on the co-owners shall not constitute a waiver or release in any manner of the co-owners' obligation to pay the maintenance and other costs and necessary reserves, as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, the co-owners shall continue to pay the monthly assessment charges at the then existing monthly rate established for the previous period until the monthly assessment payment which is due more than ten (10) days after new annual or adjusted budgets shall have been mailed or delivered.

19. RECORDS AND ACCOUNTS. The board shall keep true and correct books of account and the same shall be open for inspection by any co-owner or any representative of a co-owner duly authorized in writing, at such reasonable time or times during normal business hours as shall be requested by the co-owners. All funds collected hereunder shall be held and expensed solely for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the co-owners and for such special adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all of the co-owners in the percentages provided.

20. AUTHORITY OF DEVELOPER. Until such time as the first board provided for herein is elected, the developer may assess each co-owner a maintenance fee not to exceed \$100 per month. All the rights, duties and functions of the board set forth in the master deed and the exhibits thereto shall be exercised by the developer for a period beginning on the date of execution of the master deed and ending thirty (30) days after the first meeting of the board pursuant to the terms of paragraph 10 herein above.

21. DEFAULT. If a co-owner is in default in the monthly payment of the aforesaid charges or assessments for twenty (20) days, the board shall notify his mortgagee and may assess a service charge of one and one-half percent (1.5%) of the balance of the aforesaid charges and assessments in default for thirty (30) days for each month, or part thereof, that said balance or any part thereof, remains unpaid. In addition to any remedies or liens provided by law or equity, if a co-owner is in default in the monthly payment of the aforesaid charges or assessments for twenty (20) days, the board may bring suit for and on behalf of itself as representative of the council of co-owners to enforce collection thereof or to foreclose a lien thereon as provided by law; and there shall be added to the amount due the costs of said suit, and reasonable attorney's fees to be fixed by the court. The board shall also notify the co-owner's mortgagee in event of casualty losses or condemnation.

22. MORTGAGES. Any mortgagee or deed of trust made, owned or held by a bank, savings and loan association, or insurance company or other institutional lender and recorded prior to the recording in the Register's Office of a notice by the board of the amount owing by a co-owner who has refused or failed to pay his share of the monthly assessment when due shall be superior to the lien of such unpaid expenses set forth in said notice and to all assessments for common expenses which shall become due and are unpaid subsequent to the date of the recording of such mortgage or deed of trust.

23. RULES AND REGULATIONS. The board may, from time to time, adopt or amend such rules and regulations governing the operation, maintenance, beautification and use of the common elements and the units not inconsistent with the terms of the Act and the master deed as the board sees fit, and the co-owners shall conform to, and abide by, such rules and regulations. Written notice of such rules and regulations shall be given to all co-owners and occupants. A violation of such rules and regulations shall be deemed a violation of the master deed.

24. WAIVERS. Whenever any notice whatever is required to be given under the provisions of the master deed or these by-laws, a waiver thereof in writing of the person or persons entitled to such notice, whether before or at the time stated therein, shall be deemed equivalent to the giving of such notice.

25. BUSINESSES. Nothing contained in these by-laws shall be construed to give the board authority to conduct any business for profit on behalf of the council of co-owners or any co-owner.

THE ELIZABETH CONDOMINIUMS INC

By: _____