CARRIAGE HILL CONDOMINIUMS OWNERS ASSOCIATION

MASTER DEED
&
AMENDMENTS

BY-LAWS
&
AMENDMENTS

5-24-76
TO: Penn, Stuart, Eskridge & Jones

MASTER DEED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

CARRIAGE HILL CONDOMINIUMS

KNOW ALL MEN BY THESE PRESENTS, that this Master Deed is made on the date hereinafter set forth by VICTOR ZAGER and MURIEL ZAGER, his wife, hereinafter collectively called the "Declarant":

W I T N E S S E T H:

WHEREAS, the Declarant is the owner in fee simple of real property and buildings and improvements thereon, which property is located in the City of Bristol, Virginia, which is more particularly described in Article III hereof [hereinafter referred to as the "property"]; and

WHEREAS, the Declarant desires to submit the property and buildings and improvements thereon to the provisions of the Condominium Act, Title 55, Chapter 4.2, Code of Virginia, 1950, as amended, [hereinafter referred to as the "Act"], thereby creating a Condominium project known as Carriage Hill Condominiums; and

WHEREAS, the Declarant wishes to establish and publish a plan for the individual ownership of the several Condominium Units and the ownership of individual interests in the real property hereinafter defined as "Common Area and Facilities"; and

WHEREAS, Declarant desires to convey the property pursuant and subject to certain protective covenants, conditions, restrictions, reservations, liens and charges hereinafter set forth;

NOW, THEREFORE, Declarant hereby submits the property, buildings and improvements to the provisions of the Condominium Act, Title 55, Chapter 4.2, Code of Virginia, 1950, as amended, and hereby establishes and publishes its plan as to the division of the property, the imposition of covenants, conditions, restrictions, reservations, liens and charges thereon and the individual ownership thereof. Declarant hereby specifies that this Master Deed shall constitute covenants, conditions, and restrictions which shall run with the property and shall bind and inure to the benefit of Declarant, its successors and assigns, and all subsequent owners of any interest in the property, buildings and improvements, their grantees, successors, heirs, administrators, devisees or assigns.

ARTICLE I

DEFINITIONS

Section 1. Definitions. Unless defined herein or unless the context requires otherwise, the words defined in Condominium Act, Title 55, Chapter 4.2, Code of Virginia, 1950, as amended, when used in this Master Deed or any amendment hereto shall have the meaning therein provided; the following words when used in this Master Deed or any amendment hereto, unless the context so requires otherwise, shall have the following meanings:

(a) "Act" means the Condominium Act, Title 55, Chapter 4.2, Code of Virginia, 1950, as amended, and as may be amended further from time to time.

(b) "Assessment" means an Owner's share of the Common Expenses assessed against such Owner and his Unit from time to time by the Association as hereinafter provided.

(c) "Association" means Carriage Hill Condominiums Association, an association of and limited to Owners of the Condominium Units located in Carriage Hill Condominiums, in the form of a non-profit membership Association.

(d) "Board of Directors" or "Board" means the Board of Directors of Carriage Hill Condominiums Association, and "director" or "directors" means a member or members of the Board.

(e) "Common Area and Facilities" and "General Common Elements" means and includes all of the Condominium

Property after excluding the Condominium Units.

(f) "Common Expenses" means and includes (a) all expenses incident to the administration, maintenance, repair and replacement of the Common Area and Facilities after excluding therefrom such expenses which are the responsibility of a Unit Owner as set forth in Section 2 of Article VIII hereof; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Unit Owners, and (c) expenses declared to be Common Expenses by the Condominium Act or the Condominium Documents.

(g) "Condominium Documents" means and includes the Master Deed of Covenants, Conditions and Restrictions for Carriage Hill Condominiums and the By-Laws of said Association as amended from time to time.

* (h) "Condominium Property" or "Property" means and includes all the property submitted to the Condominium Act by this Master Deed.

(i) "Declarant" shall mean and refer to Victor Zager and Muriel Zager, his wife, their heirs and assigns.

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

(k) "Owner" means the record owner, whether one or more persons, of fee simple title in and

* See Amendment 2

to any Condominium Unit excluding, however, those persons having such interest merely as security for the performance of an obligation.

(l) "Fractional Interest" means the fractional undivided interest each Unit Owner owns as tenant in common in the Common Area and Facilities.

* (m) "Survey Plat" or "Survey" means and includes the survey of the Condominium Property Units which is incorporated in this Master Deed by reference and which will be filed for record in the office of the Clerk of the Circuit Court of the City of Bristol, Virginia, simultaneously with the filing of record of this Master Deed.

(n) "Trustee" means the financial institution, if any, selected by Declarant or the Association to hold certain funds of the Association.

(o) The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

ARTICLE II

CARRIAGE HILL CONDOMINIUMS

Section 1. Responsibility for Administration. The administration of the Condominiums, the maintenance, repair, replacement and operation of the Common Area and Facilities as herein provided, and those acts required of the Association by the Condominium Documents shall be the responsibility of the

* See Secondment p. 2

Association. Such administration shall be in strict accordance with the provisions of the Act, this Master Deed, and the By-Laws of the Association, said By-Laws being attached hereto, made a part hereof and shall be recorded with this Master Deed.

Section 2. Agreements. The Association shall be and hereby is authorized to enter into such agreements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the development. Each Owner by acquiring or holding an interest in any Condominium Unit thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Directors on behalf of the Association. A copy of all such agreements shall be made available at the office of the Association for review by each Owner.

ARTICLE III

PROPERTY RIGHTS

* Section 1. Condominium Property. The Declarant, by this Master Deed, submits the following described real property located in the City of Bristol, Virginia, to the Condominium Act of the Commonwealth of Virginia, to-wit:

> BEGINNING at an iron pin at the southwest corner of property owned by Virginia National Bank and on the easterly side of U. S. Highway No. 11; thence along the southern border of said Virginia National Bank property S 69° 03' 50" E 275 feet to an iron pin; thence in a southerly direction S 08° 41' 40" E 456.80 feet to an iron pipe on the northerly side of the Norfolk and Western right of way; thence in

* See Second Amendment p. 3

a westerly direction N 78° 58' W 331.30 feet to an iron pin; thence in a northerly direction with property now or formerly owned by Phillips N 06° 55' W 374.17 feet to an iron pin on the easterly side of U. S. Highway No. 11; thence along the easterly side of said Highway in a northerly direction N 21° 05' 30" E 123.13 feet to an iron pin to the point of BEGINNING, con taining 3.316 acres, ± and being a part of the same property conveyed to the parties of the first part by deed dated June 5, 1973, from Community Development Corporation, a Virginia Corporation, and of record in the Clerk's Office, Circuit Court of Washington County, Abingdon, Virginia, in Deed Book 506, page 51, said property having subsequently been annexed by the City of Bristol, Virginia, said annexation being effective January 1, 1974.

With the units on the second and third stories there are balcony terraces for each unit, each balcony terrace being 19 feet, 6 inches by 6 feet, 0 inches in floor area and having vertical boundaries of 9 feet, 0 inches from finished floor to finished floor. The units on the first story which are located on the back side of each building have a patio area which is 19 feet, 6 inches by 6 feet, 0 inches in surface area and have a vertical boundary of 9 feet, 0 inches from the patio surface to the finished floor of the balcony terrace on the second floor extending over said patio area. The units on the first story which are located on the front side of each building each have a deck area equivalent in size to the patio surface area and which each have a vertical boundary approximately 9 feet, o inches from ground level to the finished floor of the balcony immediately above said ground area. The latter vertical boundary will tend to vary from unit to unit depending on the lay of the ground surface.

The property hereinabove described is the same property shown on the Survey Plat herein, which Survey Plat is hereby incorporated in this Master Deed by reference and incorporated herein as if copied herein verbatim.

* Section 2. Building. There are two (2) three-story brick buildings physically located on the Condominium property, designated on the Survey Plat as Buildings I and II,

See Second Amendment p. 4

Building I is the westernmost building on the property; Building II is easternmost and southernmost on the property. Each building is three (3) stories in height. The two (2) buildings contain a total of forty-eight (48) Condominium Units. All forty-eight (48) Condominium Units contain two (2) bedrooms, a living room, a dining area adjoining the living room, a kitchen, two (2) bathrooms (one considered a full bath), and a balcony terrace, patio or deck area depending on the location of the unit. Each Unit contains approximately one thousand (1,000) square feet of gross living area excluding the balcony terrace, the patio or lawn area as the case may be. There is also a mechanical room which serves each unit.

* Section 3. Condominium Units. Each Unit, together with its Fractional Interest in the Common Area and Facilities set out in Article III, Section 4, shall, for all purposes, constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Act and this Master Deed, shall be entitled to the exclusive ownership and possession of his Unit. The location and number of each Unit is shown herein. Each Unit is one (1) Story in height whether the Unit is on the first story, the second story or third story of a building.

Each Condominium Unit shall include (1) that part of the respective building containing the Condominium Unit which lies within the boundaries of the Condominium Unit; and (2)

* See Second Amendment p. 5-7

those parts of the outside balcony terrance, the patio or the deck area, as the case may be, set out below, which boundaries for each Condominium Unit are as follows:

(a) Condominium Unit:

(1) The upper boundary shall extend to the unfinished surface of the perimetric ceiling, which includes the finished surface in the Unit;

(2) The lower boundary shall extend to the unfinished surface of the perimetric floor, which includes the finished surface in the Unit;

(3) The vertical boundary of each respective Condominium Unit shall extend to the unfinished surface of the perimetric walls of the Condominium Unit, which includes the finished surface in the Unit, whether they be walls not bounding another Condominium Unit or whether they be walls bounding another Condominium Unit;

(b) Outside Balcony Terrace:

The upper boundary shall extend to the unfinished surface of the perimetric ceiling, which includes the finished surface of the floor;

(c) The Patio and Deck Area:

The boundary shall extend to the surface of the perimetric surface area (or the equivalent thereof in the case of units with lawn areas), which includes the surface of the perimetric ceiling.

(d) Boundaries:

The boundaries of each Condominium Unit also include the doors, windows, and other apertures that bound each Condominium Unit.

Each Condominium Unit will be identified on the Survey Plat and shall be identified in deeds, mortgages and any other instruments or agreements requiring identification, by first identifying the building by the use of the Roman numeral which corresponds to the Roman numeral designating the building on the Survey Plat, and secondly, by designating the respective Condominium Unit Located within the Condominium Building previously designated, with letters and numerals as on the Survey Plat.

The forty-eight (48) Condominium Units are located on the Property and within the two (2) buildings located on the Property as follows:

Building	Condominium Unit	Location
I	1	Front, first floor, right
I	2	Back, first floor, right
I	3	Back, first floor, left
I	4	Front, first floor, left
I	5	Front, second floor, right
I	6	Back, second floor, right
I	7	Back, second floor, left
I	8	Front, second floor, left
I	9	Front, third floor, right
I	10	Back, third floor, right
I	11	Back, third floor, left
I	12	Front, third floor, left
I	13	Front, first floor, right
I	14	Back, first floor, right
I	15	Back, first floor, left

I	16	Front, first floor, left
I	17	Front, second floor, right
I	18	Back, second floor, right
I	19	Back, second floor, left
I	20	Front, second floor, left
I	21	Front, third floor, right
I	22	Back, third floor, right
I	23	Back, third floor, left
I	24	Front, third floor, left
II	25	Front, first floor, right
II	26	Back, first floor, right
II	27	Back, first floor, left
II	28	Front, first floor, left
II	29	Front, second floor, right
II	30	Back, second floor, right
II	31	Back, second floor, left
II	32	Front, second floor, left
II	33	Front, third floor, right
II	34	Back, third floor, right
II	35	Back, third floor, left
II	36	Front, third floor, left
II	37	Front, first floor, right
II	38	Back, first floor, right
II	39	Back, first floor, left
II	40	Front, first floor, left
II	41	Front, second floor, right
II	42	Back, second floor, right
II	43	Back, second floor, left
II	44	Front, second floor, left

II	45	Front, third floor, right
II	46	Back, third floor, right
II	47	Back, third floor, left
II	48	Front, third floor, left

Section 4. Common Area and Facilities.

(a) Common Area Boundaries. The Common Area and Facilities shall consist of all portions of the Condominium Property and Buildings other than the Condominium Units as set forth in Article III, Section 3 herein.

(b) Fractional Interest. The Condominium Unit Owners shall own the Common Area and Facilities as tenants in common with each Unit having appurtenant thereto the Fractional Interest in the Common Area and Facilities as follows:

Condominium Unit	Fractional Interest
I- 1	1/48
I- 2	1/48
I- 3	1/48
I- 4	1/48
I- 5	1/48
I- 6	1/48
I- 7	1/48
I- 8	1/48
I- 9	1/48
I-10	1/48
I-11	1/48
I-12	1/48
I-13	1/48
I-14	1/48
I-15	1/48

* See Second Amendment 7-10

I-16	1/48
I-17	1/48
I-18	1/48
I-19	1/48
I-20	1/48
I-21	1/48
I-22	1/48
I-23	1/48
I-24	1/48
II-25	1/48
II-26	1/48
II-27	1/48
II-28	1/48
II-29	1/48
II-30	1/48
II-31	1/48
II-32	1/48
II-33	1/48
II-34	1/48
II-35	1/48
II-36	1/48
II-37	1/48
II-38	1/48
II-39	1/48
II-40	1/48
II-41	1/48
II-42	1/48
II-43	1/48
II-44	1/48

II-45	1/48
II-46	1/48
II-47	1/48
II-48	1/48

The Fractional Interest appurtenant to each Condominium Unit has been determined by amount of square footage of gross living area. Each unit has 1,000 square feet of gross living area and therefore each unit has an identical fractional interest. The stated Fractional Interest is permanent in character and cannot be altered without the consent of 100% of the Unit Owners expressed in an amendment to the Master Deed duly recorded.

(c) Inseparability of Fractional Interests. The Fractional Interest in the Common Area and Facilities cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the Deed or other instruments.

(d) No Partition. The Common Area and Facilities shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Condominium Act, the By-Laws, and this Master Deed.

(e) Use of Common Area and Facilities. The Unit Owners may use the Common Area and Facilities in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other Unit

Owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the Common Area and Facilities is intended to be used. The Board shall have the right to promulgate rules and regulations limiting the use of the Common Area and Facilities to Unit Owners and their guests for special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee. Any Owner may delegate, in accordance with the provisions of this Master Deed and the By-Laws, his right to use the Common Area and Facilities to the immediate members of his family, to a limited number of guests, or to his tenants who reside in his Condominium Unit.

Section 5. Conveyance by Warranty Deed. All conveyances of title of any Condominium Unit shall be by general warranty deed.

ARTICLE IV

ASSESSMENTS

* Section 1. Creation of Lien and Personal Obligation for Assessments. Each Condominium Unit is and shall be subject to a lien and permanent charge in favor of the Association for the annual and special Assessments set forth in Section 2 and 3 of this Article IV. Each Assessment together with

* See Third Amendment p. 2-3

interest thereon and cost of collection thereof as hereinafter provided, shall be a permanent charge and continuing lien upon the Condominium Unit against which it relates, and shall also be the joint and several personal obligation of each Owner of such Condominium Unit at the time the Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such Unit, and each and every Owner by acquiring or holding an interest in any Condominium Unit thereby covenants to pay such amount to the Association when the same shall become due. The purchaser of a Condominium Unit at a judicial or foreclosure sale shall be liable only for the Assessment coming due after the date of such sale.

* Section 2. Annual Assessments. No later than December 1 of each calendar year, the Board of Directors shall set the annual Assessments by estimating the Common Expenses to be incurred during the immediately succeeding calendar year and shall prorate such Common Expenses among the Owners of the Condominium Units in accordance with the Fractional Interest appurtenant to such Condominium Units, and shall give written notice to each Unit Owner of the annual Assessment fixed against his Unit for such immediately succeeding calendar year. The annual Assessments levied by the Association shall be collected

* See Second Amendment p. 10-11

by the Treasurer as provided in Section 4 of this Article IV. The annual Assessments shall not be used to pay for the following:

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

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

Declarant anticipates that ad valorem taxes and other governmental assessments, if any, upon the property will be assessed by the taxing authority upon the Unit Owners, and that each assessment will include the assessed value of the Condominium Unit and of the undivided interest of the Unit Owner in the Common Area and Facilities. Any such taxes and governmental assessments upon the property which are not so assessed shall be included in the Association's budget as a recurring expense and shall be paid by the Association as a Common Expense. Each Unit Owner is responsible for making his payment of taxes and such payment shall include such Owner's individual interest in the Common Area and Facilities as such undivided interest is determined by law for purposes of paying taxes. If no provision is made by law or the taxing authorities for the determination of an Owner's share of the undivided interest in the Common Area and Facilities, each Owner shall pay that percentage of the undivided interest in the Common Area and Facilities attributable to his Unit under Article III, Section 3 herein.

* XX Section 3. Special Assessments. In addition to the annual Assessments, the Association may levy in any calendar year special Assessments for the purpose of supplementing the annual Assessments if the same are inadequate to pay the Common Expenses and of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of the Common Area and Facilities, including the necessary fixtures and personal property related thereto; provided, however, that any such special Assessments shall have the assent of a majority of the votes represented, in person or by proxy, at a meeting, at which a quorum is present, duly called for the express purpose of approving such expenditure, written notice of which shall be sent to all Owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting, which notice shall set forth the purpose of the meeting. Special Assessments shall be fixed against the Units according to their Fractional Interests; the period of the Assessments and the manner of payment shall be determined by the Board.

Section 4. Date of Commencement of Annual Assessments; Due Dates. Although the annual Assessment is calculated on a calendar year basis, each Owner of a Condominium Unit shall be

* See Second Amendment p. 12 - 13

XX See Third Amendment p. 3

obligated to pay to the Treasurer of the Association such Assessment in equal monthly installments on or before the first day of each month during such calendar year or in such other reasonable manner as the Board of Directors shall designate.

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

The Association shall, upon demand at any time, furnish to any Condominium Owner liable for any such Assessment a certificate in writing signed by an officer of the Association, setting forth whether the same has been paid. A reasonable charge, as determined by the Board, may be made for the issuance of such certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5. Lien for Assessments.

* (a) The Association shall have a lien on every Condominium Unit for unpaid assessments levied against that Condominium Unit in accordance with Section 55-79.84 of the

See Third Amendment p. 3-4.

Condominium Act, if perfected as hereinafter provided. The said lien, once perfected, shall be prior to all other liens and encumbrances except real estate tax liens on that Condominium Unit, and sums unpaid on any first mortgage or first deed of trust encumbering that Condominium Unit and securing an institutional lender.

(b) All memoranda of liens arising under this Section shall, in the discretion of the Clerk of the Circuit Court of the City of Bristol, Virginia, be recorded in the miscellaneous lien books or the deed books in such Clerk's Office. Any such memorandum shall be indexed in the General Index to Deeds, and such General Index shall identify the lien as a lien for condominium assessments.

(c) The Association, in order to perfect the lien given by this Section shall file before the expiration of ninety (90) days from the time such assessment became due and payable in the said Clerk's Office, a memorandum, verified by oath of the principal officer of the Association, or such other officer of the Association as may be designated by the Board of Directors, which contains the following:

(1) A description of the condominium unit as required by Section 55-79.47 of the said Condominium Act.

(2) The names of the record owners of that condominium unit, and, also, in the case of a leasehold condominium, the names of any other persons constituting the unit owner of that unit.

(3) The amount of unpaid assessment currently due or past due together with the date when each fell due.

(4) The date of issuance of the memorandum. Recordation of such lien in said Clerk's Office shall constitute notice thereof. The cost of recording such memorandum shall be taxed against the person found liable in any judgment or decree enforcing such lien.

* (d) No suit to enforce any lien perfected under Subsection (c) hereof shall be brought after six (6) months from the time when the memorandum of lien was recorded; provided, however, that the filing of a petition to enforce any such lien in any suit, properly filed, shall be regarded as the institution of a suit under this Section; and further provided that nothing herein shall extend the time within which any such lien may be perfected.

* (e) Any judgment or decree in an action brought pursuant to this Section shall include, without limitation, reimbursement for costs and attorney's fees together with interest at the maximum legal rate for the sum secured by the loan from the time such sum became due and payable.

(f) When payment or satisfaction is made of a debt secured by a lien perfected by Subsection (c) hereof, said lien shall be released in accordance with the provisions of Section 55-66.3 of the Code of Virginia. For the purposes of that section the principal officer of the Association, or such other

* See Third Amendment p. 4

officer of the Association as the Board of Directors may specify, shall be deemed the duly authorized agent of the lien creditor.

(g) Nothing in this Section shall be construed to prohibit actions at law to recover sums for which Subsection (a) hereof creates a lien, maintainable pursuant to Section 55.79.53 of the Condominium Act.

* (h) Any unit owner or purchaser of a condominium unit, having executed a contract for the disposition of the same, shall be entitled upon request, to a recordable statement setting forth the amount of unpaid assessments currently levied against that unit. Such request shall be in writing, directed to the principal officer of the Association or to such other officer of the Association as the Board of Directors of the Association may specify. Failure to furnish or make available such a statement within five (5) business days from the receipt of such request shall extinquish the lien created by Subsection (a) hereof as to the condominium unit involved. Such statement shall be binding on the Association, the operating or managerial officers or executive organ, and every unit owner. A fee of TEN ($10.00) DOLLARS is hereby required as a prerequisite to the issuance of such a statement.

(i) No condominium owner shall be exempt from contributing assessments by waiver or non-use of the use or enjoyment of the common area and facilities or by the abandonment of the condominium unit belonging to him, or otherwise.

* See Third Amendment p. 4-5

Section 6. Subordination of the Charges and Liens to Mortgages.

(a) The lien and permanent charge for the annual and special Assessments (together with interest thereon and any cost of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any mortgagee or his assigns placed on such Condominium Unit if, but only if, all such Assessments with respect to such lot having a due date on or prior to the date such mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only such lien and charge as relates to Assessments authorized hereunder having a due date subsequent to the date such mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale under power contained in such mortgage.

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

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

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

* ~~Section 7. Exempt Property. Each Condominium~~

** ~~Unit shall be exempt from the Assessments created herein until such Unit is conveyed by Declarant to an Owner. Except as expressly provided herein, no Unit and its appurtenant Fractional Interest shall be exempt from said Assessments.~~

* See First Amendment p. 24-

** See Second Amendment p. 13-14

ARTICLE V

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Board of Directors or its authorized agent shall obtain insurance for all of the improvements on the property (excepting the personal property of the Condominium Owners, their guests and lessees and all improvements and betterments made by such Owners at their expense) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in the amount sufficient to cover the full cost of any repair, reconstruction or replacement in the event cf damage or destruction from any such hazard, and shall also obtain a public liability policy covering the Common Area and Facilities and all damage or injury caused by the negligence of the Association or any of its agents which public liability policy shall have reasonable limits set by the Board of Directors. Premiums for all such insurance shall be Common Expenses and paid by the Association. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association for the Owners of the Units in same amount as the Fractional Interest appurtenant to their Units. Such insurance policies shall comply with the provisions hereinafter set forth.

(a) All policies shall be written with a company licensed to do business in the Commonwealth of Virginia and holding a rating of "AAA" or better by Best's Insurance Reports.

(b) All policies shall be for the benefit of the Unit Owners and their mortgagees as their interests may appear.

(c) Provision shall be made for the issuance of a certificate of insurance to each Owner and his mortgagee, if any, which shall specify the proportionate amount of such insurance attributable to the particular Owner's Unit.

(d) The original of all policies and endorsements thereto shall be deposited with the Trustee which shall hold them subject to the provisions of Section 3 of this Article V.

(e) Exclusive authority to adjust losses under policies hereafter in force on the property shall be vested in the Board of Directors or its duly authorized agent; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations related thereto.

(f) In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Board of Directors hereunder be affected or diminished by insurance purchased by individual Owners or their mortgagees.

(g) Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of all of the Owners and their mortgagees, may realize under any insurance policy which the Board of Directors may have in force on the property at any particular time.

(h) Any Owner who obtains an individual insurance policy covering any portion of the property, other than on personal property belonging to such Owner and on improvements and betterments made by such an Owner at his expense, shall file a copy of such policy with the Board of Directors within thirty (30) days after purchase of such insurance.

(i) Each Owner at his own expense may obtain on his Unit or the contents thereof title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterments and personal property damage and loss.

(j) The Board of Directors shall conduct an annual insurance review for the purposes of determining the full insurable value of the entire property including all dwellings and the Common Area and Facilities, without respect to depreciation, of all improvements on the property (with the exception of improvements and betterments made by the respective Owners at their expense) by one or more qualified persons.

(k) The Board of Directors or its duly authorized agent shall make reasonable efforts to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims against the Board of Directors, its duly authorized agents and the Owners and their respective servants, agents and guests; (2) a waiver of insurer's right to repair or reconstruct instead of paying cash; (3) a waiver of insurer's right to cancel, invalidate or suspend the policy on account of the acts of fewer than three

(3) Owners or the conduct of any director, officer or employee of the Association or its duly authorized agent without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its agent, any Owner or mortgagee; and (4) that any "other insurance" clause in the master policy or polciies exclude individual Owner's policies from consideration.

(1) Each Owner shall be required to notify the Board of Directors of all improvements made by such Owner to his Unit, the value of which is in excess of One Thousand Dollars ($1,000.00).

Section 2. <u>No Partition</u>. The Common Area and Facilities as defined hereby shall remain undivided. No Condominium Owner or any other person shall bring any suit or other proceeding for partition or division of the co-ownership of the Common Area and Facilities as defined herein. Nothing contained in this section shall be construed as a limitation on partition by the Owner of one or more Condominium Unit or Units in a regime as to the individual ownership of such Condominium Unit or Units without terminating the regime or as to the ownership of the property outside the regime, provided that upon partition of any such individual Condominium Unit, the same shall be sold as an entity and shall not be partitioned in kind.

Section 3. Trustee.

(a) All insurance policies purchased by and in the name of the Board of Directors shall provide that proceeds covering property losses shall be paid jointly to the Association and Trustee. Immediately upon the receipt by the Association of such proceeds, the Association shall endorse the instrument by means of which such proceeds are paid and deliver such instrument to Trustee. The Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor shall the Trustee have any obligation to inspect the property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(b) Among other things, the duty of the Trustee shall be to receive proceeds delivered to it and to hold such proceeds in trust for the benefit of the Owners and their mortgagees. An undivided share of such proceeds on account of damage or destruction to the Common Area and Facilities shall be allocated and assigned for the Owners in accordance with the Fractional Interest appurtenant to their Units. Proceeds on account of damage or destruction to Units shall be allocated and assigned for the Owners of the damaged or destroyed Units in proportion to the cost of repairing or reconstructing the damage or destruction suffered by each such Owner. In the event that a mortgagee endorsement has been issued as to any particular Unit, the share or such Unit Owner shall be held in trust for such Owner and his mortgagee as their interests may appear.

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

(1) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid into the Trust Fund for the benefit of all Owners.

(2) If it is determined, as provided in Section 4 of this Article V, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.

(3) Any and all disbursements of funds by the Trustee for any purpose whatsoever shall be made pursuant to and in accordance with a certificate of the Association signed by the President or Vice President and attested by the Secretary or Assistant Secretary directing the Trustee to make the disbursements.

If the damage or destruction is to the Common Area and Facilities, and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee known by the Trustee to have the largest interest in or lien upon such Common Area and Facilities. If the damage or destruction is to one or more Units and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee or mortgagees, if any, known by the Trustee to have an interest in or lien upon such Unit or Units. The Trustee shall not incur liability to any Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

Section 4. Damage and Destruction.

(a) Immediately after all or any part of the property covered by insurance written in the name of the Board of Directors is damaged or destroyed by fire or other casualty, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction, of the damaged property, repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty, with each Unit and the Common Area and Facilities having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to the Condominium Unit which does not render such Unit untenantable shall be repaired unless all the Owners unanimously agree in writing not to repair, reconstruct or rebuild the property in accordance with the provisions of the Act. Any such damage or destruction which renders any Condominium Unit untenantable or uninhabitable, or any such damage or destruction to the Common Area and Facilities shall be repaired and reconstructed unless at least eighty (80) percent of the total vote of the Association, evidenced by a written agreement, within sixty (60) days after the casualty, vote not to repair or reconstruct. If for any reason, the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the costs of repair or reconstruction are not made available to the Association within said period of sixty (60) days after the casualty, then such period shall be extended until such information shall be made available to the Association; provided, however, that said extension of time shall not exceed ninety (90) days. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired or reconstructed.

* (c) In the event that it is determined by the Association in the manner prescribed as amended above that the damage or destruction shall not be repaired or reconstructed, then and in that event (1) the property shall be deemed to be owned by the Unit Owners as tenants in common, (2) the undivided interest in the property owned in common which shall appertain to each Unit Owner shall b the portion of Fractional Interests appurtenant to each Unit, (3) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the portion of Fractional Interest of the Unit Owner, and (4) the property shall be subject to an action for partition at the instance of any Unit Owner, in which event the net proceeds of sale shall be paid to the Trustee.

* See First Amendment p. 1-2.

Said net proceeds of sale, together with the net proceeds of the insurance on the property, shall be considered as one fund which, after paying all expenses of the Trustee, shall be divided among all of the Unit Owners in a portion equal to the Fractional Interests appurtenant to their Units, after first paying out of the respective share of the Unit Owners, to the extent sufficient for such purpose, all liens on the undivided interest in the property owned by each Unit Owner. Disbursements to such Owners shall be made pursuant to certificates provided for in Section 3 of this Article V.

Section 5. Repair and Reconstruction.

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall levy a special Assessment against the Owners of damaged or affected Units in sufficient amounts as to provide funds to pay such excess cost of repair or reconstruction. Additional Assessments may be made at any time during or following the completion of any repair or reconstruction. That portion of such Assessments levied against each such Unit Owner shall be equal to that portion computed by dividing the Fractional Interest appurtenant to such Owner's Unit by the total of the Fractional Interests appurtenant to all Units affected.

(b) Any and all sums paid to the Association under and by virtue of those special Assessments provided for in paragraph (a) of this Section shall be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee shall be disbursed as provided in Section 3 of this Article V.

ARTICLE VI

EMINENT DOMAIN AND CONDEMNATION

Section 1. If any portion of the common elements is taken by eminent domain, the award therefore shall be allocated to the unit owners in proportion to their respective undivided interests in the common elements.

Section 2. If one or more units is taken by eminent domain, the undivided interest in the common elements appertaining to any such unit shall be thenceforth appertained to the remaining units, being allocated to them in proportion to their respective undivided interests in the common elements. The court shall enter a decree reflecting the allocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the unit owner of any unit taken for his undivided interest in the common elements as well as for his unit.

Section 3. If portions of any unit are taken by eminent domain, the court shall determine the fair market value of the portions of such unit not taken, and the undivided interest in the common elements appertaining to any such unit shall be reduced, in the case of each such unit, in proportion to the diminution in the fair market value of such unit resulting from the taking. The portions of the undivided interest in the common elements thereby divested from the unit owners of any such units shall be reallocated among those units and the units in the condominium in proportion to their respective, undivided interests in the common elements, with any units partially taken participating in such reallocation on the basis of their undivided interests as reduced in accordance with the preceding sentence. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the unit owner of any unit partially taken for that portion of his undivided interest in the common elements divested from him by operation of the first sentence of this section and not be vested in him by operation of the following sentence, as well as for that portion of his unit taken by eminent domain.

Section 4. If, however, the taking of a portion of any unit makes it impractical to use the remaining portion of that unit for any lawful purpose permitted by the condominium instruments, then the entire undivided interest in the common elements appertaining to that unit shall thenceforth appertain to the remaining units, being allocated to them in proportion to their respective undivided interests in the common elements, and the remaining portion of that unit shall thenceforth be a common element. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include, without limitation, just compensation to the unit owner of such unit for his entire undivided interest in the common elements and for his entire unit.

Section 5. Votes in the Association, rights to future common profits, and liabilities for future common expenses not specifically assessed, appertaining to any unit or units taken or partially taken by eminent domain, shall thenceforth appertain to the remaining units being allocated to them in proportion to their relative voting strength in the Association, with any units partially taken participating in such reallocation as though their voting strength in the Association had been reduced in proportion to the reduction in their undivided interests in the common elements, and the decree of the court shall provide accordingly.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Approval Required for Changes. To preserve the original architectural appearance of the Carriage Hills Condominiums after the purchase of a Condominium Unit from Declarant, his successor or assigns, no exterior construction of any nature whatsoever shall be commenced or maintained upon any building nor shall there be any change, modification or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces, or facades, nor shall any Owner paint, decorate, or change the color of any exterior surface, stairway, balcony terrace, gate, fence or roof, nor shall any Owner change the design or color of the exterior lights, nor shall any Owner install, erect or attach to any part of the exterior any sign of any kind whatsoever, nor shall any exterior addition or change, including without limiting the generality of the foregoing, the erection or construction of any fence or wall, be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures by the Board of Directors of the Association or by an architectural committee composed of three (3) or more representatives appointed by the Board. Failure of the Board, or its designated committee, to approve or disapprove such plans and specifications within thirty (30) days after their being submitted to it shall constitute approval.

ARTICLE VIII

EXTERIOR MAINTENANCE

Section 1. Responsibility of Association. Except as specifically provided to the contrary herein, the Association shall maintain, repair and replace, at its expense, all parts of the Common Area and Facilities, whether located inside or outside of a Condominium Unit, the cost of which shall be charged to the Unit Owners as a Common expense subject to the provisions of Section 2 of this Article VIII. The Association shall have the irrevocable right to be exercised by the Board of Directors, or its agent, to have access to each Condominium Unit from time to time during reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the

Common Area and Facilities therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area and Facilities.

Section 2. Responsibility of Owner. In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in Section 1 of this Article VIII is caused through the willful or negligent act of an Owner, his family, guests or invitees, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs shall be added to and become a part of the assessment to which such Owner and his Unit is subject. Each Owner shall maintain, repair and replace at his own expense all portions of his Unit which may become in need thereof, including the heating and air-conditioning system for such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior nonload-bearing walls, carpeting, drapes and other items within the Unit. Further, each Owner shall, at his own expense, maintain, repair and replace, when necessary, that portion of the air-conditioning system servicing his Unit. If the Owner does not make those repairs to be made by him within thirty (30) days from written demand from the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the Unit owned by such Owner.

ARTICLE IX

UNIT RESTRICTIONS

Section 1. Residential Purposes. Buildings and all Units shall be, and the same hereby are, restricted exclusively to residential use. No structures of a temporary character, trailer, basement, tent, shack, carport, garage, barn or other outbuilding shall be used as a residence on any portion of the property at any time.

Section 2. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any part of the property, except that dogs, cats or other household pets may be kept by the respective Owners in their respective Units provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health of occupants, or, in the sole discretion of the Board of Directors, unreasonably disturb the Owner of any Unit or any resident thereof.

* Section 3. Signs and Business Activities. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property, nor shall the property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof. No business activities of any kind whatever shall be conducted in any building or in any portion of the property; provided, however, the foregoing covenants shall not apply to the business activities, signs, and billboards of Declarant, its agents or assigns during the sale period.

See Second Amendment p. 14

Section 4. Clotheslines, Garbage Cans, Etc. No outside clotheslines shall be permitted, and all garbage cans and similar items shall be kept screened so as to conceal them from view of neighboring Units.

Section 5. Exterior Antennas. No exterior television or radio antennas shall be placed on any improvements without prior written approval of the Board of Directors.

Section 6. Leasing of Units. Units may be rented provided the occupancy is only by the lessee and his immediate family unless otherwise provided by the Association's Board of Directors. No less than all of a Unit may be rented and no transient tenants shall be accommodated. This Section 6 shall not apply, however, to any lease or leases which have or may be entered into by the Declarant.

* Section 7. Mortgaging. No Owner may mortgage his Unit nor any interest therein without the approval of the Association's Board of Directors, except to its former Owner, a bank, insurance company, a federal state savings and loan association or a corporation or partnership acting as a mortgage broker whose primary interest in making any such mortgage is the placement and servicing of same with and on behalf of one of such other lending institutions. The existence of a "permanent commitment" from any such lending institution to purchase any such mortgage from such mortgage broker shall be conclusive evidence of such mortgage broker's intent to place

* See Amendment 2 p. 14

any such mortgage with one of such other lending institutions whether or not such commitment is ultimately fulfilled. The approval of any mortgagee as provided for above may be upon conditions determined by the Board of Directors or may be arbitrarily withheld.

Section 8. Voidable Transaction. Any mortgage or lease which is not authorized pursuant to the terms of this Master Deed shall be voidable at the option of any Owner or the Board of Directors until such time as same shall be approved by the Board of Directors.

ARTICLE X

EASEMENTS

Section 1. Encroachments. If any portion of the Common Area and Facilities encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area and Facilities as a result of settling or shifting of a building, an easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. If any building, any Unit, any adjoining Unit, or any adjoining part of the Common Area and Facilities shall be particularly or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area and Facilities upon any Unit or upon any portion of the Common Area and Facilities due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject building shall stand.

Section 2. Utilities, Etc. There is hereby granted a blanket easement upon, across, over and under all of the property for ingress, egress, installation, replacing, repairing, and maintaining a master television antenna system and all utilities, including, but not limited to, water, gas sewers, heating and air-conditioning ducts and lines, telephone and electricity. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the property and to affix and maintain utility wires, circuits, and conduits on, above, across and under the roofs and exterior walls of the Units.

Section 3. Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any Manager employed by the Association as provided for in the By-Laws, and to all policemen, firemen, ambulance personnel and all similar emergency personnel an easement to enter upon the property or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 3 of Article X shall be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

Section 4. Present Easements. The property described herein is conveyed subject to the following easements, restrictions and reservations:

(a) This conveyance is made subject to a permanent easement and right of way upon and over a strip one hundred

(100) feet wide running in an easterly direction from U.S. Route 11 to the Norfolk and Western Railway right of way, said easement being of record in the Clerk's Office aforementioned in Deed Book 239, page 414, granting the perpetual right to enter and erect, maintain, repair, rebuild, operate and patrol one or more electric power transmission lines and one or more telephone lines, with the rights to erect poles and other necessary appurtenances, and to keep the right of way clear of brush, timber, structures and fire hazards.

(b) This conveyance is made subject to an unrecorded easement granted to the City of Bristol, Virginia, by an instrument dated January 28, 1971, consisting of a twenty (20) foot easement for a sixteen inch (16") water transmission line running from Lee Highway in a southeasterly direction from U. S. Route 11 to the Norfolk and Western Railway right of way.

(c) This conveyance is made subject to an unrecorded easement granted to United Cities Gas Company by a letter dated April 8, 1971, consisting of a ten (10) foot easement (parallel to and immediately west of the sixteen inch (16") water line easement referred to in the immediately preceding paragraph), which easement is also granted by instrument recorded August 26, 1974.

(d) This conveyance is made subject to a non-exclusive easement for ingress and egress granted to Virginia National Bank by deed dated February 26, 1968, of record in said Clerk's Office in Deed Book 431, page 301, upon and over the same one hundred (100) strip of land included in the electric power transmission line easement referred to in paragraph (a) above.

(e) This conveyance is made subject to any unrecorded easements to the City of Bristol, Virginia, and/or United

Inter-Mountain Telephone Company for telephone or electric power transmission and/or distribution lines together with poles and other appurtenances, as shown on the aforementioned plat attached hereto.

(f) This conveyance is made subject to the restrictions contained in an agreement dated March 24, 1966, between the Community Development Corporation and Virginia National Bank, which agreement is incorporated by reference within a deed from Virginia National Bank to Community Development Corporation dated March 24, 1966, conveying to Community Development Corporation the property hereinabove conveyed, which deed is of record in the said Clerk's Office in Deed Book 412, page 65. Said restrictions prohibit the use of the property herein conveyed for a bank or other lending institution which would directly or indirectly compete with the business operated by Virginia National Bank.

* (g) Declarant hereby reserves an easement of ingress and egress across the submitted land herein for access to the land know as the "additional land" which is described below in Article XI. Said easement will extend across the driveway and parking lot of the submitted land and lead to the additional land as may be reasonably required for access to the additional land, or said easement may lead from U. S. Route 11 across the submitted land to the additional in any reasonable manner or direction that will provide reasonable and access to the additional land and which will not unreasonably interfer with the use of the submitted land.

See Second Amendment p. 14-15

ARTICLE XI

EXPANDABLE NATURE OF CONDOMINIUM PROJECT

Pursuant to Section 55-79.41(n) and Section 55-79.54(c) of the Act the Declarant hereby expressly reserves an option to expand the Condominium project by adding the following described property (hereinafter referred to as "additional land") to the said condominium property previously described above:

> BEGINNING at an iron pin in the southeasterly corner of property owned by Virginia National Bank, common corner with the northeasterly corner of the submitted land hereinabove described; thence S 8° 41' 40" E 456.80 feet to an iron pin in the westerly line of the Norfolk and Western Railway right of way; thence with said line of said right of way N 43° 0' E 430.42 feet to an iron pin in the property line of property now or formerly owned by Gammon; thence with said line of Gammon N 44° 45' W 424.72 feet to an iron pin, common corner with the northeasterly corner of property owned by the Virginia National Bank; thence with the easterly property line of said Bank property S 21° 05' 30" W 176.60 feet back to the point of Beginning, and containing 2.557 acres, more or less, and being a part of the same property conveyed to the parties of the first part by deed dated June 5, 1973, from Community Development Corporation, a Virginia Corporation, and of record in the Clerk's Office, Circuit Court of Washington County, Abingdon, Virginia, in Deed Book 506, page 51, said property having subsequently been annexed by the City of Bristol, Virginia, said annexation being effective January 1, 1974, and being designated as Tract 2B of said deed.

This option is reserved exclusively by and to the Declarant to be exercised by the Declarant alone. The Declarant shall have seven years from the date of the recordation of this declaration to exercise this option. All of the additional land will be added to the Condominium at the time the option is exercised. It is contemplated that portions of the additional land may be added to the Condominium at different times. There are no limitations fixing the boundaries of said portions.

No assurances are made as to limitations of the locations of any improvements that may be made on any portion of the additional land added to the Condominium.

The maximum number of units that may be created on the additional land shall be forty-eight (48) units. The maximum number of units per acre that may be created on any such portion added to the Condominium shall be forty-eight (48) units.

All units that may be built on the additional land shall be restricted to residential use.

No assurances are made that structures erected on any portion of the additional land added to the Condominium will be compatible with structures on the submitted land in terms of quality of construction, the principal materials to be used, and architectural style.

It is contemplated that tennis courts will be built upon the submitted land and that the tennis courts may become a common element for the owners of units on the submitted land and the owners of units on the additional land. To the same extent the swimming pool now located on the submitted land may become a common element for owners of units on the additional land.

No assurances are made that units created on any portion of the additional land added to the Condominium will be substantially identical to the units on the submitted land, or that limitations as to what types of units may be created thereon will be imposed, except the units will be for residential use.

No assurances are made as to declarant's rights to create limited common elements and/or to designate common elements therein which may subsequently be assigned as to limited elements.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Amendment. Amendments to this Master Deed, except as herein expressly provided to the contrary, shall be proposed by the Board of Directors or by any member of the Association in accordance with the following procedure.

(a) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered.

(b) Adoption. The Master Deed may be amended at any time and from time to time after notice as hereinabove provided has been given by a vote of not less than seventy-five percent (75%) of the total vote of the Association; provided, however, that if the Association shall vote to amend the By-Laws in any respect, such amendment shall be set forth in an amendment to this Master Deed and shall be valid when approved by a vote of not less than seventy-five percent (75%) of the total vote of the Association.

(c) Recording. A copy of each amendment provided for in this Section 1 shall be certified by the Board of Directors of the Association as having been duly adopted and shall be effective when recorded.

Section 2. Termination. The Condominium may be terminated and the property removed from the provisions of the Act in the following manner.

(a) Agreement. Upon consent of all of the unit owners all of the property of the Condominium may be removed from the provisions of the Condominium Act by an instrument to that effect, duly recorded, provided that the holders of all liens affecting any of the units consent thereto or agree in either case by instruments duly recorded, that their liens be transferred so as to effect and be a lien upon only the fractional interests appertent to the unit subject to such lien, and further provided that the undivided interest in the common elements allocated to any unit shall not be altered and any purported transfer, encumbrance, or other disposition of that intersest without the unit to which it appertains shall be void.

(b) Destruction. In the event it is determined in the manner provided in Section 4 of Article V hereof, that the property shall not be repaired or reconstructed after casualty, the Condominium will be terminated and the Condominium Documents revoked. The determination not to repair or reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being recorded.

(c) Condemnation. In the event that one or more Units, or any part or parts thereof, shall be taken by any authority having the power of eminent domain and the consent of all Owners as provided in Section 3 of Article VI hereof, shall not be expressed in an amendment to this Master Deed duly recorded within ninety (90) days after such taking, the Condominium will be terminated and the Condominium Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being recorded.

(d) Ownership After Termination. After termination of the Condominium, the rights of the Unit Owners and their respective mortgagees and lienholders shall be determined in the manner provided in Section 5 of Article V hereof.

Section 3. Covenants Running with the Land. All provisions of this Master Deed shall be construed to be covenants running with the land, and with every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of the Master Deed shall bind and inure to the benefit of all Unit Owners and claimants of the land of any part thereof or interest therein, and their heirs, executors, administrators, successors and assigns.

Section 4. Duration. The declarations, covenants and restrictions contained in this Master Deed shall continue until terminated as herein provided.

Section 5. Enforcement. Each Owner shall comply strictly with the By-Laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended form time to time, and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to his Unit . Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both maintainable by the Board of Directors on behalf of the Association or by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

Section 6. Severability. Invalidation of any covenants, condition, restriction or other provision of this Master Deed or the By-Laws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 7. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

ARTICLE XIII

UNIT VOTE

Each Unit shall be entitled to vote in the Association and for all other purposes herein equivalent to the Fractional Interest appurtenant to such Unit and such vote shall be exercisable by the Owner or Owners of such Unit through the member assigned to represent such Unit pursuant to Section 7, Article IV of the By-Laws.

IN WITNESS WHERE, Declarant has executed this Master Deed this 21st day of October, 1975.

Victor Zager

Victor Zager

Muriel Zager

Muriel Zager

STATE OF VIRGINIA
CITY OF BRISTOL,

I, Wayne L. Bell, a Notary Public in and for the City of Bristol, State of Virginia, do hereby certify that Victor Zager and Muriel Zager, his wife, whose names are signed to the foregoing writing bearing date the 21st day of October, 1975, have personally appeared before me and acknowledged the same in my jurisdiction.

Given under my hand this the 21 day of October, 1975.

My commission expires July 14, 1979.

Notary Public

MAILED 5-24-76 Glenn, Stuart, Estridge & Jones

FIRST AMENDMENTS

TO

M A S T E R   D E E D

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

CARRIAGE HILL CONDOMINIUMS

These First Amendments, made this 27th day of January, 1976, by Victor Zager and Muriel Zager, his wife, hereafter collectively called the "Declarant," are made and executed by Declarant to amend the "Master Deed - Delcaration of Covenants, Conditions and Restrictions for Carriage Hill Condominiums" (hereafter called "Master Deed") executed by Declarant on October 21, 1975, as follows:

1. Article IV, Section 7 of said Master Deed is hereby deleted in its entirety.

2. Article V, Section 4(c) is amended to read as follows:

> (c) In the event that it is determined by the Association in the manner prescribed as amended above that the damage or destruction shall not be repaired or reconstructed, then, in that event the proceeds of said insurance policy,

FIRST AMENDMENTS TO BYLAWS OF CARRIAGE HILL CONDOMINIUMS

The following constitute the first amendments to the bylaws of Carriage Hill Condominiums originally submitted to the Virginia Real Estate Commission on November 12, 1975, for approval, Registration Number 75-124:

Article IV, Section 7(a) is hereby amended to read as follows:

> (a) It shall be expressly understood that Declarant shall retain the right to exercise all voting rights associated with those units not yet disposed of and otherwise owned by said Declarant and to exercise and perform all other duties and functions associated with the ownership of said units, provided, that if there is any unit owner in the condominium other than Declarant, then the condominium shall be terminated only by the agreement of the unit owners of the units to which eighty percent (80%) of the votes in the unit owners' association appertain.

Article V, Section 1 is amended to read as follows:

> Section 1. Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"), all of whom, after Declarant has sold fifty percent (50%) of the units, shall be owners of condominium units at all times during their term as directors. The initial Board shall consist of three directors, who shall be selected at the organizational meeting of the Association. From and after the date of the first annual meeting of the Association, there shall be three directors. Each director shall be at least eighteen (18) years of age and any qualified director may be reelected. Each director shall hold office for one year, so long as he is qualified as set out hereinabove, or until his successor is elected and duly qualifies.

Article XI, Section 1 is hereby amended by changing the Code reference to the Code of Virginia therein from "Section 55-79.22" to "Section 55-79.72."

VIRGINIA:

In the Clerk's Office of the Circuit Court for the City of Bristol. This instrument with the certificate of acknowledgment thereto annexed is admitted to record at 10:55 o'clock A. M., May 14, 1976.

Teste: EDWINA F. MULL, CLERK Clerk

as set out above, shall be paid out in accord with the terms of said policy.

IN WITNESS WHEREOF, Declarant has executed these First Amendments as aforesaid on this 27 day of January, 1976.

Victor Zager
Victor Zager

Muriel Zager
Muriel Zager

STATE OF VIRGINIA

CITY OF BRSITOL,

I, Wayne L. Bell, a Notary Public in and for the City of Bristol, State of Virginia, do hereby certify that Victor Zager and Muriel Zager, his wife, whose names are signed to the foregoing writing bearing date the 27th day of January, 1976, have personally appeared before me and acknowledged the same in my jurisdiction.

GIVEN under my hand this the 27th day of January, 1976.

My commission expires July 14, 1979.

Notary Public

VIRGINIA:

In the Clerk's Office Of The Circuit Court For The City of Bristol. This Instrument with The Certificate of Acknowledgment Thereto Annexed, Is Admitted To Record At 10:55 o'clock A. M. May 14 1976

Teste: EDWINA F. MULL, CLERK Clerk

By: Mabel L. Lamie, D.C

MAILED 7/13/78

DELIVERED

TO: Penn, Stuart, Eskridge & J

BOOK 205 PAGE 333

SECOND AMENDMENT

TO

MASTER DEED -

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR CARRIAGE HILL CONDOMINIUMS

This second amendment to the "Master Deed - Declaration of Covenants, Conditions and Restrictions for Carriage Hill Condominiums" (hereinafter called the "Master Deed"), made as of the date set forth below by Victor Zager and Muriel Zager, his wife, hereinafter collectively called the "Declarant", as follows:

W I T N E S S E T H:

WHEREAS, on October 21, 1975, the Declarant executed the Master Deed for Carriage Hill Condominiums (hereinafter referred to as the "Condominiums") by which Declarant submitted certain property and buildings and improvements thereon to the provisions of the Virginia Condominium Act, Title 55, Chapter 4.2, Code of Virginia, as amended, (hereinafter referred to as the "Act"), thereby creating a condominium development known as Carriage Hill Condominiums, which Master Deed is recorded in the Clerk's Office, Circuit Court of the City of Bristol, Virginia, in Deed Book 190, page 77 et seq.; and

WHEREAS, Article XI of Master Deed reserved the right to Declarant to expand the Condominium in accordance with the provisions of the Act by adding certain property, or a portion thereof, to the Condominium; and

WHEREAS, the Declarant desires to expand the Condominium by adding and submitting a portion of the additional property (hereinafter described) thereto, including the buildings and improvements on said additional property which includes an additional twenty-four (24) Condominium Units, so that the same will be a part of the Condominium and bound and governed by the provisions, conditions and restrictions set forth in the Master Deed and the Condominium Documents;

NOW, THEREFORE, Declarant hereby amends the Master Deed in accordance with the provisions of the Act, as amended, to expand the Condominium by adding thereto a portion of the additional land, as set forth and defined in the original Master Deed, as follows:

1.

Article I, Section 1, is hereby amended as follows:

(a) To the definition of "Condominium Property" or "Property" set forth in sub-section (h) thereof, the following is added: ",and further including any and all property, and improvements thereon, added to the Condominium by any expansion thereof."

(b) To the definition of "Survey Plat" or "Survey" set forth in sub-section (m) thereof there is added the following: "and any and all further and additional surveys of the Condominium filed or which will be filed of record in the Office of said Clerk in regard to any and all expansions of the Condominium."

Article III, Section 1 is hereby amended by adding the following after the last paragraph thereof:

"The Declarant, by this second amendment to the Master Deed, submits the following described real property, and any improvements thereon, located in the City of Bristol, Virginia, to the Condominiums and the Condominium Act of the Commonwealth of Virginia, to-wit:

> BEGINNING at an iron pin, located S 08° 41' 40" E 57.52 feet from that certain iron pin in the southeasterly corner of property owned by Virginia National Bank having common corner with the previously submitted land hereinabove described; thence S 08° 41' 40" E 399.28 to an iron pin in the westerly line of the Norfolk and Western Railway right of way; thence with said right of way N 43° 0' E 374.61 feet to an iron pin; thence N 69° 03' 50" W 338.12 feet back to the iron pin marking the point of Beginning; and being a part of the same property conveyed to the Declarant by deed dated June 5, 1973, from Community Development Corporation, a Virginia Corporation, and of record in the Clerk's Office, Circuit Court of Washington County, Abingdon, Virginia, in Deed Book 506, page 51, said property having subsequently been annexed by the City of Bristol, Virginia, said annexation being effective January 1, 1974, and being a part of the tract designated as Tract 2B of said Deed.

The property described in the immediately preceding paragraph is submitted and added to the Condominium by the exercise of Declarant's rights to do so pursuant to an option reserved to expand the Condominiums in Article XI of the Master Deed as originally recorded and is further described on a Survey Plat filed in the Clerk's Office, Circuit Court of Bristol, Virginia in regard to this expansion of the Condominiums, which Survey Plat is expressly incorporated herein by this reference as fully as if the same were set forth verbatim herein."

3.

Article III, Section 2 is hereby amended by striking and deleting said Section in its entirety and substituting in its stead the following:

"The Condominiums as established under the original Master Deed consisted of two (2) three story brick buildings physically located on the Condominium property, designated on the Survey Plat for the original development (recorded in Plat Book____, page ____, Clerk's Office of the Circuit Court of Bristol, Virginia) as Buildings I and II. Building I is the westernmost building on the property originally submitted to the Condominium Act and Building II is the southernmost building on said property. Both of the original buildings are three stories in height. The two original buildings contain a total of forty-eight (48) Condominiums Units. All forty-eight original Condominium Units contain two (2) bedrooms, a living room, a dining area adjoining the living room, a kitchen, two (2) bathrooms (one considered a full bath), and a balcony terrace, patio or deck area depending upon the location of the Unit. Each Unit contains approximately 1,000 square feet of gross living area excluding the balcony terrace, the patio or deck area as the case may be. There is also a mechanical room which serves each Unit.

The expansion of the Condominium set forth in and effectuated by this Second Amendment to the Master Deed, by which a portion of the additional land is submitted to the Condominium development, expands the Condominium to include one (1) additional three story brick building, designated on the Survey Plat for this expansion of the Condominium as Building III, which is the easternmost building on the property.

New Building III is three stories in height and contains a total of twenty-four (24) Condominium Units. All twenty-four (24) new Condominium Units contain two bedrooms, a living room, a dining area adjoining the living room, a kitchen, two full bathrooms, and a balcony terrace, patio or deck area depending upon the location of the Unit. Each Unit contains approximately one thousand (1,000) square feet of gross living area excluding the balcony terrace, the patio or the deck area as the case may be. There is also a mechanical room which serves each Unit."

4.

(a) Article III, Section 3 is hereby amended, as to the second paragraph on page 10 of the original Master Deed, by inserting the word "original" between the words "forty-eight (48)" and "Condominium Units" and also between "two (2)" and "buildings".

(b) Section 3 of Article III is further amended by adding the following thereto:

"The additional twenty-four (24) new Condominium Units added to and located on the Condominium property by virtue of the expansion thereof set forth in the Second Amendment to the Master Deed are located on the Property as follows:

Building	Condominium Unit	Location
III	49	Front, first floor, right
III	50	Back, first floor, right
III	51	Back, first floor, left
III	52	Front, first floor, left
III	53	Front, second floor, right
III	54	Back, second floor, right
III	55	Back, second floor, left
III	56	Front, second floor, left
III	57	Front, third floor, right
III	58	Back, third floor, right
III	59	Back, third floor, left
III	60	Front, third floor, left
III	61	Front, first floor, right
III	62	Back, first floor, right
III	63	Back, first floor, left
III	64	Front, first floor, left
III	65	Front, second floor, right
III	66	Back, second floor, right
III	67	Back, second floor, left
III	68	Front, second floor, left

Building	Condominium Unit	Location
III	69	Front, third floor, right
III	70	Back, third floor, right
III	71	Back, third floor, left
III	72	Front, third floor, left"

5.

Article III, Section 4, sub-section (b) is hereby amended by deleting the first paragraph (including the Table setting forth the Fractional Interests of each Unit) of said sub-section (b) thereof as it presently exists and substituting in its stead the following:

"The Condominium Unit Owners, consisting of owners of both units in the Condominium as originally developed and owners of units in the expansion of the Condominiums set forth herein, shall own the Common Areas and Facilities as tenants in common with each Unit having appurtenant thereto the Fractional Interest in the Common Area and Facilities as follows:

Condominium Unit	Fractional Interest
I - 1	1/72
I - 2	1/72
I - 3	1/72
I - 4	1/72
I - 5	1/72
I - 6	1/72
I - 7	1/72
I - 8	1/72

Condominium Unit	Fractional Interest
I - 9	1/72
I - 10	1/72
I - 11	1/72
I - 12	1/72
I - 13	1/72
I - 14	1/72
I - 15	1/72
I - 16	1/72
I - 17	1/72
I - 18	1/72
I - 19	1/72
I - 20	1/72
I - 21	1/72
I - 22	1/72
I - 23	1/72
I - 24	1/72
II - 25	1/72
II - 26	1/72
II - 27	1/72
II - 28	1/72
II - 29	1/72
II - 30	1/72
II - 31	1/72
II - 32	1/72
II - 33	1/72
II - 34	1/72

Condominium Unit	Fractional Interest
II - 35	1/72
II - 36	1/72
II - 37	1/72
II - 38	1/72
II - 39	1/72
II - 40	1/72
II - 41	1/72
II - 42	1/72
II - 43	1/72
II - 44	1/72
II - 45	1/72
II - 46	1/72
II - 47	1/72
II - 48	1/72
III - 49	1/72
III - 50	1/72
III - 51	1/72
III - 52	1/72
III - 53	1/72
III - 54	1/72
III - 55	1/72
III - 56	1/72
III - 57	1/72
III - 58	1/72
III - 59	1/72
III - 60	1/72

Condominium Unit	Fractional Interest
III - 61	1/72
III - 62	1/72
III - 63	1/72
III - 64	1/72
III - 65	1/72
III - 66	1/72
III - 67	1/72
III - 68	1/72
III - 69	1/72
III - 70	1/72
III - 71	1/72
III - 72	1/72"

(The last paragraph of said sub-section shall be as originally stated in the Master Deed.)

6.

Article IV, Section 2 is hereby amended by striking and deleting therefrom the first sentence thereof in its entirety and substituting in its stead the following:

"No later than December 1 of each calendar year, the Board of Directors shall set the annual Assessments by estimating the Common Expenses to be incurred during the immediately succeeding calendar year. Such estimation of Common Expenses shall be pro rated among the Owners of the Condominium Units (including the Owners of the original 48 units and the 24 units added in this expansion of the Condominium) in accordance with the Fractional Interest appurtenant to each such Condominium Unit, except that any and all expenses, costs and fees in regard to (1) maintenance, improvement, replacement and repair of the structural common elements of a building; (2) the maintenance, improvement, replacement and repair of the basic structure and components of the pavement, concrete sidewalks and walkways, gutters and drainage ditches located, respectively, on the land originally submitted to the Condominiums by the Master Deed as originally filed and on the land submitted to the Condominiums by this Second Amendment to the Master Deed (not including expenses for general maintenance, cleaning and the like); and (3) insurance for a building as required hereunder, (hereinafter jointly referred to as the "separately assessed expenditures") shall be assessed separately to the Owners of Units in Buildings I and II, on one hand, and the Owners of Units in Building III, on the other hand, for such expenditures pertaining to Buildings I and II and to Building III, respectively, with said expenses, fees and costs being pro rated among the owners of Units in Buildings I and II and in Building III, respectively. The Board of Directors shall give written notice to each Unit Owner of the annual assessment fixed against his Unit for such immediately succeeding calendar year."

7.

Article IV, Section 2 is hereby amended by deleting the last two sentences of the last paragraph thereof in their entirety and substituting the following in their stead:

"Assessments, whether annual or special, in regard to such taxes not directly assessed to Unit Owners shall be assessed among the Unit Owners as follows: All such taxes as to Buildings I and II shall be assessed to the owners of Units in said buildings on a pro rata basis; all such taxes for Building III shall be assessed to the owners of Units in said building on a pro rata basis. Each Unit Owner is responsible for making his payment of taxes and such payment shall include such Owner's individual interest in the Common Area and Facilities as such undivided interest is determined by law for purposes of paying taxes. If no provision is made by law or the taxing authorities for the determination of an Owner's share of the undivided interest in the Common Area and Facilities, each owner shall pay that percentage of the undivided interest in the Common Area and Facilities attributal to his unit under Article III, Section 3."

8.

Article IV, Section 3 is amended by deleting therefrom the last sentence thereof in its entirety and substituting in its stead the following:

"Special Assessments shall be levied and fixed against the Units according to their Fractional Interest, except that any such special Assessment in regard to expenses, costs and fees for separately assessed expenditures, as defined herein, shall be levied and affixed against the

Owners of Units in either Buildings I and II or in Building III, as the case may be, in accordance with the terms and requirements of Section 2 hereof in regard to those particular types of assessments (and any such special Assessment for separately assessed expenditures shall be pro rated among the owners of Units in the Buildings I and II, if the expenditures relate to one or both of these buildings, or among the owners of Units in Building III if the expenditures relate to that building). Any such special Assessment, or a part thereof, involved with or relating to expenses, fees or costs in regard to separately assessed expenditures shall have the assent of a majority of the votes representing the Owners of Units in Buildings I and II if the special Assessment pertains to one or both of those buildings or in Building III if the special Assessment pertains to that building, as the case may be; it being understood that as regards these particular expenses, assent of Owners of other Units is not required. The period of the Assessments and the manner of their payment shall be determined by the Board".

9.

Article IV is hereby amended by adding thereto the following section, as follows:

"Section 7. Exempt Property. Each Condominium Unit shall be exempt from all Assessments created herein until the first day of the second calendar month after the date of conveyance by the Declarant of the first new Unit in the Condominium created by this first expansion thereof. Except as expressly provided herein, no Unit or its appurtenant Fractional Interest shall be exempt from said Assessments."

10.

Article IX, Section 3 is hereby amended by adding to the last sentence thereof the following:

", including the sale period for any and all expansions of the Condominium."

11.

Article IX, Section 7 is hereby amended by adding thereto the following:

"The prohibition against the mortgaging of a Unit in the Condominium does not apply to any mortgage, deed of trust, deed to secure debt or the like given by a purchaser of a Unit to a bank, insurance company, federal or state savings loan association or a partnership or corporation acting as a mortgage broker whose primary interest in making any such mortgage is the placement and servicing of the same with and on behalf of such other lending institutions in regard to a purchase of a Unit offered for sale by the Declarant in regard to any expansion of the Condominium."

12.

(a) Section 4 of Article X is further amended by adding to the first sentence of sub-section (g) hereof the following:

", including that portion of the said additional land remaining after any expansion of the Condominium by the Declarant."

13.

Declarant expressly states that it is preserving, and not waiving or releasing, its option to further expand the Condominium project by adding the remaining additional land (as defined and described in Article XI of the Master Deed as originally filed) in accordance with the terms and conditions of the Act and the Master Deed and that said expansion may include all or a part of the remaining additional land or may occur in the form of a series of expansions of part of the additional land. All of the terms and conditions in regard to said expansion set forth in Article XI of the Master Deed are incorporated herein by this express reference.

14.

Except as amended or modified herein or in the first amendment to the Master Deed, the Master Deed remains as it was originally recorded. The Master Deed, as amended, shall govern and apply to the Condominiums, the Association and the Unit Owners, whether in regard to the original forty-eight (48) units or to any and all units added in regard to any and all expansions of the Condominium, and shall constitute covenants, conditions and restrictions which shall run with the Property and which shall bind and inure to the benefit of the Declarant, it successors and assigns, and all subsequent Owners of any interest in the property, buildings and improvements, and their grantees, successors, heirs, administrators, devisees or assigns to the extent set forth in the Master Deed originally recorded and as amended and to the full extent permissable under the laws of the Commonwealth of Virginia.

15.

This Second Amendment to the Master Deed shall be effective upon the recordation thereof in the Clerk's Office of the Circuit Court of the City of Bristol, Virginia.

IN WITNESS WHEREOF, the Declarant has executed this Master Deed this 23rd day of June, 1978.

Victor Zager

Victor Zager

Muriel Zager

Muriel Zager

STATE OF VIRGINIA,

CITY OF BRISTOL:

I, Sharon C Callahan, a Notary Public in and for the City of Bristol, State of Virginia, do hereby certify that Victor Zager and Muriel Zager, his wife, whose names are signed to the foregoing document bearing the date the 23rd day of June, 1978, have personally appeared before me and acknowledged the same in my jurisdiction.

Given under my hand this 23rd day of June, 1978.

My commission expires: 3-16-82

Sharon Callahan
Notary Public

VIRGINIA:

In the Clerk's Office Of The Circuit Court For The City of Bristol. This Instrument with The Certificate of Acknowledgment Thereto Annexed, Is Admitted To Record At 1:00 o'clock P. M. June 26th 1978

Teste: Edwina T. Mull Clerk

MAILED 1-11-96
DELIVERED
To: Green & Hale
P.O. Box 274
Bristol, Tn.

Prepared by:
GREEN & HALE
Attorneys at Law
P. O. Box 274
Bristol, TN-VA 37621-0274
703-466-6555

THIRD AMENDMENT TO THE MASTER DEED OF CARRIAGE HILL CONDOMINIUMS

The following constitutes the third amendment to the Master Deed of Carriage Hill Condominiums, made the 27th day of July, 1995, by Carriage Hill Condominiums Association (the "Association").

W I T N E S S E T H:

WHEREAS, Carriage Hill Condominiums was established by means of that certain master deed dated October 21, 1975, from Victor Zager, et ux, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 190, Page 77, which master deed has been amended by that certain first amendments to master deed dated January 27, 1976, from Victor Zager, et ux, of record in the office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 190, Page 148, and that certain second amendment to master deed dated June 23, 1978, from Victor Zager, et ux, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 205, Page 333 (said master deed, first amendments to master deed and second amendment to master deed being collectively referred to hereinafter as the "Master Deed"); and,

WHEREAS, the Association was established by means of the Master Deed; and,

WHEREAS, the Association is governed by the Master Deed and by the By-Laws of Carriage Hill Condominiums, dated October 21, 1975, of record in the Office of the Circuit Court Clerk for the City of Bristol, Virginia, in Deed Book 191, Page 685, which by-laws have been amended by the First Amendments to Bylaws of Carriage Hill Condominiums, dated January 27, 1976, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 191, Page 704, and the Second Amendment to the By-Laws of Carriage Hill Condominiums dated June 23, 1978, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 205, Page 350 (said by-laws as amended by the first amendments to bylaws and second amendment to the by-laws being collectively referred to hereinafter as the "By-Laws "); and,

WHEREAS, the Association desires to make further amendments to the Master Deed.

NOW, THEREFORE, pursuant to and in compliance with Va. Code §55-79.71, the Master Deed and the By-Laws, the Association hereby amends the Master Deed as follows:

1. Article IV, Section 1 is hereby amended to read as follows:

> Section 1. <u>Creation of Lien and Personal Obligation for Assessments</u>. Each condominium unit is and shall be subject to a lien and permanent charge in favor of the Association for all assessments authorized by the Master Deed and the By-Laws. Each assessment, together with interest thereon and costs of collection thereof, including reasonable attorneys' fees as authorized by the Master Deed, By-Laws, and/or Virginia Code §55-79.84, shall be a permanent charge and continuing lien upon the condominium unit against which it relates, and shall also be the joint and several personal obligation of each owner of such condominium unit at the time the assessment comes due and upon such owner's successor in title if unpaid on the date of the conveyance of such unit to the extent applicable law allows. Each and every owner by acquiring

or holding an interest in any condominium unit thereby covenants to pay such amount to the Association when the same shall become due. The purchaser of a condominium unit at a judicial or foreclosure sale shall be liable only for the assessment coming due after the date of such sale.

2. Article IV of the Master Deed is hereby amended in order to add the following new section:

Section 3. A. Other Assessments. In addition to the annual assessments and special assessments, the Association and/or Board of Directors may make such other assessments as are authorized by the By-Laws.

3. Article IV, Section 5 (a) is hereby amended to read as follows:

(a) In accordance with Virginia Code §55-79.84, the Association shall have a lien on every condominium unit for unpaid assessments levied against that condominium unit. Said lien, once perfected, shall be prior to all other liens and encumbrances except real estate tax liens on that condominium unit, and liens and encumbrances recorded prior to the recordation of the original Master Deed, and sums unpaid on any first mortgages or first Deeds of Trust recorded prior to the perfection of said lien for assessments and securing institutional lenders. The provisions of this paragraph shall not affect the priority of mechanics' and materialmen's liens.

4. Article IV, Section 5 (d) is hereby amended to read as follows:

(d) No suit to enforce any lien perfected under Article IV, Section 5 (c) shall be brought after twenty-four months from the time when the memorandum of lien was recorded; provided, however, that the filing of the petition to enforce any such lien in any suit wherein such petition may be properly filed shall be regarded as the institution of a suit under this section.

5. Article IV, Section 5 (e) is hereby amended to read as follows:

(e) The judgment or decree in an action brought to enforce a lien under this section shall include, without limitation, reimbursement for costs and attorneys' fees, together with interest at the maximum lawful rate for sums secured by the lien from the time each sum became due and payable.

6. Article IV, Section 5 (h) is hereby amended to read as follows:

(h) Any unit owner or purchaser of a condominium unit, having executed a contract for the disposition of the same, shall be entitled upon request to a recordable statement setting forth the amount of unpaid assessments currently levied against that unit. Such request shall be in writing, directed to the principle officer of the Association or to such other officer as the Master Deed or By-Laws may specify. Failure to furnish or make available such a statement within ten days of the receipt of such request shall extinguish the lien created under this section as to the condominium unit involved. Such statement shall be binding on the Association, the Board of Directors, and every unit owner. Payment of a fee of Ten ($10.00) Dollars is required as a pre-requisite to the issuance of such a statement.

Except as modified by this amendment, all of the terms and provisions of the Master Deed are hereby expressly ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Association has caused this third amendment to be executed by its principal officer, who by his signature herein below hereby expressly certifies that the requisite majority of the members of the Association, being not less than seventy-five percent (75%) of the vote of the Association, have signed this third amendment or ratifications thereof.

CARRIAGE HILL CONDOMINIUMS ASSOCIATION

By: Charles Martin

Its: President

STATE OF Tennessee
~~CITY~~/COUNTY OF Sullivan

The foregoing instrument was acknowledged before me this 8th day of December, 1995, by Charles Martin, president of Carriage Hill Condominiums Association, on behalf of the Association.

Notary Public
My commission expires: 10-3-99

VIRGINIA:
In the Clerk's Office of the Circuit Court for the City of Bristol. This instrument with the certificate of acknowledgement thereto annexed is admitted to record at 3:50 o'clock P M., December 21, 1995.
Teste: Mabel T. Lamie Clerk
By: Regina C. Beagle, 12/21/95 Dep. Clerk

BY - LAWS
OF
CARRIAGE HILL CONDOMINIUMS

ARTICLE I

NAME, LOCATION AND MEMBERSHIP

Section 1. Name. The name of the Association is Carriage Hill Condominiums (the "Association").

Section 2. Location. The principal office of the Association shall be located at Carriage Hill Condominiums, Lee Highway, Bristol, Virginia, but meetings of the Board of Directors may be held at such places designated by the Board in accordance with the provisions of these By-Laws.

Section 3. Membership. Each and every record Owner of a fee or undivided fee interest in any Association Condominium Unit shall be a member of the Association, excluding persons who hold such interest under a deed to secure debt, mortgage or deed of trust. Membership in the Association shall be confined to such Owners and shall be appurtenant to and inseparable from Unit ownership. Such Owner or Owners of each Condominium Unit shall designate in writing delivered to the Secretary one member of the Association from among such Owner or Owners of such Unit, or a member of the immediate family of such Owner or Owners, and such member shall represent the Owner or Owners of such Unit in connection with the activities of the Association and exercise the voting rights thereof. Such designation shall be valid until revoked in writing delivered to the Secretary or until such Owner sells his Condominium Unit whichever event shall first occur. No Unit Owner shall be required to pay any consideration whatsoever for his membership.

Section 4. Suspension of Voting Rights. During any period in which an owner or Owners of a Condominium Unit shall be in default of the payment of any annual or special Assessment levied by the Association, the voting rights of the member designated by such Owner or Owners may be suspended by the Board of Directors for the violation of the published rules and regulations with respect to the use of the Common Area and Facilities as published from time to time by the Board of Directors. Such rules shall be kept in the office of the Association as a matter of record, and copies thereof shall be furnished to any Unit Onwer on request.

Section 5. Applicability. These By-Laws are established pursuant to the Condominium Act, Chapter 4.2, Title 55, Code of Virginia, 1950, as amended; are applicable to the Association Condominiums, the Common Area and Facilities, and the Association; and are binding on all Condominium Owners, their families, tenants and guests, and any other person residing in or occupying a Condominium Unit. Each and every person who accepts a deed to, a lease of, or who occupies any Condominium Unit thereby consents to be bound by the provisions of these By-Laws.

ARTICLE II

DEFINITIONS

Section 1. Definitions. The terms used in these By-Laws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as in the recorded Master Deed, Declaration of Covenants, Conditions and Restrictions for Carriage Hill Condominiums.

ARTICLE III

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Delegation of Property Rights. Each member of the Association shall be entitled to the use and enjoyment of the Common Area and Facilities as provided in the Master Deed. Any member may assign his rights of enjoyment and use of the Common Area and Facilities to the members of his immediate family, to his guests, or to his tenants who reside in his Condominium Unit. Such member shall notify the Secretary of the Association in writing of the name or names of any such assignees. The rights and privileges of such assignees are subject to suspension to the same extent as those of the member.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Place of Meeting. Meetings of the Association shall be held at Carriage Hill Condominiums, Lee Highway, Bristol, Virginia, or at such other suitable place convenient to the members as may be designated by the Board of Directors.

Section 2. Annual Meeting. The first annual meeting of the members shall be called by Declarant and shall be held on the first day of July, 1976, at 10:00 a.m. Thereafter, regular annual meetings shall be held on the first day of July of each calendar year at 10:00 a.m., unless otherwise provided by the members at any previous meeting. If the date of the annual meeting shall fall on a legal holiday, the meeting shall be held at the same hour on the next following business day.

Section 3. Special Meetings. Special meetings of the Association may be called at any time by the President, by resolution of the Board of Directors, or upon the receipt by the Secretary of a petition signed by members holding greater than twenty percent (20%) of the total vote of the Association. The call of a special meeting shall be by notice stating the date, time, place, purpose and order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

Section 4. Notice of Meetings. The Secretary shall mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at the address of their respective Units or to such other address as any of them may have designated to such officer, certified mail, return receipt requested, at least twenty-one (21) days in advance of any annual or regularly scheduled meeting and at least seven (7) days in advance of any other meeting. Mailing notice as herein provided shall be deemed delivery thereof. Any member may waiver notice of the meeting in writing before or after the meeting. Attendance of a member at a meeting, either in person or by proxy, except for the purpose of stating, at the beginning of the meeting, any objection to the transaction of business, shall constitute waiver of notice. Notice given to one tenant in common, joint tenant or tenant by the entirety shall be deemed notice to all such Owners.

Section 5. Order of Business. The order of business at each annual meeting shall be as follows:

a. Roll Call.

b. Proof of notice of meeting or waiver of notice.

c. Reading of minutes of preceding meeting.

d. Reports of officers.

e. Reports of committees, if any.

f. Election of directors.

g. Unfinished business.

h. New business.

Section 6. Quorum. At all meetings, regular and special, a quorum shall consist of the presence in person or by proxy, of members holding greater than fifty percent (50%) of the total vote of the Association. If a quorum shall not be present at any meeting, a majority vote of that percentage present, in person or by proxy, may adjourn the meeting from time to time until a quorum can be obtained. At any such adjourned meeting, any business which might have been transacted at the meeting as originallly called may be transacted without further notice.

Section 7. Voting Rights. The Association shall have one class of voting membership which shall consist of all Owners of Condominium Units in Carriage Hill Condominiums. The total number of votes of all members of the Association shall be forty-eight and the person designated by the Owner or Owners of each Condominium Unit shall be entitled to cast the number of votes equal to the Fractional Interests appurtenant to the Unit owned by such Owner or Owners. Said Fractional Interest is set forth in the Master Deed and shall not be divisable nor may the vote thereof be cast in part. In addition to those voting rights granted herein, and any provisions herein or in the By-Laws to the contrary notwithstanding, Victor Zager and wife, Muriel Zager (hereinafter collectively referred to as Declarant), shall have the following rights and powers:

a. Until such time as Declarant has sold thirty-six (36) Units or until two (2) years from recordation of the By-Laws, whichever is earlier, or until Declarant elects to terminate control of the Condominium (it being understood that said Declarant may terminate control before such time period hereinabove set out but shall have no option after same), Declarant shall retain the right to exercise all voting rights associated with those Units not yet disposed of and otherwise owned by said Declarant and to exercise and perform all other duties and functions associated with the ownership of said Units, provided, that if there is any Unit Owner in the Condominium other than Declarant, then the Condominium shall be terminated only by the agreement of the Unit Owners of the Units to which eighty percent (80%) of the votes in the Unit Owners Association appertain.

b. Until such time as Declarant has sold, conveyed or otherwise disposed of all Condominium Units in Carriage Hill Condominiums, the Master Deed and/or the By-Laws shall not be changed, altered, amended or revoked with regard to the method of selecting the managing agent, the imposition of Assessments, the repair or reconstruction of any Condominium Unit, the method and procedure of adopting rules and regulations pertaining to the conduct of members and the use of the Common Area and Facilities without the express written approval of Declarant first had and obtained.

Section 8. Proxy. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the designated time of each meeting.

Section 9. Majority Vote. Acts authorized, approved or ratified by the casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these By-Laws or by law, and shall be binding for all purposes.

Section 10. Actions Without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by persons who would be entitled to cast seventy-five percent (75%) of the votes of membership of the Association at a meeting and such consent is filed with the Secretary of the Association and is inserted in the Minute Book thereof.

ARTICLE V

BOARD OF DIRECTORS, NUMBER, POWERS, MEETINGS

Section 1. Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"), all of whom, after Declarant has sold fifty percent (50%) of the Units, shall be Owners of Condominium Units at all times during their term as directors. The initial Board shall consist of three (3) directors, whose names are set forth in the Articles of Incorporation. From and after the date of the first annual meeting of the Association, there shall be three (3) directors. Each director shall be at least eighteen (18) years of age and any qualified director may be re-elected. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 2. Powers and Duties. The Board of Directors shall manage and direct the affairs of the Association and, subject to any restrictions imposed by law, by the Master Deed, or these By-Laws, may exercise all the powers of the Association. The Board of Directors shall exercise such duties and responsibility as shall be incumbent upon it by law, the Master Deed, or these By-Laws as it may deem necessary or appropriate in the exercise of its powers, including, without limitation, the collection of assessments and charges from the Owners, the establishment and amendment from time to time of reasonable regulations governing the use of the Common Area and Facilities, and the employment and dismissal of personnel necessary for the maintenance and operation of the Common Area and Facilities. Additionally, the Board of Directors may require that all employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

Section 3. Management. The Board of Directors may employ for the Association a managing agent under such terms and conditions as the Board of Directors may authorize; provided, however, the Board shall not delegate to such agent the complete and total responsibility of the Association. Such managing agent shall have such duties and shall receive such compensation as determined by the Board.

Section 4. Election and Term of Office. At the first annual meeting of the Association the members thereof shall elect one director for an initial term of three (3) years, one director for an initial term of two (2) years, and one director for an initial term of one (1) year. At the expiration of the initial term of each respective director, his successor shall be elected for a term of three (3) years. Cumulative voting is not permitted.

Section 5. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association. Vacancies caused by removal shall be filled by vote of the Association at the same meeting at which a director or directors were removed.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a vote of eighty percent (80%) of the total Fractional Interests authorized to vote thereon, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owner or Owners shall be given an opportunity to be heard at such meeting. Sale of his Condominium Unit by a director shall automatically terminate his directorship.

Section 7. Regular Meetings. The first regular meeting of the Board of Directors shall be held immediately following the first annual meeting of the members of the Association and regular meetings thereafter shall be held on such dates and at such place and hour, but not less frequently than biannually, as may be fixed from time to time by resolution of the Board. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day of such meeting; provided, however, notice of the first regular meeting shall not be required to be given to the directors provided that a majority of the entire Board is present at such meeting. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the date, time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice by him of the date, time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 10. Quorum. At all meetings of the Board of Directors, a majority of the then qualified directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directros. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 11. Compensation. No director shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly, to a director; provided, however, a director may be reimbursed for the expenses incurred by him in the performance of his duties.

Section 12. Action by Board Without a Meeting. The Board of Directors shall have the right to take any action which it could take at a meeting by obtaining the written approval of all directors thereto. Any action so approved shall have the same effect as though taken at a meeting of the Board.

Section 13. Liability of Directors. To the extent permitted by law in effect at the applicable time, no director shall be liable to any Owner for injury or damage caused by such director in the performance of his duties unless due to the willful misfeasance or malfeasance or such director. Furthermore, each director shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been a director of the Association, whether or not he is a director of the Association at the times such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by law.

ARTICLE VI

OFFICERS

Section 1. Number and Election. There shall be elected annually by and from the Board of Directors a President (who will also be Chairman of the Board), a Secretary and a Treasurer. The office of Secretary and Treasurer may be filled by the same person. The directors may also elect from time to time such other officers as in their judgment may be needed which officers need not be directors.

Section 2. Removal and Vacancies. Except as herein provided to the contrary, the officers shall be elected annually and hold office at the pleasure of the Board. A vacancy in any office may be filled by the Board at its next meeting. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 3. Duties. The duties of the officers shall be as follows:

a. President. The President shall be the chief executive officer and shall preside at all meetings of the Board of Directors and the Association, shall see that orders and resolutions of the Board are carried out, shall appoint committees consisting of members of the Association as in his opinion is necessary, shall co-sign with the Treasurer all checks, promissory notes and similar documents, if any, and shall perform such other duties as may be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of President of an Association and shall control and manage the Association in accordance with these By-Laws.

b. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the

Association; keep appropriate current records, showing the members of the Association together with their addresses and designating those members entitled to vote; keep custody of and attest the seal of the Association; and perform such other duties as may be required of him by the Board or incident to the office of Secretary of an Association.

c. Treasurer. The Treasurer shall be responsible for the funds of the Association, shall co-sign with the President all checks, promissory notes and similar documents, shall maintain full and accurate fiscal accounts and records, and shall perform such other duties as may be designated by the Board of Directors or incident to the office of Treasurer of an Association.

Section 4. Compensation. Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to their offices, nor shall the Association make loans, directly or indirectly, to any officer of the Association. The officers may be reimbursed for reasonable expenses incurred on behalf of the Association.

Section 5. Liability of Officers. To the extent permitted by law in effect at the applicable time, no officer shall be liable to any Owner for injury or damage caused by such officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer. Furthermore, each officer shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been an officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by law.

ARTICLE VII

OBLIGATIONS OF THE OWNERS

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

Section 2. Maintenance and Repair.

a. All maintenance of and repair to any Condominium Unit whether structural or non-structural, ordinary or extraordinary, other than maintenance of and repair to any Common Elements contained therein, and not necessitated by the misuse of neglect of the Owner or Owners of another Condominium Unit, shall be made by the Owner or Owners thereof, and such Owner or Owners shall keep the same in good condition and repair. Each such

Owner shall be responsible for any and all damage to any and all other Condominium Units, to the Common Elements caused by his failure to do so.

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

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

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

Section 5. Notices. An Owner who mortgages his dwelling or executes and delivers a deed to secure debt, deed of trust or other security instrument which may become a lien on his

Condominium Unit shall notify the President or the Board of Directors of the name and address of his mortgagee, or the holder of such deed to secure debt, deed of trust or security instrument, and thereby authorize the Association to furnish such information as such mortgagees may request respecting unpaid assessments, taxes or other reasonable information concerning such Unit.

ARTICLE VIII

COMPLIANCE

These By-Laws are set forth to comply with the requirements of The Code of Virginia. In the event any of these By-Laws conflict with the provisions of said Code, the provisions of said Code will control.

ARTICLE IX

BOOKS AND RECORDS

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

ARTICLE X

ASSOCIATION SEAL

Section 1. Description. If required by law, the Association shall have a seal in circular form having within its circumference the words: "Carriage Hill Condominiums."

ARTICLE XI

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by a vote of not less than eighty percent (80%) of the total vote of the Association at a duly constituted meeting for such purpose, in strict accordance with the recorded Master Deed and Section 55-79.22 of the Code of Virginia, as amended. Said amendments shall be set forth in an amended Master Deed and duly recorded. Each and every Owner of a Condominium Unit by accepting a deed therefor thereby agrees to be bound by and benefit from any such amendment hereto.

Section 2. Master Deed. The Master Deed for Carriage Hill Condominiums shall be amended only upon the written consent of seventy-five percent (75%) of the total Fractional Interests authorized to vote thereon.

Section 3. Conflicts. In the event of any conflict between the provisions of the Master Deed and the provisions of these By-Laws, the provisions of the Master Deed shall control.

FIRST AMENDMENTS TO BYLAWS OF

CARRIAGE HILL CONDOMINIUMS

The following constitute the first amendments to the bylaws of Carriage Hill Condominiums originally submitted to the Virginia Real Estate Commission on November 12, 1975, for approval, Registration Number 75-124:

Article IV, Section 7(a) is hereby amended to read as follows:

> (a) It shall be expressly understood that Declarant shall retain the right to exercise all voting rights associated with those units not yet disposed of and otherwise owned by said Declarant and to exercise and perform all other duties and functions associated with the ownership of said units, provided, that if there is any unit owner in the condominium other than Declarant, then the condominium shall be terminated only by the agreement of the unit owners of the units to which eighty percent (80%) of the votes in the unit owners' association appertain.

Article V, Section 1 is amended to read as follows:

> Section 1. Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"), all of whom, after Declarant has sold fifty percent (50%) of the units, shall be owners of condominium units at all times during their term as directors. The initial Board shall consist of three directors, who shall be selected at the organizational meeting of the Association. From and after the date of the first annual meeting of the Association, there shall be three directors. Each director shall be at least eighteen (18) years of age and any qualified director may be reelected. Each director shall hold office for one year, so long as he is qualified as set out hereinabove, or until his successor is elected and duly qualifies.

Article XI, Section 1 is hereby amended by changing the Code reference to the Code of Virginia therein from "Section 55-79.22" to "Section 55-79.72."

VIRGINIA:

In the Clerk's Office of the Circuit Court for the City of Bristol. This instrument with the certificate of acknowledgment thereto annexed is admitted to record at 10:55 o'clock A. M., May 14, 1976.

Teste: EDWINA F. MULL, CLERK Clerk

MAILED: 8-18-76
DELIVERED:
TO: Penn, Stuart, Eskridge & Jones

BOOK 190 PAGE 147
BOOK 191 PAGE 704

FIRST AMENDMENTS TO BYLAWS OF

CARRIAGE HILL CONDOMINIUMS

The following constitute the first amendments to the bylaws of Carriage Hill Condominiums originally submitted to the Virginia Real Estate Commission on November 12, 1975, for approval, Registration Number 75-124:

Article IV, Section 7(a) is hereby amended to read as follows:

(a) It shall be expressly understood that Declarant shall retain the right to exercise all voting rights associated with those units not yet disposed of and otherwise owned by said Declarant and to exercise and perform all other duties and functions associated with the ownership of said units, provided, that if there is any unit owner in the condominium other than Declarant, then the condominium shall be terminated only by the agreement of the unit owners of the units to which eighty percent (80%) of the votes in the unit owners' association appertain.

Article V, Section 1 is amended to read as follows:

Section 1. Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"), all of whom, after Declarant has sold fifty percent (50%) of the units, shall be owners of condominium units at all times during their term as directors. The initial Board shall consist of three directors, who shall be selected at the organizational meeting of the Association. From and after the date of the first annual meeting of the Association, there shall be three directors. Each director shall be at least eighteen (18) years of age and any qualified director may be reelected. Each director shall hold office for one year, so long as he is qualified as set out hereinabove, or until his successor is elected and duly qualifies.

Article XI, Section 1 is hereby amended by changing the Code reference to the Code of Virginia therein from "Section 55-79.22" to "Section 55-79.72."

VIRGINIA:
In the Clerk's Office of the Circuit Court for the City of Bristol. This instrument with the certificate of acknowledgment thereto annexed is admitted to record at 10:55 o'clock A. M., May 14, 1976.

Teste: EDWINA F. MULL, CLERK Clerk
By: Mabel L. Lamie, D.C.

These first amendments to the bylaws, dated January 27, 1976.

Victor Zager

Victor Zager

Muriel Zager

Muriel Zager

STATE OF VIRGINIA

CITY OF BRISTOL,

The foregoing instrument was acknowledged before me this 3rd day of August, 1976, by Victor Zager and Muriel Zager.

Notary Public

My term of office expires March 31, 1980.

VIRGINIA:

In the Clerk's Office Of The Circuit Court For The City of Bristol. This Instrument with The Certificate of Acknowledgment Thereto Annexed, Is Admitted To Record At 2:05 o'clock P. M. August 4 1976

Teste: EDWINA F. MULL, CLERK Clerk

By: Mabel L. Lamie, D.C.

MAILED: 7/13/78
DELIVERED
TO: Penn, Stuart, Eskridge & Jones, Attys

BOOK 205 PAGE 350

SECOND AMENDMENT TO THE BY-LAWS

OF

CARRIAGE HILL CONDOMINIUMS

The following constitute the Second Amendments to the By-Laws of Carriage Hill Condominiums, which amendments are made by Victor Zager and Muriel Zager, his wife, Declarant under the Master Deed - Declaration of Covenants, Conditions and Restrictions for Carriage Hill Condominiums (the "Master Deed"), as amended, in regard to the expansion of the Condominiums undertaken by the Declarants pursuant to their option and right to do so under Article XI of the said Master Deed, as follows:

1.

Article IV, Section 7 is hereby amended by deleting from the second sentence of said Section the work "forty-eight" and substituting in its stead the word "seventy-two (72)" and by adding after the phrase "Master Deed" in the third sentence thereof the phrase "as amended".

2.

Article IV, Section 7 is hereby further amended by adding thereto the following paragraph a.1 after the original paragraph a. thereof:

"a.1 Declarant shall retain the right to exercise any and all voting rights associated with any and all of the twenty-four (24) new Units added to the Condominium as a result of the first expansion thereof set forth in the

Second Amendment to the Master Deed which have not been transferred or conveyed by Declarant and are otherwise owned by said Declarant and, further, to exercise and perform all other duties and functions associated with the ownership of said new Units."

3.

Article IV, Section 7 is hereby further amended by adding the following to paragraph b thereof: "The provisions of this paragraph apply and govern for so long as the Declarant has not sold, conveyed or otherwise disposed of any and all Condominium Units added to the Condominium as a result of an expansion thereof."

IN WITNESS WHEREOF, the Declarant has executed this the Second Amendment to the By-Laws of the Carriage Hill Condominiums this 23rd day of June, 1978, pursuant to its power to do so under the Virginia Condominium Act, Title 55, Chapter 4.2, Code of Virginia, as amended, and the Master Deed.

Victor Zager

Victor Zager

Muriel Zager

Muriel Zager

STATE OF VIRGINIA,

CITY OF BRISTOL

Personally appeared before me Sharon Callahan a Notary Public in and for the City of Bristol, State of Virginia, do hereby certify that Victor Zager and Muriel Zager, his wife, whose names are signed to the foregoing document dated the 23rd day of June, 1978, have personally appeared before me and acknowledged the same in my jurisdiction.

Given under my hand this 23rd day of June, 1978.

My commission expires: 3-16-82

Sharon Callahan
Notary Public

SHARON CALLAHAN NOTARY PUBLIC BRISTOL, VA.

VIRGINIA:

In the Clerk's Office Of The Circuit Court For The City of Bristol, This Instrument with The Certificate of Acknowledgment Thereto Annexed, Is Admitted To Record At 1:00 o'clock P. M. June 26th 1978

Teste: Edwina T. Mull Clerk

MAILED 1-17-96
DELIVERED
To: Green + Hale
P.O. Box 274
Bristol, Tn.

Prepared by:
GREEN & HALE
Attorneys at Law
P. O. Box 274
Bristol, TN-VA 37621-0274
703-466-6555

THIRD AMENDMENT TO THE BY-LAWS OF CARRIAGE HILL CONDOMINIUMS

The following constitutes the third amendment to the By-Laws of Carriage Hill Condominiums, made the 14th day of July, 1990, by Carriage Hill Condominiums Association (the "Association").

WITNESSETH:

WHEREAS, Carriage Hill Condominiums was established by means of that certain master deed dated October 21, 1975, from Victor Zager, et ux, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 190, Page 77, which master deed has been amended by that certain first amendments to master deed dated January 27, 1976, from Victor Zager, et ux, of record in the office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 190, Page 148, and that certain second amendment to master deed dated June 23, 1978, from Victor Zager, et ux, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 205, Page 333 (said master deed, first amendments to master deed and second amendment to master deed being collectively referred to hereinafter as the "Master Deed"); and,

WHEREAS, the Association was established by means of the Master Deed; and,

WHEREAS, the Association is governed by the Master Deed and by the By-Laws of Carriage Hill Condominiums, dated October 21, 1975, of record in the Office of the Circuit Court Clerk for the City of Bristol, Virginia, in Deed Book 191, Page 685, which by-laws have been amended by the First Amendments to Bylaws of Carriage Hill Condominiums, dated January 27, 1976, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 191, Page 704, and the Second Amendment to the By-Laws of Carriage Hill Condominiums dated June 23, 1978, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 205, Page 350 (said by-laws as amended by the first amendments to bylaws and second amendment to the by-laws being collectively referred to hereinafter as the "By-Laws "); and,

WHEREAS, the Association desires to make further amendments to the By-Laws.

NOW, THEREFORE, pursuant to and in compliance with Va. Code §55-79.72, the Master Deed and the By-Laws, the Association hereby amends the By-Laws as follows:

1. Article IV, Section 2 is hereby amended by deleting from the second sentence the words "first day" and substituting in its stead the words "second Saturday".

2. Article V, Section 1 is hereby amended by deleting from the third sentence of said section the word "three (3)" and substituting in its stead the word "five (5)".

3. Article V, Section 2 is hereby further amended by adding the following to said paragraph: "A check of the Association may be co-signed by any two directors or by the Association accountant and one director."

4. Article V, Section 4 is hereby amended to read as follows:

Section 4. Election and Term of Office. At the annual meeting of the Association held on July 14, 1990, the members of the Association shall elect five (5) directors.

One director shall serve for an initial term of three years, two directors for an initial term of two years, and two directors for an initial term of one year. At the expiration of the initial term for each respective director, a successor director shall be elected for a term of three years. Thereafter, at the expiration of any term of a director, a successor director shall be elected for a term of three years.

Except as modified by this amendment, all of the terms and provisions of the By-Laws are hereby expressly ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Association has caused this third amendment to be executed by its principal officer, who by his signature herein below hereby expressly certifies that the requisite majority of the members of the Association, being not less than eighty percent (80%) of the vote of the Association, have signed ratifications of said amendment.

CARRIAGE HILL CONDOMINIUMS ASSOCIATION

By: Charles Martin
Its: President

STATE OF Tennessee
~~CITY~~/COUNTY OF Sullivan

The foregoing instrument was acknowledged before me this 8th day of December, 1995, by Charles Martin, president of Carriage Hill Condominiums Association, on behalf of the Association.

Notary Public
My commission expires: 10-3-99

MAILED 1-17-96
DELIVERED
To: Green & Hale
P.O. Box 274
Bristol, Tn

Prepared by:
GREEN & HALE
Attorneys at Law
P. O. Box 274
Bristol, TN-VA 37621-0274
703-466-6555

FOURTH AMENDMENT TO THE BY-LAWS OF CARRIAGE HILL CONDOMINIUMS

The following constitutes the fourth amendment to the By-Laws of Carriage Hill Condominiums, made this 27th day of July, 1995, by Carriage Hill Condominiums Association (the "Association").

WITNESSETH:

WHEREAS, Carriage Hill Condominiums was established by means of that certain master deed dated October 21, 1975, from Victor Zager, et ux, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 190, Page 77, which master deed has been amended by that certain first amendments to master deed dated January 27, 1976, from Victor Zager, et ux, of record in the office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 190, Page 148, and that certain second amendment to master deed dated June 23, 1978, from Victor Zager, et ux, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 205, Page 333 (said master deed, first amendments to master deed and second amendment to master deed being collectively referred to hereinafter as the "Master Deed"); and,

WHEREAS, the Association was established by means of the Master Deed; and,

WHEREAS, the Association is governed by the Master Deed and by the By-Laws of Carriage Hill Condominiums, dated October 21, 1975, of record in the Office of the Circuit Court Clerk for the City of Bristol, Virginia, in Deed Book 191, Page 685, which by-laws have been amended by the First Amendments to Bylaws of Carriage Hill Condominiums, dated January 27, 1976, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 191, Page 704, the Second Amendment to the By-Laws of Carriage Hill Condominiums dated June 23, 1978, of record in the Office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book 205, Page 350, and the Third Amendment to the By-Laws of Carriage Hill Condominiums dated July 14, 1990, of record in the office of the Circuit Court Clerk of the City of Bristol, Virginia, in Deed Book _____, Page _____ (said by-laws as amended by the first amendments to bylaws, second amendment to the by-laws and third amendment to the by-laws being collectively referred to hereinafter as the "By-Laws "); and,

WHEREAS, the Association desires to make further amendments to the By-Laws.

NOW, THEREFORE, pursuant to and in compliance with Virginia Code § 55-79.71, the Master Deed and the By-Laws, the Association hereby amends the By-Laws as follows:

1. Article IV, Section 2 is hereby amended to read as follows:

Section 2. Annual Meeting. The first annual meeting of the members shall be called by the Declarant and shall be held on the first day of July, 1976, at 10:00 a.m. Thereafter, regular annual meetings shall be held during the month of July of each year at a date and time established by the Board of Directors, unless otherwise provided by the members at any previous meeting.

2. Article V, Section 3 is amended to read as follows:

Section 3. Management. The Board of Directors may, on behalf of the Association, employ or contract with a managing agent or agents under such terms and conditions as the Board of Directors may authorize;

provided, however, the Board shall not delegate to such agent or agents and total responsibility of the Association. Such managing agent or agents shall have such duties and receive such compensation as determined by the Board of Directors.

3. Article V, Section II is hereby amended to read as follows:

Section 11. Compensation. Directors shall not be compensated for the usual and ordinary services rendered the Association that are incident to their role as directors, nor shall the Association make loans, directly or indirectly to any director of the Association. The directors may be reimbursed for reasonable expenses incurred on behalf of the Association. Nothing in this paragraph shall be interpreted as preventing the Association from employing or contracting with a director to act as a managing agent under Article V, Section 3 of the By-Laws.

4. Article VII, Section 2 is hereby amended by adding the following new sub-paragraphs:

c. All maintenance, repairs and replacements to the common elements, whether located inside or outside of the condominium units, necessitated by the negligence, misuse or neglect of an owner, members of his family, his guests, invitees or tenants, shall be the responsibility of such owner.

If an owner desires to repair damage to common elements for which he is responsible, he must first obtain approval of the proposed repairs from the Board of Directors. Any owner desiring to make repair of damage to common elements for which he is personally responsible must do so within fifteen (15) days from the date the damage occurred. If such owner fails to make repairs within said fifteen (15) day period, the Association may proceed to make the repairs on behalf of the owner. If the Board of Directors decides that it is imperative that any such damage to common elements be repaired immediately, which decision shall not be subject to dispute, it may proceed to make such repairs on behalf of the owner without waiting to see whether the owner exercises the option to make repairs as set forth hereinabove.

d. All expenses incurred by the Association for maintenance, repairs and replacements to the common elements, whether located inside or outside of the condominium units, necessitated by the negligence, misuse or neglect of an owner, members of his family, his guests, invitees or tenants shall be assessed by the Association against such owner and his units in the Condominium Property. If the owner fails to pay any such assessment within 30 days from the date that notice thereof is hand delivered or mailed by certified United States mail, return receipt requested, to such unit owner at the address or addresses required for notices of meetings pursuant to

Virginia Code §55-79.75, said charges shall bear interest at the rate of ten percent (10.00%) per annum, compounded monthly, from the date notice is given until paid.

e. All expenses incurred by the Association for the clean up of trash or litter left on or in the common elements by an owner, members of his family, his guests, invitees or tenants shall be assessed by the Association against such owner and his units in the Condominium Property. If the owner fails to pay any such assessment within 30 days from the date that notice thereof is hand delivered or mailed by certified United States mail, return receipt requested, to such unit owner at the address or addresses required for notices of meetings pursuant to Virginia Code §55-79.75, said charges shall bear interest at the rate of ten percent (10.00%) per annum, compounded monthly, from the date notice is given until paid.

5. Article VII, Section 4 is hereby amended to read as follows:

Section 4. <u>Rules and Regulations</u>. The Association and/or the Board of Directors may from time to time establish rules and regulations governing the conduct of persons while on the Condominium Property and/or the use of the Common Elements. All unit owners, their families, tenants, guests and other invitees shall at all times observe all such rules and regulations. The Board of Directors may assess charges against any unit owner for any violation of such rules and regulations for which such unit owner or his family members, tenants, guests or other invitees are responsible. Before any such charges may be imposed, the unit owner shall be given an opportunity to be heard and to be represented by counsel before the Board of Directors. Notice of such hearing shall, at least 14 days in advance thereof, be hand delivered or mailed by certified United States mail, return receipt requested, to such unit owner at the address or addresses required for notices of meetings pursuant to Virginia Code §55-79.75. After the opportunity for a hearing has been given and passed, a simple majority of the Board of Directors shall decide whether any violation of the rules and regulations has occurred, whether the unit owner should be held responsible for any such violation, and the extent to which any charges should be assessed against the responsible unit owner for any such violation. The Board of Directors shall give the unit owner written notice of their decision. Any charges assessed against the unit owner by the Board of Directors shall bear interest at the rate of ten percent (10.00%) per annum, compounded monthly, from the date written notice of the Board of Directors' decision is given to the unit owner, unless such assessment is paid within thirty (30) days from the date of such notice. The amount of any charges assessed shall not exceed fifty dollars ($50.00) for a single offense, or ten dollars ($10.00) per diem for any offense of a continuing nature, and shall be treated as an assessment against such unit owner's condominium unit(s) for purpose of Virginia Code § 55-79.84.

6. Article XI, Section 1 is hereby amended to read as follows:

Section 1. By-Laws. These By-Laws shall be amended only by agreement of unit owners of units to which not less than eighty percent (80%) of the votes in the Association appertain. An action to challenge the validity of an amendment adopted by the Association pursuant to this section shall not be brought more than one year after any such amendment is recorded. Agreement of the required majority of unit owners to any amendment of the By-Laws shall be evidenced by their execution of the amendment, or ratifications thereof, and the same shall become effective when a copy of the amendment is recorded together with a certification, signed by the President or other officer of the Association, that the requisite majority of the unit owners signed the amendment or ratifications thereof.

Except as modified by this amendment, all of the terms and provisions of the By-Laws are hereby expressly ratified and confirmed and shall remain in full force and effect.

IN WITNESS WHEREOF, the Association has caused this third amendment to be executed by its principal officer, who by his signature herein below hereby expressly certifies that the requisite majority of the members of the Association, being not less than eighty percent (80%) of the vote of the Association, have signed this third amendment or ratifications thereof.

CARRIAGE HILL CONDOMINIUMS ASSOCIATION

By: Charles Martin

Its: President

STATE OF Tennessee

CITY/COUNTY OF Sullivan

The foregoing instrument was acknowledged before me this 8th day of December, 1995, by Charles Martin, president of Carriage Hill Condominiums Association, on behalf of the Association.

Notary Public

My commission expires: [illegible]

VIRGINIA:

In the Clerk's Office of the Circuit Court for the City of Bristol. This instrument with the certificate of acknowledgement thereto annexed is admitted to record at 3:53 o'clock P. M., December 21, 1995.

Teste: Mabel T. Lamie, Clerk

By: [illegible] 12/21/95 Dep. Clerk