

PREPARED FOR RECORDING — SHELBY COUNTY, TENNESSEE

Declaration of Condominium

The Exchange Building, a Condominium

9 North Second Street, Memphis, Tennessee 38103

DRAFT — FOR DISCUSSION PURPOSES ONLY

Pursuant to the Tennessee Condominium Act of 2008
Tennessee Code Annotated § 66-27-201 *et seq.*

Declarant: Silk Road Group, LLC

THIS IS A DRAFT TEMPLATE. This Declaration must be reviewed, completed, and approved by qualified Tennessee real estate and condominium counsel before recording. All bracketed items [____] require completion. A licensed surveyor must prepare the required plats and plans.

Recitals

WHEREAS, Silk Road Group, LLC, a Tennessee limited liability company (the "**Declarant**"), is the owner of that certain real property located at 9 North Second Street (a.k.a. 130 Madison Avenue), Memphis, Shelby County, Tennessee 38103, being more particularly described in Exhibit A attached hereto (the "**Property**");

WHEREAS, the Property is improved with a nineteen (19) story building known as The Exchange Building, originally constructed in 1910 and listed on the National Register of Historic Places;

WHEREAS, the Declarant desires to submit the Property to the provisions of the Tennessee Condominium Act of 2008, Tennessee Code Annotated § 66-27-201 *et seq.* (the "**Act**"), and to establish a condominium regime thereon;

WHEREAS, the Declarant intends to create two (2) condominium units: **Unit A** (comprising Floors 4 through 8) and **Unit B** (comprising Floors 1 through 3 and Floors 9 through 19, together with ground-level and basement areas),

with the Declarant retaining ownership of Unit B;

NOW, THEREFORE, the Declarant hereby submits the Property to the condominium form of ownership pursuant to the Act and declares as follows:

Article I. Definitions

The following terms, when used in this Declaration, shall have the meanings set forth below:

1. "**Act**" means the Tennessee Condominium Act of 2008, T.C.A. § 66-27-201 *et seq.*, as amended from time to time.
2. "**Association**" means The Exchange Building Condominium Association, Inc., the unit owners' association established pursuant to this Declaration and the Act.
3. "**Board**" means the Board of Directors of the Association.
4. "**Bylaws**" means the Bylaws of the Association attached hereto as Exhibit C.
5. "**Common Elements**" means all portions of the Condominium other than the Units, as defined in Section 66-27-301 of the Act.
6. "**Common Expenses**" means expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.
7. "**Condominium**" means The Exchange Building, a Condominium, as established by this Declaration.
8. "**Declarant**" means Silk Road Group, LLC, a Tennessee limited liability company, and its successors and assigns.
9. "**Declaration**" means this instrument, as it may be amended from time to time.
10. "**Limited Common Elements**" means those Common Elements allocated by this Declaration or by operation of the Act for the exclusive use of one but fewer than all of the Units.
11. "**Majority Owner**" means the owner of Unit B, which holds the majority allocated interest in the Condominium.
12. "**Property**" means the real property described in Exhibit A, together with all improvements, easements, rights, and appurtenances thereto.
13. "**Unit**" means a physical portion of the Condominium designated for separate ownership as shown on the Plats and Plans (Exhibit B).
14. "**Unit A**" means Floors 4, 5, 6, 7, and 8 of the Building, as depicted on the Plats and Plans.
15. "**Unit B**" means Floors 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of the Building, together with the ground-level commercial/lobby areas, basement, and sub-basement areas, as depicted on the Plats and Plans.
16. "**Unit Owner**" means the record owner of a Unit.

Article II. Submission to Condominium Regime

1. **Creation.** The Declarant hereby submits the Property to the condominium form of ownership pursuant to the Act and creates a condominium to be known as "**The Exchange Building, a Condominium.**"
2. **County.** The Condominium is located entirely in Shelby County, Tennessee.
3. **Legal Description.** The real property submitted to this Declaration is more particularly described in Exhibit A.
4. **Plats and Plans.** The Plats and Plans for the Condominium are attached hereto as Exhibit B and incorporated herein by reference, in compliance with T.C.A. § 66-27-309.

Article III. Description of Units

1. **Number and Identification of Units.** The Condominium consists of two (2) Units:
 - a. **Unit A:** Floors 4 through 8, comprising approximately 50,000 gross square feet and currently containing 65 apartment units.
 - b. **Unit B:** Floors 1 through 3 and Floors 9 through 19, together with ground-level commercial/lobby areas, basement and sub-basement, comprising approximately 167,244 gross square feet and currently containing 133 apartment units plus common areas.
2. **Unit Boundaries.** The boundaries of each Unit are as depicted on the Plats and Plans (Exhibit B). Unless otherwise shown:
 - a. The upper boundary of Unit A is the lower surface of the structural floor slab separating the 8th and 9th floors.
 - b. The lower boundary of Unit A is the upper surface of the structural floor slab separating the 3rd and 4th floors.
 - c. The perimeter boundaries of each Unit are the interior finished surfaces of the exterior walls on the applicable floors.
 - d. All structural elements (columns, beams, load-bearing walls, floor slabs between units) are Common Elements.
3. **Permitted Uses.**
 - a. Unit A may be used for residential (long-term or short-term rental), hospitality, hotel, commercial, office, or mixed-use purposes, subject to applicable zoning and building codes.
 - b. Unit B may be used for residential (long-term or short-term rental), hospitality, hotel, commercial, office, retail, or mixed-use purposes, subject to applicable zoning and building codes.

Article IV. Common Elements

1. **General Common Elements.** The Common Elements include, without limitation:
 - a. The land on which the Building is situated

- b. The Building's structural components (foundation, load-bearing walls, structural columns, beams, floor/ceiling slabs between Units)
- c. The roof and exterior walls (including facade)
- d. Main lobby, all elevators, elevator shafts, and elevator mechanical rooms
- e. Main stairwells providing fire egress
- f. Main electrical service, switchgear, and distribution panels up to the point of Unit sub-panels
- g. Main water service, risers, and fire suppression mains
- h. Main HVAC systems and equipment serving the entire Building
- i. Fire alarm and life safety systems (building-wide components)
- j. Building security systems (lobby cameras, access control at main entries)
- k. All utility easements and rights-of-way serving the Building

2. Limited Common Elements.

- a. **Allocated to Unit A:** Interior corridor walls, interior stairwells, mechanical closets, and utility connections exclusively serving Floors 4–8; any balconies, terraces, or exterior features exclusively serving Floors 4–8.
- b. **Allocated to Unit B:** Interior corridor walls, interior stairwells, mechanical closets, and utility connections exclusively serving Floors 1–3 and 9–19; ground-level lobby furnishings and decor beyond structural elements; basement storage and mechanical rooms exclusively serving Unit B; any balconies, terraces, or exterior features exclusively serving Unit B floors; rooftop equipment and access serving Unit B.

Article V. Allocated Interests

CRITICAL — MAJORITY CONTROL PROVISION: The allocated interests below are structured to give Unit B (Declarant's retained unit) majority voting power and proportionally lower expense liability. These allocations must be carefully reviewed by counsel to ensure compliance with T.C.A. § 66-27-307, which prohibits allocations that discriminate in favor of declarant-owned units.

1. **Percentage Interests.** Each Unit is allocated the following undivided interests in the Common Elements, votes in the Association, and liability for Common Expenses:

Unit	Approx. SF	Common Element Interest	Votes	Common Expense Liability
Unit A	50,000	[23.01]%	[23.01]%	[]%
Unit B	167,244	[76.99]%	[76.99]%	[]%
Total	217,244	100%	100%	100%

2. **Basis of Allocation.** The allocated interests are based on the relative gross square footage of each Unit to the total gross square footage of all Units, in compliance with T.C.A. § 66-27-307.

3. **Common Expense Allocation Method.** Common Expenses shall be allocated as follows:
- a. **Shared Building Expenses** (structural maintenance, roof, facade, elevators, fire systems, main utilities, insurance on Common Elements): Allocated per the percentage interests above.
 - b. **Unit-Specific Expenses:** Each Unit Owner is solely responsible for all maintenance, repair, insurance, and operating costs within their Unit boundaries and Limited Common Elements.
 - c. **Utility Sub-metering:** Where feasible, utilities (electricity, water, gas) shall be sub-metered and billed directly to each Unit. Where sub-metering is not feasible, utilities shall be allocated based on [metered usage / percentage interests / actual consumption].

Article VI. Association Governance

1. **Establishment.** The Exchange Building Condominium Association, Inc. (the "Association") is hereby established as a Tennessee nonprofit corporation to manage the affairs of the Condominium.
2. **Board of Directors.**
 - a. The Board shall consist of three (3) directors.
 - b. **During the Declarant Control Period** (as defined in Section 6.3), the Declarant shall appoint all three directors.
 - c. **After the Declarant Control Period**, Unit B shall have the right to appoint two (2) directors, and Unit A shall have the right to appoint one (1) director.
3. **Declarant Control Period.** The Declarant Control Period shall terminate upon the earlier of:
 - a. [Three (3) years] after the date of recording this Declaration;
 - b. The date on which the Declarant no longer owns Unit B; or
 - c. The date on which the Declarant voluntarily relinquishes control by written notice to the Association.
4. **Voting.**
 - a. Each Unit Owner shall have votes equal to its allocated interest percentage.
 - b. Unit B holds [76.99]% of total votes — constituting a permanent majority for all matters requiring a simple majority.
 - c. Matters requiring a supermajority (67% or greater) can be passed by Unit B alone.
5. **Assessments.**
 - a. **Regular Assessments.** The Board shall adopt an annual budget and levy regular assessments against each Unit in proportion to its Common Expense liability.
 - b. **Special Assessments.** The Board may levy special assessments for capital improvements, emergency repairs, or other extraordinary expenses. Special assessments exceeding \$[_____] require approval of Unit Owners holding at least [67]% of the allocated interests.
 - c. **Lien for Unpaid Assessments.** The Association shall have a lien on each Unit for any unpaid assessments, pursuant to T.C.A. § 66-27-414.

6. **Meetings.** The Association shall hold at least one annual meeting. Special meetings may be called by the Board or by Unit Owners holding at least [25]% of the allocated interests. See Bylaws (Exhibit C) for procedures.

Article VII. Maintenance Responsibilities

1. **Unit Owner Responsibilities.** Each Unit Owner shall maintain, repair, and replace, at its sole cost and expense:
 - a. All improvements, fixtures, equipment, and systems located entirely within its Unit boundaries
 - b. All Limited Common Elements allocated to its Unit
 - c. Interior walls, floors, ceilings, doors, windows (interior side), and finishes within its Unit
 - d. Unit-specific HVAC equipment, plumbing fixtures, electrical panels, and appliances
 - e. Any sub-tenant improvements or modifications within its Unit
2. **Association Responsibilities.** The Association shall maintain, repair, and replace:
 - a. All General Common Elements
 - b. Structural components (foundation, load-bearing elements, roof, exterior walls/facade)
 - c. Elevators and elevator mechanical systems
 - d. Main building utility systems (up to the point of connection to individual Units)
 - e. Fire suppression, alarm, and life safety systems (building-wide components)
 - f. Building-wide security systems
 - g. Common hallways, stairwells, and lobby
3. **Shared Systems Protocol.** Where building systems serve both Units (e.g., shared HVAC risers, main water lines, electrical risers):
 - a. The Association shall be responsible for maintenance and repair of the shared portions.
 - b. Each Unit Owner shall be responsible for connections, branches, and distribution within its Unit.
 - c. The point of demarcation shall be as shown on the Plats and Plans or as reasonably determined by the Board.
4. **Emergency Repairs.** In the event of an emergency affecting Common Elements or the structural integrity of the Building, the Association (or in its absence, either Unit Owner) may undertake necessary emergency repairs and seek reimbursement from the Association.

Article VIII. Insurance

1. **Association Insurance.** The Association shall maintain, as a Common Expense:
 - a. **Property Insurance:** All-risk or special-form coverage on all Common Elements and the Building structure, in an amount not less than the full replacement cost of the Common Elements (excluding land).

- b. **General Liability Insurance:** Comprehensive general liability coverage of not less than \$[2,000,000] per occurrence and \$[5,000,000] aggregate.
 - c. **Directors and Officers Insurance:** D&O coverage for Board members.
 - d. **Workers' Compensation:** As required by Tennessee law.
 - e. **Fidelity Bond/Crime Insurance:** Covering Association funds.
2. **Unit Owner Insurance.** Each Unit Owner shall maintain, at its sole expense:
- a. **Property Insurance:** Coverage on all improvements, fixtures, personal property, and betterments within its Unit, including loss-of-rents coverage.
 - b. **Liability Insurance:** Comprehensive general liability coverage of not less than \$[1,000,000] per occurrence.
 - c. **Additional requirements** as the Board may reasonably establish from time to time.
3. **Waiver of Subrogation.** All insurance policies maintained by the Association or any Unit Owner shall include a waiver of subrogation against the other Unit Owners and the Association.

Article IX. Use Restrictions and Covenants

1. **Compliance with Law.** Each Unit Owner shall comply with all applicable federal, state, and local laws, ordinances, regulations, and codes in the use and operation of its Unit.
2. **No Impairment of Structure.** No Unit Owner shall make any alteration, modification, or improvement that would impair the structural integrity of the Building, affect the Common Elements, or adversely affect any other Unit without prior written consent of the Board.
3. **Exterior Modifications.** No Unit Owner shall make any modification to the exterior appearance of the Building (including windows, facade, signage, lighting, or mechanical equipment visible from the exterior) without prior written approval of the Board, which approval shall not be unreasonably withheld.
4. **Historic Preservation.** All Unit Owners shall comply with applicable requirements of the National Register of Historic Places designation. No modification shall be made that would jeopardize the Building's historic status without the written consent of all Unit Owners.
5. **Noise and Nuisance.** No Unit Owner shall permit any activity within its Unit that creates an unreasonable disturbance to other Unit Owners or occupants, including excessive noise, vibration, or odors.
6. **Hazardous Materials.** No Unit Owner shall store, use, or dispose of hazardous materials within its Unit or the Common Elements except in compliance with all applicable environmental laws and regulations.
7. **Signage.** Unit Owners may install signage within their Units and on designated Limited Common Elements, subject to Board approval for any signage visible from the exterior or Common Elements. The Declarant (Unit B) reserves the right to maintain building-wide identification signage.
8. **Access for Maintenance.** Each Unit Owner shall grant reasonable access to the Association and to the other Unit Owner for the purpose of inspecting, maintaining, repairing, or replacing Common Elements, Limited Common Elements, or Building systems, upon reasonable notice (except in emergencies).

9. **Leasing.** Each Unit Owner shall have the unrestricted right to lease, sublease, or license all or any portion of its Unit for any permitted use, without the consent of the other Unit Owner or the Association. There shall be no restriction on the number, duration, or type of leases.
10. **Right of First Refusal.** In the event a Unit Owner receives a bona fide offer to purchase its Unit from a third party, the other Unit Owner shall have a right of first refusal to purchase the Unit on the same terms and conditions, exercisable within [30] days of written notice of the offer.

Article X. Amendment

1. **General Amendments.** Except as otherwise provided herein, this Declaration may be amended only by the affirmative vote or written consent of Unit Owners holding at least [67]% of the total allocated interests.
2. **Amendments Affecting Allocated Interests.** No amendment that changes the allocated interests of any Unit shall be effective without the written consent of the affected Unit Owner.
3. **Amendments Affecting Unit Boundaries.** No amendment that changes the boundaries of any Unit shall be effective without the written consent of the affected Unit Owner.
4. **Recording.** All amendments shall be recorded in the Register's Office of Shelby County, Tennessee, and shall be effective upon recording.

Majority Protection: Because Unit B holds [76.99]% of the allocated interests, Unit B can unilaterally approve any amendment requiring 67% or less. Amendments requiring higher thresholds or unanimous consent protect Unit A from unilateral changes to boundaries, interests, or fundamental rights.

Article XI. Declarant Rights

1. **Reserved Rights.** The Declarant reserves the following special declarant rights pursuant to T.C.A. § 66-27-203:
 - a. The right to complete improvements to the Property
 - b. The right to maintain sales offices, management offices, and models within the Building
 - c. The right to use easements through the Common Elements for the purpose of making improvements or exercising declarant rights
 - d. The right to appoint or remove officers or Board members during the Declarant Control Period
2. **Transfer of Declarant Rights.** The Declarant may transfer all or any portion of its special declarant rights to a successor by written instrument recorded in the Register's Office of Shelby County, Tennessee.

Article XII. Dispute Resolution

1. **Mediation.** In the event of any dispute between Unit Owners or between a Unit Owner and the Association, the parties shall first attempt to resolve the dispute through good-faith negotiation. If negotiation fails, the parties shall submit the dispute to mediation before a mutually agreed-upon mediator in Shelby County, Tennessee.

2. **Arbitration.** If mediation fails to resolve the dispute within [60] days, either party may demand binding arbitration in accordance with the rules of the American Arbitration Association, to be conducted in Shelby County, Tennessee. The arbitrator's decision shall be final and enforceable in any court of competent jurisdiction.
3. **Emergency Relief.** Nothing herein shall prevent any party from seeking emergency injunctive or equitable relief from a court of competent jurisdiction to prevent immediate and irreparable harm.
4. **Attorneys' Fees.** In any dispute arising under this Declaration, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party.

Article XIII. Termination

1. **Termination.** The Condominium may be terminated only by:
 - a. The written agreement of all Unit Owners; or
 - b. As otherwise provided by the Act.
2. **Effect of Termination.** Upon termination, the Property shall be owned in common by the former Unit Owners as tenants in common in proportion to their allocated interests.

Article XIV. General Provisions

1. **Governing Law.** This Declaration shall be governed by the laws of the State of Tennessee, specifically the Tennessee Condominium Act of 2008 (T.C.A. § 66-27-201 *et seq.*).
2. **Severability.** If any provision of this Declaration is held invalid, the remaining provisions shall continue in full force and effect.
3. **Conflict.** In the event of a conflict between this Declaration and the Bylaws, this Declaration shall prevail. In the event of a conflict between this Declaration and the Act, the Act shall prevail.
4. **Notices.** All notices shall be sent to the Unit Owners at the addresses registered with the Association.
5. **Headings.** Article and section headings are for convenience only and shall not affect interpretation.
6. **Duration.** The covenants, conditions, and restrictions of this Declaration shall run with the land and be binding upon all Unit Owners and their successors for a period of [50] years from the date of recording, automatically renewing for successive [10]-year periods unless terminated as provided herein.

Execution

IN WITNESS WHEREOF, the Declarant has executed this Declaration of Condominium as of the ____ day of _____, 2026.

DECLARANT:

Silk Road Group, LLC, a Tennessee limited liability company

By: Gulam Umarov, Managing Member

Date

ACKNOWLEDGMENT

STATE OF TENNESSEE

COUNTY OF SHELBY

Before me, the undersigned Notary Public, personally appeared _____, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signature on the instrument, the entity upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

Notary Public

My Commission Expires: _____

Exhibits

- **Exhibit A:** Legal Description of the Property
- **Exhibit B:** Plats and Plans (per T.C.A. § 66-27-309)
- **Exhibit C:** Bylaws of The Exchange Building Condominium Association, Inc.
- **Exhibit D:** Rules and Regulations

- **Exhibit E: Initial Budget**

[Exhibit A — Legal description from deed. Obtain from title company or Shelby County Register's Office. Must include recital per T.C.A. § 66-24-110.]

[Exhibit B — Plats and Plans prepared by licensed surveyor/architect per T.C.A. § 66-27-309. Must show: location and dimensions of all real estate, location of improvements, unit boundaries (vertical and horizontal), Common Elements, Limited Common Elements, identifying numbers for each Unit.]

DRAFT — FOR DISCUSSION PURPOSES ONLY

This Declaration must be completed by qualified Tennessee real estate counsel and recorded in the Register's Office of Shelby County, Tennessee to become effective.

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