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DECLARATION OF PROTECTIVE COVENANTS

FOR

CHARTER CLUB ON THE RIVER SUBDIVISION

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**DECLARATION OF PROTECTIVE COVENANTS
FOR
CHARTER CLUB ON THE RIVER SUBDIVISION**

THIS DECLARATION is made on the date hereinafter set forth by Prime Homes, Inc. (hereinafter referred to as "Declarant").

BACKGROUND STATEMENT

WHEREAS, Declarant desires to subject the real property described in Article II, Section I, hereto of the provisions of this Declaration to create a residential community, and

WHEREAS, Declarant is the owner of the real property described in Article, II, Section I, of this Declaration, and

WHEREAS, Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within Charter Club On The River Subdivision (hereinafter the "Community"), the planned unit development made subject to this Declaration by the recording of this Declaration and amendments thereto, and

WHEREAS, Declarant desires to provide a flexible and reasonable procedure for the overall development of the Community and the interrelationship of the Association and the Owners established pursuant to this Declaration, and

WHEREAS, Declarant also desires to establish a method for the administration, maintenance, preservation, use, and enjoyment of the property that is now subjected to this Declaration and certain other property described in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the real property described in Article II, Section I, of this Declaration, including all improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, leased, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, representatives, successors, successor-in-title, and assigns and shall insure to the benefit of each and every owner and occupant of all or any portion thereof.

THIS DECLARATION DOES NOT AND IS NOT INTENDED TO CREATE A CONDOMINIUM REGIME SUBJECT TO THE GEORGIA CONDOMINIUM ACT, O.C.G.A., SECTION 44-3-70, ET SEQ.

Article I
DEFINITIONS

Unless the context shall prohibit, certain words used in this Declaration shall have the definitional meaning set forth in Exhibit "A", attached hereto and by reference made a part hereof.

Article II
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property Hereby Subjected To This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereinafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the Declaration is the real property described in Exhibit "B", attached hereto and by reference made a part hereof.

Section 2. Other Property. Only the real property described in Section 1 of this Article II is hereby made subject to this Declaration. No other property is to be subject to this Declaration.

Article III
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from ownership.

Section 2. Voting. The Association shall have two classes of voting membership:
(a) Class A Members shall be all Owners, other than Declarant, who shall be entitled to one (1) vote for each Residence owned. When more than one (1) Person holds an ownership interest in any Residence, the vote for such Residence shall be exercised as those Owners themselves determine. In the event of a dispute, the vote shall be suspended if more than one (1) owner or Person seeks to exercise it; and
(b) The Class B Member shall be Declarant, it's assignee or delegee who shall be entitled to one hundred (100) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of Declarant's sale or transfer by deed of the last Lot or Residence in the Community owned by Declarant.

Any Owner of a Residence not occupied by the Owner may, in the lease or other written instrument, the form of which is acceptable to the Secretary, assign the Owner's voting right appurtenant to that Residence to the Occupant, provided that a copy of such instrument is furnished to the Secretary within the time period prescribed by the Secretary. In the event of such assignment, the Occupant may vote the Owner's vote on all issues upon which the Owner would be entitled to vote.

An Owner's right to vote may be suspended as provided in Article X, Section 2, of this Declaration.

Article IV ASSESSMENTS

Section 1. Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants in the Community, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Type of Assessments. Each owner of any Residence, by acceptance of a deed therefor, covenants and agrees to pay to the Association, whether such covenant or agreement is expressly stated in said deed the following: (a) General Assessments; (b) special assessments, such assessments to be established and collected as hereinafter provided in Article IV, Section 5; and (c) specific assessments against any particular Residence which are established pursuant to the terms of this Declaration, including, but not limited to, those assessments established by Article IV, Section 1 hereof and reasonable fines as may be imposed in accordance with the terms of the Declaration and By-laws. General Assessments shall be levied for Association Expenses determined by the Board to benefit all Owners and Occupants. General Assessments shall be allocated equally among all Residences in the Community.

Section 3. Creation of Lien and Personal Obligation for Assessments. All assessments, together with late charges, interest at a rate equal to the lesser of eighteen (18%) percent or the maximum lawful rate, costs and reasonable attorneys' fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Residence against which each assessment is made. Each such assessment, together with late charges, interest, costs, and reasonable attorneys' fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such Residence at the time the assessment fell due. Each such Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Residence, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first or

second Mortgage holder taking title through foreclosure proceedings or deed in lieu of foreclosure.

General Assessments and other assessments as determined by the Board shall be annual assessments, even if they are to be paid in installments due more frequently than annually. Assessments shall be paid in such manner and on such dates as may be fixed by the Board, which may include, without limitation, acceleration, upon ten (10) days' written notice, of delinquent annual assessments. Unless otherwise provided by the Board, assessments shall be paid in annual installments.

Section 4. Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Association Expenses shall be allocated to each Residence as follows:

The Association Expenses shall be levied as General Assessments. The General Assessment to be levied against each Residence shall be an equal amount for all Residences. The Board shall cause the budget and the assessments to be levied against each Residence for the following year to be delivered to each Residence Owner at least thirty (30) days prior to the end of the current fiscal year. The first annual budget shall be set by the Declarant. Thereafter, the Board may not impose a General Assessment per Resident which is more than one hundred ten (110%) percent of the General Assessment for the immediately preceding fiscal year without the consent of the Declarant (so long as the Declarant owns any property primarily for development and/or sale in the Community) and the affirmative vote or written consent of at least a majority of the total Association vote entitled to vote thereon (other than the Declarant so long as the Declarant's consent is required). For the purpose of the limitation on assessment increases contained in this Section, the term "General Assessment" shall be deemed to include the amount assessed against each Residence plus a pro rata allocation made in accordance with the method of allocating General Assessments of any amounts the Association received from the Declarant through any subsidy in effect for the year immediately preceding the year for which the assessment is to be increased. In the event that the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 5. Special Assessments. In addition to the other assessments authorized herein, the Board may levy special assessments in any year. So long as the total amount of special assessments allocable to each Residence does not exceed One Hundred (\$100.00) Dollars in any one (1) fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Residence to exceed this limitation shall be effective only if approved by a Majority of the total Association entitled to vote thereon (other than

the Declarant so long as the Declarant's consent is required) and, so long as the Declarant owns any property primarily for development and/or sale in the Community, the consent of the Declarant. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 6. Lien for Assessments. All sums assessed against any property subject to this Declaration, together with late charges, interest, costs, and reasonable attorneys' fees actually incurred, as provided herein, shall be secured by a lien on such property in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such property, except for (a) liens of ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of the county where the Community is located and all amounts advanced pursuant to such Mortgages and secured thereby in accordance with the terms of such instruments.

All other persons acquiring liens of encumbrances on any property subject to this Declaration after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments which are not paid in full by the date specified by the Board ("due date"), shall be delinquent. Any assessment delinquent for a period of more than thirty (30) days shall incur a late charge in such amount as the Board may from time to time determine. If the assessment is not paid when due, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorneys' fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after ninety (90) days, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association and its agent the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting through the Board and on behalf of the Owners, shall have the power to bid at any foreclosure sale or to acquire, hold, lease, mortgage, or convey foreclosed property.

No Owner may waive or otherwise exempt himself from liability of the assessments provided for herein, including, by way of illustration but not limitation, by non-use of Common Property, or abandonment of the Residence. No diminution or abatement of any assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs and attorneys fees, then to late charges, then to interest and then to delinquent assessments.

The Board or its designee may compile a list of Owners who are delinquent in the payment of any assessment due the Association, which list may indicate, without limitation, the Owner, Residence and delinquent amount. Such list may be posted in a prominent place within the Community and/or be placed in a Community newspaper or newsletter after the Board has consulted with legal counsel regarding the specific form and content of such list.

Section 8. Date of Commencement of Annual Assessment. If Association Expenses exist, the annual assessments provided for herein shall commence as to each Residence on the first day of the month following the month in which such Residence comes into existence by virtue of a Certificate of Occupancy being issued therefor or otherwise. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year.

Section 9. Assessment Obligation of Declarant. At no time, either before or after the commencement of annual assessment payments as to any Residence, shall Declarant, for so long as it owns any interest in any property subject to this Declaration, be subject to any assessment provided for herein, nor shall any assessment attach or create a lien upon any property so owned by Declarant.

Section 10. Specific Assessments. The Board shall have the power to specifically assess, pursuant to this Section, as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. The Board may specifically assess Residences for the following expenses, except for expenses incurred for maintenance

and repair of items which are the maintenance responsibility of the Association as provided herein:

(a) Expenses of the Association which benefit less than all of the Residences may be specifically assessed equitably among all of the Residences which are benefitted according to the benefit received.

(b) Expenses of the Association which benefit all Residences, but which do not provide an equal benefit to all Residences, may be specifically assessed equitably among all Residences according to the benefit received.

Section 11. Exempt Property. All Common Property (such term as used herein shall not include property which is within any Residence regardless of whether or not the Association is obligated to maintain any such property) shall be exempt from General Assessments, special assessments, and specific assessments.

Article V
MAINTENANCE: CONVEYANCE OF COMMON PROPERTY
BY DECLARANT TO ASSOCIATION

Section 1. Association's Maintenance Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. The Association shall maintain and insure all entry features at the entrances to the Community and street signage located at other street intersections within the Community. The Association shall also pay all costs associated with the maintenance and upkeep of all streetlights within the Community, including the costs of electricity or other power used to activate same. In addition, if the following property exists in the Community, the Association shall maintain such common property: community hiking and biking trails; grass and other landscaping along dedicated rights-of-way; sedimentation ponds; Community theme fencing; Community entrance features; and lakes and dams.

The foregoing maintenance costs shall be assessed as a part of the General Assessment or special assessments, as determined by the Board in accordance with this Declaration.

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

Section 2. Owner's Maintenance Responsibility. Each Owner shall maintain or cause to be maintained in a safe, clean, and attractive condition all property subject to this Declaration which is owned directly or indirectly by such Owner in a manner

consistent with the Community-Wide Standard and this Declaration. Such maintenance obligation shall include, without limitation, the following: prompt removal of all litter, trash, refuse, and waste; lawn mowing on a regular basis; tree and shrub pruning; watering landscaped areas; keeping improvements, exterior lighting and maintenance facilities in good repair and working order; keeping driveways in good repair; complying with all governmental health and police requirements; repair of exterior damages to improvements; and keeping parking areas in good repair. At the sole discretion of the Board, the Association may contract with any Owner to perform any of the Owner's maintenance responsibilities.

In the event that the Board determines that (a) any Owner or designee of the Owner, as designee is defined below, has failed or refused to discharge properly his obligations with regard to the maintenance, repair, or replacement of items for which he is responsible hereunder; or (b) that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, his or her family, guests, lessees, invitees, or designees and is not covered or paid for by insurance, in whole or in part, then, the Association may perform the repair, replacement or maintenance and shall, except in the event of an emergency situation, give the Owner or designee written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at the Owner's or the Owner's designee's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner or his designee shall have ten (10) days within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at Owner's sole cost and expense, and all costs shall be treated as a specific assessment against the Owner and the property owned by the Owner. If an Owner has designated an entity to perform all or part of the maintenance required to be performed hereunder by such Owner for property owned directly or indirectly by such Owner, and such entity has accepted such designation, either pursuant to a recorded declaration or otherwise, such entity shall be a designee of the Owner as such term is used above and the Association may, to the extent permitted by law, specifically assess such designee and the property owned or administered by such designee for all costs of correcting noncompliance with this Section.

Section 3. Conveyance of Common Property by Declarant to Association. The Declarant may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest which is or may be subjected to the terms of this Declaration. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Property to be maintained by the Association for the benefit of all or a part of its Members.

Lakes and dams shall, without limitation, be included in the property that may be conveyed by Declarant and which shall be accepted by the Association. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section including, without limitation, dredging or otherwise removing silt from any lake that may be conveyed.

Article VI
USE, RESTRICTIONS AND RULES

Section 1. General. This Article, beginning at Section 2, metes out certain use restrictions which must be complied with by all Owners and Occupants. However, such restrictions shall not apply to Declarant for so long as it has any ownership interest in any property which would otherwise be subject to any such restriction. These use restrictions may only be amended in the manner provided in Article XI, Section 4, hereof regarding amendment of this Declaration. In addition, the Board may, from time to time, without consent of the Members, promulgate, modify, or delete other use restrictions and rules and regulations applicable to the Community. This authority shall include, but shall not be limited to, the right to limit the type and size of vehicles within the Community and to impose all other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles in the Community. The Board may also restrict certain portions of the recreational facilities administered by the Association to adults only. Such use restrictions and rules shall be distributed to all Owners and occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, canceled, or modified in a regular or special meeting by a majority of the total Association vote entitled to vote thereon (other than the Declarant, so long as the Declarant's consent is required) and, so long as the Declarant owns any property primarily for development and/or sale in the Community, the consent of the Declarant.

Section 2. Residential Use. All Lots shall be restricted exclusively to single-family residential use and shall comply with all zoning requirements as set forth by the local government authority. No more than one Residence shall be constructed on any one Lot. No Lot, or any portion thereof, shall at any time be used for any commercial, business or professional purpose; provided, however, that nothing herein shall be construed to prohibit or prevent Declarant or any builder of Residences in the Community from using any Lot owned by Declarant or such builder for the purpose of carrying on business related to the development, improvement and sale of said Lots.

Section 3. Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the Architectural Review Committee. Notwithstanding the foregoing, the Board shall have the right to erect reasonable and appropriate signs for whatever purpose it deems appropriate.

Additionally, "For Sale" and "For Rent" signs consistent with the Community-Wide Standard as well as any sign required by law or legal proceedings may be erected upon any Residence. The provisions of this Section shall not apply to any person holding a Mortgage who becomes the Owner of any Residence as purchaser at a judicial or foreclosure sale conducted with respect to a first Mortgage or as transferee pursuant to any proceeding in lieu thereof.

Section 4. Recreational and Parked Vehicles. The term "recreational vehicle," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, commercial trucks, campers, and buses. Unless and until otherwise approved by the Board, no recreational vehicle shall be parked on any portion of any Residence where such vehicle can be seen from any street or roadway, or where such vehicle presents any unsightly view from a neighboring Residence. Where the Residence contains a garage, all recreational vehicles shall be parked or stored inside the garage. If the Residence includes a garage with exterior doors, such doors shall be kept closed at all times, except during times of ingress and egress from the garage.

No vehicles may be left upon any portion of the Community, except in a garage or other area designated by the Board, for a period longer than five (5) days if it is unlicensed for the current year or if it is in a condition such that it is incapable of being operated upon the public highways. After such five (5) day period, such vehicle shall be considered a nuisance and may be removed from the Community. Any towed vehicle, boat, recreational vehicle, motor home, or mobile home regularly stored in the Community or temporarily kept in the Community, except if kept in a garage or other area designated by the Board, for periods longer than twenty-four (24) hours each shall be considered a nuisance and may be removed from the Community unless kept in a garage or other area designated by the Board. Trucks with mounted campers which are an Owner's or Occupant's primary means of transportation shall not be considered recreational vehicles, provided they are used on a regular basis for transportation and the camper is stored out of public view upon removal. No overnight parking of commercial vehicles, trailers, campers or buses shall be allowed on the streets within the subdivision.

No motorized vehicles shall be permitted on pathways or unpaved Common Property except for public safety vehicles and vehicles authorized by the Board.

No automotive fluids shall be disposed of on any Residence, private Lot, public street, or common property or area within the Community.

Section 5. Leasing. Residences may be leased for residential purposes. All leases shall have a minimum term of six (6) months. All leases shall be in a form approved by the Board and shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, Bylaws, use restrictions, and rules

and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the Owner and the Owner's property.

Section 6. Occupants Bound. All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

Section 7. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any residence, with the exception of dogs, cats, or other usual and common household pets in reasonable number, as determined by the Board; provided, however, those pets which are permitted to roam free or in the sole discretion of the Board, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners or Occupants or the owner of any property located adjacent to the Community may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose. Dogs which are household pets shall at all times whenever they are outside a Residence be on a leash or otherwise confined in a manner acceptable to the Board. Without prejudice to the Board's right to remove any such household pets, no household pet that has caused damage or injury may be walked in the Community. Animal Control authorities shall be permitted to enter the Community to patrol and remove pets. Pets shall be registered, licensed and inoculated as required by law. No ducks or swans shall be allowed on any lake or other Common Property of the Association without the prior written consent of the Board..

Section 8. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No property within the Community shall be used, in whole or in part, for the storage of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Community. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as

may diminish or destroy the enjoyment of the Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Residence unless required by law.

Section 9. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community.

Section 10. Architectural Standards. No exterior construction, alteration, addition, or erection of any nature whatsoever shall be commenced or placed upon any part of the Community, except such as is installed by the Declarant or a builder approved by and purchasing from the Declarant a Lot solely for the purpose of building and resale, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. No exterior construction, addition, erection, or alteration shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials, and location shall have been submitted in writing to and approved by the Architectural Review Committee established by the Board. The Board may divide the Architectural Review Committee into two (2) subcommittees, with one (1) subcommittee having jurisdiction over modifications and the other having jurisdiction over new construction. The Board may employ for the Architectural Review Committee architects, engineers, or other Persons necessary to enable the Committee to perform its review. The Architectural Review committee may, from time to time, delegate any of its rights or responsibilities hereunder to one (1) or more duly licensed architects or other qualified Persons, which shall have full authority to act on behalf of the committee for all matters delegated. Written design guidelines and procedures shall be promulgated for the exercise of this review, which guidelines may provide for a review fee.

In the event that the Architectural Review Committee fails to approve or to disapprove submitted plans and specifications within thirty (30) days after the plans and specifications have been submitted to it, approval will not be required, and this Section will be deemed to have been fully complied with. As a condition of approval under this Section, an Owner, on behalf of himself and his successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance of and on any change, modification, addition, or alteration. In the discretion of the Architectural Review Committee, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of himself and his successors-in-interest. The Architectural Review Committee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in

violation of these restrictions. Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Section, the Board may, as provided in Article XII, Section 1, hereof, record in the appropriate land records a notice of violation naming the violating Owner.

Plans and specifications are not approved for engineering or structural design or quality or materials, and by approving such plans and specifications neither the Architectural Review Committee, the members thereof, nor the Association assumes liability or responsibility therefor, nor for any defect in any structure constructed from such plans and specification. ~~Neither Declarant, the Association, the Architectural Review Committee, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every Person who submits plans or specifications, and every Owner, agrees that he will not bring any action or suit against Declarant, the Association, the Architectural Review Committee, the Board, or the officers, directors, members, employees, and agents of any of them to recover any such damages and hereby releases, remise, quitclaims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes to action not known at the time the release is given.~~

Section 11. Antennas. No exterior antennas of any kind shall be placed, allowed, or maintained upon any portion of the Community, including any Residence, without the prior written consent of the Board. No free standing antennas whatsoever shall be placed on any Residence, including, without limitation, satellite dishes. However, the Board reserves the right (but shall not be obligated) to erect a master antenna, satellite dish or other similar master system for the benefit of the entire Community. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and occupant agrees to comply with this provision.

Section 12. Tree Removal. No trees shall be removed without the express consent of the Board or its designee, except for (a) diseased or dead trees; (b) trees needing to be removed to promote the growth of other trees; or (c) for safety reasons.

Section 13. Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves a perpetual easement across all Community property for the purpose of altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at his sole expense.

Section 14. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

Section 15. Clotheslines, Garbage Cans, Woodpiles, Etc. All clotheslines, garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be located or screened so as to be concealed from the view of neighboring streets and property. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate. Declarant, however, hereby expressly reserves the right to dump and bury rocks and trees on property within the Community as needed for efficient construction and to allow developers and builders within the Community to bury rocks and trees removed from a building site on such building site. Trash, garbage, debris, or other waste matter of any kind may not be burned within the community at any time other than during construction of a Residence.

Section 16. Subdivision of Residence. No Residence shall be subdivided or its boundary lines changed except with the prior written approval of the Board. Declarant, however, hereby expressly reserves the right to replat any Residence or Residences owned by Declarant. Any such divisions, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

Section 17. Guns. The discharge of firearms in the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types.

Section 18. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Community, including any Residence, without the prior written consent of the Board. The Board or its designee may issue guidelines detailing acceptable fence styles or specifications, but in no event shall a hog wire or barbed wire fence be approved. Declarant reserves the right to construct or authorize the construction of fences complying with the

reasonable Community-Wide Standard, on common areas or on individual lots within the Community, so long as it owns any property within the Community.

Section 19. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Community, except for temporary lines as required during construction and lines installed by or at the request of Declarant.

Section 20. Air-Condition Units. Except as may be permitted by the Board or its designee, no window air conditioning units may be installed.

Section 21. Lighting. Except for seasonal Christmas decorative lights, all exterior lights must be approved by the Board or its designee.

Section 22. Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, and similar items must be approved by the Board or its designee.

Section 23. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Board.

Section 24. Above Ground Swimming Pools. Except as may be permitted by the Board, above ground swimming pools shall not be erected.

Section 25. Access to Common Property. An owner's right of use and enjoyment in and to the Common Property and facilities located thereon shall not give any Owner the right of ingress or egress across any Residence to obtain access to such Common Property.

Section 26. Building Setbacks and Minimum Side Yard. The minimum building line setback from the curb and the minimum side yard distance shall be as set out on the recorded plat.

Section 27. Temporary Buildings and Modular Homes. No temporary house, shack, metal outbuilding, tent, trailer, modular home, mobile home or temporary residence or building, of any sort shall be erected on any lot as a residence, school, church, beauty shop, kindergarten, or for any other purpose. Declarant hereby reserves the right to erect such or maintain such for the sole purpose of conducting business therein relating to the development of the Community.

Section 28. Visible Foundations. No residence shall have any exposed concrete block foundation visible from the exterior of the residence.

Section 29. Fireplaces. All fireplaces visible from the exterior of the residence shall be constructed of either wood, composite material, brick or fieldstone or finished with stucco and shall be approved in writing by the Declarant or, when the Declarant no longer owns any Lots in the Community, by the Association, prior to the construction commencement thereof.

Section 30. Lawns. Unless and until approved by the Board otherwise, all front and side lawns are to be seeded or sodded with grass and are to be designed of an architectural quality consistent with the Community-Wide Standard. No construction or alteration of existing landscaping at any Residence shall take place prior to written approval by the Board. Lawns are to remain presentable and well-maintained year round.

Section 31. Residential Plans and Construction. All residential house and driveway designs and plans must be submitted to Declarant in writing and approved in writing by Declarant at its sole discretion prior to construction commencing. All commenced construction shall be completed within one year from the date of commencement. Commencement shall be deemed to have begun upon the day the builder begins laying the foundation of the Residence. Builders shall be required to maintain cleanliness of building sites during Residence construction and shall remove all debris and construction materials after completion thereof. The requisite maintenance of building sites during construction shall include but shall not be limited to removing all litter and debris from the site grounds at least weekly and removing transported soils from street gutters and catch basins weekly. The requisite removal of debris and construction materials after construction completion shall include but shall not be limited to removing all litter and debris from the construction site and removing transported soils from street gutters and catch basins abutting said developed lot. Additionally, builders shall be required to seed all disturbed earth with a permanent vegetative covering.

Section 32. Minimum Residential Square Footage. No one or two-story residence on any lot shall have less than 1400 square feet of heating living space.

Article VII INSURANCE AND CASUALTY LOSSES

Section 1. Insurance Obtained by Association. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property and any other insurable improvements which the Association is obligated to maintain under Article V, Section I, hereof. The Association shall also have the authority, if required or permitted by the amendment to the Declarations or a contract entered into by the Association, to obtain insurance for other improvements, including Residences. This

insurance shall, at a minimum, cover loss or damage by fire and all other hazards normally covered by the standard extended coverage endorsement and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

The Board shall obtain a public liability policy applicable to the Community covering the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00). If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall also obtain directors' and officers' liability insurance.

The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through the Declarant and to reimburse the Declarant for the cost thereof, provided the Declarant is able to obtain such insurance coverage on a competitive basis, and the Declarant shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Owners upon the Declarant and the Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by the Declarant in obtaining such coverage. Notwithstanding anything contained in this Section to the contrary, the Board shall not be required to comply with the provisions of this Article if the Board has contracted for or otherwise arranged to obtain the required insurance coverage through the Declarant.

Premiums for all insurance shall be Association Expenses. The policies may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether insurance at least equals the full replacement costs.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective benefitted parties, as further identified in subparagraph (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed or otherwise authorized to do business in Georgia.

(b) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(c) In no event shall the insurance coverage obtained and maintained by the Association's Board hereunder be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagee's and the insurance carried by the Association shall be primary.

(d) All casualty insurance policies shall have an inflation guard endorsement and an agreed among endorsement if these are reasonably available and all insurance policies shall be reviewed annually by one (1) or more qualified Persons, at least one (1) of whom must be in the real estate industry and familiar with construction in the county where the Community is located.

(e) The Association's Board shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board, its manager, if any, the Owners and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be reduced in amount, canceled, subjected to non-renewal, invalidated, or suspended on account of any one (1) or more individual Owners;

(iv) that no policy may be reduced in amount, canceled, subjected to non-renewal, invalidated, or suspended on account of any defect or the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Board to cure the defect or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Board, its manager, any Owner or Mortgagee; and

(v) that no policy may be reduced in amount, canceled, subjected to non-renewal, or substantially modified without at least ten (10) days' prior written notice to the Board.

In addition to the other insurance required by this Section, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and, if available, at reasonable cost in the sole discretion of the Board, a fidelity bond or employee's dishonesty coverage on directors, officers, agents, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity or employees' dishonesty coverage, if obtained, shall be determined in the directors' best business judgment, but shall not be less than the maximum amount of Association funds expected to be on hand at any

one (1) time and no less than the sum of three (3) months' assessments plus reserves. Such coverage, if obtained, shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and may not be reduced in amount, canceled, subjected to non-renewal, or substantially modified without at least ten (10) days' prior written notice to the Association. The Board shall also obtain construction code endorsements, boiler and machinery coverage, and flood insurance, if and to the extent necessary to satisfy the requirements of The Federal Home Loan Mortgage Corporation, the Veterans Administration, the Federal Housing Administration, or the Federal National Mortgage Association.

Section 2. Insurance Obtained by Owners. By virtue of taking title to a Residence subject to the terms of this Declaration, each Owner acknowledges that the Association has no obligation to provide any insurance for any portion of any Residence, and each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Residence and all structures constructed thereon and a liability policy covering damage or injury occurring on a Residence. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an "all risk" policy, if reasonably available, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. If all risk coverage is not reasonably available, Owners shall obtain, at a minimum, fire and extended coverage. The policies required hereunder shall be in effect at all times. Authority to adjust losses under policies obtained by an Owner shall be vested in the Owner. The Association shall have the right, but not the obligation, at the expense of the Owner, to acquire the insurance required to be maintained by the Owner if the Owner fails to provide a valid policy to the Association with a prepaid receipt on or before the expiration of any policy. If the Association does acquire insurance on behalf of any Owner, the cost thereof shall be assessed against the Owner and the Residence as a specific assessment. The Association shall also have the authority, upon the consent of a majority of the Owners of the affected Residences, to obtain the insurance required by this Section for any Residences containing attached dwellings, if any, and to assess the costs thereof to the Owners of the benefitted Residences.

Section 3. Property Insured by Association: Damage and Destruction. Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board 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 or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty allowing for any changes or improvements necessary to comply with applicable building codes.

Any damage or destruction to property covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five (75%) percent of the total Association vote entitled to vote thereon (other than the Declarant so long as the Declarant's consent is required), the Owner(s) of the damaged property, if any, and, so long as the Declarant owns any property primarily for development and/or sale in the Community, the Declarant, otherwise agree. If for any reason, either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one hundred and twenty (120) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's Members, levy a special assessment against all Owners in proportion to the number of Residences owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it shall be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Community in a neat and attractive condition.

Section 4. Property Insured by Owners: Damage and Destruction. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Residence shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Residence and remove all debris therefrom within seventy-five (75) days after such damage or destruction and return it to substantially the natural state in which it existed prior to the beginning of construction and thereafter maintain the Residence in a neat and attractive condition consistent with the Community-Wide Standard.

Section 5. Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons who are responsible hereunder, or under any declaration or contract requiring the Association to obtain such insurance, for maintenance of the damaged or destroyed property.

Article VIII CONDEMNATION

Whenever all or any part of the Common Property shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on behalf or on the written direction of all Owners subject to the taking, if any) by any authority having the power of condemnation or eminent domain, the Association shall represent the Owners. The award made for such taking shall be payable to the Association as trustee for all Owners. The provisions of Article VII, Section 1, above, applicable to Common Property improvements damage or destruction, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

Section 1. Annexation. Subject to the consent of the Owner thereof and, so long as the Declarant owns any property primarily for development and/or sale in the Community, the consent of the Declarant, and upon the affirmative vote or written consent of at least a majority of the Association vote (other than the Declarant, so long as the Declarant's consent is required), the Association may annex real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record an amendment to the Declaration describing the property being annexed. Any such amendment to the Declaration shall be signed by the President and Secretary of the Association, and any such annexation shall be effective upon the filing for record of such amendment to the Declaration, unless otherwise provided therein.

Article IX MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Residences in the Community. The provisions of this Article apply to both this Declaration and to the By-laws, notwithstanding any other provisions contained therein.

Section 1. Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the Residence number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Residence on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owned by an Owner of a Residence subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by any Owner of a Residence of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of eligible holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the first Mortgagees or at least two-thirds (2/3) of the total Association vote entitled to vote thereon consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Property which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Property shall not be deemed a transfer within the meaning of this subsection);

(b) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Residence;

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residences and of the Common Property (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision.);

(d) fail to maintain insurance, as required by this Declaration; or

(e) use hazard insurance proceeds for any common Property losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapsed of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 3. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Residence in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 4. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Residence.

Section 5. Amendment by Board. Should the Veterans Administration, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 6. Veterans Administration Approval. As long as the Declarant has an option unilaterally to subject property to these Declarations as provided in Article V Section 3, the following actions shall require the prior approval of the Veterans Administration so long as the Veterans Administration is guaranteeing any Mortgage in the Community: annexation of additional property to the Community, except for annexation by Declarant in accordance with Article VIII, Section 1 hereof pursuant to a plan of annexation previously approved by the Veterans Administration; dedication of Common Property to any public entity; and material amendment of the Declarations, Bylaws or Articles of Incorporation.

Section 7. Applicability of Article IX. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or Georgia law for any of the acts set out in this Article.

Section 8. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Article X
EASEMENTS

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between such Residences and such portion or portions of the Common Property adjacent thereto or as between adjacent Residences due to the placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Residence and the adjacent portion of the Common Property or as between adjacent Residences, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, Occupant, or the Association.

Section 2. Easements for Use and Enjoyment of Common Property. Every Member shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his property, subject to the following provisions:

(a) the right of the Board to charge reasonable admission and other fees for the use of any portion of the Common Property, including, without limitation, swimming pools and tennis courts, to limit the number of guests who may use the Common Property, to allow persons who are not members of the Association, such as persons living or working in the vicinity of the Community, to use the Common Property on a regular or temporary basis and to charge or not charge a user fee therefor, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests, Occupants, and invitees;

(b) the right of the Board to suspend the voting rights of an Owner and Occupant and the right of an Owner and Occupant to use the Common Property recreational facilities in the Community, if any, for any period during which any assessment which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, Bylaws, use restrictions, rules and regulations or design guidelines;

(c) the right of the Board to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the common Property; provided, however, the lien and encumbrance of any such Mortgage given shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Residence or Owner, or the holder of any Mortgage, irrespective of when executed, given by

Declarant or any Owner encumbering any Residence or other property located within the Community (any provision in this declaration or in any such Mortgage given by the Board to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Residence or Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Owner encumbering any Residence or other property located within the Community); and

(d) the right of the Board to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least a majority of the Association vote (other than the Declarant so long as the Declarant's consent is required) and, so long as the Declarant owns any property primarily for development and/or sale in the Community or subject to annexation by the Declarant to the Community, the Declarant.

An Owner's right of use and enjoyment in and to the Common Property and facilities located thereon shall extend to the members of his family and guests. An Owner shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Residence, if leased.

The Board may alter the use of any Common Property upon the affirmative vote of a majority of the Association vote (other than the Declarant so long as the Declarant's consent is required) and, so long as the Declarant owns any property primarily for development and/or sale in the Community, the consent of Declarant. For example, and by way of illustration and not limitation, the Board may convert tennis courts into a basketball court or vice versa.

An Owner's right of use and enjoyment in and to the Common Property and facilities located thereon shall not give any Owner the right of ingress or egress across any Residence to obtain access to such Common Property.

Section 3. Reserved Easements for the Provision of Services to the Community.
There is hereby reserved to the Declarant, its successors and assigns, and the Association, blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, maintaining, and removing rights-of-way, drainage facilities, floodway easements, and all utilities serving the Community, or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, and any other similar service such as, but not limited to, a master television antenna system, cable television system, video system, or security system which the Declarant or the Association might decide to have installed to serve the Community or any portion thereof. It shall be expressly

permissible for the Declarant, its successors and assigns, and the Association to install, repair, replace, maintain, and remove or to authorize the installation, repair, replacement, maintenance, or removal of such wires, conduits, cables and other equipment related to the providing of any such utility of service. Declarant, its successors and assigns, and the Association shall have full rights of ingress and egress at all times over all portions of the Community for the installation, operation, maintenance, repair, or removal of any of the foregoing utilities or services and shall have the right to remove any unauthorized obstruction placed in or on any of the foregoing easements that would, in the sole discretion of Declarant, its successors and assigns, or the Association, interfere with the use of the above easements, or with the use, maintenance, operation, or installation of the foregoing utilities or services. In no event shall the foregoing prohibit paving or landscaping within such easements. Declarant, its successors and assigns, and the Association shall have the right to assign and convey, in whole or in part, the easements reserved by it hereunder to one or more public utility companies, quasi-public service companies, or relevant governmental authorities. All utilities installed within the above described easements shall be installed underground. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the person causing the damage at their sole expense.

ALL OWNERS, OCCUPANTS, GUESTS, AND INVITEES, AS APPLICABLE, ACKNOWLEDGE THAT THE DECLARANT, THE ASSOCIATION AND ITS BOARD OF DIRECTORS, AND THE ARCHITECTURAL REVIEW COMMITTEE DO NOT REPRESENT OR WARRANT THAT ANY SAFETY OR SECURITY MEASURES WILL BE IMPLEMENTED IN THE COMMUNITY OR, IF IMPLEMENTED, THAT SUCH SAFETY OR SECURITY MEASURES MAY NOT BE COMPROMISED OR CIRCUMVENTED, OR THAT ANY SUCH SAFETY OR SECURITY MEASURES WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THEY ARE DESIGNED. EACH OWNER, OCCUPANT, GUEST, OR INVITEE, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE DECLARANT, THE ASSOCIATION, THE BOARD OF DIRECTORS AND ARCHITECTURAL REVIEW COMMITTEE ARE NOT INSURERS AND THAT EACH OWNER, OCCUPANT, GUEST, AND INVITEE ASSUME ALL RISKS OF PERSONAL INJURY AND PROPERTY DAMAGE AND FURTHER ACKNOWLEDGE THAT DECLARANT, THE ASSOCIATION, THE BOARD OF DIRECTORS, AND ARCHITECTURAL REVIEW COMMITTEE HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER, OCCUPANT, GUEST, OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE RELATIVE TO ANY SAFETY OR SECURITY MEASURES IMPLEMENTED OR APPROVED.

Section 4. Easement for Entry. In addition to the right of the Board to exercise self-help as provided in Article XI, Section 2, hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security, and safety, which right may be exercised by an appointee of the Board, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. It is intended that this right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard in the event any Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 5. Other Easements. The Declarant, the Association and their employees, agents, successors, and assigns shall have the right at all reasonable times to enter upon all parts of each Easement Area for any of the purposes for which such Easement Area is reserved, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and the carrying out of such purposes, provided the same are done in accordance with the provisions of these Declarations. The Declarant or the Association shall be responsible for leaving each Residence in good condition and repair following any work or activity undertaken in an Easement Area pursuant to this Section.

Section 6. Irrigation and Effluent Easement. There is hereby reserved to the Declarant and the Association a blanket easement: (a) to pump water from ponds, lakes and other bodies of water located within the Community, if any, for irrigation purposes; (b) to drill, install, locate, maintain and use wells, pumping stations, water towers, siltation basins and tanks and related water and sewer treatment facilities and systems within the Common Property, including within any portion of the recreational amenities, if any; and (c) to spray or locate any treated sewage effluent within the Common Property, including any portion of the recreational amenities, if any, or upon any Residence with the written permission of the Owner.

Article XI GENERAL PROVISIONS

Section 1. Enforcement. Each Owner and every Occupant shall comply strictly with the By-laws, rules and regulations, use restrictions and with the design guidelines, all as may be amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration, as may be amended from time to time, and in the deed to his or her property within the Community, if any. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with these Declarations, the By-laws, the rules and regulations, use restrictions, or design guidelines shall be grounds

for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or, in a proper case, by an aggrieved Owner or Occupant. Failure by the Board of any Owner or Occupant to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of violation of these Declarations, the By-laws, the rules and regulations, use restrictions, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Board or its duly authorized agent shall have the power to enter upon a Residence or any portion of the Community to abate or remove, using such force as may be reasonably necessary, any erection, thing or condition which violates these Declarations, the By-laws, the rules and regulations, the use restrictions, or the design guidelines. Except in the case of emergency situations and towing, the Board shall give the violating Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorneys' fees actually incurred shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The provisions of these Declarations shall run with and bind the land and shall be and remain in effect for a period of twenty (20) years after the date that the Declarations are recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless such extension is disapproved by at least a majority of the Association vote (other than the Declarant so long as the Declarant's consent is required), in person or by proxy, at a meeting duly called for such purpose (or, if a meeting is not called, upon the affirmative vote of at least a majority of the votes cast in a referendum on the issue) and, so long as Declarant owns any property primarily for development and/or sale in the Community, or subject to annexation by the Declarant to the Community, the consent of Declarant. Such meeting or referendum must be held and a written instrument reflecting disapproval must be recorded within the year immediately preceding the beginning of a ten (10) year renewal period. Every purchase or grantee of any interest in any real property subject to these Declarations, by acceptance of a deed or other conveyance therefore, thereby agrees that such provisions of these Declarations may be extended and renewed as provided in this Section.

Section 4. Amendment. These Declarations may be amended unilaterally at any time and from time to time by Declarant: (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Residences subject to the Declarations;

(c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Residences subject to the Declarations; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Residences subject to the Declarations; provided, however, any such amendment shall not adversely affect the title to any existing Owner's property unless any such Owner shall consent thereto in writing.

In addition to the above, these Declarations may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the total Association vote entitled to vote thereon (other than the Declarant so long as the Declarant's consent is required) and, so long as the Declarant owns any property primarily for development and/or sale in the Community or subject to annexation by the Declarant to the Community, the consent of the Declarant. A meeting may be called (but shall not be required to be called) to consider and vote upon any amendment. Amendments to these Declarations shall become effective upon recordation, unless a later effective date is specified therein.

Any procedural challenge to an amendment must be made within six (6) months of its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of the Declarations or Bylaws.

Section 5. Partition. The Common Property shall remain undivided, and no Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community, the written consent of all holders of all mortgages encumbering any portion of the property located within the Community, and, so long as the Declarant has an option unilaterally to subject additional property to the Declarations as provided in Article V hereof, the consent of the Declarant.

Section 6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 7. Severability. Whenever possible, each provision of these Declarations shall be interpreted in such manner as to be effective and valid, but if the application of any provision of the Declarations to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision of the application of any provisions which can be given effect without the invalid provision or application, and, to this end, the provisions of the Declarations are declared to be severable.

Section 8. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limited, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 9. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of these Declarations shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10. Indemnification. In accordance with Section 14-3-110 of the Georgia Nonprofit Corporation Code, and to the full extent allowed in Section 14-2-156 of the Georgia Business Corporation Code, and in accordance with the provisions contained therein, the Association shall indemnify every person who was or is a party or who is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association), by reason of the fact that such person is or was serving as a director or officer of the Association against any and all expenses, including attorneys' fees, imposed upon or reasonably incurred in connection with any action, suit, or proceeding, if such person acted in a manner reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Any indemnification hereunder shall be made by the Association only as authorized (as provided in Section 14-2-156 of the Georgia Business Corporation Code) in a specific case upon a determination that indemnification of the person is proper under the circumstances.

The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be liable as members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is available at reasonable cost, as determined in the sole discretion of the Board.

Section 11. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration, the Bylaws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to subject property to the Declarations as provided in

Article V, Section 3 terminates, it shall be expressly permissible for Declarant and any builder or developer approved by Declarant to maintain and carry on, upon such portion of the Community as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be required, convenient, or incidental to Declarant and such builder's or developer's development, construction, and sales activities related to property described on Exhibit "B" (the Property) to this Declaration, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Community; the right to tie into any portion of the Community with streets, driveways, parking areas and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, sewer and drainage liens and facilities constructed or installed in, on, under and/or over the Community; the right to carry on sales and promotional activities in the Community; and the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices. Declarant and any such builder or developer may use Residences or offices owned or leased by Declarant or such builder or developer as model Residences and sales offices. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the person causing the damage at its sole expense.

Section 12. Contracts Executed During Declarant Control. All contracts or leases executed by or on behalf of the Association prior to the termination of the Declarant's right to appoint any of the directors of the Association shall contain a termination clause permitting the Association to terminate the contract or lease at any time, without cause and without penalty, upon not more than ninety (90) days' written notice.

Section 13. Books and Records. This Declaration, the By-Laws, the Articles of Incorporation, copies of rules and regulations, use restrictions, design guidelines, membership register, books of account, and minutes of meetings of the Members of the Board and of committees shall be made available for inspection and copying by any Member of the Association or by his duly appointed representative and by holders, insurers, or guarantors of any first mortgage at any reasonable time and for a purpose reasonably related to his or her interest as a Member or holder, insurer, or guarantor of a first mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

The Board shall establish reasonable rules with respect to:

- (a) notice to be given to the custodian of the records;

- (b) hours and days of the week when such an inspection may be made; and
- (c) payment of the cost of reproducing copies of documents.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 14. Financial Statements. Financial statements reflecting the accounts of the Association shall be compiled annually in such manner as the Board may decide; provided, however, after having received the Board's financial statements at the annual meeting, the Owners, by a majority of the total Association vote entitled to vote thereon, may require that the financial statements of the Association be audited as an Association expense by a certified public accountant. Upon written request of any institutional holder of a first mortgage, such holder, upon payment of the costs associated therewith, shall be entitled to receive audited financial statements within ninety (90) days of the date of the request.

Section 15. Notice of Sale or Lease. If an Owner sells or leases his or her Residence, the Owner shall give to the Board, in writing, the name of the purchaser or lessee of the Residence and such other information as the Board may reasonably require.

Section 16. Estoppel Certificate. Upon the request of any Member, the Board or its designee shall furnish a written certificate signed by an officer or agent of the Association regarding unpaid assessments levied against that Member's property and any violations of the Declaration, Bylaws, use restrictions, rules and regulations, or design guidelines by any Owner or Occupant of such property. Such certificate shall bind the Association with respect to the foregoing matters. The Association may require the advance payment of a processing fee not to exceed Twenty-five (\$25.00) Dollars for the issuance of each such certificate.

Section 17. Agreements. All agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community, except that no such agreements shall be binding as to the Declarant without the written consent of the Declarant.

Section 18. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation, any use restriction or rule, the design guidelines and every other right or privilege

reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 19. Variations. Notwithstanding anything to the contrary contained herein, the Board of Directors and the Declarant, for so long as Declarant has the right to appoint a majority of the members of the Board of Directors pursuant to Article III of the Bylaws, shall be authorized to grant individual variations from any of the provisions of this Declaration or the Bylaws, except the provisions of Article IV of the Declaration regarding assessments, if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development of the Community.

IN WITNESS WHEREOF, the undersigned has executed this instrument under seal this 29th day of June, 1994.

Nancy Torrey
WITNESS

Sworn to and subscribed before me this 29th day of June, 1994.

Christa B. Wilson
NOTARY PUBLIC
STATE OF GEORGIA

PRIME HOMES, INC.

By: Taylor B. Knox
Taylor B. Knox, President

Attest: James W. Summerour III
James W. Summerour III, Secretary

(CORPORATE SEAL)

Notary Public, Gwinnett County, Georgia
My Commission Expires March 20, 1995

LEGAL DESCRIPTION

All that tract or parcel of land lying and being in Land Lots 30, 48, and 49 of the 7th District of Gwinnett County, Georgia, and being more particularly described as follows:

Beginning at the Land Lot corner common to Land Lots 30, 31, 48, and 49 (the "Point of Beginning") (at which a concrete monument has been set), said monument being located also by reference to the grid coordinates of the NAD Georgia 1983 as established by the US Coast and Geodetic Survey, at North 1449106.9435 and East 2343016.7378, proceed along the Land Lot line dividing Land Lots 48 and 49 North 29° 10' 10" West a distance of 422.71 feet to an iron pin found; thence continue along the same Land Lot line North 29° 15' 29" West a distance of 357.18 feet to an iron pin found; thence South 72° 29' 02" West a distance of 263.40 feet to an iron pin found; thence North 21° 26' 05" West a distance of 104.03 feet to the centerline of Little Suwanee Creek; thence North 29° 30' 00" West a distance of 100.19 feet to an iron pin found; thence North 59° 29' 00" West a distance of 246.22 feet to the centerline of Little Suwanee Creek; thence (generally in a northerly and northeasterly direction) along the centerline of Little Suwanee Creek, following the curvature thereof, a distance of 1140.5 feet, more or less (the course being approximated by the following courses: North 03° 16' 30" East a distance of 181.10 feet; thence North 22° 33' 05" West a distance of 163.64 feet; thence North 46° 00' 15" West a distance of 218.52 feet; thence North 53° 09' 15" East a distance of 146.86 feet; thence North 86° 11' 51" East a distance of 175.54 feet), to the Land Lot line dividing Land Lots 48 and 49; thence along that Land Lot line North 30° 03' 26" West a distance of 145.05 feet to an iron pin found; thence North 72° 09' 37" East a distance of 224.59 feet to the centerline of Little Suwanee Creek; thence (generally in a northerly direction) along the centerline of Little Suwanee Creek, following the curvature thereof, a distance of 643.5 feet, more or less (the course being approximated by the following courses: North 31° 23' 06" East a distance of 174.11 feet; thence North 01° 09' 21" East a distance of 129.44 feet; thence North 05° 24' 50" East a distance of 177.47 feet; thence North 22° 47' 36" West a distance of 118.45 feet); thence North 71° 53' 40" East a distance of 389.21 feet to an iron pin found; thence South 10° 39' 28" East a distance of 349.89 feet to an iron pin found; thence North 80° 12' 35" East a distance of 291.17 feet to an iron pin found; thence northeasterly a distance of 314.66 feet along the arc of a curve to the right, said curve having a radius of 312.33 feet and being subtended by a chord having a bearing and distance of North 48° 16' 43" East 301.52 feet, to an iron pin found; thence North 77° 08' 25" East a distance of 134.87 feet to an iron pin found at the western margin of the right-of-way of Collins Hill Road (80-foot right-of-way); thence South 10° 40' 18" East a distance of 14.28 feet; thence southeasterly a distance of 45.74 feet along the arc of a curve to the left, said curve having a radius of 656.35 feet and being subtended by a chord having a bearing and distance of South 12° 40' 05" East 45.73 feet, to an iron pin set; thence South 77° 08' 25" West a distance of 134.17 feet to an iron pin set; thence southwesterly a distance of 254.27 feet along the arc of a curve to the left, said curve having a radius of 252.33 feet and being subtended by a chord having a bearing and distance of South 48° 16' 19" West 243.65 feet, to an iron pin found; thence South 75° 32' 34" East a distance of 179.96 feet to an iron pin found; thence South 33° 36' 45" East a distance of 130.80 feet to an iron pin found; thence South 33° 35' 34" East a distance of 147.97 feet to an iron pin found; thence North 63° 08' 19" East a distance of 20.05 feet to an iron pin set; thence South 39° 37' 25" East a distance of 100.43 feet to an iron pin found; thence North 63° 06' 59" East a distance of 199.94 feet to an iron pin set at the western margin of the right-of-way of Collins Hill Road (80-foot right-of-way); thence southeasterly along the western margin of the right-of-way of Collins Hill Road, following the curvature thereof, a distance of 258.67 feet along the arc of a curve to the left, said curve having a radius of 1,238.03 feet and being subtended by a chord having a bearing and distance of South 44° 54' 11" East 258.20 feet, to the centerline of the Yellow River;

7/24

thence (generally in a southerly direction) along the centerline of the Yellow River, following the curvature thereof, a distance of 1,346.8 feet more or less (the course being approximated by the following courses: South 15° 28' 58" East a distance of 276.64 feet; South 24° 28' 28" East a distance of 229.38 feet; South 01° 22' 29" East a distance of 338.93 feet; South 14° 51' 02" West a distance of 220.23 feet), to the Land Lot line dividing Land Lots 30 and 49; thence along that Land Lot line North 59° 55' 00" East a distance of 30.18 feet to an iron pin set; thence South 32° 16' 00" East a distance of 155.83 feet to the centerline of the Yellow River; and along the centerline of the Yellow River, following the curvature thereof, a distance of 1,359.5 feet more or less (the course being approximated by the following courses: South 30° 37' 20" West a distance of 246.99 feet; thence South 38° 21' 17" West a distance of 295.55 feet; thence South 44° 14' 07" West a distance of 326.45 feet; thence South 71° 31' 35" West a distance of 431.00 feet), to the Land Lot line dividing Land Lots 30 and 31; thence North 29° 17' 05" West a distance of 387.58 feet, back to the Point of Beginning.

Said tract or parcel containing approximately 79.37 acres and being shown on the plat of survey (the "Survey") for Prime Homes prepared by Solar Land Surveying Company dated August 26, 1993; said plat being incorporated herein by reference and made a part hereof.

Note: The boundaries, metes, courses, distances and controls as shown thereon having been fixed and determined in accordance with the grid coordinates of the NAD Georgia 1983 Coordinate System, West Zone, as established by the U.S. Coast and Geodetic Survey.

6253J

TO: Taylor Knox
FROM: Byron Hall
DATE: 08/27/97
SUBJECT: Amendments to Charter Club
Covenants

The following are the amendments to the "Charter Club on the River" covenants. Please review and sign at the bottom (Declarant) if you are in agreement.

I. Community Wide Standards:

Section 30:

Lawn mowing must be on a regular basis (i.e., once a week during growing season), with grass not exceeding 4.5 inches. Lawns shall be edged and mowed along main lawn as well as grass strip between sidewalk and curb. Perimeter of lawns are to be mowed and edged. Lawns are to be maintained surrounding any and all utility junctions, mailboxes, and streetlights. The standard grass is bermuda for all front and side lawns. Lawns and curbs strips shall be limited to sodded grasses (i.e., bermuda). Weeds, onions, and non-grass plants are to be removed immediately, (i.e., Clover, Crab-grass, etc.). Regular basis is herefore defined as "*once a week*" during growing season.

II. Fences:

Section 18:

Acceptable fence design shall be limited to 6 foot dog-eared or pointed slat stockade fence. Fences are to be built in a manner whereby the framing including post and 2 X 4 frame is located in the interior of the fence, facing the yard. The finished side of the fence shall be facing the community. Any fencing that is other than the community-wide standard will be evaluated based on said standard (i.e., wooded fences). Chain linked fences will be allowed on side property line and rear property line in rear yards of homes ONLY, so long as chain link fencing and post are black in color. No chain link fencing will be allowed on side property line adjacent to street row of corner lots. No chain link fencing shall be visible from the street. All chain link fencing will be evaluated based on first community-wide standard and second on bylaws. No Hog or Barbed wire, or picket fences will be allowed. Fences shall be limited to the back yard of the residence. No fence will be erected on the front yard of the house. Fences are to be built from the back of the house. Fence gates are to be kept closed at all times except for normal operations.

III. Lighting:

Section 21:

Christmas lights and decorations are to be removed by Jan 10 following the holiday or 10 days following your celebrated "*day*".

IV. Sculptures and Statues:

Section 22:

No sculptures or Statues, icons are to be erected or placed within view of the general community, unless otherwise approved by the board.

Delete flags

V. Residential Plans and Constructions:

Section 31:

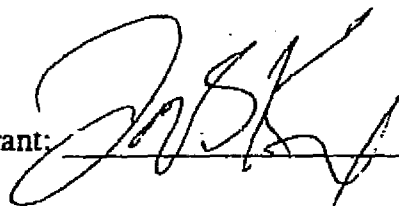
3 weeks from the date of commencement.

VI. Recreational and parked vehicles:

Section 4:

No vehicles are to be parked along the road, next to curbs, for more than five (5) days. (Automobiles parked along the road limit sight distance to drivers, increasing possibility of children darting into the street. See Article V Section 2 "Owners Maintenance Responsibility"..Each owner shall maintain or caused to be maintained in a *safe*, clean and attractive condition all property subject to this Declaration which is owned directly or indirectly by such Owner in a manner consistent with the Community-Wide Standard and this Declaration. According to the by-laws, all towed vehicles will be impounded at owners expense.

Declarant: _____



B.O.D. Vice-President: _____

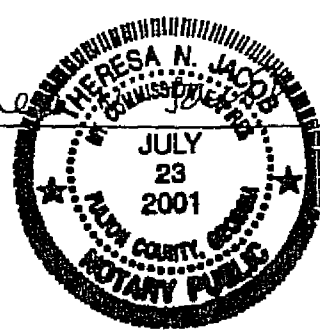


Witness: _____



Notary: _____

Theresa N. Jacob



[SPACE ABOVE RESERVED FOR RECORDING DATA]

Return to: Weissman, Nowack, Curry & Wilco, P.C.
One Alliance Center, 4th Floor
3500 Lenox Road
Atlanta, Georgia 30326
Attention: Robert S. Stein

STATE OF GEORGIA

CROSS REFERENCE: Deed Book 10455
Page 14

COUNTY OF GWINNETT

**AMENDMENT TO THE DECLARATION OF
PROTECTIVE COVENANTS FOR CHARTER CLUB ON THE RIVER**

WHEREAS, the Declaration of Protective Covenants for Charter Club on the River Subdivision ("Declaration") was filed on June 28, 1993 in Deed Book 10455, Page 14, *et. seq.*, Gwinnett County, Georgia land records; and

WHEREAS, Article XI, Section 4 of the Declaration provides that the Declaration may be amended upon the affirmative vote, or written consent, or any combination thereof, of at least a majority of the total Association vote entitled to vote thereon (other than the Declarant, so long as the consent of the Declarant is required) and the consent of the Declarant, so long as the Declarant owns any property for development and/or sale in the Community or subject to annexation by Declarant to the Community; and

WHEREAS, the Declarant no longer owns any property for development and/or sale in the Community nor has the right to unilaterally annex additional property to the Community; and

WHEREAS, at least a majority of the total Association vote entitled to vote was in favor of approval of this Amendment.

NOW, THEREFORE, the Declaration of Protective Covenants for Charter Club on the River Subdivision is hereby amended as follows:

1.

Article VI, Section 5 of the Declaration is, except as set forth herein, hereby deleted in its entirety and the following language is substituted therefor:

Section 5. Leasing. In order to preserve the character of the Community as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, leasing of a Residence shall be governed by the restrictions imposed by this Section. **Except as provided herein, the leasing of the Residence is prohibited.** The Board shall have the power to make

and enforce reasonable rules and regulations and to fine, in accordance with the Declaration and Bylaws, in order to enforce the provisions of this Paragraph.

(a) Definitions.

(i) "Effective Date" means the date this Amendment is recorded in the Gwinnett land records.

(ii) "Grandfathered Owner" means an Owner of a Residence on the date this document is recorded in the Gwinnett County, Georgia land records, provided, grandfathering shall only apply if the Residence is being leased on the Effective Date and shall apply only to the Residence owned by such Grandfathered Owner on the Effective Date. Grandfathering hereunder shall automatically cease on the first of the following to occur: (1) the Grandfathered Owner conveys title to the Grandfathered Residence to any other person or entity, (2) the assignment, termination or expiration of the lease in effect as of the Effective Date.

(iii) "Grandfathered Residence" means the Residence owned by a Grandfathered Owner on the Effective Date hereof.

(iv) "Leasing" means the regular, exclusive occupancy of a Residence by any person(s) other than: (1) the Owner or a parent, child or spouse of an Owner, or (2) a person who occupies the Residence with the Owner or parent, child or spouse of the Owner, so long as such Owner or parent, child or spouse of the Owner is occupying the Residence as his or her primary residence.

(b) Leasing Restriction. No Owner of a Residence may lease his or her Residence unless: (1) the Owner is a Grandfathered Owner, or (2) the Owner is not a Grandfathered Owner but has received a hardship leasing permit from the Board as provided below.

Non-grandfathered owners who want to lease their Residence may do so only if they have applied for and received from the Board of Directors or a "hardship leasing permit." Such a permit will allow an Owner to lease his or her Residence, in strict accordance with the terms of the permit and this Section. The Board shall have the authority to establish conditions as to the duration and use of such permits, consistent with this Section. All hardship leasing permits shall be valid only as to a specific Owner and Residence and shall not be transferable between either Residence or Owners (including a subsequent Owner of a Residence where a permit was issued to the Owner's predecessor in title).

(c) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board of Directors for a hardship leasing permit.

(i) The Board shall have the authority to issue or deny requests for hardship leasing permits, in its discretion, after considering the following factors: (1) the nature, degree, and likely duration of the hardship, (2) the harm, if any, which will result to the community if the permit is approved, (3) the number of hardship leasing permits which have been issued to other Owners, (4) the Owner's ability to cure the hardship, and (5) whether previous hardship leasing permits have been issued to the Owner.

(ii) A "hardship," as described herein, shall include, but not be limited to, the following situations:

(1) an Owner must relocate his or her residence outside the greater Atlanta metropolitan area and cannot, within six (6) months from the date that the Residence was placed on the market, sell the Residence except at a price below the current appraised market value, after having made reasonable efforts to do so; or

(2) an Owner dies and the Residence is being administered by his or her estate.

As to the two defined hardships above, upon reasonable verification, the Board shall issue a hardship leasing permit in accordance with this Section 5.

(iii) Hardship leasing permits shall be valid only as to a specific Owner and Residence and shall not be transferable to other Residences or Owners (including a subsequent Owner of a Residence where a permit was issued to the Owner's predecessor-in-title). Hardship leasing permits, in all instances, shall be valid for a term approved by the Board, not to exceed one (1) year. Owners may apply for an additional hardship leasing permit at the expiration of a hardship leasing permit, if the circumstances warrant.

(iv) Hardship leasing permits shall be automatically revoked upon the sale or transfer of the Residence to a third party (excluding sales or transfers to an Owner's spouse).

(v) The Association may create such application and permit forms as it determines necessary.

(d) Leasing Provisions. Leasing of Residence shall be governed by the following provisions:

(i) General. A Residence may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form which is deemed acceptable. There shall be no subleasing of Residence or assignment of leases without prior written Board approval. All leases must be for an initial term of not less than twelve (12) months, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Residence, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Residence. The Owner must provide the lessee copies of the Declaration, Bylaws, and the rules and regulations. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(ii) Compliance With Declaration, Bylaws, and Rules and Regulations, Use of Common Property, and Liability for Assessments. Each Owner and each lessee, by occupancy of a Residence, covenants and agrees that any lease for a Residence shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant on the Residence:

(1) Compliance With Declaration, Bylaws, and Rules and Regulations. The lessee shall comply with all provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto and shall control the conduct of all other Occupants and guests of the leased Residence in order to ensure such compliance. The Owner shall cause all Occupants of his or her Residence to comply with the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Residence are fully liable and may be sanctioned for any such violation. If the lessee, or a person living with the lessee, violates the Declaration, Bylaws, or a rule or regulation for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee, and such fine may be assessed against the lessee. If the fine is not paid by the lessee within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Residence.

Any violation of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto by the lessee, any Occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with

Georgia law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be an assessment and lien against the Residence.

(2) Use of Common Property. The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Property, including, but not limited to, the use of any and all recreational facilities.

(3) Liability for Assessments. When an Owner who is leasing his or her Residence fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply herewith, lessee shall pay to the Association all amounts authorized under the Declaration as if lessee were an Owner. The above provision shall not be construed to release the Owner from any obligation, including the obligation for assessments, for which he or she would otherwise be responsible.

(e) Applicability. Leases existing on the Effective Date of this Amendment shall not be subject to the terms of Section 5(d). Such leases may continue in accordance with the terms of the Declaration, prior to this Amendment. However, any extension or renewal of any lease agreement, including, but not limited to, changes in the terms or duration of occupancy, shall be considered a termination of the old lease and commencement of a new lease which must comply with Section (d). Any Owner of a Residence which is leased on the Effective Date of this Amendment shall file with the Board a copy of the lease agreement in effect within thirty (30) days of the Effective Date hereof.

Sections 5(b) and (c) shall not apply to any leasing transaction entered into by the holder of any first Mortgage on a Residence who becomes the Owner of a Residence through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage.

2.

Article VI is further amended by the addition of the following as Section 33:

Section 33. Number of Occupants. The maximum number of Occupants in a Residence shall be limited to two (2) people per bedroom in the Residence (only rooms designated as bedrooms at the time of initial sale of the Residence shall constitute a bedroom). "Occupant," for purposes of this Section 33, shall be defined as a person staying overnight in a dwelling for a total of more than thirty (30) days, either consecutive or nonconsecutive, in any calendar year. This occupancy restriction shall not apply to require the removal of any person lawfully occupying a Residence on the date this amendment is recorded in the Gwinnett County land records. Upon written application, the Board shall grant variances to this restriction to comply with provisions of the Fair Housing Amendments Act of 1988 or any amendments thereto.

If an Owner of a Residence is a corporation, partnership, trust or other legal entity not being a natural person, the entity shall designate in writing to the Board the name(s) of the person(s) who will occupy the Residence. The designated person(s) to occupy the Residence may not be changed more frequently than once every twelve (12) months without the express written consent of the Board as determined in the Board's sole discretion.

IN WITNESS WHEREOF, the undersigned officers of Charter Club on the River hereby certify that the above Amendment to the Declaration was duly adopted by the required majority of the Association and its membership, with proper notices given.

This ___ day of _____, 200_.

**ASSOCIATION: CHARTER CLUB ON THE RIVER
HOMEOWNERS ASSOCIATION, INC.**

Sworn to and subscribed before me
this ___ day of _____
200_.

By: _____ (Seal)
President

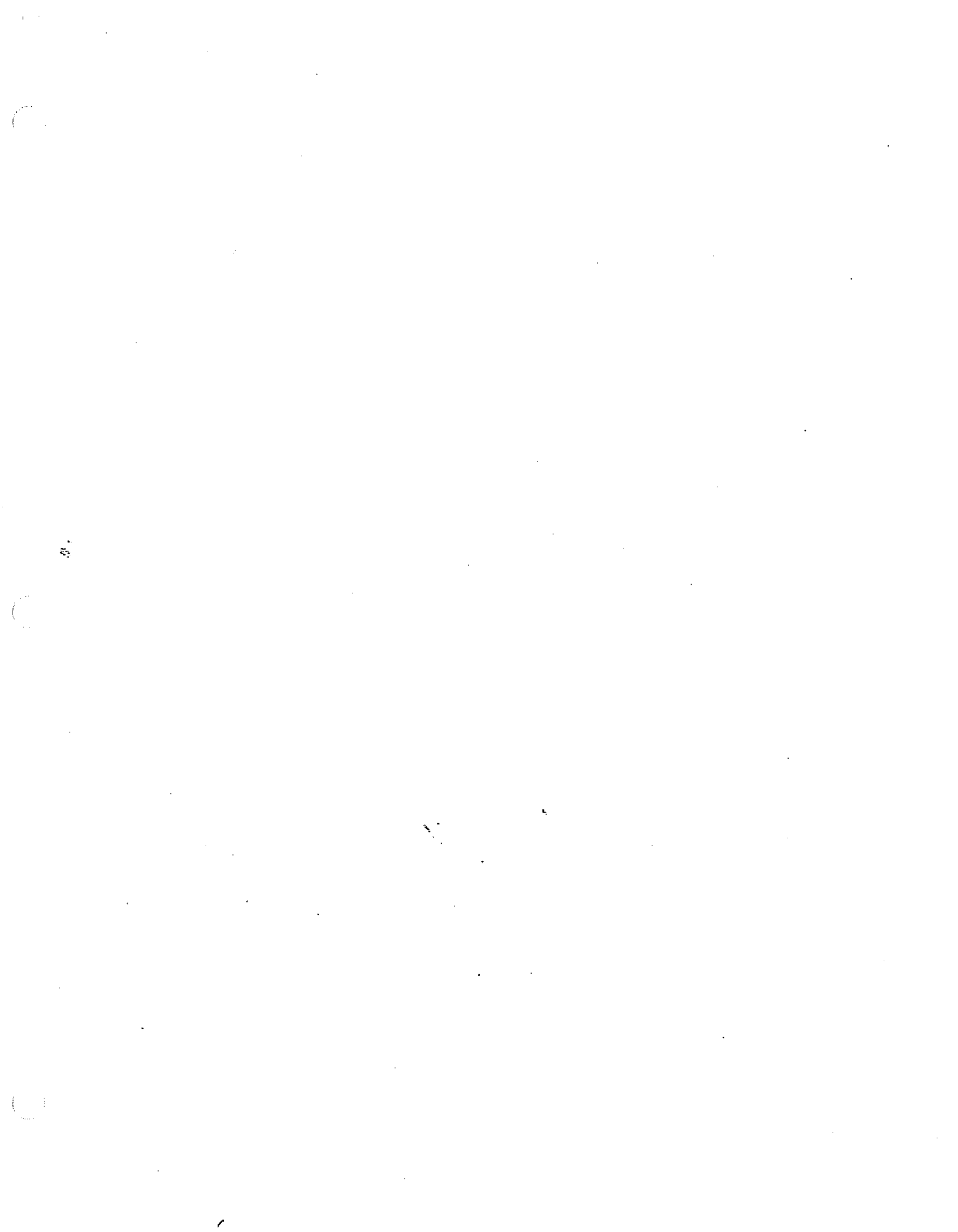
Attest: _____ (Seal)
Secretary

Witness

[CORPORATE SEAL]

Notary Public

[Notary Seal]



BY-LAWS
OF
CHARTER CLUB ON THE RIVER
HOME OWNERS ASSOCIATION, INC..

LAW OFFICES OF
RUSSELL T. BRYANT
ONE COMMERCIAL CENTER
390 CROGAN STREET, N.W., SUITE 300
LAWRENCEVILLE, GEORGIA 30245
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BY-LAWS
OF
CHARTER CLUB ON THE RIVER
HOME OWNERS ASSOCIATION, INC.

Article I

Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be Charter Club On The River Lake Manor Home Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Membership. The Association shall have two classes of voting membership, as is more fully set forth in Article III of that certain Declaration of Protective Covenants for Charter Club On The River Subdivision filed in the Gwinnett County deed records (such Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II

Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur not less than sixty (60) days nor more than one hundred and twenty (120) days before the close of the Association's fiscal year. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday).

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board or upon a petition signed by at least twenty-five (25%) percent of the Owners. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof.

No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Lot a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Lot, he or she shall have designated by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a Majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein.

Section 8. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of twenty-five (25%) percent of the Owners of Lots to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than

a quorum.

Article III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors (the "Board"). Except as provided in Section 2 of this Article, the directors must reside in the Community and shall be members or spouses of such members; provided, however, no Person and his or her spouse may serve on the Board at the same time.

Section 2. Directors Appointed by Declarant. Subject to Section 5 of this Article III, Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association, with or without cause, until such time as the first of the following events shall occur: (a) the expiration of ten (10) years after the date of the recording of the Declaration; (b) three (3) months after the date on which certificates of occupancy shall have been issued on one hundred per cent (100%) of the Lots within the Community and such Lots shall have been conveyed by Declarant to Owners other than a Person or Persons constituting Declarant or builders holding title solely for development; or (c) the surrender by Declarant in writing of the authority to appoint and remove directors and officers of the Association. Each Owner, by acceptance of a deed to or other conveyance of a Lot vests in Declarant such authority to appoint and remove directors and officers of the Association. The directors and officers selected by the Declarant need not be Owners or residents in the Community. The names of the initial directors selected by the Declarant are set forth in the Articles of Incorporation of the Association.

Section 3. Number of Directors. The Board shall consist of not less than three (3) nor more than five (5) members; as provided in Section 5 of this Article III. The initial Board of Directors shall consist of three (3) members.

Section 4. Nomination of Directors. Elected directors shall be nominated from the floor and may also be nominated by a nominating Committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after the date on which Persons other than Declarant or a builder holding title solely for purposes of development and resale own 25 Lots

within the Community, or whenever the Declarant earlier determines, the Board shall call a special meeting at which Members other than Declarant shall elect one (1) of the three (3) directors. The remaining two (2) directors shall be appointed by Declarant. The director so elected shall be elected for a term of two (2) years or until the happening of the event described in subsection (b) below, whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term;

(b) Within thirty (30) days after the date on which Persons other than Declarant or a builder holding title solely for purpose of development and resale own seventy-five (75) Lots, or whenever the Declarant earlier determines, the Board shall call a special meeting at which Members other than Declarant shall elect two (2) of the five (5) directors. The remaining three (3) directors shall be appointed by Declarant. The directors so elected shall be elected to serve for a term of two (2) years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors terms expire prior to the happening of the event described in subsection (c), successors for each such director shall be elected for a like term; and

(c) Upon the happening of Declarant's sale or transfer by deed of the last Lot or Residence owned by Declarant, the Board shall call a special meeting at which Members shall elect five (5) of the five (5) directors. The directors so elected shall be elected to serve until the next annual meeting of the Association at which time all five directors shall be elected by the Members. The term of three (3) directors shall expire two (2) years after such annual meeting, and the term of two (2) directors shall expire one (1) year after such annual meeting. At the expiration of the first term of office of each member of the initial Board of Directors, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

At each annual meeting of the membership thereafter, directors shall be elected to succeed those directors whose terms are expiring. All eligible Members of the Association may vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected. Directors may be elected to serve any number of consecutive terms.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board may be removed, with or without cause, by a Majority of the Members and a successor may then and there be elected to fill the vacancy thus created. Directors may also be removed by Declarant as provided in Section 2 of this Article III. A director whose removal has been proposed by any Member shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the

payment of an assessment for more than twenty (20) days may be removed by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to directors appointed by Declarant.

Section 7. Vacancies. Vacancies in the Board caused by any reason, excluding the removal of a director by vote of the Association, shall be filled by a vote of the Majority of the remaining directors, even though less than a quorum, at any meeting of the Board. Each director so selected shall serve the unexpired portion of the term of his predecessor.

B. Meetings.

Section 8. Organization Meeting. The first meeting of the members of the Board following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a Majority of the members of the Board, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule of quarterly meetings shall constitute sufficient notice of such meetings.

Section 10. Special Meetings. Special meetings of the Board shall be held when requested by the President, Vice President or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a Person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice of consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board, a Majority of the directors shall constitute a quorum for the transaction of business, and the votes of a Majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a Majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 13. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by a Majority of the Members; provided, directors shall be entitled to reimbursement for expenses incurred on behalf of the Association if approved by a Majority of the Board.

Section 14. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 15. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 16. Action Without A Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

C. Powers and Duties.

Section 17. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending use restrictions and rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Members;

(k) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(l) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 18. Management Agent. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Declarant or an affiliate of the Declarant may be employed as managing agent or manager. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon ninety (90) days' written notice.

Section 19. Borrowing. The Board shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Ten Thousand (\$10,000.00) Dollars outstanding debt at any one time.

Section 20. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notice. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may upon notice, impose a fine. The notice shall state:

(i) the nature of the alleged violation;

(ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;

(iii) that any statements, evidence, and witnesses may be produced by the

alleged violator at the hearing; and

(iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

Article IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two (2) or more offices may be held by the same Person, excepting the offices of President and Secretary which shall be held by different Persons. The President and Treasurer shall be elected from among the members of the Board.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise shall be filled by the Board for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Georgia Nonprofit Corporation Code.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board and shall have charge of such books and papers as the Board may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Georgia law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the