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DECLARATION OF PROTECTIVE COVENANTS FOR
TOWNE ~~LAKE~~ HILLS

Georgia, Cherokee County

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Anne M. Rinear
Clerk Superior Court

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TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Name</u>
"A"	Definitions
"B"	Property Submitted
"C"	Additional Property Which Can Be Unilaterally Submitted by Declarant
"D"	By-Laws of Towne Lake Hills Community Association, Inc.
"E"	Rules of Arbitration

**DECLARATION OF PROTECTIVE COVENANTS FOR
TOWNE LAKE HILLS**

THIS DECLARATION is made on the date hereinafter set forth by JRC/Towne Lake, Ltd., a Texas limited partnership (hereinafter sometimes called "Declarant").

Declarant is the owner or if not the owner has the written consent of the owner of the real property described in Article II, Section 1, of this Declaration.

Declarant desires to subject the real property described in Article II, Section 1, hereof to the provisions of this Declaration to create a residential community of single-family housing and to provide for the subjecting of other real property to the provisions of this Declaration.

Declarant intends by this Declaration to impose upon the Community (as defined herein) mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of real property within the Community. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Community and to establish a method for the administration, maintenance, preservation, use and enjoyment of such real property as is now or hereafter subject to this Declaration.

Declarant hereby declares that the real property described in Article II, Section 1, of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which shall run with the title to the real property hereby or hereafter 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, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

This Declaration does not and is not intended to create a condominium within the meaning of 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 hereafter 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 this 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; provided, however, by one or more amendments to this Declaration, Declarant and the Association have the right, but not the obligation, to subject other real property to this Declaration, as hereinafter provided.

Article III
Neighborhoods and Exclusive Common Property

Section 1. Creation of Neighborhoods. The Declarant, in its sole discretion, may establish Neighborhoods within the Community. Exhibit "A" to this Declaration and any amendment which submits additional property to this Declaration may assign the property described therein or property already submitted to this Declaration to a specific Neighborhood by name, which Neighborhood may be then existing or newly created. If Neighborhoods are established, all Lots not specifically assigned to a Neighborhood shall be deemed assigned to the same Neighborhood.

The Lots within a particular Neighborhood may be subject to additional covenants and/or the Owners within the Neighborhood may be mandatory members of a Neighborhood Association in addition to the Association. However, a Neighborhood Association shall not be required except as required by law. Any Neighborhood which does not have a Neighborhood Association shall have a Neighborhood Committee, as described in the By-Laws, to represent the interests of Owners of Lots in such Neighborhood.

Section 2. Modification of Neighborhoods. The Declarant may unilaterally amend this Declaration or any amendment which

submits additional property to this Declaration from time to time to establish or to redesignate Neighborhood boundaries; provided, however, two (2) or more Neighborhoods shall not be combined without the consent of Owners of a Majority of the Lots in the affected Neighborhoods. If Neighborhoods are established, the Owner(s) of a Majority of the total number of Lots within any Neighborhood may at any time petition the Board to divide the property comprising the Neighborhood into two (2) or more Neighborhoods. Such petition shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Lots to be included within the proposed Neighborhood(s). Such petition shall be granted upon the filing of all required documents with the Board unless the Board denies such application in writing within thirty (30) days of its receipt thereof. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

Section 3. Powers of the Association Relating to Neighborhoods. The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood which the Board reasonably determines to be adverse to the interests of the Association or its members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any Neighborhood in connection with its obligations and responsibilities hereunder or under any other covenants affecting the Community. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the Neighborhood and (b) require that a proposed Neighborhood budget include certain items and that expenditures be made therefor.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by a Neighborhood shall be taken within the reasonable time frame set by the Association in such written notice. If the Neighborhood fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the Neighborhood. To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Lots in such Neighborhood for their prorata share of any expenses incurred by the Association in taking such action in the manner provided in Article V, Section 9. Such assessments may be collected as a specific assessment hereunder and shall be subject to all lien rights provided for herein.

Section 4. Exclusive Common Property. Certain portions of the Common Property may be designated as Exclusive Common Property and reserved for the exclusive use or primary benefit of Owners and Occupants of Lots within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Property may include entry features, landscaped medians and cul-de-sacs, ponds and other portions of the Common Property within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of an Exclusive Common Property shall be assessed as a Neighborhood Assessment against the Owners of Lots in those Neighborhoods to which the Exclusive Common Property is assigned.

Initially, any Exclusive Common Property shall be designated as such and the exclusive use thereof shall be assigned in the deed by which the Declarant conveys the Common Property to the Association or on the plat of survey relating to such Common Property; provided, however, any such assignment shall not preclude the Declarant from later assigning use of the same Exclusive Common Property to additional Lots and/or Neighborhoods, so long as the Declarant has a right unilaterally to subject additional property to this Declaration. Thereafter, a portion of the Common Property may be assigned as Exclusive Common Property of a particular Neighborhood or Neighborhoods and Exclusive Common Property may be reassigned only upon the vote of members holding a Majority of the Total Association Vote, including a Majority of the votes within the Neighborhood(s) to which the Exclusive Common Property is assigned, if applicable, and within the Neighborhood(s) to which the Exclusive Common Property is to be assigned. As long as the Declarant owns any property described on Exhibits "B" or "C" for development and/or sale, any such assignment or reassignment shall also require the consent of the Declarant.

The Association may, upon approval of a Majority of the members of the Neighborhood Committee or board of directors of the Neighborhood Association for the Neighborhood(s) to which certain Exclusive Common Property is assigned, permit Owners of Lots in other Neighborhoods to use all or a portion of such Exclusive Common Property and may charge reasonable user fees for such use, which fees shall be used to offset the Neighborhood Expenses attributable to such Exclusive Common Property.

Article IV
Association Membership and Voting Rights

Section 1. Membership. Every Person who is the record owner of a fee or undivided fee interest in any Lot that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not

terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot. In the event of multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the By-Laws. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Lot owned.

Section 2. Voting. Members shall be entitled to one (1) vote for each Lot owned. When more than one Person holds an ownership interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended in the event more than one Person seeks to exercise it.

Article V 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 of Lots, 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. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) Base Assessments to fund Common Expenses for the general benefit of all Lots; (b) Neighborhood Assessments to fund Neighborhood Expenses benefitting only Lots within a particular Neighborhood or Neighborhoods; (c) special assessments, such assessments to be established and collected as hereinafter provided; and (d) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration.

All such assessments, together with late charges, interest, not to exceed the maximum rate permitted by law (but not to exceed sixteen percent (16%) per annum), costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such

Lot at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Lot, 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 Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

The Association shall, within ten (10) days after receiving a written request therefor and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of issuance.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of assessments for delinquents. Unless otherwise provided by the Board, the assessments shall be paid in semi-annual installments.

The monthly costs of operating the Association may fluctuate dramatically during each budget year. Therefore, the Board is not required to prorate any assessment obligation of any Owner who has not lived in the Community for a full year. For example, if the bulk of the costs of operating the Association are likely to be incurred in the summer months, any Owner moving into the Community after the beginning of the budget year but prior to the summer months may be required to pay the full amount of any assessments.

Section 3. Computation of Base Assessment. It shall be the duty of the Board to prepare a budget covering the estimated Common Expenses of the Association during the coming year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the Base Assessment to be levied against each Lot for the following year and to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year (or at least thirty (30) days prior to the due date of the first installment in the case of the initial budget).

The Base Assessment shall be levied equally against all Lots subject to assessment. The first annual Base Assessment shall be fixed by the Board and shall not exceed Four Hundred and No/100 Dollars (\$400.00). Thereafter, the Board may not impose an annual Base Assessment per Lot which is greater than one hundred ten percent (110%) of the annual Base Assessment for the immediately preceding fiscal year without the affirmative vote or written consent, or any combination thereof, of Members representing at least a Majority of the Total Association Vote.

Other than as provided above, the Base Assessment delivered to each member by the Board shall become effective unless disapproved at a meeting by Members representing at least a two-thirds (2/3) of the Total Association Vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding 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 4. Computation of Neighborhood Assessments. It shall be the duty of the Board to prepare a separate budget covering the estimated Neighborhood Expenses to be incurred by the Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming fiscal year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared for capital items within the Neighborhood. The Board shall cause the budget and the Neighborhood Assessment to be levied against each Lot for the following year and to be delivered to each member subject to such assessment at least thirty (30) days prior to the end of the current fiscal year (or at least thirty (30) days prior to the due date of the first installment in the case of the initial budget).

Neighborhood Assessments shall be levied equally against all Lots within the Neighborhood benefitted by the Neighborhood Expenses incurred on its behalf. The first annual Neighborhood Assessment for each Neighborhood shall be fixed by the Board at the time Neighborhood Expenses are first incurred on behalf of such Neighborhood. Thereafter, the Board may not impose an annual Neighborhood Assessment per Lot within such Neighborhood which is greater than one hundred ten percent (110%) of the annual Neighborhood Assessment for the immediately preceding fiscal year without the affirmative vote or written comment, or any combination thereof, of at least a Majority of the Owners of Lots in the Neighborhood to which the Neighborhood Assessment applies.

Other than as provided above, the Neighborhood Assessment shall become effective unless disapproved at a meeting by at least a Majority of the Owners of Lots in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for either purpose described above except on petition of Owners of at least ten percent (10%) of the Lots in such Neighborhood. Notwithstanding the foregoing, however, in the event the Owners with a Neighborhood disapprove a proposed budget or the Board fails for any reason so to determine the budget for the succeeding 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 Association may levy special

assessments in any year. A special assessment may be levied against the entire membership, if such special assessment is for Common Expenses, or against the Lots within any Neighborhood, if such special assessment is for Neighborhood Expenses. So long as the total amount of special assessments allocable to a Lot does not exceed Three Hundred Dollars (\$300.00) in any one fiscal year, the Board may impose the special assessment. Except as provided in Article VIII, Section 2, hereof, any special assessment which would cause the amount of special assessments allocable to any Lot to exceed this limitation shall be effective only if approved by at least a Majority of the Total Association Vote, if for Common Expenses, or by at least a Majority of the Owners of Lots in the relevant Neighborhood, if for Neighborhood Expenses. 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 Lot pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens of ad valorem taxes; (b) liens for all sums unpaid on a first Mortgage; (c) liens for all sums 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 Mortgage and secured thereby in accordance with the terms of such instrument; or (d) the lien for assessments levied by the Master Association in accordance with the Master Declaration.

All other Persons acquiring liens or encumbrances on any Lot 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 or installments thereof which are not paid when due shall be delinquent. Any assessment or installments thereof delinquent for a period of more than ten (10) days shall incur a late charge in such amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest, not to exceed the maximum rate permitted by law (but not to exceed sixteen percent (16%) per annum) on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any

other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) 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 or its agents 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 on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot. No diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the By-Laws, 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 by the Association 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 attorney's fees, then to late charges, then interest and then to delinquent assessments.

Section 8. Date of Commencement of Assessments/Assessment Obligation of Declarant.

(a) The assessments provided for herein shall commence as to all Lots then existing and subject to assessment under this Declaration on the first day of the month following the conveyance of the first Lot by the Declarant to a Person other than Declarant; provided, however, each Lot which is owned by a Person which constructs houses for resale to consumers in the ordinary course of such Person's business and which purchased such Lot for the purpose of constructing a house thereon for resale to consumers (hereinafter a "Builder") shall not be subject to any assessment provided for herein for a period of time equal to the earlier of (i) three (3) years from the date such Lot was first conveyed by the Declarant to a Person other than Declarant, or (ii) the sale or conveyance of such Lot with a house completed or substantially completed thereon to a consumer or other Person other than a Builder. Assessments shall be due and payable in a manner and on

a schedule as the Board of Directors may provide.

(b) After the commencement of assessment payments as to any Lot, Declarant, on behalf of itself and its successors and assigns covenants and agrees to pay the full amount of the assessments provided herein for each Lot it owns containing an occupied residence; provided, however, each Lot owned by Declarant which does not contain an occupied residence shall not be subject to any assessment provided for herein.

(c) Any Lot which has been approved by Declarant for use as a model home for marketing and sales purposes shall not be deemed to be occupied for residential purposes and shall not be subject to assessments under this Declaration whether owned by Declarant or any other Person, so long as such Lot is approved for use as a model home and is not occupied for residential purposes.

(d) Notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money (herein collectively called "in kind contribution"). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

Section 9. 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 of Directors 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. Fines levied pursuant to Article XV, Section 1, of this Declaration and the costs of maintenance performed by the Association which the Owner is responsible for under Article VI, Section 2, of this Declaration shall be specific assessments. The Board may also specifically assess Lots for the following Association 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 Lots may be specifically assessed equitably among all of the Lots which are benefitted according to the benefit received.

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

The Association may also levy specific assessments against any Lot or Neighborhood to reimburse the Association for costs incurred in bringing the Lot or Neighborhood into compliance with the provisions of this Declaration, any other applicable covenants, the Articles, the By-Laws, and the rules and regulations of the Association. Such specific assessments may be levied upon the vote of the Board after notice to the Owner or Neighborhood, as applicable, and an opportunity for a hearing.

Section 10. Budget Deficits During Declarant Control. For so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant may (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual Common Expenses of the Association (but specifically not including an allocation for capital reserves), and the sum of the assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of the Declarant, or (b) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Community. The Declarant in its sole discretion may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan.

Section 11. Failure to Assess. The omission or failure of the Board to fix the assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Neighborhood Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

Section 12. Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, special assessments, and specific assessments:

- (a) all Common Property;

(b) all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks, if any; and

(c) property owned by any Neighborhood Association for the common use and enjoyment of its members, or owned by the members of a Neighborhood Association as tenants-in-common.

Section 13. Collection of Master Assessments. The Association shall collect all assessments under the Master Declaration (hereinafter "Master Assessments") levied against each Lot subject to this Declaration and shall remit any such Master Assessments collected to the Master Association on a timely basis. The Association may bring suit against any Owner to collect delinquent Master Assessments, in addition to any other rights or remedies it may have hereunder or at law or in equity. In addition, any such unpaid Master Assessments, together with interest thereon as provided in Section 2 of this Article V hereof and costs of collection including reasonable attorneys' fees, shall constitute a continuing charge and lien upon such Lots against which such Master Assessments are made.

Article VI Maintenance

Section 1. Association's 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 all entry features for the Community and street signs originally installed by the Declarant, if any. The Association may, but shall not be obligated to, maintain, repair, or replace, as necessary, all mailboxes or mailbox posts located within the Community.

The Association shall also maintain all property outside of Lots located within the Community which was originally maintained by Declarant. In addition, the Association shall have the right, but not the obligation, to maintain property not owned by the Association where the Board has determined that such maintenance would benefit all Owners.

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

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Common Property shall be a Common Expense to be allocated among all Lots as part of the Base Assessment; provided, however, all costs

associated with maintenance, repair and replacement of Exclusive Common Property shall be a Neighborhood Expense assessed as a Neighborhood Assessment solely against the Lots within the Neighborhood(s) to which the Exclusive Common Property is assigned.

Section 2. Owner's Responsibility. All maintenance of the Lot and all structures, parking areas, landscaping, and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a manner consistent with the Community-Wide Standard and this Declaration, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood pursuant to any other covenants which may be applicable to such Lot.

If the Board of Directors of the Association determines that (a) any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner 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, or the family, guests, lessees, or invitees of any Owner, 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 written notice of the Association's intent to provide such necessary maintenance, repair, or replacement, at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner 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 added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot.

Section 3. Neighborhood's Responsibility. Upon resolution of the Board or pursuant to additional covenants applicable to the Neighborhood, a Neighborhood may be delegated responsibility for operating, maintaining and insuring certain portions of the Common Property which are the responsibility of the Association within or adjacent to such Neighborhood. This may include, without limitation, maintaining any signage, entry features, right-of-way and green space between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated

shall be treated the same. The costs of such operation, maintenance, and insurance shall be paid by the Owners within such Neighborhood through either Neighborhood Assessments established by the Board or assessment of the Owners within such Neighborhood by the Neighborhood Association assigned such responsibility.

Any Neighborhood having responsibility for maintenance of all or a portion of the property within such Neighborhood shall perform such maintenance responsibility in a manner consistent with the Community-Wide Standard. If any Neighborhood fails, in the opinion of the Board, to perform its maintenance responsibility as required herein and in any additional covenants, the Association may perform it and assess the costs against all Lots within such Neighborhood as provided in Article V, Section 9, of this Declaration. In addition, the Association may assume such maintenance responsibility by agreement with the Neighborhood and assess the costs thereof as a Neighborhood Assessment against those Lots within the Neighborhood to which the services are provided. The provision of services in accordance with this paragraph shall not constitute discrimination within a class.

Section 4. Standard of Performance. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. Neither the Association, the Declarant, any Owner nor any Neighborhood shall be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities hereunder.

Section 5. Party Walls and Party Fences.

(a) General Rules of Law to Apply. Each wall or fence built as a part of the original construction of the Lots which shall serve and separate any two (2) adjoining Lots and which is not common property of any Neighborhood shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

(c) Damage and Destruction. If a party wall or fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of

the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(e) Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a Majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Article VII Use Restrictions and Rules

Section 1. General. All Owners and Occupants of any Lot shall be subject to and shall comply with the use restrictions contained in this Article VII and in Article VI of the Master Declaration, which are incorporated herein by reference. The Board of Directors may, from time to time, without consent of the members, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Lots and the Common Property. This authority shall include, but shall not be limited to, the right to limit the type and size and to set the maximum and minimum speeds of vehicles within the Community. The Board shall also have the authority to impose all other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles in the Community. Such regulations and use restrictions 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.

Any additional covenants imposed on the property within any Neighborhood may impose stricter regulations and use restrictions than those contained in, or adopted pursuant to, this Article.

The Association shall have standing and the power to enforce

such regulations and use restrictions, and, additionally, each Neighborhood shall have standing and the power to enforce the same with regard to portions of the Community subject to its jurisdiction.

Section 2. Use of Lots. All Lots shall be used for single-family residential purposes exclusively. No business or business activity shall be carried on or upon any Lot at any time except with the prior written approval of the Board. Leasing of a Lot shall not be considered a business or business activity.

Section 3. Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the written consent of the Board except (a) such signs as may be required by legal proceedings and (b) not more than one "For Sale" sign consistent with the Community-Wide Standard, having a maximum area of four (4) square feet. The Board shall have the right to erect any reasonable and appropriate signs.

Section 4. Vehicles. Vehicles shall not be parked on any street within the Community. Vehicles shall not be parked on the Common Property or on any portion of a Lot other than the driveway and the garage. Except for "unmarked" automobiles (including minivans) and passenger trucks which are licensed and usually operable, vehicles shall not be parked so as to be visible from any Lot for periods of more than twenty-four (24) continuous hours. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, scooters, trucks, campers, buses, and automobiles (including minivans). The term "unmarked", as used herein, means not having prominently displayed and visible signs or markings on the exterior surface of the vehicle such as business names or phone numbers, commercial advertising or other similar markings (but not including license plate signs and window decals naming schools, athletic teams organizations and the like).

Section 5. Leasing. Lots may be leased for residential purposes.

Section 6. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants of any Lot 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 Lot, 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 the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Lots 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 Lot be confined on a leash. 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.

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 of his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot 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 upon any Lot 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 upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property adjacent to the Lot. 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 Lot 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 structure of any nature whatsoever (including, without limitation, fences, pools, tennis courts, exterior lighting, treehouses and play equipment) shall be commenced or placed upon any part of the Community, except such as is installed by the Declarant, or as is approved in accordance with this section, or as is otherwise expressly permitted herein. No exterior construction, addition, structure, or alteration shall be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, and location shall have been submitted in writing to and approved by the Board or its

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designee. The Board or its designee may promulgate written guidelines for the exercise of this review.

The Board may divide the responsibilities for architectural control and review between itself and committees of the Board, with one (1) committee (or the Board) having or retaining jurisdiction over modifications and one (1) committee (or the Board) having or retaining jurisdiction over new construction. In addition, the Board may delegate its architectural control and review authority as to a particular Neighborhood to that Neighborhood so long as the Board has determined that such Neighborhood has in force review and enforcement practices, procedures, standards, and guidelines at least equal to those of the Board. Any such delegation of authority described in this paragraph may be revoked and jurisdiction reassumed by the Board at any time by written notice. The Board shall have the right to veto any action taken by its committees or a Neighborhood which the Board determines, in its sole discretion, to be inconsistent with the practices, procedures, standards, and guidelines promulgated by the Board.

The Board or its designee 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 designee or the representatives thereof shall have the right, during reasonable hours, to enter upon any Lot to inspect any Lot and any improvements thereon 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 the event the Board or its designee fails to approve or to disapprove such design and location within sixty (60) 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.

All activities commenced pursuant to plans which have been deemed approved shall be consistent with such plans. As a condition of approval under this section, each Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration. In the discretion of the Board or its designee, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner and such Owner's successors-in-interest.

PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING OR STRUCTURAL DESIGN OR QUALITY OF MATERIALS, AND BY APPROVING SUCH PLANS AND SPECIFICATIONS NEITHER THE BOARD, ITS DESIGNEE, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY THEREFOR, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND

SPECIFICATIONS. NEITHER DECLARANT, THE ASSOCIATION, THE BOARD, THE BOARD'S DESIGNEE, 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 SUCH PERSON OR OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, THE BOARD, THE BOARD'S DESIGNEE, OR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM TO RECOVER ANY DAMAGES AND HEREBY RELEASES, REMISES, 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 OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

The provisions contained in this section are in addition to, and not in lieu of, the architectural control provisions contained in the Master Declaration. Approval of plans and specifications hereunder shall not obviate the need also to obtain approval as required by the Master Declaration.

Section 11. Antennas. No exterior antennas of any kind shall be placed, allowed, or maintained upon any portion of the Community, including any Lot, without the prior written consent of the Board or its designee. However, the Board reserves the right to (but shall not be obligated to) erect a master antenna, satellite dish or other similar master system for the benefit of the Community.

Section 12. Gardens, Basketball Goals, Etc. Grass, ornamental plants and shrubbery (and only the foregoing) may be planted in the front or side yard of any Lot. All other planting may be done only with prior written approval of the Board or its designee or in accordance with the guidelines previously established by the Board or its designee. Overseeding of fescue lawns and sodding of lawns with Bermuda or zoysia grasses shall not require prior approval pursuant to this section. No vegetable garden, hammocks, statuary, or recreational equipment may be placed, erected, allowed or maintained upon any Lot without the prior written consent of the Board or its designee. This provision shall not, however, apply to basketball goals. Basketball goals may be installed after the type and location has been previously approved in writing by the Board or its designee.

Section 13. Tree Removal. No trees which are left on the Lot at closing shall be removed without the express consent of the Board or its designee, except for (a) diseased or dead trees and

(b) trees needing to be removed to promote the growth of other trees; provided, however, as to any tree situated on a Lot within the twenty-five (25) foot tree protection zone adjacent to the Golf Course, as described in subparagraph (e) of Section 6, the exception under subparagraph (b) hereof (removal to promote growth) shall not apply.

Section 14. Lighting. Notwithstanding Article VII, Section 10, above, the following exterior lighting may be installed without the necessity of obtaining the prior approval of the Board or its designee: (a) seasonal decorative lights during the Christmas season; (b) illumination of other than the front or side yards of a Lot; (c) illumination of model homes and entrance features constructed by the Declarant; and (d) other lighting originally installed by the Declarant. Plans for all other exterior lighting must be submitted and approved in accordance with Article VII, Section 10, hereof. Decorative post lights will not be approved unless they conform with established street lighting.

Section 15. 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 of any Lot may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant reserves the right to prepare sloping banks, cut or fill, on a three (3) to one (1) slope on all streets and roads. 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 its sole expense.

Section 16. Sight Distance at Intersections. All property located at street intersections shall be so landscaped as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain at any corner where this would create a traffic or sight problem.

Section 17. Clotheslines, Garbage Cans, Woodpiles, Etc. All clotheslines, garbage cans, woodpiles, and other similar items shall be located or screened so as to be concealed from view of neighboring Lots, streets, and property located adjacent to the Lot. All rubbish, trash, and garbage shall be regularly removed from the Lot and shall not be allowed to accumulate thereon. Notwithstanding the foregoing, the Association reserves the right to provide and maintain a dumpster for the use of residents within the Community. 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 do so.

Section 18. Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board or its designee. Declarant, however, hereby expressly reserves the right to replat any Lot(s) or other property in the Community. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

Section 19. Guns. The use of firearms in the Community is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types.

Section 20. Solar Devices. No artificial or man-made device which is designed or used for collection of or heating by solar energy or other similar purposes shall be placed, allowed, or maintained upon any portion of the Community, including any Lot, without the prior written consent of the Board or its designee.

Section 21. 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 Lot, without the prior written consent of the Board or its designee. Under no circumstances shall any fence be placed, erected, allowed or maintained closer to any street than the rear of the residence constructed on such Lot. The Board or its designee may issue guidelines detailing acceptable fence styles or specifications, but in no event may a chain link fence or hog wire fence be approved.

Section 22. Exterior Colors. The exterior of all improvements, including, without limitation, residences, constructed, erected, allowed, or maintained upon any Lot must be painted or repainted in a color used by Declarant in the original construction and marketing of residences within the Community or in a color used by Declarant in the original construction and marketing of residences in any subdivision located within the same county as the Community.

Section 23. Mailboxes. All mailboxes and mailbox posts shall be of the same type and color as that originally installed by the Declarant.

Section 24. Detached Structures. No detached structure shall be placed, erected, allowed, or maintained upon any Lot without the prior written consent of the Board or its designee. All detached structures must be consistent in design materials and color with the dwelling on the Lot.

Section 25. Entry Features and Street Signs. Owners shall not alter, remove or add improvements to any entry features or street signs constructed by the Declarant on any Lot, or any part of any easement area associated therewith without the prior written consent of the Board or its designee.

Section 26. Above Ground Pools. Above ground swimming pools shall not be permitted in the Community.

Section 27. Garages - Conversion. No garage (whether attached to or detached from a residence situated on a Lot) may be demolished or converted to any use other than as a garage (including, without limitation, a conversion to use as enclosed living area, screened or glass porch or patio) without the prior written consent of the Board.

Article VIII **Insurance and Casualty Losses**

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements located on the Common Property or required to be maintained by the Association under Article VI, Section 1, hereof. This insurance shall cover loss or damage by fire or other hazards, including extended coverage, 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. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall obtain a public liability policy applicable to the Common Property insuring the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents. 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.

In addition, the Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements located within Neighborhoods, unless other covenants applicable to specific Neighborhoods otherwise provide or unless a Neighborhood otherwise requests and the Board grants such request. This insurance shall cover loss or damage by fire or other hazards, including extended coverage, 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. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through the Declarant and to reimburse Declarant for the cost thereof, and Declarant shall be authorized, but not obligated, to purchase such

insurance coverage for the benefit of the Association and the Owners upon Declarant and Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant in obtaining such coverage. Notwithstanding anything contained in this Declaration 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 Common Expenses of the Association; provided, however, premiums for insurance relating to Neighborhoods may be included in the Neighborhood Assessment of the Neighborhood(s) benefitted unless the Board reasonably determines that other treatment of the premiums is more appropriate. Policies may contain reasonable deductibles, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the benefitted parties. Policies on the Common Property shall be for the benefit of the Association and its members. Policies on behalf of a Neighborhood shall be for the benefit of the Neighborhood, the Owners of Lots within the Neighborhood, and their Mortgagees, as their interests may appear. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company 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 of Directors; 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 of Directors hereunder be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(d) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies shall be reviewed annually by one or more qualified Persons, at least one 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 of Directors 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 of Directors, its manager, 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 canceled, subjected to nonrenewal, invalidated, or suspended on account of any one or more individual Owners;

(iv) that no policy may be canceled, subjected to nonrenewal, 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 Association 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 Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that no policy may be canceled, subjected to nonrenewal, or substantially modified without at least ten (10) days' prior written notice to the Association.

In addition to other insurance coverage required by this section, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable law, and, if available at reasonable cost, as determined in the sole discretion of the Board, a fidelity bond or employees dishonesty coverage covering directors, officers, 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. Such coverage, if obtained, shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and shall not be subject to cancellation, nonrenewal or substantial modification without at least ten (10) days' prior written notice to the Association. The Association shall also obtain construction code endorsements, steam boiler coverage, and flood insurance, if and to the extent necessary to satisfy the requirements of The Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, the U.S. Department of Veterans Affairs ("VA") or the U.S. Department of Housing and Urban Development ("HUD").

Section 2. Damage and Destruction -- Common Property.

(a) In General. 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 of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this section, 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. The Board of Directors shall have all enforcement powers specified in Article XV, Section 1, of this Declaration necessary to enforce this provision.

(b) Repair and Reconstruction. Any damage or destruction to Common Property required to be 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 percent (75%) of the Total Association Vote otherwise agree.

Any damage or destruction to property with any Neighborhood required to be 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 percent (75%) of the Owners of Lots within the Neighborhood 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 sixty (60) 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 of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against those Owners responsible for the payment of the premiums for the applicable insurance coverage under Section 1 of this Article. 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 should 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

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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 by the Association in a neat and attractive condition.

Section 3. Damage and Destruction -- Lots. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot 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 Lot and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of noncompliance with this provision, the Board of Directors shall have all enforcement powers specified in Article XV, Section 1, of this Declaration.

Section 4. Insurance Deductible. The deductible for any insurance policy carried by the Association shall, in the event of damage or destruction, be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage under Section 1 of this Article. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful conduct of one (1) or more Owners, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Lots pursuant to Article V, Section 9.

Article IX **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 its behalf or on the written direction of all Owners of Lots 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 VIII, Section 2, 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.

Article X
Annexation of Additional Property

Section 1. Unilateral Annexation by Declarant.

(a) As the owner thereof or, if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option from time to time at any time until fifteen (15) years after the recording of this Declaration to subject all or any portion of the real property described in Exhibit "C", attached hereto and by reference made a part hereof to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the Office of the Clerk of the Superior Court of the county in which the property to be annexed is located an amendment to this Declaration describing the property being annexed. Any such annexation shall be effective upon the filing for record of such amendment to this Declaration unless a later effective date is provided therein. As long as covenants applicable to the real property previously subjected to this Declaration are not changed and as long as rights of then Owners are not adversely affected, the Declarant may unilaterally amend this Declaration to reflect the different character of any such annexed real property.

(b) The rights reserved unto Declarant to subject additional land to the Declaration shall not and shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such additional land to this Declaration or to the jurisdiction of the Association. If such additional land is not subjected to this Declaration, Declarant's reserved rights shall not impose any obligation on Declarant to impose any covenants and restrictions similar to those contained herein upon such additional land nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

Section 2. Other Annexation. Subject to the consent of the owner thereof, the consent of the Master Association, and the consent of the Declarant, so long as the Declarant has an option to subject additional property to this Declaration as provided above, upon the affirmative vote of Owners representing a Majority of the Total Association Vote, the Association may annex other real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the office of the Clerk of the Superior Court of the county in which the property to be annexed is located an amendment to this Declaration in respect to the property being annexed. Any such amendment 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, unless otherwise provided therein.

Section 3. Withdrawal of Property. The Declarant reserves the right to amend this Declaration unilaterally at any time so long as it holds an unexpired option to annex property pursuant to this Article, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Community then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Community desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Community.

Section 4. Additional Covenants and Easements. The Declarant may unilaterally subject any portion of the property submitted to this Declaration initially or by amendment to additional covenants and easements, including covenants obligating the Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Association through Neighborhood Assessments. Such additional covenants and easements shall be set forth in an amendment to this Declaration filed either concurrent with or after the annexation of the subject property and shall require the written consent of the owner(s) of such property, if other than the Declarant.

Section 5. Amendment. This Article shall not be amended without the prior written consent of Declarant so long as the Declarant owns any property described in Exhibits "B" or "C."

Article XI **Mortgage Provisions**

The following provisions are for the benefit of holders of first Mortgages on Lots 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. Notices 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, or guarantor and the Lot 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 Lot 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 owed by an Owner of a Lot 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 an Owner of a Lot of any obligation under the Declaration or By-Laws 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 Mortgage holders.

Section 2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation (The Mortgage Corporation) or so long as HUD is insuring any Mortgage (as determined by consulting the current list of approved subdivisions regularly published by HUD and furnished to Mortgage companies) or the VA is guaranteeing any Mortgage (as determined by telephone inquiry to VA), the following provisions apply in addition to and not in lieu of the foregoing. Unless two-thirds (2/3) of the first Mortgagees or Owners other than the Declarant give their consent, the Association shall not:

(a) by act or omission, directly or indirectly seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Property (other than personal property) (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 (A decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Community regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.);

(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 Lots 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 subsection.);

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

(e) use hazard insurance proceeds received in connection with

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any Common Property (other than personal property) losses for other than the repair, replacement, or reconstruction of such property.

Nothing contained in Article XI, Section 2, of this Declaration shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration for any of the acts set out in this section 2.

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 lapse 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 By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot 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 Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

Section 5. Amendments by Board. Should 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. VA/HUD Approval. As long as the Declarant has the right to appoint and remove the directors and officers of the Association and so long as the project is approved by HUD for insuring any Mortgage in the Community (as determined by consulting the current list of approved subdivisions regularly published by HUD and furnished to Mortgage companies) or the VA for guaranteeing any Mortgage in the Community (as determined by telephone inquiry to VA), the following actions shall require the prior approval of the VA and/or HUD, as applicable: annexation of additional property to the Community, except for annexation by Declarant in accordance with Article X, Section 1, hereof pursuant to a plan of annexation previously approved by the VA and/or HUD, as applicable; dedication of Common Property to any public entity; mergers and consolidations; dissolution of the Association; mortgaging of Common Property; and material amendment of the Declaration, By-Laws, or Articles of Incorporation.

Section 7. Applicability of Article XI. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, 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 XII **Easements**

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots due to the unintentional 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 Lot and the adjacent portion of the Common Property or as between adjacent Lots, 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, tenant, or the Association.

Section 2. Easements for Use and Enjoyment.

(a) Every Owner of a Lot 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 Lot, subject to the following provisions:

(i) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property, to limit the number of guests of Lot Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests, and invitees;

(ii) the right of the Association to suspend the voting rights of a lot Owner and the right of an Owner to use the recreational facilities available for use by the Community, if any, for any period during which any assessment against his Lot which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, By-Laws, or rules and

regulations;

(iii) the right of the Association 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 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 by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community. (Any provision in this Declaration or in any such Mortgage given by the Association 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 Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community.) (No such Mortgage shall be effective unless an instrument agreeing to such Mortgage has been approved by Declarant (so long as Declarant owns any property for development and/or sale within the Community) and Owners representing at least two-thirds (2/3) of the Total Association Vote (other than Declarant so long as the consent of Declarant is required).);

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by Declarant (so long as Declarant owns any property for development and/or sale within the Community) and Owners representing at least two-thirds (2/3) of the Total Association Vote (other than Declarant so long as the consent of Declarant is required); and

(v) the rights of certain Owners to the exclusive use of those portions of the Common Property designated "Exclusive Common Property," as more particularly described in Article III, Section 4.

(b) Any Lot Owner may delegate his or her right of use and enjoyment in and to the Common Property and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Lot if leased.

Section 3. Easements for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which the Declarant or Association might decide to have installed to serve the Community. It shall be expressly permissible for the Declarant, the Association or the designee of either, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. Easement for Association Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article VI. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Owners' 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 5. Easements for Maintenance and Repair. There shall be reciprocal appurtenant easements between adjacent Lots for the purpose of maintaining or repairing the improvements, including, without limitation, landscaping located on each Lot which easement shall extend to a distance of not more than five (5) feet as measured from any point on the common boundary between the Lots and along a line perpendicular to such boundary at such point. The easement shall be used only for such period of time as is reasonable necessary in order to complete the needed maintenance or repair. The Lot Owner exercising this easement right shall be liable for the prompt repair of any damage to the Lot over which this easement is exercised which is caused by the maintenance or repair work. The damaged portions of such Lot shall be restored to substantially the same condition as existed prior to the damage.

Section 6. Easements for Golf Course.

(a) Every Lot and the Common Property and the common property of any Neighborhood are burdened with an easement permitting golf balls unintentionally to come upon such Common Property, Lots, or common property of a Neighborhood and for golfers at reasonable times and in a reasonable manner to come upon the Common Property,

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common property of a Neighborhood, or the portions of a Lot not containing a structure to retrieve errant golf balls; provided, however, if any Lot is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Declarant; the Association or its members (in their capacity as such); the owner of the Golf Course, its successors, successors-in-title, or assigns; any successor Declarant; any builder or contractor (in their capacities as such); and any officer, director, shareholder, partner, employee or agent of any of the foregoing, or any officer, director, shareholder, partner, employee or agent of any partner.

(b) The owner of the Golf Course, its respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Property reasonably necessary to the operation, maintenance, repair and replacement of the respective Golf Course.

(c) Property immediately adjacent to the Golf Course are hereby burdened with a non-exclusive easement in favor of the Golf Course for overspray of water from any irrigation system serving the Golf Course. Under no circumstances shall the Association or the owner of the Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of the Golf Course, its respective successors and assigns, shall have a perpetual, exclusive easement of access over the Community for the purpose of retrieving golf balls from bodies of water within the Common Property lying reasonably within range of golf balls hit from the Golf Course.

(e) Each Lot which is immediately adjacent at any point to the Golf Course is hereby burdened with a twenty-five (25) foot tree protection zone extending twenty-five (25) feet into each such Lot from any and all points where such Lot touches or is adjacent to the Golf Course. Within such tree protection zone, no tree may be cut down or removed without the express consent of the Board (or its designee) or the owner of the Golf Course, except for dead or diseased trees.

Section 7. Easement for Entry. In addition to the right of the Board to exercise self-help as provided in Article XV, 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 reasons, which right may be exercised by the manager, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry

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shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. 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 an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 8. Easements for Entry Features and Street Signs. There is hereby reserved to the Declarant and the Association an easement over and upon each Lot for ingress, egress, installation, construction, landscaping and maintenance of entry features and street signs for the Community. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around all entry features and the right to grade the land under and around the entry features.

Article XIII
Golf Course

Section 1. Ownership and Operation of Golf Course. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other Person with regard to the continuing existence, ownership or operation of the Golf Course, if any, and no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment to this Declaration executed or joined into by the Declarant. Further, the ownership and/or operation of the Golf Course, if any, may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Golf Course by an independent entity or entities; (b) the creation or conversion of the ownership and/or operating structure of the Golf Course to an "equity" club or similar arrangement whereby the Golf Course or the rights to operate it are transferred to an entity which is owned or controlled by its members; or (c) the transfer of ownership or control of the Golf Course to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Association, any Neighborhood, or any Owner shall be required to effectuate such transfer or conversion.

Section 2. Right to Use. Neither membership in the Association nor ownership or occupancy of a Lot shall confer any ownership interest in or right to use the Golf Course. Rights to use the Golf Course will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the owner of the Golf Course. The owner of the Golf Course shall have the right, from time to time in its sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Golf Course, including, without

limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the provisions of any outstanding membership documents.

Section 3. View Impairment. Neither the Declarant, the Association, nor the owner or operator of the Golf Course guarantees or represents that any view over and across the Golf Course from adjacent Lots will be preserved without impairment. The owner of the Golf Course, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Golf Course from time to time. In addition, the owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens on the Golf Course from time to time. Any such additions or changes to the Golf Course may diminish or obstruct any view from the Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 4. Rights of Access and Parking. The Golf Course and its members (regardless of whether such members are Owners hereunder), if any, their guests and invitees, and the employees, agents, contractors, and designees of the owner of the Golf Course shall at all times have a right and nonexclusive easement of access and use over all roadways located within the Community reasonably necessary to travel from/to the entrance to the Community from/to the Golf Course, respectively, and over those portions of the Community (whether Common Property or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Golf Course. Without limiting the generality of the foregoing, members of the Golf Course, if any, and permitted members of the public shall have the right to park their vehicles on the roadways located within the Community at reasonable times before, during, and after golf tournaments and other similar functions held by or at the Golf Course.

Section 5. Assessments. The Golf Course shall not be obligated to pay assessments as provided in Article V hereof. However, the Association may enter into a contractual arrangement or covenant to share costs with the owner of the Golf Course whereby the owner of the Golf Course will contribute funds for, among other things, a higher level of Common Property maintenance.

Section 6. Architectural Control. The Board or its designee, any architectural control committee created hereunder or under the Master Declaration, and any Neighborhood, Neighborhood Committee, or Neighborhood Association board of directors shall not approve or permit any construction, addition, alteration, change, or installation on or to any portion of the Community which is

adjacent to, or otherwise in the direct line of sight of, the Golf Course without giving the owner of the Golf Course at least fifteen (15) days prior written notice of its intent to approve or permit the same together with copies of the request and all other documents and information finally submitted in such regard. The owner of the Golf Course shall have fifteen (15) days to approve or disapprove the proposal in writing delivered to the appropriate committee, board of directors, or entity, stating in detail the reasons for any disapproval. The failure of the owner of the Golf Course to respond to the notice within the fifteen (15) day period shall constitute a waiver of such Person's right to object to the matter. This section shall also apply to any work on the Common Property or on any common property or common elements of a Neighborhood, if any. The Golf Course shall not be subject to any of the architectural control provisions contained herein or in the Master Declaration.

Section 7. Limitations on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the owner of the Golf Course, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owner of the Golf Course by other provisions of this Declaration, may be made without the written approval of the owner of the Golf Course. The foregoing shall not apply, however, to amendments made by the Declarant.

Section 8. Jurisdiction and Cooperation. It is Declarant's intention that the Association and the owner of the Golf Course shall cooperate to the maximum extent possible in the operation of the Community and the Golf Course. Each shall reasonably assist the other in upholding the Community-Wide Standard. The Association shall have no power to promulgate rules and regulations affecting activities on or use of the Golf Course.

Article XIV Dispute Resolution and Limitation on Litigation

Section 1. Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Association, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree to encourage the amicable resolution of disputes involving the Community, thereby avoiding the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Community, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the By-Laws, the Association rules, or the Articles (collectively "Claim"), except for those Claims exempted in Section 2 below,

shall be subject to the procedures set forth in Section 3 below.

Section 2. Exempt Claims. The following Claims ("Exempt Claims") shall be exempt from the provisions of Section 3 below:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article V (Assessments);

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article VII (Use Restrictions and Rules); and

(c) any suit between Owners (other than the Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under the law of the State of Georgia in the absence of a claim based on the Declaration, By-Laws, Articles or rules of the Association, if the amount in controversy exceeds Five Thousand Dollars (\$5,000.00).

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 3 below, but there shall be no obligation to do so.

Section 3. Mandatory Procedures for All Other Claims. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt Claim, shall not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of such Claim until it has complied with the following procedures:

(a) Notice. The Claimant shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(i) the nature of the Claim, including date, time, location, persons involved, Respondent's role in the Claim;

(ii) the basis of the Claim (i.e., the provisions of this Declaration, the By-Laws, the Articles or rules or other authority out of which the Claim arises);

(iii) what Claimant wants Respondent to do or not do to resolve the Claim; and

(iv) that Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

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(b) Negotiation.

(i) Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the Community.

(c) Mediation.

(i) If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent agency in the metropolitan Atlanta, Georgia, area providing mediation services upon which the Parties may mutually agree.

(ii) If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(iii) Respondent shall not be released under subsection (c)(ii) above if Respondent fails or refuses to cooperate with Claimant in selecting a mediator or is participating in the mediation proceedings.

(d) Final and Binding Arbitration.

(i) If the Parties do not resolve the Claim through mediation, the Claimant shall have thirty (30) days following termination (as determined by the mediator) of mediation proceedings ("Termination of Mediation") to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "E" to this Declaration or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(ii) This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration law of

the State of Georgia. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Georgia.

Section 4. Allocation of Costs of Resolving Claims.

(a) Each Party shall bear all of its own costs incurred prior to and during the proceedings described in Section 3(a), (b) and (c), above, including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 3(c) above.

(b) Each Party shall bear all of its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section 3(c) above and shall share equally in the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs"); provided, however, if the Claim is rejected in whole or in part, the Claimant shall pay all Post Mediation costs, including the costs incurred by the Respondent.

Section 5. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Section 3 above and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with the Award following arbitration, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 3 above. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all such Parties prorata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorney's fees and court costs.

Article XV
General Provisions

Section 1. Enforcement. Each Owner and every Occupant of a Lot shall comply strictly with the By-Laws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to his or her Lot, if any. The Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the By-Laws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner or

the Master Association. Failure by the Association, any Owner or the Master Association 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 the Declaration, By-Laws, rules and regulations, or use restrictions 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 Association or its duly authorized agent shall have the power to enter upon a Lot or any portion of the Common Property to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates this Declaration, the By-Laws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Lot Owner ten (10) days' written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Lot Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extent permitted by law; provided, however, so long as Georgia law limits the period during which covenants restricting lands to certain uses may run, any provision of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time any such provisions shall be automatically extended for successive periods of ten (10) years, unless such extension is disapproved by at least two-thirds (2/3) of the Total Association Vote. A written instrument reflecting disapproval must be recorded within the year immediately preceding the beginning of a ten (10) year renewal period. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this section.

Section 4. Amendment. This Declaration 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 Lots subject to this Declaration; (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 Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing. Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration as provided in Article X hereof, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owner hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of Owners representing at least two-thirds (2/3) of the Total Association Vote. Amendments to this Declaration shall become effective upon recordation, unless a later effective date is specified therein. No provision of this Declaration which reserves or grants special rights to the Declarant shall be amended without the prior written consent of the Declarant 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.

Section 5. Partition. The Common Property shall remain undivided, and no Lot 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 and without the written consent of all holders of all Mortgages encumbering any portion of the property, including, but not necessarily limited to, the Lots located within the Community.

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 this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any

provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration 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, limiting, extending, or otherwise modifying or adding to the particular article or section to which they refer.

Section 9. OMITTED.

Section 10. Conveyance of Common Property by Declarant to Association; Assignment of Contracts. The Declarant and the Declarant's designees may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest. Any 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. Declarant and the Declarant's designees shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this section. The Association shall also accept assignment of any contracts entered into by the Declarant and the Declarant's designees for the benefit of the Association or the Owners.

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 and officers of the Association shall contain, or shall be deemed to 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 11. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration 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 12. Indemnification. In accordance with the Georgia Nonprofit Corporation Code and to the full extent allowed, 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 in a specific case upon a determination that indemnification of the Person is proper under the circumstances.

Section 13. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration, the By-Laws, Articles of Incorporation, rules and regulations, use restrictions, and any amendments to any of the foregoing, the Declarant hereby expressly reserves unto itself and its successors and assigns a non-exclusive, perpetual right, privilege, and easement with respect to the Community for the benefit of the Declarant, its successors, and assigns over, under, in, and/or on the Community, without obligation and without charge to the Declarant, for the purposes of taking all actions related to or connected with construction, installation, relocation, development, sale, maintenance, repair, or replacement in the Community and any other property now owned or which may in the future be owned by the Declarant, (such other property is hereinafter referred to as "Additional Property"). The reserved easement shall constitute a burden on the title to the Community and specifically includes, but is not limited to:

(a) the right of access, ingress, and egress for vehicular and pedestrian traffic over, under, on, or in the Community; and the right to tie into any portion of the Community with streets, driveways, parking areas, and walkways; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee payable to the Association or any Owner 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 lines and facilities constructed or installed in, on, under, and/or over the Community;

(b) the right to use (continually or from time to time) without charge any clubhouse or similar structure and appurtenant recreational facilities, if any, constructed by the Declarant in the Community for business purposes or company functions of the Declarant and any similar use, including but not limited to, sales and marketing meetings, offices for Declarant's sales or other employees and agents, a design studio, and employee parties; and

(c) the right to construct, install, replace, relocate, maintain, repair, use, and enjoy signs, model residences, sales or construction trailers and sales offices in the Community.

No rights, privileges, and easements granted or reserved herein shall be merged into the title of any property, including,

without limitation, the Community, but shall be held independent of such title, and no such right, privilege, or easement shall be surrendered, conveyed, or released unless and until and except by delivery of a quitclaim deed from the Declarant releasing such right, privilege, or easement by express reference thereto.

If these reserved easements are exercised without annexing any Additional Property to the Community, the Owners of the affected Additional Property shall share the costs, if any, of using and maintaining utility and similar facilities, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities with the Owners in the Community in the proportion that the number of completed dwellings on the affected Additional Property bears to the total number of completed dwellings upon the affected Additional Property and the number of Lots in the Community. The costs of maintenance and repair of Community streets and driveways shall likewise be apportioned to the affected Additional Property if the only means of vehicular access to the affected Additional Property is across the Community. For the purposes of this provision, a dwelling on the affected Additional Property shall be considered completed when a certificate of occupancy has been granted. The allocation of expenses and the collection therefor may be done on a monthly, quarterly, or annual basis as may reasonably be determined by the Association in accordance with this Declaration. If any of the Additional Property is added to the Community, from the time of the annexation, the sharing of costs and expenses and the use of any property so added shall be governed by this Declaration, rather than by these reserved easements. This provision shall not adversely affect the rights of the declarant under the Master Declaration pursuant to any similar provision contained therein.

This section shall not be amended without the prior written consent of the Declarant so long as the Declarant owns any property primarily for development and/or sale in the Community or subject to annexation to the Community.

Section 14. Books and Records.

(a) Inspection by Members and Mortgagees. This Declaration, the By-Laws, copies of rules and use restrictions, 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.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents.

(c) Inspection by Directors. 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 15. Financial Statements. Financial statements for the Association shall be compiled annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's financial statements at the annual meeting, the Owners, by a Majority vote, may require that the financial statements of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all costs associated therewith, such holder shall be entitled to receive a copy of the audited financial statements of the Association within ninety (90) days of the date of the request.

Section 16. Notice of Sale or Lease. In the event an Owner sells or leases his or her Lot, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require.

Section 17. Agreements. Subject to the prior approval of Declarant, so long as the Declarant has an option to unilaterally subject additional property to this Declaration as provided in Article X above, all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors 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.

Section 18. Master Declaration; Master Association. Every Owner, by acceptance of a deed to property within the Community, acknowledges that he or she is subject to the Master Declaration and that he or she is automatically a member of and subject to assessment by the Master Association.

Section 19. Cumulative Effect; Conflict. The provisions of this Declaration, the By-Laws and the Articles of Incorporation of the Association shall be cumulative with the provisions of the Master Declaration and the by-laws and articles of incorporation of the Master Association. In the event of conflict between or among the provisions of this Declaration, the By-Laws, Articles of Incorporation or rules and regulations of the Association and the Master Declaration, by-laws, articles of incorporation or rules and regulations of the Master Association, the latter shall control. The foregoing priorities shall not prevent enforcement by the Association of provisions or rules which are stricter than those of the Master Declaration or Master Association.

The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood, and the Association may, but shall not be required to, enforce the covenants, conditions, and provisions of any Neighborhood; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 20. Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the By-Laws and any rule, regulation or use restriction promulgated pursuant thereto 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 for the Community.

Section 21. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five (75%) percent of the Total Association Vote and, for so long as Declarant has the right to appoint and remove directors of the Association, the consent of Declarant. This section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article V hereof, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This section shall not be amended unless such amendment is made by the Declarant pursuant to Article XV, Section 4, hereof, or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision shall apply in addition to the provisions of Article XIV, if applicable.

Section 22. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the By-Laws, the Articles of Incorporation, any use restriction or rule, 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 23. Use of Recreational Facilities by Nonmembers. For so long as Declarant has an option to unilaterally subject additional property to this Declaration as provided in Article X above, Declarant shall have the right to grant to persons who are not members of the Association the right to use the Community recreational facilities (if any) constructed by Declarant. The extent and duration of nonmember use and the fee to be charged therefor shall be determined solely by Declarant. The Declarant may grant nonmember use rights to individuals as an easement appurtenant to such individuals' residential real property so that such use rights shall automatically inure to the benefit of both the original grantees and their respective successors-in-title to such real property. For so long as Declarant owns such recreational facilities, nonmember user fees shall be paid to Declarant. If such recreational facilities are conveyed to the Association, nonmember user fees due and payable after the date of such conveyance shall be paid to the Association. Declarant shall determine the amount of nonmember user fees which are due and payable after such conveyance. Such fees shall be paid in equal annual installments to the Association. The amount of such installment payments may be increased each year by the Board so long as the percentage increase (as compared to the previous year's installment) does not exceed the percentage increase in the annual assessment levied against members of the Association (as compared to the previous year's assessment).

Any use right granted to nonmembers which extends beyond the termination of Declarant's option to unilaterally subject additional property to this Declaration shall be valid and may not be terminated by the Association so long as the terms and conditions imposed upon nonmember use by Declarant are complied with by the nonmember user.

Declarant hereby expressly reserves unto itself, its successors and assigns a non-exclusive, perpetual right, privilege and easement with respect to the Community for the benefit of Declarant, its successors, assigns and the above discussed nonmember users, over, under, in and/or on the Community including, without limitation, the above described recreational facilities), without obligation and without charge to the foregoing, for the purposes of taking all actions related to or connected with the granting of nonmember use and the use by such nonmembers as described above. Such right, privilege and easement shall include, without limitation, the right of access, ingress, use and egress of and to the above described recreational facilities and the right of

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access, ingress, use and egress for vehicular and pedestrian traffic over, under, on or in the Community roads, parking areas and walkways.

Declarant shall not be liable for and is hereby held harmless from any failure of any nonmember to pay a nonmember user fee to the Association where required to do so by this section. In such case, the Association's sole remedy shall be to suspend the use right of the nonmember who has not timely paid until all amounts owed are paid. Declarant shall also not be liable for and is hereby held harmless from any personal injury or property damage caused by a nonmember entitled to use the Community recreational facilities constructed by Declarant.

Declarant shall have the sole right to grant use rights to the Community recreational facilities constructed by Declarant to nonmembers and the Board shall have no such right. The provisions of this section shall apply notwithstanding any contrary provisions in this Declaration, the By-Laws, Articles of Incorporation, rules and regulations, use restrictions and any amendments to any of the foregoing.

Section 24. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to make the Community safer than it otherwise might be.

NEITHER THE ASSOCIATION, NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY, AND NONE OF THEM SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM CAN NOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED.

EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND COVENANTS TO INFORM ITS TENANTS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, THE DECLARANT, AND ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING THE COMMUNITY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS, AND TO THE CONTENTS OF LOTS RESULTING FROM ACTS OF THIRD PARTIES.

IN WITNESS WHEREOF, the undersigned Declarant has executed this instrument and affixed the corporate seal this 21st day of May, 1993.

DECLARANT: JRC/TOWNE LAKE, LTD.,
a Texas limited partnership

By: Jefferson Realty Co.,
a Texas corporation, its general partner

By: X Brett Blevins

Title: B Brett Blevins, Vice-President

Attest: X Kay C Williams

Title: Kay Williams, Assistant Secretary

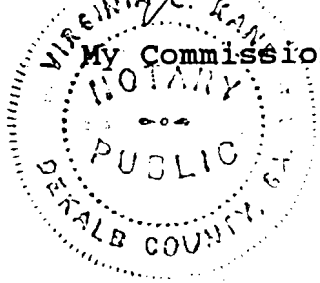
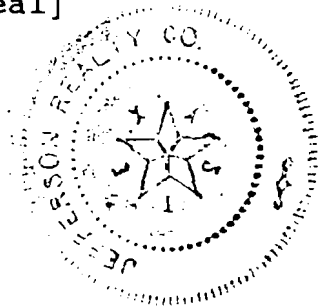
[Corporate Seal]

Signed, sealed, and delivered this 21st day of May, 1993, in the presence of:

[Signature]
WITNESS

[Signature]
NOTARY PUBLIC

My Commission Expires March 25, 1996



Notary Public, DeKalb County, Georgia
My Commission Expires March 25, 1996

CONSENT OF MASTER DECLARANT

The declarant under the Master Declaration ("Master Declarant"), by the execution hereof, acknowledges and agrees that the Master Declarant hereby approves of all the provisions of this Declaration of Protective Covenants for Towne Lake Hills. It is expressly provided that neither such approval by the undersigned, nor any of the terms or provisions of this Declaration of Protective Covenants for Towne Lake Hills shall be deemed or construed to in any manner waive, release or modify any of the rights, privileges, powers, restrictions, covenants, conditions or easements reserved or set out in the Master Declaration. All of the terms and provisions of the Master Declaration are and shall continue to be in full force and effect unless and until modified or amended in accordance with the terms thereof.

IN WITNESS WHEREOF, the Master Declarant, acting through its duly authorized representatives, has executed this instrument under seal this 21st day of May, 1993.

MASTER DECLARANT:

JRC/TOWNE LAKE, LTD., a Texas limited partnership, Master Declarant pursuant to an instrument recorded at Deed Book 1231, Page 58, Cherokee County, Georgia, records

By: Jefferson Realty Co., a Texas corporation, its general partner

By: X [Signature]

Title: B Brett Blevins, Vice-President

Attest: X [Signature]

Title: Kay Williams, Assistant Secretary

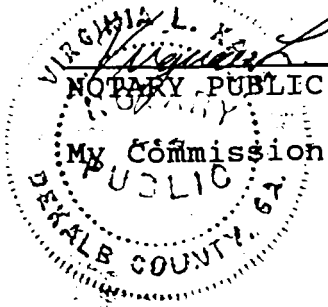
[Corporate Seal]

Signed, sealed, and delivered this 21st day of May, 1993, in the presence of:

[Signature]

WITNESS

[Signature]
NOTARY PUBLIC



Notary Public, DeKalb County, Georgia
My Commission Expires March 26, 1996

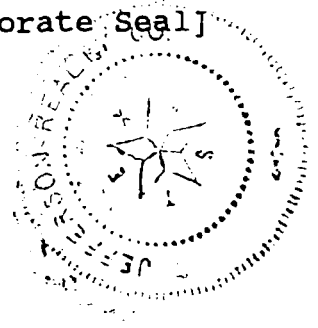


EXHIBIT "A"

Definitions

The following words, when used in this Declaration or in any amendment thereof (unless the context shall prohibit), shall have the following meanings:

(a) "Articles of Incorporation" or "Articles" shall mean the Articles of Incorporation of Towne Lake Hills Community Association, Inc., as filed with the Secretary of State of the State of Georgia, as amended from time to time.

(b) "Association" shall mean and refer to Towne Lake Hills Community Association, Inc., a nonprofit Georgia corporation, its successors and assigns.

(c) "Base Assessment" shall refer to assessments levied on all Lots subject to assessment under Article V to fund Common Expenses for the general benefit of all Lots, as more particularly described in Article V of this Declaration.

(d) "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under Georgia corporate law.

(e) "By-Laws" shall refer to the By-Laws of Towne Lake Hills Community Association, Inc., attached to this Declaration as Exhibit "D" and incorporated herein by this reference.

(f) "Common Expenses" shall mean the actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association.

(g) "Common Property" shall mean any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners. The term shall include the Exclusive Common Property, as defined below.

(h) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "B", attached hereto, and (i) such additions thereto as may be made by Declarant (or its Mortgagee or transferee, as provided in the Declaration) of all or any portion of the real property described in Exhibit "C", attached hereto; and (ii) such additions thereto as may be made by the Association (as provided in the Declaration) of

other real property.

(i) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, must be consistent with the Community Wide Standard originally established by the Declarant.

(j) "Declarant" shall mean and refer to JRC/Towne Lake, Ltd., a Texas limited partnership, and the successors-in-title and assigns of JRC/Towne Lake, Ltd., provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "B", attached hereto, or in Exhibit "C", attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "B", attached hereto, and in Exhibit "C", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one Person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one point in time.

(k) "Exclusive Common Property" shall refer to a portion of the Common Property which the Association now or hereafter owns, leases, or otherwise holds possessory or use rights in for the exclusive use or primary benefit of one (1) or more, but less than all, Neighborhoods, as more particularly described in Article III of this Declaration.

(l) "Golf Course" shall mean any parcel of land adjacent to or within the Community which is privately owned by the Declarant, its successors, successors-in-title, assigns, or transferees, and which is operated as a golf course, and all related and supporting facilities and improvements operated in connection with such golf course.

(m) "Lot" shall mean any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site as shown on the plat for the Community, or amendments thereto, recorded in the land records of the county where the Community is located. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property,

which shall include, without limitation, membership in the Association.

(n) "Majority" means those eligible votes, Owners, or other group as the context may indicate totalling more than fifty (50%) percent of the total eligible number.

(o) "Master Association" shall refer to Towne Lake Residential Owners Association, Inc., a nonprofit Georgia corporation, its successors and assigns.

(p) "Master Declaration" shall refer to the Master Declaration of Protective Covenants for Towne Lake Residential Area, recorded in Deed Book 679, Page 501, et seq., of the Cherokee County, Georgia, records.

(q) "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(r) "Mortgagee" shall mean the holder of a Mortgage.

(s) "Neighborhood" shall refer to each separately designated residential area within the Community, whether or not governed by a Neighborhood Association (as defined below), in which the Owners may have common interests other than those common to all members of the Association. For example, and by way of illustration and not limitation, each townhome development and single-family detached housing development may constitute a separate Neighborhood, or a Neighborhood may be comprised of more than one (1) housing type with other features in common. In addition, each parcel of land intended for development as any of the above may constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association (as described in Article III of this Declaration) having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Article III of this Declaration.

(t) "Neighborhood Assessments" shall mean assessments levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Article V, Sections 2 and 4, of this Declaration.

(u) "Neighborhood Association" shall refer to any owners association having concurrent jurisdiction with the Association over any part of the Community.

(v) "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein or in any amendment which submits additional property to this Declaration applicable to the Neighborhoods.

(w) "Occupant" shall mean any Person occupying all or any portion of a Lot or other property located within the Community for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

(x) "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(y) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

(z) "Total Association Vote" means all of the votes attributable to members of the Association and the consent of Declarant (so long as Declarant owns any property subject to the Declaration or which may be unilaterally subjected to the Declaration by the Declarant).

EXHIBIT "B"

LEGAL DESCRIPTION

TRACT I

ALL THAT TRACT or parcel of land lying and being in Land Lots 869 and 932, 15th District, 2nd Section, Cherokee County, Georgia and containing 24.94 acres, according to plat of survey for J.R.C./Towne Lake, Ltd. dated November 5, 1992 by Gaskins Surveying Co., Darrell D. Raines, Georgia Registered Land Surveyor No. 2403, and being more particularly described as follows:

BEGINNING, at an iron pin found at the southwestern corner of Land Lot 869 (said iron pin being located at the common corner of Land Lots 868, 869, 932 and 933); thence running north 00 degrees 12 minutes 04 seconds east along the western line of Land Lot 869 a distance of 800.89 feet to an iron pin set; thence leaving the western line of Land Lot 869 and running north 51 degrees 54 minutes east a distance 222.37 feet to an iron pin set; thence running north 73 degrees 43 minutes 03 seconds east a distance of 80.79 feet to an iron pin set; thence running north 51 degrees 54 minutes east a distance of 90.00 feet to an iron pin set; thence running north 74 degrees 57 minutes 30 seconds east a distance of 54.34 feet to an iron pin set; thence running north 51 degrees 54 minutes east a distance of 150.00 feet to an iron pin set; thence running south 38 degrees 06 minutes east a distance of 450.00 feet to an iron pin set; thence running south 64 degrees 42 minutes east a distance of 378.25 feet to an iron pin set on the western right-of-way of Towne Lake Parkway (130 foot right-of-way); thence running along the western right-of-way of Towne Lake Parkway south 09 degrees 00 minutes west a distance of 414.55 feet to an iron pin set; thence continuing along the western right-of-way of Towne Lake Parkway along a curve to the left an arc distance of 466.09 feet (said arc being subtended by a chord having a bearing of south 04 degrees 05 minutes 30 seconds east and a chord distance of 462.05 feet) to an iron pin set; thence continuing along the western right-of-way of Towne Lake Parkway south 17 degrees 11 minutes east a distance of 167.46 feet to an iron pin set; thence leaving the western right-of-way of Towne Lake Parkway and running north 78 degrees 42 minutes west a distance of 300.00 feet to an iron pin set; thence running north 29 degrees 41 minutes 14 seconds west a distance of 124.95 feet to an iron pin set; thence running north 48 degrees 30 minutes west a distance of 166.82 feet to an iron pin set; thence running north 01 degree 02 minutes 57 seconds east a distance of 135.00 feet to an iron pin set on the southern line of Land Lot 869; thence running along the southern line of Land Lot 869 north 89 degrees 06 minutes 04 seconds west a distance of 655.46 feet to an iron pin found at the southeast corner of Land Lot 869 and the POINT OF BEGINNING.

TRACT II

All THAT TRACT or parcel of land lying and being in Land Lots 869 and 870, 15th District, 2nd Section, Cherokee County, Georgia and containing 11.30 acres, according to plat of survey for J.R.C./Towne Lake, Ltd. dated November 5, 1992 by Gaskins Surveying Co., Darrell D. Raines, Georgia Registered Land Surveyor No. 2403, and being more particularly described as follows:

TO FIND THE TRUE POINT OF BEGINNING, begin at an iron pin found at the northeast corner of Land Lot 871; thence running south 83 degrees 13 minutes 02 seconds west a distance of 1120.30 feet to an iron pin set; thence running north 06 degrees 12 minutes west a distance of 35.57 feet to an iron pin set; thence running north 29 degrees 34 minutes 05 seconds east a distance of 224.13 feet to an iron pin set; thence running north 14 degrees 20 minutes 13 seconds east a distance of 57.36 feet to an iron pin set; thence running north 43 degrees 12 minutes west a distance of 49.20 feet to an iron pin set; thence running north 01 degree 48 minutes east a distance of 28.28 feet to an iron pin set; thence running north 36 degrees 05 minutes 45 seconds west a distance of 60.46 feet to an iron pin set; thence running north 39 degrees 24 minutes west a distance of 141.72 feet to an iron pin set; thence running south 50 degrees 36 minutes west a distance of 920.00 feet to an iron pin set, said iron pin being the TRUE POINT OF BEGINNING; thence running south 75 degrees 55 minutes 55 seconds west a distance of 685.17 feet to an iron pin set on the eastern right-of-way of Towne Lake Parkway (130 foot right-of-way); thence running along the eastern right of way of Towne Lake Parkway south 09 degrees 00 minutes west a distance of 491.47 feet to an iron pin set; thence leaving the eastern right-of-way of Towne Lake Parkway and running south 36 degrees 00 minutes east a distance of 42.43 feet to an iron pin set; thence running south 81 degrees 00 minutes east a distance of 352.63 feet to an iron pin set; thence running along a curve to the left an arc distance of 582.38 feet (said arc being subtended by a chord having a bearing of north 57 degrees 12 minutes 44 seconds east and a chord distance of 532.11 feet) to an iron pin set; thence running north 15 degrees 25 minutes 28 seconds east a distance of 277.26 feet to an iron pin set; thence running north 39 degrees 24 minutes west a distance of 240.73 feet to an iron pin set, said iron pin being the TRUE POINT OF BEGINNING.

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EXHIBIT "B" - CONTINUED

TRACT III

ALL THAT TRACT or parcel of land lying and being in Land Lots 858, 859, 869, 870, 871, 931 and 932, 15th District, 2nd Section, Cherokee County, Georgia and containing 35.13 acres, according to plat of survey for J.R.C./Towne Lake, Ltd. dated November 5, 1992 by Gaskins Surveying Co., Darrell D. Raines, Georgia Registered Land Surveyor No. 2403, and being more particularly described as follows:

BEGINNING at an iron pin found at the northeast corner of Land Lot 871; thence running south 83 degrees 13 minutes 02 seconds west a distance of 1120.30 feet to an iron pin set, said iron pin being the TRUE POINT OF BEGINNING; thence running south 73 degrees 32 minutes 59 seconds west a distance of 279.72 feet to an iron pin set; thence running north 82 degrees 57 minutes 18 seconds west a distance of 76.00 feet to an iron pin set; thence running south 12 degrees 08 minutes 07 seconds west a distance of 135.91 feet to an iron pin set; thence running south 34 degrees 31 minutes 59 seconds west a distance of 57.22 feet to an iron pin set; thence running south 06 degrees 42 minutes 06 seconds west a distance of 148.20 feet to an iron pin set; thence running south 55 degrees 55 minutes 33 seconds east a distance of 124.70 feet to an iron pin set; thence running south 56 degrees 01 minutes 09 seconds west a distance of 80.47 feet to an iron pin set; thence running south 23 degrees 35 minutes 34 seconds east a distance of 324.02 feet to an iron pin set; thence running south 03 degrees 54 minutes 09 seconds east a distance of 318.27 feet to an iron pin set on the southern line of Land Lot 870; thence running north 89 degrees 03 minutes 06 seconds west along the southern line of Land Lot 870 a distance of 213.59 feet to a monument found; thence leaving the southern line of Land Lot 870 and running south 00 degrees 49 minutes 03 seconds west a distance of 658.19 feet to a monument found; thence running north 89 degrees 26 minutes 40 seconds west a distance of 329.26 feet to a monument found; thence running north 66 degrees 36 minutes 44 seconds west a distance of 210.00 feet to an iron pin set; thence running north 82 degrees 08 minutes 05 seconds west a distance of 248.36 feet to an iron pin set; thence running south 66 degrees 44 minutes 19 seconds west a distance of 191.07 feet to an iron pin set on the eastern right-of-way of Towne Lake Parkway (130 foot right-of-way); thence running along the eastern right-of-way of Towne Lake Parkway north 17 degrees 11 minutes west a distance of 350.26 feet to a point; thence continuing along the eastern right-of-way of Towne Lake Parkway along a curve to the right an arc distance of 406.69 feet (said arc being subtended by a chord having a bearing of north 04 degrees 05 minutes 30 seconds west and a chord distance of 403.16 feet) to a point; thence continuing along the eastern right-of-way of Towne Lake Parkway north 09 degrees 00 minutes east a distance of 275.00 feet to an iron pin set on the eastern right-of-way of Towne Lake Parkway; thence leaving the eastern right-of-way of Towne Lake Parkway and running south 36 degrees 00 minutes east a

distance of 42.43 feet to an iron pin set; thence running south 81 degrees 00 minutes east a distance of 352.63 feet to an iron pin set; thence running along a curve to the left an arc distance of 582.38 feet (said arc being subtended by a chord having a bearing of north 57 degrees 12 minutes 44 seconds east and a chord distance of 532.11 feet) to a point; thence running north 15 degrees 25 minutes 28 seconds east a distance of 277.26 feet to an iron pin set; thence running north 39 degrees 24 minutes west a distance of 240.73 feet to an iron pin set; thence running north 50 degrees 36 minutes east a distance of 920.00 feet to an iron pin set; thence running south 39 degrees 24 minutes east a distance of 141.72 feet to an iron pin set; thence running south 36 degrees 05 minutes 45 seconds east a distance of 60.46 feet to an iron pin set; thence running south 01 degrees 48 minutes west a distance of 28.28 feet to an iron pin set; thence running south 43 degrees 12 minutes east a distance of 49.20 feet to an iron pin set; thence running south 14 degrees 20 minutes 13 seconds west a distance of 57.36 feet to an iron pin set; thence running south 29 degrees 34 minutes 05 seconds west a distance of 224.13 feet to an iron pin set; thence running south 06 minutes 12 seconds east a distance of 35.57 feet to an iron pin set, said iron pin being the TRUE POINT OF BEGINNING.

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EXHIBIT "C"

Additional Property Which Can Be Unilaterally
Submitted by Declarant

[ATTACHED ON PAGES IMMEDIATELY FOLLOWING]

EXHIBIT "C"

PARCEL I

ALL THAT TRACT or parcel of land lying and being in Land Lots 727, 785, 786, 787, 797, 798, 799, 800, 857, 858, 859, 860, 869, 870, 871, 931 and 932, 15th District, 2nd Section, Cherokee County, Georgia, containing 352.97 acres, according to plat of survey for JRC/Towne Lake, Ltd. dated February 16, 1993, last revised April 8, 1993, prepared by Gaskins Surveying Co., John C. Gaskins, Georgia Registered Land Surveyor No. 2060 and Darrell D. Raines, Georgia Registered Land Surveyor No. 2403, and being more particularly described as follows:

BEGINNING AT A POINT located at the common corner of Land Lots 857, 858, 871, and 872, 15th District, 2nd Section, Cherokee County, Georgia; thence running north 89 degrees 13 minutes 26 seconds west a distance of 606.80 feet to a concrete monument; thence running south 00 degrees 56 minutes 44 seconds west a distance of 1,278.99 feet to a concrete monument; thence running north 89 degrees 03 minutes 06 seconds west a distance of 932.39 feet to concrete monument; thence running south 00 degrees 49 minutes 03 seconds west a distance of 658.19 feet to a concrete monument; thence running north 89 degrees 26 minutes 40 seconds west a distance of 329.26 feet to a concrete monument; thence running north 66 degrees 36 minutes 44 seconds west a distance of 210.00 feet to a point; thence running north 82 degrees 08 minutes 05 seconds west a distance of 248.36 feet to a point; thence running south 66 degrees 44 minutes 19 seconds west a distance of 191.07 feet to a point situated on the easterly boundary of Towne Lake Parkway, a 130 foot right-of-way; thence continuing along the easterly right-of-way of Towne Lake Parkway running north 17 degrees 11 minutes west a distance of 350.26 feet to a point; thence continuing along the easterly right-of-way of Towne Lake Parkway along a curve having a radius of 889.93 feet an arc distance of 406.69 feet (said arc being subtended by a chord of 403.16 feet having a bearing of north 04 degrees 05 minutes 30 seconds west) to a point; thence continuing along the easterly right-of-way of Towne Lake Parkway running north 09 degrees 00 minutes east a distance of 766.47 feet to a point; thence continuing along the easterly and northeasterly right-of-way of Towne Lake Parkway running along a curve having a radius of 883.51 feet an arc distance of 986.89 feet (said arc being subtended by a chord of 936.38 feet having a bearing of north 23 degrees 00 minutes west) to a point; thence continuing along the easterly and northeasterly right-of-way of Towne Lake Parkway running north 55 degrees 00 minutes west a distance of 643.77 feet to a point; thence continuing along the northeasterly right-of-way of Towne Lake Parkway running along a curve having a radius of 1,367.39 feet an arc distance of 336.56 feet (said arc being subtended by a chord of 335.71 feet having a bearing of north 47 degrees 56 minutes 56 seconds west) to a point; thence leaving Towne Lake Parkway and running north 51 degrees 11 minutes 52 seconds east a distance of 468.22 feet to a point; thence running northeasterly along a curve having a radius of

750.00 feet an arc distance of 277.78 feet (said arc being subtended by a chord of 276.20 feet having a bearing of north 61 degrees 48 minutes 30 seconds east) to a point; thence running north 72 degrees 25 minutes 07 seconds east a distance of 797.63 feet to a point; thence running northeasterly along a curve having a radius of 550.00 feet an arc distance of 221.83 feet (said arc being subtended by a chord of 220.33 feet having a bearing of north 60 degrees 51 minutes 51 seconds east) to a point; thence running north 49 degrees 18 minutes 35 seconds east a distance of 581.31 feet to a point; thence running northeasterly along a curve having a radius of 550.00 feet an arc distance of 328.51 feet (said arc being subtended by a chord of 323.64 feet having a bearing of north 32 degrees 11 minutes 55 seconds east) to a point; thence running north 15 degrees 05 minutes 16 seconds east a distance of 454.88 feet to a point; thence running northeasterly along a curve having a radius of 2,550.00 feet an arc distance of 106.00 feet (said arc being subtended by a chord of 106.00 feet having a bearing of north 13 degrees 53 minutes 49 seconds east) to a point; thence running north 12 degrees 42 minutes 22 seconds east a distance of 327.23 feet to a point; thence running along a curve having a radius of 450.00 feet an arc distance of 198.02 feet (said arc being subtended by a chord of 196.43 feet having a bearing of north 25 degrees 18 minutes 45 seconds east) to a point; thence running north 37 degrees 55 minutes 09 seconds east a distance of 84.25 feet to a point; thence running north 52 degrees 04 minutes 51 seconds west a distance of 15.00 feet to a point; thence running north 37 degrees 55 minutes 09 seconds east a distance of 490.92 feet to a point; thence running northeasterly along a curve having a radius of 565.00 feet an arc distance of 459.60 feet (said arc being subtended by chord of 447.03 feet having a bearing of north 37 degrees 55 minutes 09 seconds east) to a point; thence running south 89 degrees 33 minutes 02 seconds east a distance of 771.38 feet to a concrete monument; thence running south 00 degrees 30 minutes 35 seconds west a distance of 961.26 feet to a concrete monument; thence running south 89 degrees 36 minutes 46 seconds east a distance of 1,398.04 feet to a concrete monument; thence running south 00 degrees 46 minutes 50 seconds west a distance of 928.81 feet to a point; thence running south 00 degrees 39 minutes 50 seconds west a distance of 1,238.55 feet to a concrete monument; thence running north 89 degrees 06 minutes 17 seconds west a distance of 1,050.12 feet to a concrete monument; thence running south 01 degrees 52 minutes 44 seconds west a distance of 651.60 feet to a concrete monument; thence running north 88 degrees 28 minutes 51 seconds west a distance of 328.26 feet to a concrete monument; thence running south 01 degrees 38 minutes 38 seconds west a distance of 652.76 feet to a concrete monument, said concrete monument and point being the POINT OF BEGINNING.

EXHIBIT "C" - CONTINUED

PARCEL 2

ALL THAT TRACT or parcel of land lying and being in Land Lots 789, 790, 791, 794, 795, 796, 860, 861, 862, 866, 867, 868, 869, and 932, 15th District, 2nd Section, Cherokee County, Georgia, containing 236.06 acres according to a plat of survey for JRC/Towne Lake, Ltd., dated February 16, 1993, last revised April 23, 1993, by Gaskins Surveying Co., John C. Gaskins, Georgia Registered Land Surveyor No. 2060, and Darrell D. Raines, Georgia Registered Land Surveyor No. 2403, and being more particularly described as follows:

BEGINNING AT A POINT located at the common corner of Land Lots 862, 863, 866 and 867, 15th District, 2nd Section, Cherokee County, Georgia; thence running north 44 degrees 26 minutes 25 seconds east a distance of 1,227.04 feet to a point; thence running north 35 degrees 31 minutes east a distance of 1,293.26 feet to a point; thence running north 56 degrees 07 minutes 29 seconds east a distance of 58.90 feet to a point; thence running north 33 degrees 52 minutes 23 seconds west a distance of 450.05 feet to a point; thence running south 56 degrees 20 minutes 52 seconds west a distance of 141.07 feet to a point; thence running south 35 degrees 30 minutes 08 seconds west a distance of 940.12 feet to a point; thence running north 48 degrees 38 minutes 28 seconds west a distance of 471.22 feet to a point; thence running north 21 degrees 59 minutes 46 seconds west a distance of 600.00 feet to a point; thence running north 04 degrees 13 minutes 23 seconds west a distance of 199.19 feet to a point; thence running north 29 degrees 54 minutes west a distance of 83.02 feet to a point; thence running in a northwesterly direction along the center line of a creek and following the meanderings thereof 852± feet to a point; thence along the center line of said creek in a northerly direction 183± to a point located on the southeasterly side of Towne Lake Parkway, a 130 foot right-of-way; thence running along the southeasterly right-of-way of Towne Lake Parkway north 25 degrees 00 minutes east a distance of 225.04 feet to a point; thence continuing along the southerly right-of-way of Towne Lake Parkway along a curve having a radius of 753.51 feet an arc distance of 986.34 feet (said curve being subtended by a chord of 917.42 feet having a bearing of north 62 degrees 30 minutes east) to a point; thence continuing along the southerly and westerly right-of-way of Towne Lake Parkway running south 80 degrees 00 minutes east a distance of 632.45 feet to a point; thence continuing along the southerly and westerly right-of-way of Towne Lake Parkway along a curve having a radius of 753.51 feet an arc distance of 999.49 feet (said arc being subtended by a chord of 927.81 feet having a bearing of south 42 degrees 00 minutes east) to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway running south 04 degrees 00 minutes east a distance of 592.82 feet to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway

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along a curve having a radius of 1,497.39 feet an arc distance of 431.22 feet (said arc being subtended by a chord of 429.73 feet having a bearing of south 12 degrees 15 minutes east) to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway running south 20 degrees 30 minutes east a distance of 897.54 feet to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway along a curve having a radius of 1,497.38 feet an arc distance of 901.64 feet (said arc being subtended by a chord of 888.08 feet having a bearing of south 37 degrees 45 minutes east) to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway running south 55 degrees 00 minutes east a distance of 643.77 to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway along a curve with a radius of 753.51 feet an arc distance of 841.68 feet (said arc being subtended by a chord of 798.60 feet having a bearing south 23 degrees 00 minutes east) to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway running south 09 degrees 00 minutes west a distance of 766.47 feet to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway along a curve having a radius of 1,019.93 feet an arc distance of 466.09 feet (said arc being subtended by a chord of 462.05 feet having a bearing of south 04 degrees 05 minutes 30 seconds east) to a point; thence continuing along the westerly right-of-way of Towne Lake Parkway running south 17 degrees 11 minutes east a distance of 167.46 feet to a point; thence leaving the westerly right-of-way of Towne Lake Parkway running north 78 degrees 42 minutes west a distance of 300.00 feet to a point; thence running north 29 degrees 41 minutes 14 seconds west a distance of 124.95 feet to a point; thence running north 48 degrees 30 minutes west a distance of 166.82 feet to a point; thence running north 01 degrees 02 minutes 57 seconds east a distance of 135.00 feet to a concrete monument; thence running north 89 degrees 06 minutes 04 seconds west a distance of 655.46 feet to a point; thence running north 00 degrees 12 minutes 04 seconds east a distance of 918.86 feet to a point; thence running north 89 degrees 07 minutes 09 seconds west a distance of 1,309.64 feet to a point; thence running north 89 degrees 08 minutes 19 seconds west a distance of 1,299.27 feet to a point; thence running north 00 degrees 02 minutes 42 seconds east a distance of 340.24 feet to a point; thence running north 00 degrees 19 minutes 10 seconds east a distance of 109.68 feet to a point; thence running south 89 degrees 51 minutes 45 seconds east a distance of 57.21 feet to a point, said point being THE POINT OF BEGINNING.

LESS AND EXCEPT (as to both Parcel 1 and Parcel 2 hereinabove) Tract I, Tract II and Tract III as described on Exhibit "B" immediately preceding this Exhibit "C".