

Cross Reference:
Plat Book 74, Page 54

DECLARATION OF PROTECTIVE AND RESTRICTIVE COVENANTS,
EASEMENTS AND CONDITIONS

BOXWOOD COTTAGES

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**DECLARATION OF PROTECTIVE AND RESTRICTIVE
COVENANTS, EASEMENTS AND CONDITIONS**

BOXWOOD COTTAGES

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**DECLARATION OF PROTECTIVE AND RESTRICTIVE COVENANTS
BOXWOOD COTTAGES**

THIS DECLARATION is made on this 31st day of July, 2023, by WTS Clarkesville LLC, a Georgia limited liability company, its successors and assigns (the “Declarant”), McBev One, LLC and Courtyards Development LLC, both Georgia limited liability companies, and their respective successors and assigns (collectively, the “Co-Owners”).

WHEREAS, Declarant and Co-Owners are the owners of the real property in Land Lot 2 of the 12th Land District, City of Clarkesville, Habersham County, Georgia, as more particularly described on Exhibit A attached hereto and made a part hereof by this reference (the “Property”); and

WHEREAS, Declarant and Co-Owners desire to subject the Property to the provisions of this Declaration, for purposes of preserving, enhancing and protecting the value and desirability of the Property;

NOW, THEREFORE, the Property, with all improvements constructed thereon, is hereby subjected to the provisions of this Declaration.

**ARTICLE I
ANNEXATION, CONVEYANCE AND DESIGNATION OF PROPERTY**

1.1 Submission to Declaration. The Property, including any improvements which may be constructed thereon, shall be held, sold, transferred, conveyed, used, occupied, mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens contained herein. This Declaration shall be binding on all persons having any right, title, or interest in all or any portion of the Property now or hereafter made subject hereto, their respective heirs, legal representatives, successors and assigns, and shall inure to the benefit of every owner of all or any portion thereof. Without limiting the generality of the foregoing, this Declaration shall specifically be binding upon each owner of fee simple title to a Lot (each an “Owner” and collectively the “Owners”), each person other than an Owner who occupies all or any portion of a Lot for any period of time (an “Occupant”), each holder of a mortgage or other security interest in any one or more of the Lots (a “Mortgagee”) all tenants and subtenants, guests and other invitees of any Owner or Occupant. Notwithstanding anything to the contrary herein, no Occupant or Mortgagee shall be deemed an Owner unless expressly provided herein.

1.2 Designation of Property. The Property shall be divided into six (6) residential Lots, as shown and depicted on the plat for Boxwood Cottages (the “Community”) recorded in Plat Book 74, Page 54, Habersham County, Georgia records (the “Plat”). A “Lot” shall be defined as any plot of land on the Property, with all improvements constructed on that land, which constitutes a separately delineated parcel of land as shown on the Plat. Each Lot shall be conveyed as a separately-designated and legally-described freehold estate subject to this Declaration. The ownership of each Lot shall include, and there shall pass with each Lot, as an appurtenance thereto, whether or not separately described, the membership in the Association attributed to that Lot, as described elsewhere herein.

1.3 Unilateral Annexation by Declarant. As the owner thereof or, if not the owner, with the written consent of the owner thereof, Declarant shall have the unilateral right, privilege and option, for a period of ten (10) years after the recording of this Declaration, to subject any parcel of real property located within a one (1) mile radius of the Property (the “Additional Property”) to the provisions of this Declaration and the jurisdiction of the Association by filing of record an amendment to this Declaration describing the Additional Property being annexed. Any such annexation shall be effective upon the filing of record of such amendment to the Declaration, unless otherwise provided therein. Any property so annexed into the Community shall thereafter be a part of the Property as that term is defined herein. The Declarant may unilaterally amend this Declaration to reflect the different character of any Additional Property so annexed.

The rights reserved unto Declarant to subject any Additional Property to this Declaration and to the jurisdiction of the Association shall not impose any obligation upon Declarant to do so.

1.4 Annexation by Homeowners Association. The Association may annex real property to become a part of the Property subject to the provisions of this Declaration and the jurisdiction of the Association, by filing of record an amendment to the Declaration describing the property being annexed. Any such amendment shall be subject to the approval of no less than two-thirds (2/3) of the Members of the Association, the consent of the owner of the real property being annexed and, until Declarant no longer has the authority to appoint the directors and officers of the Association, subject also to the consent of the Declarant. Any such amendment to the Declaration shall be executed in recordable form by the president and the secretary of the Association, and any such annexation shall be effective upon the filing of record of such amendment to the Declaration, unless otherwise provided therein.

1.5 Conveyance of Property by Declarant to Association. The Declarant may convey to the Association personal property, improved or unimproved real property, leasehold interests, easements, or other property interests located within or adjacent to the Community. Any such conveyance shall be accepted by the Association, and the property, easement or other interests therein shall thereafter be Common Area to be maintained by the Association for the benefit of all or a part of its Members. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Article.

ARTICLE II COMMON AREA

2.1 Common Area Defined. For all purposes of this Declaration, the “Common Area” shall be defined as the real property, interests in real property and personal property, easements and other interests, together with any improvements located thereon, which are designated for the common use and enjoyment of the Owners of the Lots, their Occupants and guests. The Common Area shall include all portions of the Lots for which the Association has maintenance responsibility as set forth in Article V below or elsewhere in this Declaration, including without limitation, the private road providing access, ingress and egress to and from the Lots, as shown on the Plat (the “Private Road”).

2.2 Ownership of Lots and Common Area. Ownership of each Lot upon which is constructed a Residence shall entitle the Owner thereof to exclusive use only of the Residence itself and all other portions of the Lot which are not included within the Common Area as defined herein. For all purposes hereof, a “Residence” shall be defined as the residential dwelling unit constructed upon a given Lot, as shown on the Plat, including all driveways, walkways, front stoops and steps, porches, patios, decks, ADUs (as defined in Article XI below), and other improvements which serve such dwelling unit, but not including any portions of such Lot upon which the Private Road or other Common Areas are constructed, notwithstanding that fee simple title to the same is vested in the owner or owners of the Lot.

ARTICLE III ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Homeowners Association. The Community shall be administered by the Boxwood Cottages Homeowners Association, Inc., a Georgia nonprofit corporation, its successors and assigns (the “Association”), which shall be governed by the bylaws attached hereto as Exhibit B, as restated or amended from time to time (the “Bylaws”). Any person or entity who purchases a fee simple interest in and to any Lot shall automatically become a member of the Association (a “Member”), upon the closing of such purchase, and shall automatically cease to be a Member upon his, her or its transfer or sale of such Lot, whether by sale, gift, death or incompetence, foreclosure or otherwise.

3.2 Voting and Control. There shall be only one (1) membership and vote per Lot. If a Lot is owned by more than one person or by a corporate entity, partnership or the like, then the voting rights and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. 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, to serve on the Association's board of directors (the "Board") and to hold office, may be exercised by a Member or the Member's spouse, but in no event shall more than one vote be cast nor office held for each Lot owned. Any provision of this Declaration in which the vote or consent of the Owners is required shall be deemed to require majority vote of the Owners (i.e., the consent of the Owners of a majority of the Lots) unless a greater or lesser number is otherwise expressly provided herein.

ARTICLE IV ASSESSMENTS

4.1 Annual Assessments. Annual assessments shall be levied equally against all Lots, except as provided in Section 4.10 below, and shall be paid on an annual basis on such dates as may be fixed by the Board. The Board may allow annual assessments to be paid through periodic installments, and the Board shall have the right to accelerate any unpaid installments in the event an Owner is delinquent. All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

4.2 Special Assessments. In addition to the other assessments authorized by this Declaration, the Association may levy special assessments from time to time. Special assessments must be approved by the Members. 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.

4.3 Specific Assessment. The Board may assess Owners for expenses that benefit fewer than all of the Lots, which may be specifically assessed to the Lot or Lots benefited, and for expenses incurred to bring any Lot into compliance with the standards of conduct, maintenance and repair generally prevailing in the Community.

4.4 Purpose of Assessment. The assessments provided in this Declaration shall be used for the common benefit and enjoyment of the Owners and Occupants of Lots, as may be authorized from time to time by the Board. The Association is hereby authorized to levy assessments for expenses incurred or anticipated to be incurred by the Association in performing its responsibilities and exercising its rights and powers under this Declaration, the Association's Articles of Incorporation and the Bylaws, specifically including, but not limited to, the following:

- (a) expenses of maintaining, repairing, replacing, improving, and operating the Common Area and other areas in the Community for which the Association has responsibility pursuant to this Declaration, the Plat, and any other applicable covenants, contracts, or agreements;
- (b) amounts due to third parties who perform such tasks on behalf of the Association, and the costs of labor, equipment, materials, management, and supervision thereof;
- (c) the cost of utilities provided by the Association to its membership, if any;
- (d) taxes, if any, imposed on the Association;
- (e) the costs of insurance, if any, incurred by the Association;

- (f) expenses of monitoring and enforcing compliance with the provisions of the Declaration;
- (g) expenses arising out of the Association's indemnification obligations;
- (h) expenses of conducting architectural reviews as provided herein;
- (i) expenses of managing the Association, including compensation of management personnel, maintaining books and records, handling Association funds, providing financial reports, and corresponding with Members;
- (j) administrative expenses such as postage, copying expense, office supplies and equipment;
- (k) legal, accounting, and other professional fees; and
- (l) such other expenses as the Board deems necessary or desirable to keep the Community in good, clean and attractive condition, to maintain and enhance property values and marketability of Lots.

4.5 Late Charges. Any assessments or other charges not paid within ten (10) days of when due shall subject the delinquent Owner to a late charge of Ten Dollars (\$10.00) or Ten Percent (10%) of the amount due, whichever is greater. In addition, if any Owner becomes more than thirty (30) days delinquent in the payment of assessments, then the amount of such delinquent assessments shall incur interest at the rate of One and One-Half Percent (1.5%) per month for each month, or portion thereof, during which the same remain unpaid. In addition, and not to the exclusion of any other remedies available at law or equity, the Association may pursue any one or more of the following remedies upon ten (10) days written notice to such Owner: (i) institute legal action against the Owner in any court of competent jurisdiction; (ii) revoke the Owner's right to pay annual assessments in periodic installments and demand that the unpaid amount of that year's annual assessments be paid in full immediately; (iii) suspend the Owner's right to vote on matters requiring a vote of the membership of the Association; and (iv) suspend the Owner's privileges to use any or all of the Common Area (unless the Owner's rights of ingress or egress would be restricted thereby).

4.6 Personal Liability and Lien for Assessments. Each Owner shall be personally liable for the portion of each assessment coming due while the Owner of a Lot, and each grantee of an Owner shall be jointly and severally liable for the assessments which are due at the time of conveyance; provided, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings. In addition, all sums assessed against any Lot, Owner, or Member pursuant to this Declaration shall be secured by a lien on such Lot in favor of the Association upon filing a claim of lien in the Office of the Clerk of the Superior Court of Habersham County. The lien shall set forth the name and address of the Association, the name of the Owner of the Lot, a description of the Lot, and cover all assessments then due or which come due until the lien is canceled of record, and any other amounts provided in this Declaration or permitted by law. The lien of the Association shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; (b) liens for all sums unpaid on a first priority mortgage or Deed to Secure Debt; (c) liens arising by virtue of any mortgage in favor of the Federal Home Loan Bank; and (d) any lien arising by virtue of any mortgage in favor of Declarant which is duly recorded in the land records of Habersham County, Georgia. All other persons acquiring liens or encumbrances on any Lot after this Declaration is duly recorded shall be deemed to acknowledge that their liens are inferior to the lien of the Association for assessments in existence at that time or which arise in the future.

4.7 Certificate of Payment. The Association, within ten (10) business days after receiving a written request, shall furnish a certificate signed by an officer of the Association setting forth whether the assessments, other charges, and fines on a specified Lot have been paid. A properly executed certificate shall be binding upon the Association, the Board, and the Owner as of the date of issuance. The Board shall have the right to impose a reasonable charge for providing this certificate.

4.8 Annual Budget. At least twenty-one (21) days prior to each annual meeting of the Association, the Board shall prepare a budget summarizing the anticipated expenses and capital reserves of the Association for the proceeding calendar year, and shall deliver copies of the same to the Members. Said budget shall take effect on the first day of the proceeding calendar year unless duly disapproved by the Members at the annual meeting of the Association. If so disapproved, then the budget in effect for the current calendar year shall remain in effect until a new budget is approved at a special meeting of the Association called for such purpose in accordance with the Bylaws.

4.9 No Setoff or Deduction. No Owner may waive or otherwise exempt himself or herself from liability for the assessments provided for in this Declaration. No setoff, diminution, or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action, 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 is a separate and independent covenant on the part of each Owner and is not subject to setoff.

4.10 Date of Commencement of Assessments. Assessments on each Lot shall commence upon sale of such Lot by Declarant to any third party; provided, however, under no circumstances shall assessments commence upon a Lot until issuance of a certificate of occupancy for the Residence constructed upon such Lot. Assessments shall be adjusted according to the number of days after commencement remaining in that fiscal year.

4.11 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 (but shall not be required to) do any or all of the following to address deficits in the Association budget:

(a) Advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association and the sum of the annual, special, and specific assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of the Declarant. The failure of Declarant to obtain a promissory note shall not invalidate the debt.

(b) Cause the Association to borrow money from a third party at the then prevailing rates for such a loan in the local area of the Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution.

(c) Acquire property for, or provide services to, the Association or the Common Area. Declarant shall designate the value of the property or the services provided and such amounts, at the request of the Declarant, may be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Article.

4.12 Capital Contribution Due at Acquisition. Upon acquisition of record title to a Lot by each Owner other than Declarant or a Builder, a non-refundable contribution to the capital of the Association ("Capital Contribution") shall be collected from the purchaser of the Lot by the Association at closing. The capital contribution shall be an amount equal to one-half (1/2) of the annual assessment for the Lot being

purchased. The Capital Contribution shall be collectible in the same manner as assessments if not paid. The Capital Contribution may be used to help defray the cost of working capital and/or capital repairs and maintenance of the Common Area and Lots, as required of the Association by this Declaration.

ARTICLE V MAINTENANCE OF PROPERTY

5.1 Association Maintenance and Repair. The Association shall be responsible for operation, maintenance and repair of all portions of the Common Area, as defined in Article II, Section 2.1 above, including without limitation, each of the following:

- (a) maintenance and repair of the Private Road and any other private rights-of-way, as shown on the Plat, including all curbs, gutters, and other features thereof, notwithstanding that the same is constructed upon portions of the Lots;
- (b) operation, maintenance and repair of any and all common storm water drainage and retention facilities now or hereafter located within the Community, notwithstanding whether any portion or all of the same may be constructed upon one or more Lots;
- (c) maintenance of all front yard and side yard portions of the Lots which are not fenced, and all plants, trees and landscaping features installed upon any Lot or other portion of the Community, other than any fenced yard or patio area serving only one Residence; and
- (d) maintenance of any areas shown on the Plat as landscape buffers, non-impervious setbacks, mailboxes, mail kiosks, parks, greenspaces, or the like.

5.2 Owner Maintenance and Repair. All repair and maintenance of each Lot which are not the Association's responsibility as set forth herein shall be the responsibility of the Owner thereof, who shall maintain the same in a manner consistent with prevailing standards in the Community and this Declaration. Without limiting the generality of the foregoing, except as expressly set forth in Section 5.1 above or elsewhere herein, the following shall expressly be the sole responsibility of each Owner with respect to such Owner's Lot:

- (a) repair and maintenance of all exterior portions of the Residence, including roofs and roof systems, awnings and overhangs, exterior veneer, exterior doors and windows, decks, balconies, patios and terraces;
- (b) repair and maintenance of any and all exterior portions of his or her Lot which are not subject to any easements or rights-of-way in favor of other Lot Owners or the Association, including without limitation, regular maintenance, repair and replacement of all walls and fences, plants, trees and landscaping installed upon any portion of such Owner's Lot which is enclosed by a fence with no gate, or a locked gate, or which contains one or more outdoor pets which interfere with the Association's maintenance or repair of the same, or which is otherwise inaccessible to the Association;
- (c) repair and maintenance of all interior portions of his or her Residence; and
- (d) repair and maintenance of all fixtures and equipment, including utility lines, pipes, wires, conduits, and systems serving only such Owner's Lot, whether installed or located within or outside the boundaries of the Lot.

5.3 Mold and Mildew. Mold and mildew can grow in any portion of the Community that is exposed to elevated levels of moisture. Each Owner shall (i) regularly inspect all portions of his or her Residence which are visible and accessible without having to first conduct invasive testing, for the existence of mold, mildew, water intrusion and/or damage; (ii) upon discovery, immediately repair in a good and workmanlike condition the source of any water intrusion; (iii) remediate or replace any building material which has absorbed water or moisture as a result of such water intrusion; and (iv) promptly and regularly remediate all mold and/or mildew in accordance with current industry-accepted methods. In addition, each Owner and Occupant agrees to notify the Association of the discovery of mold, mildew, water intrusion and/or damage.

5.4 Discretionary Repair and Maintenance of Lots by Association. If the Board determines that 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, the Association may perform such maintenance, repair or replacement for the Owner at the expense of the Owner. Except in an emergency or where the circumstances otherwise prevent it, the Association shall give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice either to complete such maintenance, repair or replacement or to dispute in writing the necessity of the same. In the event that such maintenance, repair or replacement is not capable of completion within a ten (10) day period, any such work the necessity of which is not disputed by such Owner 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 such Owner's sole cost and expense and all costs shall be deemed a specific assessment against such Owner's Lot and shall be collectible as provided elsewhere herein.

ARTICLE VI USE RESTRICTIONS AND RULES

6.1 General. The Association, acting by and through its Board of Directors, shall have the right to make and enforce reasonable rules and regulations governing the use of the Lots and Common Area, and to enforce such rules and regulations by fines, special assessments or otherwise, in the same manner as provided in Article IV above. Each Owner shall be responsible for ensuring that all tenants, Occupants and guests of the Owner comply with said rules and regulations, if any, and with this Declaration, with the understanding that any violation thereof by tenants, Occupants and guests may result in action by the Association against any of said persons and/or the Owner. Fines may be levied against Owners and Occupants alike. If a fine is first levied against a tenant or Occupant and is not timely paid, the fine may then be levied against the Owner.

Regardless of whether or not any such rules and regulations are adopted by the Board, each Owner and all tenants, Occupants and guests of any Owner shall comply with the following use restrictions. Any and all rules and regulations adopted by the Board shall include the following restrictions, at a minimum, although the following may be amended pursuant to Section 12.4 below, and may be expanded upon by such rules and regulations to the extent that the same do not conflict with or contradict this Declaration, as the Board determines necessary in its reasonable discretion or as otherwise provided herein.

6.2 Permitted Business and Residential Uses. Each Residence may be used for home-office and other non-retail business uses, as permitted by law, including applicable zoning and other like ordinances, provided that no activity is carried on by any Owner or Occupant which (i) constitutes a nuisance, including but not limited to obnoxious odors or noises, or creates a hazard to the public or other Owners and Occupants; (ii) results in a substantial increase in foot traffic or vehicular traffic upon the Property; (iii) increases the Association's insurance premiums or affects its ability to qualify for any insurance for which it would have otherwise been qualified; (iv) requires a disproportionate use by the

Residence of Common Area parking spaces; or (v) is contrary to any rules or regulations adopted by the Association from time to time, if any. This Section 6.2 shall not apply to the use of any Residences by Declarant as model units, sales offices or the like.

6.3 Permitted Uses of Common Area. The Common Areas are designated for the use of all Owners, Occupants and guests of any Residence, notwithstanding each Lot Owner's fee simple title to those portions of the same which are situated on his or her Lot. No Owner, Occupant or guest shall cause or permit any use of the Common Area which is in conflict with the nature and intended uses thereof. No objects shall be placed or stored on the Common Area except by the Association or as otherwise provided herein. The Board may further restrict the use of the Common Area by properly enacted rules and regulations, and may provide for reservation of the same by Owners and Occupants. All Owners and their Occupants and guests shall use the Common Area at their own risk.

6.4 Architectural Standards. No exterior construction, alteration, addition or enhancement of any type whatsoever shall be commenced or placed upon any part of a Lot or Common Area except that installed by the Declarant, or approved in accordance with this Article, or otherwise expressly permitted herein. No exterior construction, addition, alteration or enhancement of any kind, nor any interior construction, alteration, addition or enhancement which involves structural changes or affects the exterior appearance of the Residence, shall be made to a Residence by any Owner other than Declarant unless and until the following shall have been submitted in writing to and approved in writing by the Board: (a) plans and specifications showing at least the nature, kind, shape, height, color, materials and location of the same, (b) evidence that the same will be performed only by licensed and bonded contractors, and (c) copies of building permits or other evidence that the same has been approved by all agencies or authorities having jurisdiction over the same.

The Board shall have the right to approve or disapprove contractors or subcontractors who desire access to the Community for the purpose of making repairs or improvements to Residences, based on rules and regulations adopted by the Board from time to time, which may include, without limitation, financial stability of the contractors and/or subcontractors, history of compliance with the rules and regulations of the Association, and other factors that may be reflective of quality and ability. Approval of a contractor or other such person shall not be unreasonably withheld. The Board may also impose insurance requirements and collect other non-refundable fees for use of the driveway other Common Areas by contractors or movers. Any construction or renovation activity in any Residence which is detectible by sound or vibration from outside the Unit shall be permitted only between the hours of 9:00 a.m and 7:00 p.m. Each Owner and Occupant shall be responsible for their contractors' compliance with this Declaration, including but not limited to this Section 6.4.

The Board may employ architects, engineers or other persons as it deems necessary to perform its review and may, from time to time, delegate any of its rights or responsibilities hereunder to one or more of such persons, who shall have full authority to act on behalf of the Board for all matters so delegated. Written design guidelines and procedures may be adopted for the exercise of this review, which guidelines may provide for a review fee. If the Board fails to approve or to disapprove submitted plans and specifications within sixty (60) days after the plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. The Board shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions.

Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any Lot to inspect for the purpose of ascertaining whether or not these persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Article, the Board may, as provided in this Declaration, record in the appropriate land records a notice of violation naming the violating Owner.

Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Board, the members thereof, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications. Neither Declarant, the Association, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that such person or Owner will not bring any action or suit against Declarant, the Association, the Board, 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 judgments, 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.

6.5 Private Road and Driveways. Vehicles may be parked in an Owner's garage or driveway, provided any vehicles (including golf carts and off-road recreational vehicles) in excess of two (2) per Lot must be parked or stored within an enclosed garage. No vehicles may be parked upon, or encroaching upon, the Private Road in a manner which interferes with the rights of other Owners or Occupants, or otherwise impedes the ingress and egress of emergency vehicles, delivery vehicles, or other vehicular or pedestrian access, ingress or egress. No curbs, barriers, fences, or other obstructions shall be erected upon any Lot which impede or interfere in any way with the free flow of vehicular and pedestrian traffic along the Private Road.

No vehicles or other items or equipment, other than standard passenger vehicles, may be stored or parked upon any driveway or Common Area, or otherwise left unattended upon any portion of the Property for any length of time. For purposes hereof, pickup trucks with no more than three (3) axels shall be deemed standard passenger vehicles, provided the same do not have any names, logos, branding or other markings identifying the same as commercial vehicles. No debris, materials, supplies, tools or equipment may be stored in the flatbed of any pickup truck within the Community for more than forty-eight (48) hours unless the same is enclosed with a permanent truck bed cover.

The Board may adopt other reasonable rules and regulations governing the use of the Private Road and shall have the power to enforce the same and the provisions hereof by fines or special assessments, as provided in Article IV hereof, by towing or booting of vehicles, or by any other means permitted by law. Each Owner, Occupant and guest making use of the Private Road shall be solely responsible for his or her own safety and for the security of his or her vehicle and all contents thereof.

6.6 Garages. No garage may be converted to any other use except with Board approval as provided in Section 6.4 above, and only if the exterior appearance of the garage will be unchanged after any such conversion. Garages shall be used solely for the storage of motor vehicles and other personal property, and shall under no circumstances be used for storage of any hazardous materials nor any property or materials which create a nuisance or any hazardous condition, which would increase the Association's or another Owner's insurance premiums, or which might cause the Association or any other Owner to be disqualified from any insurance for which they would have otherwise been qualified. No garage may be converted to living space, provided this restriction shall not apply to any room, loft or other space above any garage which is suitable to be finished as living space.

6.7 Antennas. The installation of antennas, satellite dishes and other similar or related equipment or apparatus for the transmission and/or reception of television, radio, data or other signals shall

be subject to such rules and regulations adopted from time to time by the Board. Such rules and regulations shall be enforceable as if fully set forth herein. Satellite dishes measuring greater than one (1) meter in diameter or other signal receiving or transmitting antennas and devices attached to a roof extending more than six (6) feet above the highest part of the roof of any residence are expressly prohibited. No antenna or satellite dish may be installed without prior, written approval of the Board, as well as the Declarant so long as it owns at least one Residence. Approval of any antenna or satellite dish may include restrictions on location and visibility, so long as such restrictions do not require installation of the same in a location from which signals and transmissions cannot be received.

6.8 Decks, Patios and Terraces. No deck, patio or terrace may be enclosed in any manner except by the Declarant as part of the original construction of the same. Any grills, fire pits, outdoor fireplaces, hot tubs, jacuzzis or other such objects which may be installed, placed or stored upon any Lot must be covered when not in use and kept well-maintained, and must comply with the architectural controls set forth in Section 6.4 above and with all applicable laws and ordinances, including all applicable building codes, zoning and fire ordinances. All hot tubs and jacuzzis must be installed at ground level and screened from view such that the same are not visible from the Common Area, the Private Road or any public right-of-way. The Association may adopt additional rules and regulations governing use of the decks, patios and terraces.

6.9 Signage. No signs of any type may be installed or maintained by any Owner or Occupant upon the Common Area, the exterior portion of any Lot or Residence, or the interior of any Residence if visible from outside the Residence, including on the inside or outside of any door or window; provided, however, that security signs measuring no more than one foot by one foot (1' x 1') in area may be placed upon any street-level door or window of a Residence, and For Sale and For Lease signs of customary appearance measuring no more than two feet by three feet (2' x 3') in area may be placed upon any grassed portion of a Lot. Any signs installed or maintained as permitted hereby shall comply with applicable zoning and other local ordinances and restrictions. The Board may adopt additional rules and regulations governing the installation and display of signage in the Community.

6.10 Yard Art and Seasonal Decorations. No concrete or synthetic statuary, plastic decorations, flags, banners, yard art or similar exterior décor may be installed on any part of a Lot, except that a limited number of wood, stone or metal sculpture, bird baths, fountains, benches, or the like, may be installed with prior approval from the Board, in keeping with any such décor previously permitted by the Board, if any. Seasonal decorations are not permitted on any Lot except during the one (1) month period preceding, and the one (1) week period following, the holiday for which normal and customary decorations are generally intended.

6.11 Fences. Fences and other barriers may only be erected and maintained, whether upon a Lot or the Common Area, by the Association. Notwithstanding anything to the contrary set forth herein, the Declarant (so long as it still owns a Lot in the Community) and the Board shall have the right to erect fencing of any type considered appropriate or desirable upon any Lot owned by Declarant and upon the Common Area. No portion of any Lot may be fenced by the Owner thereof by a privacy fence, nor by any other type of fence except with the prior written consent of the Declarant or the Board.

6.12 Exterior Repairs and Maintenance. The exterior portions of each Residence and Lot shall be maintained and repaired by the owner thereof on a regular basis, in a quality and manner consistent with the prevailing standards within the Community. Without limiting the generality of the foregoing, each Residence must be pressure-washed and the windows cleaned on no less than an annual basis, and repainted prior to any visible wear, chipping or fading. Landscaping must be maintained on a weekly basis, including without limitation, removal of weeds and other invasive species, trimming of shrubbery, mowing of lawns, removal of leaves, mulching and/or grooming of beds, and replenishment of gravel as necessary.

6.13 Windows and Window Treatments. No tinted, obscure, mirrored or dark glass may be installed upon any exterior door or window, nor may any foil or other reflective material be maintained behind any window. All window treatments shall be white or off-white as visible from outside of a Residence. Under no circumstances may any Owner or Occupant install window bars or similar security devices on any window or exterior door of his or her Residence.

6.14 Animals and Pets. No more than two (2) dogs, and no more than two (2) cats, plus a reasonable number of other common household pets, may be kept in any Residence. No pit bulls, rottweillers, snakes, potbellied pigs, reptiles or other exotic pets may be brought onto nor kept in any portion of the Community at any time by any Owner, Occupant, guest or invitee. No livestock, poultry or other such animals may be raised, bred, kept, or permitted in any Residence or the Common Areas, and no animals shall be kept, bred, or maintained in the Community for any commercial purpose.

Dogs must be kept inside the owner's Residence after dusk each evening and before dawn each morning. Dogs may not be chained, caged or otherwise restrained in any back yard or other exterior portion of any Lot or the Common Area. When outside of a Residence or enclosed back yard, all animals shall be kept on a leash and accompanied by their owner at all times. All pets shall be registered, licensed, and vaccinated as required by law. Pets which endanger health, make objectionable noise, or constitute a nuisance or unreasonable inconvenience to other Owners or Occupants must be removed by their owner upon request of the Board. All yards must be maintained in a first-class manner by the owners thereof, consistent with prevailing standards within the Community, regardless of the presence of any dogs or their digging habits. Feces left upon any Lot or the Common Area must be immediately removed by the person responsible for the pet and properly disposed of.

6.15 Trash Collection. All rubbish, trash, and garbage shall be regularly removed from each Residence and shall not be allowed to accumulate therein. Each Owner and Occupant shall be responsible for ensuring that his or her garbage is disposed of properly, on a regular basis, that trash receptacles are used properly and do not remain at the curb or on the driveway on trash collection days for longer than twelve (12) hours at a time.

6.16 Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt conditions. No Residence or the Common Area shall be used, in whole or in part, for the storage of any property or thing that will cause the Community to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property.

6.17 Subdivision/Merger of Lot. No existing Lots shall be merged nor shall any Lot be subdivided or its boundary lines changed. Declarant, however, hereby expressly reserves the right to merge multiple Lots, subdivide any existing Lot, or otherwise replat any Lots owned by it. Any such merger, division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations. Declarant's right to merge, subdivide, change the boundary line of, or otherwise replat any Lot shall include the right to change the configuration of streets and otherwise make changes on the final Plats for the Community as to how streets and common areas in the Community are laid out.

6.18 Yard Sales. No yard sales shall be permitted within the Community, using any portion of the Common Area or any Lot.

6.19 Other. The Board may adopt additional rules and regulations, not inconsistent herewith, governing other uses of the Residences and Common Area which the Board, in its reasonable discretion, deems necessary or appropriate.

ARTICLE VII INSURANCE AND CASUALTY LOSSES

7.1 Insurance on Common Area. Prior to or within thirty (30) days after Declarant's turnover of control of the Board of Directors to the Owners, the Board or a duly authorized agent of the Association shall obtain insurance for the Common Areas then owned by the Association, including all insurable improvements located thereon. This insurance shall provide, at a minimum, fire and extended coverage and, if the Board so agrees, 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, which may exclude improvements and betterments by Owners.

7.2 Liability Insurance. Prior to or within thirty (30) days after Declarant's turnover of control of the Board of Directors to the Owners, the Board shall obtain a general commercial liability policy applicable to the Common Area covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00).

7.3 Premiums. Premiums for all insurance shall be common expenses of the Association. The policies may contain reasonable deductibles as determined by the Board, 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.

7.4 Other Requirements. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective benefited parties, as further identified below. The Board shall use its best efforts to comply with these provisions:

- (a) All policies shall be written with a company authorized to do business in Georgia.
- (b) Exclusive authority to settle 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 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 reasonably available, and all insurance policies shall be reviewed periodically.
- (e) All insurance policies shall provide (1) 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 servants, agents and guests; (2) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash; (3) that no policy may be canceled, invalidated or suspended on account of any one or more individual Owners; (4) 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 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; (5) that any "other insurance" clause exclude individual Owners' policies from consideration; and (6) that no policy may be canceled, subjected to nonrenewal or substantially modified without at least thirty (30) days prior written notice to the Association.

7.5 Other Policies and Bonds. In addition to the other insurance required by this Article, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on directors, officers, employees and other persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall be determined in the three (3) months' assessments plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled, subjected to nonrenewal, or substantially modified without at least thirty (30) days prior written notice to the Association.

7.6 Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner acknowledges that the Association only provides the types and amounts of insurance provided herein and required by law. Each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket "all-risk" casualty insurance on his or her Lot and Residence, and a liability policy covering damage or injury occurring on his or her Lot to the extent the same is not covered by insurance obtained by the Association. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an "all-risk" policy, if reasonably available, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction of the Residence in the event of damage or destruction from any such hazard. If all-risk coverage is not reasonably available, Owners shall obtain, at a minimum, fire and extended coverage. The policies required hereunder shall be in effect at all times. Authority to adjust losses under policies obtained by an Owner shall be vested in the Owner. The losses under policies obtained by an Owner shall be vested in the Owner. The Association shall have the right, but not the obligation, at the expense of the Owner, to acquire the insurance required to be maintained by the Owner if the Owner fails to provide a valid policy to the Association with a prepaid receipt within ten (10) days after receipt by the Owner of a written request from the Association. If the Association acquires insurance on behalf of any Owner, the cost thereof shall be assessed against the Owner and the Lot as a specific assessment.

7.7 Damage and Destruction -- Insured by Association

(a) Immediately after damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article, 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 necessitated by changes in applicable building codes.

(b) Any damage or destruction to property covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the total Association vote 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.

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

(d) If the Association determines any damage or destruction shall not be repaired or reconstructed and no alternate improvements are authorized, then the property shall be restored to a natural state and maintained as an undeveloped portion of the Community by the Association.

7.8 Damage and Destruction -- Insured by Owners. 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 completed within a reasonable time thereafter. Alternatively, the Owner may 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 shall have all enforcement powers specified in this Declaration.

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

ARTICLE VIII CONDEMNATION

In the event a taking by eminent domain of any portion of the Common Area upon which improvements have been constructed, then unless within sixty (60) days after such taking the Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor. The provisions of this Declaration applicable to Common Area improvements damage shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE IX MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first mortgages on Lots. The provisions of this Article apply to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.

9.1 Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides a 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 casualty loss which affects a material portion of the Property 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 to the Association by any 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 the Owner of the encumbered Lot of any obligation under this Declaration or the Bylaws which is not cured within sixty (60) days; and

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

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

9.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.

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

9.5 Amendments by Declarant or Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD or VA subsequently (a) delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, or (b) add new requirements or make any existing requirements more stringent, the Declarant or the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

ARTICLE X EASEMENTS

10.1 Easements for Use and Enjoyment. In addition to the rights and easements granted by Section 2.2 above, the Owners of Lots and their Occupants, guests and invitees shall have a right and easement of ingress, egress, use and enjoyment in and to all portions of the Community designated as Common Area, which rights and easements shall be appurtenant to and shall pass with the title to each Lot. Each portion of the Common Area shall be used for its intended purposes and subject in all respects to the terms, conditions, restrictions and limitations contained herein.

10.2 Support, Repair and Maintenance Easements. Each Owner of a Lot shall have the following rights and easements, which shall be appurtenant to and shall pass with the title to such Lot:

(a) a non-exclusive easement of support which shall burden all portions of the Common Area and other Lots which support or which contribute to the support of his or her Lot or Residence;

(b) a non-exclusive easement over and upon any portions of another Lot upon which are located any ducts, conduits, pipes, wires or other such systems or apparatus serving the Residence;

(c) a non-exclusive easement over and upon any portion of another Lot upon which are located any utility meters, air conditioning or heating equipment, plumbing, electrical, communications or other systems or apparatus, which serve the Residence;

(d) a non-exclusive access and maintenance easement over adjacent Lots, to the extent reasonably necessary to perform maintenance and repair of his or her Residence, provided that exercise of this easement shall be done after reasonable notice and in an expeditious manner, and that upon completion of the work, the easement holder shall restore the easement property to its prior condition to the extent reasonably practicable; and

(e) an exclusive, permanent easement over and upon any portions of another Lot upon which are located minor encroachments of any portions of such Residence, it being understood that in interpreting the boundaries of the Lots as described herein and as depicted on the Plat, the existing physical boundaries of the Residences as originally constructed shall be conclusively presumed to form the boundary line between the Lots, regardless of minor variances between the boundaries shown on the Plat and those of the Residences as originally constructed, and regardless of minor settling or lateral movement of the structure thereafter.

10.3 Easements for Private Road. The Owners and the Association, and their respective Permittees, shall have perpetual, non-exclusive, conditional easements for access, ingress and egress for pedestrian and vehicular traffic over and upon the Private Road. At no time may any vehicles or other items or equipment be parked or stored on any portion of the Private Road in such a way as to interfere with the Association's nor any other Owners' or their Permittees' use of the same, or which impede or interfere in any way with the free flow of vehicular and pedestrian traffic.

10.4 Easement for Common Areas. Declarant hereby expressly reserves a perpetual, exclusive easement for the Association over and upon all portions of the Lots which are shown on the Plat as common area, amenities, mail kiosks or cluster box units (CBU's) for delivery of mail, greenspace, open areas, or the like.

10.5 Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Community, determined in the reasonable discretion of the Board, as are necessary to allow for the maintenance required by this Declaration. Such maintenance shall be performed with a minimum of interference to the Owners' quiet enjoyment of their respective Lots, reasonable steps shall be taken to protect such property, and damage shall be repaired by the party causing the damage at its sole expense.

10.6 Easement to Inspect and Right to Correct. Declarant reserves for itself, the Association and such other persons as it may designate, perpetual non-exclusive easements throughout the Community to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning or correcting any portion thereof, including all improvements and other structures located thereon. Declarant shall have the right to redesign or correct any part thereof. Damage caused upon any Lot resulting from the exercise of this easement or right of entry shall promptly be repaired by, and at the expense of, the party exercising the easement right.

10.7 Construction and Sale Period Easement. Notwithstanding any provisions contained in the Declaration, the Bylaws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right to subject Additional Property to this Declaration terminates, and thereafter so long as Declarant owns at least one Lot in the Community primarily for purpose of development or sale, Declarant reserves an easement across the Community for Declarant and any agents, representatives, contractors, builders or developers approved by Declarant to maintain and carry on development, marketing and sales activities, upon such portion of the Community as Declarant may

reasonably deem necessary. This reserved easement shall include an easement for such facilities and activities which, in the sole opinion of Declarant, may be required, convenient, or incidental to the development, construction, and sales activities related to property within or near the Community. This easement shall include, without limitation:

- (a) the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on, or in any Lot or other portion of the Community;
- (b) the right to tie into any portion of the Community with driveways, parking areas and walkways;
- (c) the right to tie into or otherwise connect to and use, replace, relocate, maintain and repair any device which provides utilities or similar services, without a tap-on or any other fee for so doing;
- (d) the right to carry on sales and promotional activities in the Community;
- (e) the right to place directional and marketing signs on any portion of the Community, including any Lot or Common Area; and
- (f) the right to construct and operate business offices, construction trailers, model homes, sales and leasing offices incidental to Declarant's construction, development, sales and leasing activities.

Rights exercised pursuant to this Section 10.7 shall be exercised with a minimum of interference to the quiet enjoyment of affected property, and reasonable steps shall be taken to protect such property from damage. Any damage shall be repaired by the party causing the damage at its sole expense. This subsection shall not be amended without the Declarant's express written consent until the Declarant's rights hereunder have terminated as provided in this Declaration.

ARTICLE XI LEASING RESTRICTIONS

11.1 General Prohibition of Leasing; Exceptions. Except as provided elsewhere herein, the leasing of Residences is prohibited. For all purposes hereof, "leasing" of a Residence shall be defined as the regular, exclusive occupancy of the Residence by any person other than its Owner, except that leasing shall not include occupancy by the children, parents and spouses of Owners, the roommate of any Owner who occupies the Residence as his or her primary residence, or guests of any Owner for periods not to exceed fourteen (14) consecutive days.

This Section 11.1 shall not apply to any leasing transaction entered into by the Association, the Declarant (regardless of whether said lease is entered into prior to or after expiration of Declarant's right to appoint and remove officers and directors of the Association pursuant to the Bylaws), or any Mortgagee who becomes the Owner of a Residence through foreclosure or similar means in lieu of foreclosure. Such parties shall not be required to obtain a leasing permit, as described below, and such Residences shall not be counted when determining the maximum number of Residences that may be leased in accordance with this Article XI.

In addition, this Section 11.1 shall not apply to any Owner's leasing of an additional dwelling unit ("ADU") located upon their Lot, provided the Owner continues to occupy the Residence as their primary residence. For purposes hereof, an ADU shall be defined as a carriage house, detached garage apartment unit, or basement in-law suite, provided the same has its own entrance and kitchen, and at least one full

bathroom. The leasing of ADUs shall be subject to Sections 11.5 and 11.6 below, but shall not require a leasing permit and otherwise shall not be subject to Sections 11.2, 11.3 or 11.4 below.

11.2 Leasing Permits. Any Owner who is not delinquent in payment of assessments, or otherwise in breach of such Owner's duties hereunder, may apply to the Board for a leasing permit allowing the Owner to lease his or her Residence. A leasing permit shall state any and all conditions set by the Board consistent herewith and shall be valid only as to the Owner applying for the same and such Owner's Residence. Leasing permits may not be transferred or assigned to other Residences or their Owners, provided they may be transferred or assigned to successors in title to the same Residence. Nothing contained herein shall be construed as granting any authority to the Board or the Association to approve or disapprove any proposed tenant.

11.3 Request for Leasing Permit. The Board shall approve any written request for a leasing permit from the purchaser or Owner of a Residence, so long as issuance of a leasing permit for the Residence will not result in more than twenty percent (20%) of the Residences in the Community (excluding Residences owned by the Declarant) having leasing permits. In addition, the Board may issue a leasing permit to the Owner of any Residence who would suffer a substantial hardship if denied the privilege of leasing such Owner's Residence, in the reasonable discretion of the Board (and the Declarant, so long as Declarant owns a Lot in the Community). Any such approval or denial shall be made in the Board's sole, reasonable discretion, based on the nature, degree, and likely duration of the hardship, the harm, if any, which could result to the Community by allowance of the permit, and the extent to which the number of Residences with current, valid leasing permits would exceed twenty percent (20%) upon issuance of the same. Owners who have been denied leasing permits after written request therefor shall automatically be placed on a waiting list for a leasing permit and shall have priority over any Owner who makes a later request.

11.4 Revocation and Expiration of Leasing Permits. A leasing permit shall be automatically revoked if the Residence for which it has been issued is not leased during any period of ninety (90) consecutive days after issuance of the permit. In addition, any leasing permit issued pursuant to a hardship shall be automatically revoked after the expiration of one (1) year after its issuance, or if during the said one-year term, the Owner is issued a leasing permit on a non-hardship basis.

11.5 Lease Terms. Unless otherwise approved by the Board, no lease agreement entered into for any Residence or ADU shall be for a term of less than nine (9) months, provided that a lease may convert to a month-to-month term after the first year of occupancy. No Residence or ADU may be leased except in its entirety. In addition, all lease agreements shall include the following:

- (a) a covenant by the tenant to comply with the terms of this Declaration and all rules and regulations adopted by the Association in accordance therewith;
- (b) a prohibition against any subleasing or assignment of the lease without prior written approval of the Board;
- (c) a delegation to the Board by the Owner of the Owner's rights to enforce the terms of the lease and this Declaration against the tenant, including but not limited to the right to evict a tenant as provided by law and in the lease;
- (d) a transfer to the tenant of all of the Owner's rights to use of the Common Areas in the Community;

(e) an assignment to the Association of, and delegation of the right to collect payment of, all rents payable by the tenant to the Owner, to the extent of any unpaid assessments due from the Owner to the Association from time to time; and

(f) any other provisions required by law, it being the responsibility of each Owner to be familiar and to comply with all applicable laws and regulations, as well as any and all restrictions and requirements imposed by lenders having or considering a security interest in such Owner's Lot.

In addition, it shall be the responsibility of each Owner to provide his, her or its tenants with copies of this Declaration, the Association's current bylaws, and any Association rules and regulations adopted from time to time by the Board.

11.6 Notice of Lease Agreements. Each Owner shall provide the Board a copy of all proposed leases within seven (7) days prior to the effective date thereof, in order to ensure compliance with this provision. If a lease is disapproved, the Board shall notify the Owner of the reasons for such disapproval and any actions necessary to bring the lease into compliance herewith. In addition, within ten (10) days after executing a lease agreement for the lease of a Residence or ADU, the Owner shall provide the Board a copy of the lease and the name of each person other than the tenant(s) named therein who will occupy the Residence or ADU pursuant thereto. In addition, in the case of any Lot which is owned or leased by a legal entity other than a natural person, the Owner shall identify to the Board, in writing, the persons who are authorized to occupy the Residence located upon its Lot. No Owner may change tenants (or change the designation of who is authorized to occupy the Residence, in the case of a legal entity) more frequently than once every six (6) months.

ARTICLE XII GENERAL PROVISIONS

12.1 Enforcement. Each Owner and Occupant shall comply strictly with the Bylaws, with any rules and regulations adopted by the Board from time to time, with the covenants, conditions and restrictions set forth in this Declaration, and with any such restrictions which may be placed in the deed to such Owner's Lot. In the event of a conflict between the provisions of this Declaration and the Bylaws, or this Declaration and any deed covenants, this Declaration shall prevail. The Board may impose fines or other sanctions for violation of any of the same, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws 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, on behalf of the Association, or in a proper case by an aggrieved Owner. If a fine or sanction is imposed it may continue without further hearing until the violation is cured. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of violation of this Declaration, Bylaws or the rules and regulations 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.

12.2 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 any Lot or any other portion of the Property to abate or remove, using such force as may be reasonably necessary as allowed by law, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations or the use restriction or to cutoff or read water/sewer meters serving the Property. Unless an emergency situation exists, the Board shall give the violating Owner ten (10) days written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney fees, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

12.3 Duration. The covenants and restrictions of this Declaration shall run with the title the Property and all portions thereof, and shall inure to the benefit of and shall be enforceable by the Declarant, the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for an initial period of twenty (20) years. Thereafter, this Declaration automatically shall be extended for successive periods of twenty (20) years, unless a written instrument reflecting disapproval of such renewal is executed by the then Owners of more than eighty percent (80%) of the Lots and recorded within the year immediately preceding the beginning of any such twenty (20) year renewal period.

12.4 Amendment. This Declaration may be amended only upon the consent or vote of at least two-thirds (2/3) of the Members, except for specific amendments for which a greater or lesser number of votes is required as provided elsewhere in this Declaration or the Bylaws, and if the Declarant still owns any Lot in the Community, also upon the affirmative written consent of the Declarant. In addition, so long as Declarant owns a Lot in the Community, this Declaration may be amended unilaterally by Declarant as follows, provided that no such amendment shall adversely affect the title to any Owner's Lot unless any such Owner shall consent in writing:

(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 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, the Department of Housing and Urban Development, the Veterans Administration, 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 private insurance company to insure or guarantee mortgage loans on the Lots subject to this Declaration

12.5 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.

12.6 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if 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.

12.7 Captions. The captions 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.

12.8 Indemnification. To the fullest extent allowed by applicable law, the Association shall indemnify every officer of the Association and director of the Association against any and all expenses, including, without limitation, attorney fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with

respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. This indemnification shall also include attorney fees and expenses incurred in enforcing this indemnification. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

12.9 Books and Records. This Declaration, the Bylaws, 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 the duly appointed representative of any member and by the holders, insurers, or guarantors of first mortgages, at any reasonable time and for a purpose reasonably related to such party's interest as a member or holder, insurer, or guarantor of a first mortgage, at the office of the Association or at such other reasonable place as the Board shall prescribe. The Board shall establish reasonable rules with respect to (1) the notice to be given to the custodian of the records; (2) the hours and days of the work when such an inspection may be made; and (3) the payment of the cost of reproducing copies of such documents. In addition, 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.

12.10 Financial Review. A review of the books and records of the Association shall be made annually in the manner as the Board may decide; provided, however, after having received the Board's financial statements at their annual meeting, the Owners may require that the accounts 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 necessary costs, such holder shall be entitled to receive a copy of audited financial statements within ninety (90) days of the date of the request.

12.11 Notice of Sale or Acquisition. In the event an Owner sells such Owner's Lot, the Owner shall give to the Association, in writing, prior to the effective date of such sale, the name of the purchaser of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require.

12.12 Agreements. Subject to the prior approval of Declarant (so long as Declarant owns a Lot) all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal representatives, successors, assigns and others having an interest in the Property or the privilege of possession and enjoyment of any part of the Property.

12.13 Implied Rights. The Association may exercise any right or privilege given to it expressly by the Declaration, the Bylaws, the Association's articles of incorporation, any use restrictions 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.

12.14 Variances. Notwithstanding anything to the contrary contained herein, the Declarant and the Board or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws, and any rule, regulation or use restriction adopted 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.

12.15 Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by the Owners. This Article 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 this Declaration; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings against it. This Article shall not be amended during the time period when Declarant owns any Lot for development or sale, unless such amendment is made by the Declarant.

12.16 Security. The Declarant or the Association may, from time to time, provide measures of security on the Property. However, neither the Declarant nor the Association is a provider of security, and neither of said parties shall have any duty to provide security in the Community. The obligation to provide security lies solely with each Owner and Occupant individually. Neither the Declarant nor the Association shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken, if any.

IN WITNESS WHEREOF, the Declarant and Co-Owners hereby execute this instrument under seal the day and year first above written.

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

Signed, sealed and delivered
in the presence of:

Unofficial Witness

Notary Public

DECLARANT:

WTS CLARKESVILLE LLC

By: _____ (SEAL)
William Lewis Oliver III,
as Managing Member

CO-OWNERS:

MCBEV ONE, LLC

By: _____ (SEAL)
James M. Beveridge,
as Managing Manager

COURTYARDS DEVELOPMENT LLC

By: _____ (SEAL)
James M. Beveridge,
as Managing Member

EXHIBIT "A"

Property Subject to Declaration

ALL THAT TRACT or parcel of land lying and being in Land Lot 2 of the 12th Land District of the City of Clarkesville, Habersham County, Georgia, being designated as Lots 1 through 6, inclusive, as per boundary survey and plat of record at Plat Book 74, Page 54, Habersham County, Georgia records. Reference to said plat is hereby made for a more complete and accurate description of said property.

EXHIBIT "B"

BYLAWS

OF

BOXWOOD COTTAGES HOMEOWNERS ASSOCIATION, INC.

**BYLAWS
OF
BOXWOOD COTTAGES HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I - MEMBERSHIP

Section 1. Name. The name of the nonprofit corporation governed hereby shall be Boxwood Cottages Homeowners Association, Inc. (the "Association").

Section 2. Membership. The Members of the Association shall be those persons who are determined to be members in accordance with Article III, Section 1 of the Declaration of Protective and Restrictive Covenants, Easements and Conditions (the "Declaration") for the residential community known as Boxwood Cottages in Habersham County, Georgia (the "Community"), and to be filed for record in the Office of the Clerk of the Superior Court of Habersham County, Georgia, as such Declaration may be amended from time to time. All capitalized terms used in these Bylaws shall have the same meaning as set forth in the Declaration unless otherwise defined herein.

ARTICLE II - MEETINGS OF MEMBERS

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

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur no later than ninety (90) days after the close of the Association's fiscal year.

Section 3. Special Meetings. The President may call a special meeting of the Association upon his or her own initiative. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by at least fifteen percent (15%) of the total eligible Association vote (the consent of the Declarant shall not be required). The notice of any special meeting shall state the date, time, and place of such meeting and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Lot (as shown in the records of the Association) a notice of each annual or special meeting of the Association, stating the time and place where it is to be held, and if a special meeting, the purpose or purposes of the meeting. If an Owner wishes notice to be given at an address other than the address for his or her Lot, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than seven (7) days nor more than forty-five (45) days before any special meeting, and not less than thirty (30) days nor more than forty-five (45) days before each annual meeting.

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

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

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

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

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

Section 10. Action Without a Formal Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting by written consent, provided that (a) each consent sets forth with specificity the action so taken, (b) signed consents are received by Members who collectively hold the voting power which would be required to pass such action if a meeting were held on the signature date of the last required consent, and (c) such action is consented to by the Declarant, if required. Such action shall be effective upon receipt by the Association of a sufficient number of consents executed by current Members unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, each director must reside in the Community and must be an Owner or the spouse or cohabitant of an Owner; provided, however, that no person may serve on the Board concurrently with any other person who is the Owner, or the spouse or cohabitant of the Owner, of the same Lot as that person. For purposes of this Article III, the "cohabitant" of an Owner shall mean someone who occupies that Owner's Lot as his or her primary residence on an indefinite basis.

Section 2. Directors Appointed by Declarant. The Declarant shall have the right to appoint and remove directors and officers of the Association until such time as the first of the following events shall occur: (a) the expiration of ten (10) years after the date of recording of the Declaration; (b) after all of the Lots have been conveyed to persons who are not the Declarant; or (c) the surrender by Declarant in writing of the authority to appoint and remove directors and officers of the Association. The directors and officers selected by the Declarant need not be Owners or residents in the Community.

Section 3. Number of Directors. During the period of Declarant control of the Board, as set forth in Section 2 above, the Board shall be composed of between one (1) and three (3) directors selected by the Declarant. Thereafter, the Board shall be composed of three (3) directors.

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

Section 5. Election and Term of Office. Directors selected by Declarant shall hold office until removed by the Declarant or the selection of new directors by the Members after expiration of the period set forth in Section 2 above. Directors other than those selected by Declarant shall be elected and hold office as follows:

(a) After the Declarant's right to appoint directors and officers terminates, the Association shall call a special meeting to be held at which Members shall elect a Board. Thereafter, directors shall be elected at each annual meeting of the Association. All eligible Members of the Association shall vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected.

(b) The term of the directors shall be fixed at one (1) year. Each director shall hold office until his or her successor shall have been elected by the Association.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any director may be removed, with or without cause, by a majority of the total eligible Association vote and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive absences from Board meetings or who is delinquent in the payment of an assessment for more than thirty (30) days may be removed by the remaining directors at a meeting. This Section shall not apply to directors appointed by Declarant.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director pursuant to Section 6 above, shall be filled by the remaining directors at any meeting of the Board. Each person so selected shall serve the unexpired portion of the term of his or her predecessor.

Section 8. Committees. Committees may be formed by the Board of Directors to perform such tasks and to serve for such periods as may be designated by the Board or as required by the Declaration. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board designating the committee or other rules adopted by the Board.

Section 9. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, the Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, by way of explanation but not limitation:

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

(b) Making assessments to defray the common expenses, establishing the means and methods of collecting such assessments;

- (c) Providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;
- (d) Designing, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) Collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) Making and amending use restrictions and rules and regulations;
- (g) Opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) Enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Members concerning the Association;
- (i) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (j) Paying the cost of all services rendered to the Association or its Members which are not directly chargeable to Owners;
- (k) Borrowing money, without the approval of the Members of the Association, in furtherance of its duties hereunder;
- (l) Keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and
- (m) Contracting with any person for the performance of various duties and functions.

ARTICLE IV - MEETINGS OF THE BOARD

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, provided at least one (1) such meeting shall be held during each fiscal year, immediately following the annual meeting of the Members. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President or any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; or (c) by commercial delivery service to such director's home or office. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notices sent by first class mail or commercial delivery shall be sent at least four (4) days before the time set for the meeting. Notices given by personal delivery shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 3. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 4. Quorum of Board of Directors. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, provided that the votes of a majority of the directors, present or absent, shall be required to approve a decision of the Board.

Section 5. Compensation. No director or officer shall receive any compensation from the Association for acting as such.

Section 6. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. However, the Board may adjourn a meeting and reconvene in private to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and order of business of a similar nature. The nature of any and all business to be considered in private shall first be announced in open session.

Section 7. Action Without a Formal Meeting. Any action that may be taken at a meeting of the directors may be taken without a meeting if one or more consents, in writing, setting forth the action so taken, shall be signed by a majority of the directors and delivered to the Association for inclusion in the minutes for filing in the corporate records.

Section 8. Telephonic Participation. One or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time and those directors so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

ARTICLE V - OFFICERS

Section 1. Officers. The officers of the Association shall be a President, Secretary, and Treasurer. No offices may be held by the same person except during the period of Declarant control of the Board, as set forth in Article III, Section 2 above. The officers shall be elected from among the members of the Board. The Board may appoint such other officers, including one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers, as it shall deem desirable.

Section 2. Election, Term of Office, and Vacancies. Except during the period in which the Declarant has the right to appoint the officers of the Association under Article III, Section 2 of these Bylaws, the officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

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

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

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under the Georgia Nonprofit Corporation Code. In addition, if the Association has no Vice President, the Secretary shall act in the President's absence and shall have all powers, duties and responsibilities provided for the President when so acting.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VI - INDEMNIFICATION

Section 1. General. The Association may indemnify any person who was or is a party or 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 he or she is or was a director, officer, committee member, employee or agent of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in a manner reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Derivative Actions. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, committee member, employee or agent of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication

of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. Authorization. Any indemnification under Sections 1 or 2 above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that the indemnification of the director, officer, or committee member is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 or 2 above, as applicable. Such determination shall be made: (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such actions, suit or proceeding; or (b) if such a quorum is not obtainable, if a quorum of disinterested directors is so directed by independent legal counsel in a written opinion; or (c) by the affirmative vote of a majority of the Members entitled to vote.

Section 4. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding if authorized by the Board of Directors in the specific case. In any case where the Board authorizes advance payment, it shall obtain an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that such person or entity is entitled to be indemnified by the Association as authorized in this Article VI.

Section 5. Non-Exclusive Remedy. The indemnification and advancement of expenses provided for hereunder shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, resolution or agreement, either specifically or in general terms, approved by the affirmative vote of the Members entitled to vote thereon taken at a meeting, the notice of which specified that such bylaw, resolution or agreement would be placed before the Members, both as to action by a director, officer or committee member in his or her official capacity, and as to action in another capacity while holding such office or position. The indemnification and advancement of expenses provided or granted pursuant to this Section 5 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer or committee member of the Association, against any liability asserted against him or her, and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 7. Notice. If any expenses or other amounts are paid by way of indemnification, otherwise than by court order or action by the Members or by an insurance carrier pursuant to insurance maintained by the Association, the Association shall, not later than the next annual meeting of Members, unless such meeting is held within three (3) months from the date of such payment and, in any event, within fifteen (15) months from the date of such payment, send by first class mail to its Members at the time entitled to vote for the election of directors, a statement specifying the persons paid, the amount paid and the nature and status at the time of such payment of the litigation or threatened litigation.

Section 8. Miscellaneous. The Association and the Board of Directors shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of any Member arising out of any contract made by or other acts of the directors, Board, officers, or members of such committees, or out of the aforesaid indemnity in favor of the directors, Board, officers, or members of such committees, shall be limited to such proportion of the total liability thereunder as is determined by dividing the total liability by the then existing number of Members. Every agreement made by the directors, Board, officers, or members of such committees,

or by the managing agent, on behalf of the Members, shall provide that the directors, Board, officers, members of such committees, or the managing agent, as the case may be, are acting only as agent for the Members and shall have no personal liability thereunder (except as Members), and that each Member's liability thereunder shall be limited to such proportion of the total liability thereunder as set forth in this Section 8. The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of Members of the Association or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a director, an officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, personal representatives, successors and assigns of such person or entity.

ARTICLE VII - MISCELLANEOUS

Section 1. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Georgia law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by resolution of the Board.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law, the Articles of Incorporation, the Declaration, and these Bylaws, then provisions of Georgia law, the Declaration, the Articles of Incorporation and these Bylaws (in that order) shall prevail.

Section 4. Amendment. These Bylaws may be amended by the Board of Directors (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation of judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to any Lot or Lots; (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 improved Lots; or (d) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee mortgage loans on improved Lots. In addition, these Bylaws may be unilaterally amended by the Board of Directors, by majority vote with a proper quorum, for any reason for so long as the Declarant has the right to appoint and remove the directors of the Association pursuant to Article III, Section 2 of these Bylaws.

In addition, these Bylaws may be amended upon the affirmative vote or written consent, or any combination thereof, of at least two-thirds (2/3) of the total eligible Association vote; provided, however, that for so long as the Declarant has the right to appoint and remove the directors of the Association pursuant to Article III, Section 2 of these Bylaws, then the Board of Directors, by majority vote with a proper quorum, shall have the right to veto such amendment.