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Clarkesville, GA 30523

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
OLD CLARKESVILLE MILL, A PLANNED UNIT DEVELOPMENT**

THIS DECLARATION, made this 14 day of AUGUST, 2003, by SOQUE RIVER MILLS, LLC., a Georgia corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the fee simple title to the real property located in Habersham County, Georgia, and more particularly described as follows:

All that tract or parcel of land lying and being in Land Lots 1, 2, 23 and 24 of the 12th Land District, Habersham County, Georgia, containing 71.21 acres and is shown on and described according to a Survey for CMI Industries, Inc. by Bartlett & Cash Land Surveyors, Inc., dated April 20, 1994, which survey is recorded among the Public Records of Habersham County, Georgia in Deed Book 563, Page 412 and recorded on October 1, 2002; and including that property known as Loving Hill, as recorded in Plat Book 54, Page 110, Public Records of Habersham County, Georgia.

NOW, THEREFORE, Declarant hereby declares that all of the real property described above (hereinafter referred to as the "Properties" or "Old Clarkesville Mill") shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of said real property, and which shall run with the real property and be binding on all parties having any right, title or interest in said real property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
DEFINITIONS**

Section 1. "Association" shall mean and refer to the OLD CLARKESVILLE MILL OWNERS ASSOCIATION, INC., a Georgia non-profit corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property (including improvements thereon) owned by the Association for the common use and enjoyment of the Owners (as hereinafter defined), their authorized lessees, business guests, and patrons. The Common Area to be owned by the Association is comprised of all of the properties, less and except the Lots (as hereinafter defined).

Section 3. "Declarant" shall mean and refer to SOQUE RIVER MILLS, LLC., a Georgia corporation, its successors representatives and assigns.

Section 4. "Declaration" shall mean and refer to this document.

Section 5. "Lot" shall mean and refer to any one of the consecutively numbered parcels of land into which a portion of the Properties have been subdivided according to the Plat of OLD CLARKESVILLE MILL, a Planned Unit Development.

Section 6. "Owner" shall mean and refer to the recorded owner, whether one (1) or more persons or entities, of a fee simple title to all or any portion of any Lot in OLD CLARKESVILLE MILL, except that where a Lot is being sold by the Declarant pursuant to a contract to purchase, the buyer under the contract and not the Declarant shall be deemed to be the Owner with respect to such Lot. "Owner" shall not include those having an interest merely as security for the performance of an obligation.

Section 7. "Properties" shall mean and refer to that certain real property above described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 8. "Old Clarkesville Mill" shall mean and refer to the Properties.

**ARTICLE II
PLAN OF DEVELOPMENT**

Section 1. Repair and renovate vacated textile mill, to be used for recreation, retail, dining, light manufacturing, storage and warehouse facility. Portions of the existing building are to be offered for sale as condominium, or for lease

Section 2. Create commercial out-parcels for sale and development .

Section 3. Create residential community overlooking river bottoms that includes no more than 52 single family and townhouse lots.

Section 4. In current Loving Hill community, build 4 new additional townhouse units, and convert existing apartments to townhouse units to be offered for sale. To offer existing homes to be sold as single family

residences. Existing original farmhouse may be used as an office, bed and breakfast type facility or residence. New white building may be used as an office, model home or a single family residential.

Section 5. Existing barn to be offered as a combination residential-commercial property. Allowing lower level to be used for retail or dining while allowing upstairs to be occupied as a residence to owner operator.

Section 6. Create conservation and park area to use for walking trails and green space. While conservation areas are primarily for the protection of natural beauty of property and for the enjoyment of residents and tenants of Old Clarkesville Mill, portions of the conservation area may be used for commercial recreational activities such as fee fishing or such as may be deemed appropriate by board of directors.

*NOTE: Pursuant to action of the Mayor and Council of the City of Clarkesville, there shall be a conservation easement along the southerly side of the Soque River for a distance of two hundred (200) feet from the south river bank and to include the entire wooded or forested area which is to remain in its natural undisturbed state. There shall be no structure built or any land disturbing activities within the conservation easement area nor shall any trees be removed without the express written consent of the City and Declarant. This covenant may not be changed without a resolution signed by governing authority of City of Clarkesville, Old Clarkesville Mill Village property owners association and Declarant.

Upon completion of any new home in Old Clarkesville Mill Village, the new owner shall plant or cause to be planted a minimum of 100 trees. Trees may be seedlings, and must be species native to the area, and tolerant of prevailing conditions.

Section 7. Create historic preservation opportunity in and around existing mill building. Preservation to include textile and agricultural emphasis.

Section 8. To unite recreational facilities currently owned and operated by the City Of Clarkesville with additional area provided by declaring to allow extension of city park.

Section 9. To utilize existing water storage pool for catch-out pond for fishing nursery that would include water plants and future restaurant.

Section 11. To utilize alternative paving methods for paving of parking and roadways that will allow for less runoff and environmental impact. Homes built in the flood plain shall utilize semi-pervious paving methods. They shall share driveways and turnarounds where practical and use other low impact development techniques to minimize any negative impact on water quality.

Section 12. To create 3 professional / commercial lots that may be used for townhouse type buildings or single owner buildings. Any business must be compatible with overall development format.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. The Association shall have two (2) classes of voting membership: Class A. Class A members shall be all the Owners (with the exception of the Declarant who shall become a Class A member when Declarant's Class B membership ceases as provided hereafter), and each Owner shall be entitled to one (1) vote for each Lot owned. An Owner who shall own a fractional portion of a Lot shall be entitled to a fractional portion of one (1) vote in the same proportion as the square footage of the fractional Lot owned bears to the total square footage of that Lot. When more than one person holds an undivided interest in any Lot or portion thereof, all such persons shall be members even though there is only one Owner and one vote with respect to such Lot or portion thereof and the vote for such Lot or portion thereof shall be cast by the person designated by them; the multiple members shall designate the person entitled to cast their vote in writing, signed by all multiple members and addressed to and received by the secretary of the Association prior to any meeting. In the absence of such written designation, the Lot's vote shall, at the discretion of the Association's Board of Directors, be suspended. In no event shall more than one (1) vote be cast with respect to any one (1) Lot. As used in this paragraph, "square footage" shall mean and refer to the square footage of the Lot and not any improvements thereon.

Class B. The Class B member shall be the Declarant, who shall be entitled to absolute voting control of all matters to be voted upon by the membership. So long as Class B membership exists, the Class B member shall constitute a quorum at any member's meeting and may hold such meetings and vote without the necessity of furnishing any notice of meeting or any agenda to Class A members. Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever first occurs:

(a) When fee simple title to all lots and parcels in Old Clarkesville Mill P.U.D. have been conveyed to Class A members; or

(b) When, in its discretion, the Declarant so determines.

Section 3. Directors During Declarant Control. So long as the Class B membership exists, the directors of the Association shall be selected in the sole discretion of the Declarant and shall serve at the pleasure of the Declarant. The directors selected by the Declarant need not be Owners. The names of the initial directors selected

by the Declarant shall be as set forth in the Articles of Incorporation of the Old Clarkesville Mill Owners' Association, Inc.

ARTICLE IV PROPERTY RIGHTS

Section 1. Common Area Easements. Every Owner, including the Declarant, shall have the following easements over and across the Common Area which shall be appurtenant to and pass with the title to every Lot.

- (a) Parking for the Owner, his business guests, and invitees;
- (b) Ingress and egress to and from each Owner's Lot(s);
- (c) Any eave or other overhang encroaching into the Common Area, provided such encroachment shall be approved in writing by the Association's Board of Directors or an Architectural Control Committee appointed by said Board;
- (d) Repair and maintenance to any eave, other overhang, building wall, column, or the like as may reasonably require temporary entrance to and use of Common Area;
- (e) storm water runoff from roofs or other structures;
- (f) An easement in favor of Declarant to develop and construct improvements on the Common Area, as well as to construct improvements on any Lot or portion thereof, and an easement in favor of all Owners other than Declarant to construct improvements upon their Lot(s); and
- (g) Other easements as are set forth in the Plat of Old Clarkesville Mill, a Planned unit Development.

Section 2. Utility Easements. There is hereby reserved to the Declarant an easement upon, across, over, through and under the Properties for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems including, but not limited to, water, sewer, gas, telephone, electricity, television, cable or communications lines and systems for those utilities initially installed by the Declarant, together with the right to grant and transfer the same. This easement shall in no way affect any other recorded easement on said Properties.

This easement shall be limited to utilities as originally constructed.

Section 3. Declarant's Easement to Correct Drainage. For a period of five (5) years from the date of conveyance of fee simple title to a Lot, the Declarant reserves a blanket easement and right on, over and under the ground within that Lot to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as nearly as practicable. The Declarant shall give reasonable notice of its intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice.

Section 4. Association's Power to Grant Easements or Title. The Board of Directors of Old Clarkesville Mill Owners' Association, Inc. shall be empowered, in its sole discretion, to hereafter grant easements or fee simple title to Owners whose building walls, party walls, dividing walls, bay windows, columns, fireplaces, stairways, drive-up windows, or the like shall encroach into or, with the written permission of the Association's Board of Directors or Architectural Control Committee, be erected upon the Common Area; provided, however, that such encroachments or permitted improvements, in the sole discretion of the Association's Board of Directors or Architectural Control Committee, shall be determined to not adversely affect the overall value of Old Clarkesville Mill development or any adjoining Owner.

Section 5. Lot Easements. Each Lot in Old Clarkesville Mill is hereby subjected to an easement in favor of the adjoining Lot(s) or portion thereof, for the following purposes:

- (a) storm water runoff from roofs or other structures;
- (b) Any eave or other overhanging structure, provided such structure shall not exceed two (2) feet beyond the common dividing line between Owner's Lots and is approved in writing by the Architectural Control Committee; and
- (c) Repair and maintenance to any exterior wall, party or dividing wall, eave, column, or the like as may reasonably require temporary entry to such adjoining Owner's Lot or Lots.

Section 6. Amendment to Eliminate Easements. This Declaration cannot be amended to modify or eliminate the easements reserved to Declarant or the easements created or described in this Declaration without prior written approval of Declarant and any attempt to do so shall have no effect.

Section 7. General. The easements herein created and reserved shall be subject to the following provisions:

- (a) The right of the Association's Board of Directors to suspend an Owner's voting rights, and the right to use any of the Common Area, for any period during which an assessment against such Owner's Lot(s) remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations;
- (b) The right of the Association's Board of Directors to dedicate or transfer all or any part of its title to the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be

agreed to by the Association members; provided, however, that no such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of the Association's members agreeing to such dedication or transfer has been recorded;

(c) The right of the Association's Board of Directors, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area or any portion thereof and facilities thereon, and in aid thereof to mortgage said property;

(d) Except as herein limited, the right of the Association's Board of Directors to manage and operate the Common Area in accordance with such rules and regulations as it may determine; including, but not limited to, rules and regulations relating to the use and allocation of parking spaces in the Common Area.

(e) Nothing herein to the contrary may limit the right of the Association's Board of Directors to assign its rights and obligations with respect to the management and operation of the Common Area to a management company, which may be affiliated with the Declarant.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal obligation for Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore (whether or not it shall be so expressed in such deed) is deemed to covenant, and agrees to pay to the Association

(i) annual assessments or charges;

(ii) special assessments for capital improvements to the Properties, such assessments to be established and collected as hereinafter provided; and

(iii) special assessments imposed upon an Owner for repair or maintenance on his Lot or the Common Area necessitated by the willful or negligent act of the Owner, his family, business guests, tenants, licensees or invitees, or by the Owner's failure to properly maintain and repair any and all of such Owner's improvements in accordance with guidelines, decisions, rules, and regulations adopted from time to time by the Association's Board of Directors.

The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due.

The personal obligation for delinquent assessments shall not pass to successors in title unless expressly assumed by them. The Association shall determine the assessment amount for each Lot. If any Association member shall own a fractional portion of any such Lot, then the Association shall determine the fee for that lot portion.

As set forth elsewhere in this Declaration, the Lots may be used for residential recreation, agricultural and aquaculture, warehouse storage, retail, service, professional, purposes, and it is contemplated that some special assessments may benefit one class of use more so than others.

Accordingly, the Association shall be empowered, in its sole discretion, to establish special assessments for one Lot or group of Lots which the Association's Board of Directors determines will derive all or the greater benefit from such special expense. The Association's Board of Directors may also, in its sole discretion, allocate any assessment disproportionately among the Lots to reflect the greater or lesser benefit, as the case may be, to be derived from the nature of the special expense.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners, their families, business guests, tenants, invitees or licensees, for the improvement and maintenance of the Common Area and any improvements situate thereon and for the payment of any real estate taxes attributable thereto, and for the improvement and maintenance of any area or improvements located within a Lot or portion of a Lot which the Association's Board of Directors may elect to maintain and repair.

Section 3. Responsibility for Repair and Maintenance. Except as hereinafter set forth, the Common Area and any improvements situate thereon shall be maintained and repaired by the Association. Unless otherwise determined by the Association's Board of Directors, an Owner shall be responsible for maintaining and repairing any and all improvements located within the perimeter of his Lot or portion thereof; including, but not limited to, painting, repair, replacement, and care for roofs, exterior building surfaces and structures, landscaping, walkways, and all other exterior improvements. In the event an Owner of any Lot in the Properties shall fail to maintain the exterior of the structure(s) or any other improvements on his Lot, as provided herein, the Association, after notice to the Owner as provided in the By-Laws and approved by two-thirds (2/3) vote of the Board, shall have the right to enter upon any Lot to repair, maintain and restore the exterior of the buildings and fences and any other improvements erected thereon. All costs related to such correction, repair, or restoration shall become a special assessment upon such Lot. Such maintenance and repair by an Owner shall, in all events, be subject to reasonable architectural standards, rules and regulations to be promulgated from time to time by the Association's Board of Directors.

Section 4. Special Assessments for Capital Improvements. Special assessments for capital improvements shall include, but not be limited to, assessments for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair or replacement of improvements on the Properties; provided, however, that any such assessments shall in all events have the approval of the Association's Board of Directors, and, after the Class B membership is terminated, the approval of not less than two-thirds (2/3) of the votes of the members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 5. Assessments Payable by Declarant. Until such time as Declarant no longer owns any Lot, or until Declarant notifies the Association in writing that Declarant elects to pay assessments as in the case of any other Owner, Declarant shall not be liable for any assessments for common expenses for any Lots owned by Declarant, but in lieu thereof, Declarant shall be responsible for all common expenses in excess of the assessments receivable from the other Owners. During such period when Declarant is not liable for assessments for Lots owned by Declarant, the assessments shall be established by Declarant based upon its good faith estimate of what the assessments would be if all improvements contemplated within the Properties were completed, so that assessments during such period will be approximately equal to what said assessments would be if the development of the Properties was complete. The obligation of Declarant to pay the excess common expenses of the Association shall be deemed an assessment.

Section 6. Notice and Quorum for any Action Authorized Under Sections 3 and 4 of this Article. After the Class B membership is terminated, written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all members not less than thirty (30) nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen (18%) percent per annum.

The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area, nor by sale or abandonment of his Lot. The Association's Board of Directors shall be authorized to execute and record in the Public Records of Habersham County, Georgia, a Notice of Lien to further evidence of record any lien established hereunder, but the recording of such Notice of Lien shall not be required or necessary to perfect such lien.

Section 8. Subordination of the Lien to Mortgages. Any lien for assessment provided for herein which becomes payable on or after the date any first mortgage is recorded shall be subordinate in all respects to such first mortgage. Any assessment lien shall not be affected by any sale or transfer of a Lot or portion thereof, except that a sale or transfer pursuant to a foreclosure of a mortgage or deed in lieu thereof shall extinguish any subordinate assessment lien which became payable prior to such sale or transfer; provided, however, that any such delinquent assessments which are so extinguished may be reallocated and assessed against all Lots as a common expense. Any such sale or transfer pursuant to a foreclosure or deed in lieu thereof shall not relieve the purchaser or transferee from liability, nor the Lot from the lien of any assessments made thereafter. Any Owner shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Lot. The holder of a mortgage or other lien of record shall have the same right as to any Lot upon which he has a lien. Any person other than the Owner may rely upon such certificate.

ARTICLE VI CONSTRUCTION AND ARCHITECTURAL CONTROL

Section 1. Permitted Uses. Except as hereafter provided, all Lots shall be used for Residential, recreation, agricultural, conservation or, business purposes, provided, however, that in all events the intended use shall conform to applicable zoning laws, building codes, and ordinances, and shall be approved in writing by the Architectural Control Committee or the Association's Board of Directors.

With the approval of the Association's Board of Directors, a Lot may be used for more than one authorized purpose. Any dispute which may arise over permitted uses shall be resolved by the Association's Board of Directors and its decisions shall be final and binding upon the parties. An Owner may lease all or some portion of his business premises with the advance written consent of the Association's Board of Directors, which consent shall not be unreasonably withheld.

Section 2. Review by Committee. No building, fence, sign, wall, mailbox, sidewalk, or other structures or improvements of any nature whatsoever shall be commenced, erected, replaced, removed or maintained upon any Lot or any portion of the Common Area, nor shall any exterior addition to, or change or alteration thereof, be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same in relation to surrounding structures and topography shall be approved in writing by the Association's Board of

Directors or by an Architectural Control Committee composed of two (2) or more representatives appointed by the Board of Directors.

Detailed plans and specifications shall be submitted to the Association's Board of Directors or Architectural Control Committee in duplicate, and written approval or disapproval shall be noted on both sets of plans and specifications or by separate letter. In the event the Board of Directors or its designated committee shall fail to approve or disapprove such design and location within thirty (30) 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; provided, however, that no building or other structure shall be erected or shall be allowed to remain on any land described herein which violates any of the covenants or restrictions contained in this Declaration.

In no case shall the Architectural Control Committee unreasonably impede access to any Lot for the purpose of construction, nor unreasonably restrict the use of customary construction methods, equipment, structures, work hours or workmen during the construction of improvements upon any Lot, nor prevent the Declarant from completing construction of roadways, driveways, parking areas, or other Common Area facilities.

In all events, all construction shall conform to all applicable building codes and any other requirements imposed by agencies or boards having jurisdiction. In order to maintain a compatible architectural theme, in the sole discretion of the Architectural Control Committee, it is understood and agreed that an Owner may be prevented from building to the perimeter lines of his Lot.

Section 3. Declarant's Proviso. No building or other structure erected by Declarant shall be subject to approval by the Architectural Control Committee.

Section 4. Completion of Improvements. Unless specifically excepted by Declarant, any improvement for which an approval of the Architectural Control Committee is required under this Declaration shall be completed within twelve (12) months from the date of commencement of said improvement.

ARTICLE VII PARTY WALLS

Section 1. All buildings constructed on all Lots and renovation shall be constructed in such a manner so as to complement or conform with the style of architecture exemplified by the original Farmhouse and outbuildings, and the original Mill Construction.

Section 2. General Rules of Law to Apply. Each wall which is built and located on the common or dividing line between adjoining Lots or elsewhere, as approved by the Association's Board of Directors or Architectural Control Committee, shall constitute a party wall; and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 3. Sharing of Repair and Maintenance. When the need arises for repair or other maintenance of any part of the party wall as originally built or as/after extended, the cost of such repair shall be divided equally between the parties as to part of the party wall then being used by both parties; as to any remaining portion, the entire cost shall be borne by the party using that portion. Any such maintenance or repair to a party wall shall be completed within thirty (30) days, unless extended by the Board of Directors of the Association.

If such maintenance or repair is brought about solely by the neglect or the willful misconduct of one (1) Owner, any expense incidental thereto shall be borne solely by such wrongdoer. If the Owner shall refuse to repair or reconstruct the wall within thirty (30) days, unless extended by the Board of Directors of the Association, and to pay his share, or all of such cost in the case of negligence or willful misconduct, any other Owner may have such wall repaired or reconstructed and shall be entitled to a lien against the Lot of the Owner so failing to pay for the amount of such defaulting Owner's share of the repair or replacement.

Section 4. Not a Trespass. In the event repairs or reconstruction shall be necessary, all necessary entries on the adjacent Lots shall not be deemed a trespass so long as the repairs and reconstruction shall be done in a workmanlike manner, and consent is hereby given to enter on the adjacent Lots to effect necessary repairs and reconstruction.

Section 5. Construction by One Owner. If the Owner of any Lot commences construction at a time when the adjoining Owner is not ready to construct, then such commencing Owner shall be obligated to construct a complete party wall or portion thereof in accordance with all applicable building codes and the plans and specifications approved by the Architectural Control Committee. Such party wall or portion thereof must be located on the Lot line, but entirely within the Lot on which construction is to begin, and such Owner shall bear the entire cost of constructing said party wall.

If the Owner adjoining said party wall later erects a structure which shall tie into or in any way utilize said party wall or portion thereof, the Association's Board of Directors, in its sole discretion, may determine to assess such adjoining Owner for a portion of the cost expended by the Owner who first erected said wall or portion thereof, such assessment to be paid to such Owner in such amount and at such time as determined by the Association's Board of Directors, such costs and expenses to be in all events determined and adjusted, if at all, by the Association's Board of Directors in its sole discretion. Any such assessment shall be paid to the Association as and when

determined by the Association, which shall in turn reimburse the Owner first erecting said wall. Such assessment shall be considered a lien on the Lot(s) of the Owner required to make such payment, and may be collected in the same manner as annual or special assessments hereunder.

Section 6. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 7. Arbitration. Except as hereinafter limited, any dispute arising concerning any party wall shall be resolved by arbitration in the following manner: Each disputing party shall select a licensed general contractor operating in Habersham County, Georgia, and the two (2) so selected shall select a third licensed general contractor operating in Habersham County, Georgia, and the decision of a majority of said contractors shall be final and binding on the parties. All costs of arbitration shall be divided equally between the disputing parties. Any dispute concerning any party wall covering matters raised in section 5 of this Article VIII, shall be resolved by the Association's Board of Directors and not by arbitration.

Section 8. The first of adjoining Owners to erect a party wall shall have the right to enter the adjoining Lot(s) or to authorize entries by his contractor, agents, employees, and suppliers to the extent reasonable and appropriate for construction purposes. Such right includes the right to make necessary excavations or to do other work required in connection with the project; provided, however, that on completion of the wall the adjoining Lots shall be restored to their condition prior to the start of construction.

The first Owner to erect a party or common dividing wall shall erect said wall in such a manner so as not to encroach onto the property of any adjoining Owner; provided, however, that such wall may, with the advance written approval of the Architectural Control committee, have a finished eave or other overhang structure encroaching into such adjoining Owner's property; further provided, however, that such eave or other overhang structure shall be subject to the rights of any adjoining Owner to thereafter eliminate or modify such eave or other overhang structure to accommodate the construction of an adjoining building, and such elimination or alterations shall, in all events, be subject to the equitable and final discretion of the Association's Board of Directors. party wall covering matters raised in section 5 of this Article VIII, shall be resolved by the Association's Board of Directors and not by arbitration.

ARTICLE VIII

DUTY TO REBUILD OR REPAIR, AND INSURANCE COVERAGE

Section 1. In the event of damage to or destruction of any Improvements located within the Lots by fire, windstorm, water, or any other cause whatsoever, the Owner(s) shall, within a reasonable time, cause said improvements to be repaired or rebuilt so as to place the same in as good and tenantable condition as existed before the event causing the damage or destruction; failure to do so shall constitute a breach of these covenants. All insurance proceeds for loss or damage to any building or any other improvement upon any Lot shall be used to assure the repair or rebuilding of any such improvements.

Section 2. The Association shall have a lien on all such insurance proceeds (regardless of whether it is named in any insurance policy to enforce the intent of the foregoing provision.

Section 3. Authority to Purchase; Named Insured. The Association shall purchase such insurance on the Common Area and its improvements as the Association's Board of Directors may from time to time determine to be prudent and desirable, and the insurance premiums so purchased shall be considered a common maintenance expense to be assessed against Lots as the Association may determine.

Except as hereafter modified, each Owner shall at his expense provide casualty insurance in an amount equal to the maximum insurable replacement value (excluding foundation and excavation costs) of all improvements located on his Lot(s), such coverage to afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location, and use as the building on his Lot(s), including, but not limited to, vandalism and malicious mischief. Additionally, each Owner shall provide public liability in such amounts and with such coverages as shall be required by the Association's Board of Directors with cross-liability endorsements to cover liabilities of the Owners as a group to an individual Owner, and such other insurance as the Association's Board, of Directors may from time to time determine to be desirable.

Notwithstanding anything in this Article expressed or implied to the contrary, the Association's Board of Directors may, in its sole discretion, determine that it is expedient for the Association to purchase a package policy covering all Owners' improvements, which shall provide coverages conforming to other provisions of this Article. In that event, the named insured shall be the Association individually and as agent for the Owners' without naming them, and as agent for their respective mortgagees provision shall be made for the issuance of mortgagee endorsements, memoranda of insurance to the mortgagees of each Owner, and memoranda of insurance to individual Owners.

The mortgagee endorsement shall be furnished for each Owner subject to a mortgage with a dollar amount specified therein as the coverage for that particular Lot. The Association's Board of Directors in its sole discretion shall fairly and equitably prorate the insurance premiums among the Owners as a special assessment. Any Owner may obtain coverage upon his personal property at his expense. In the event the Association's Board of Directors

determines that the Owners shall each handle their own casualty and public liability insurance on an individual basis, then each Owner covenants to keep on file with the Association copies of the required policy(ies). If any Owner shall fail to produce the copies of policy(ies) or other evidence of coverage satisfactory to the Association, then the Association may purchase the required coverages and the related premiums shall be considered a special assessment upon the Lot of such Owner.

Section 4. Imposition of Lien and Personal Obligation of Assessment. The assessment for insurance premiums as set forth hereinbefore, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Lot or Lots of each Owner. Each such assessment, together with interest, costs, and reasonable attorneys' fees shall also be the obligation of the Owner at the time the assessment is determined by the Association.

Any mortgagee shall have the right to purchase insurance or advance premiums to the Association for the purchase of such insurance for any delinquent Owner; any such payment or advance shall be a charge on the improvements insured and a continuing lien upon the delinquent Owner's Lot and improvements which shall be enforceable by the mortgagee in the same manner as any other assessment hereunder.

ARTICLE IX USE RESTRICTIONS

Section 1. No noxious or offensive trade or activity shall be carried on upon any Lot or within any improvement, nor shall anything be done thereon which may be or become an annoyance or nuisance to other Owners.

Section 2. No garbage, trash, ashes, refuse, inoperative vehicles, travel trailers, house trailers, mobile homes, boats, boat trailers, junk, or other waste shall be thrown, dumped, placed, or kept on any Lot or the Common Area except as may be authorized by the Architectural Control Committee or the Association's Board of Directors. All garbage and trash shall be kept in sanitary containers located so as to be hidden from public view in a manner to be regulated by the Association's Board of Directors.

Section 3. No animals, livestock, or poultry of any kind shall be raised, bred or kept on the Lots, except that dogs, cats or other domestic pets may be kept by Owners provided that they are, when outside the enclosed portion of each Owner's building, fully under the control and supervision of such Owner by means of a leash or other similar device. No party who leases or rents any improvement or building or portion thereof shall be entitled to keep a pet on the premises without the express written consent of Board Of Directors. Nothing herein stated shall prevent in any way the construction and operation of a veterinary clinic, commercial fishing in the river and fish for sale in catch out pond.

Section 4. The Declarant and/or the Association's Board of Directors, as the case may be, reserve the right to grant any and all utility easements affecting the Common Area or any Lot within the Properties, and also reserve the right to enter upon the Common Area and any Lot for utility maintenance and repair purposes or such other purposes as may be consistent with other provisions of this Declaration.

ARTICLE X DECLARANT'S USE OF THE PROPERTIES

Until Declarant has closed sales on all Lots, neither the Owners nor the Association or anything contained herein shall interfere with the construction of the improvements and the sale of the Lots. The Declarant, or any person or business entity designated by the Declarant, may make use of any Lot or building erected upon the Properties to which the Declarant still has title as may facilitate such completion and sale, including, but not limited to maintenance of sales offices, the showing of the property and the display of signs.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Association's Board of Directors, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant, the Association, or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of anyone of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Duration and Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless a majority of the members of the Association decides that such covenants, conditions, and restrictions shall abate, which decision, if made, shall be evidenced by an agreement in writing signed by a majority

of the membership setting forth their decision, which document shall be effective when duly recorded in the Public Records of Habersham County, Georgia.

This Declaration may be amended by an instrument signed by not less than seventy (70%) percent of the Owners and the record owners of mortgages constituting liens against the Lots belonging to the Owners signing such amending instruments. Any such amendment must be recorded in the Public Records of Habersham County, Georgia.

Section 4. Special Amendments. Until the Class B membership shall terminate as provided herein, the Declarant (without the consent of the Association or any Lot owner or mortgagee) hereby reserves and is granted the right and power to record in the Public Records of Habersham County, Georgia, at any time and from time to time, Special Amendments to this Declaration:

(a) To correct a scrivener's error or other minor defect or omission as determined by the Association's Board of Directors: and

(b) subject to the limitations set forth below, to make such other changes as the Association's Board of Directors may deem necessary or beneficial: provided, however, that no such change shall impair or diminish the rights of any mortgagee of the Properties without the written consent of the mortgagee.

In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to make and execute a certificate evidencing a Special Amendment on behalf of each Owner. The acceptance of each deed and mortgage affecting a Lot shall be deemed to be a grant, acknowledgement of, and consent to the reservation of the power of the Declarant to make, execute, and record Special Amendments: provided, however, that no such Special Amendment shall, in the sole discretion of Declarant, discriminate against any owner, nor against any Lot or class or group of Lots unless the owners and their mortgagees so affected shall consent; and no such amendment shall change the size of any Lot. No amendment shall make any change in Article VIII herein entitled "Duty to Rebuild or Repair, and Insurance Coverage," unless the record owner of the Lot concerned and all record owners of mortgages on such Lots shall join in the execution of the amendment.

IN WITNESS WHEREOF, the said corporation, in pursuance of due and legal action of its stockholders and Board of Directors, has executed these presents causing its name to be signed by its Organizer and its corporate seal to be affixed hereto this 14 day of August, 2003.

Danny Otter
Danny Otter, Organizer and Operating Manager

Affix Seal

Witnesses: SOQUE RIVER MILLS, LLC.

Connie Lynn
Dicki Wineland



I HEREBY CERTIFY that on this day, before me, an officer duly authorized to take acknowledgements, personally appeared DANNY OTTER, Organizer, of SOQUE RIVER MILLS, LLC, a Georgia corporation, on behalf of the corporation.

Debra A. Jones
Notary Public, State of Georgia

My Commission Expires 6/17/04
STATE OF GEORGIA
COUNTY OF HABERSHAM



The undersigned mortgagee joins in the execution of this Declaration for the purpose of evidencing its consent and agreement to the terms and provisions thereof, and for the further purpose of subordinating its interest, as mortgagee, to the terms and provisions of this Declaration, on this _____ day of _____, 20____.

By: James J. Eparisto, Vice President

STATE OF GEORGIA
COUNTY OF HABERSHAM

The foregoing instrument was acknowledged before me this 14th day of August, 2003, by James J. Eparisto and Crystal Ebanelli, respectively, Of TRADITIONS BANK, a Georgia banking corporation, on behalf of the corporation.

Debra A. Jones
Notary Public, State of Georgia

My Commission Expires _____



The undersigned mortgagee joins in the execution of this Declaration for the purpose of evidencing its consent and agreement to the terms and provisions thereof, and for the further purpose of subordinating its interest, as mortgagee, to the terms and provisions of this Declaration, on this 14 day of August, 2003.

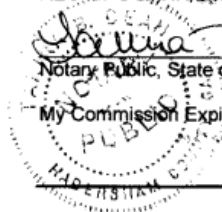
By: Sam Jones VP.

STATE OF GEORGIA
COUNTY OF HABERSHAM

The foregoing instrument was acknowledge before me this 14 day of August, 2003 by Debra A. Jones and Michelle Wall, respectively, Of REGIONS BANK, a Georgia banking corporation, on behalf of the corporation.

Debra A. Jones
Notary Public, State of Georgia

My Commission Expires _____



2003 OCT -8 AM 8:07

Return To:
WINSLOW H. VERDERY, JR.
P. O. Box 1556
Cornelia, GA 30531
File Number: 03-211

624 674
Book Page
Ernest

**AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS, & RESTRICTIONS
FOR OLD CLARKESVILLE MILL, A
PLANNED UNIT DEVELOPMENT**

STATE OF GEORGIA
COUNTY OF HABERSHAM

THIS AMENDMENT made this 29th day of August, 2003, by **Soque River Mills, LLC,** and **Danny Otter,** individually.

WITNESSETH:

WHEREAS, Soque River Mills, LLC has executed the Declaration of Covenants, Conditions, and Restrictions for Old Clarkesville Mill ("Declaration"), a Planned Unit Development dated August 14, 2003, recorded August 15, 2003, in the Clerk of Superior Court, Habersham County, Georgia; and,

WHEREAS, the said Declaration contemplates, as stated therein, the inclusion of "Loving Hill" as described in plat recorded in Plat Book 54, Page 110, Habersham County Georgia records; and,

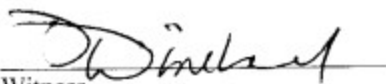

WHEREAS, by oversight the individual name of Danny Otter, as record title owner of Loving Hill, was omitted from the execution thereof.

NOW, THEREFORE, Danny Otter, individually, is hereby added as another party Declarant to the Declaration of Covenants, Conditions, and Restrictions for Old Clarkesville Mill, a Planned Unit Development (so that Soque River Mills, LLC and Danny Otter, individually shall both constitute "Declarant" as stated in the aforementioned Declaration).

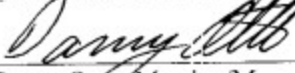
The above Declaration is hereby amended in all respects to effect these purposes.

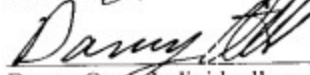
IN WITNESS WHEREOF, the said parties of the first part have hereunto set their hands and seals, the day and year above written.

Signed, Sealed, & Delivered
in the presence of


Witness


SOQUE RIVER MILLS, LLC

By: 
Danny Otter, Member/Manager


Danny Otter, Individually

