

After Recording Return To:
The Lueder Law Firm, LLC
5900 Windward Parkway, Suite 390
Alpharetta, Georgia 30005
ATTN: BRH

Cross Reference:
Deed Book 6900, Page 135

STATE OF GEORGIA

COUNTY OF GWINNETT

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR WATERBURY COVE

WHEREAS, McKendree Properties, L.P., a Georgia limited partnership having Countryside Properties, Inc. as its sole general partner (hereafter referred to as the "Declarant"), recorded that certain Declaration of Protective Covenants and Conditions for Waterbury Cove on November 21, 1991, in Deed Book 6900, Page 135 of the Gwinnett County, Georgia land records (hereafter referred to as the "Original Declaration");

WHEREAS, the Original Declaration has been previously amended by the following amendments recorded in the Gwinnett County, Georgia land records:

<u>Amendment</u>	<u>Deed Book / Page Number</u>
First Amendment	7210 / 67
Second Amendment	7842 / 232

WHEREAS, Waterbury Cove Homeowners Association, Inc. (hereafter referred to as the "Association") is the homeowners association identified in the Original Declaration and existing and operating in the Waterbury Cove subdivision;

WHEREAS, pursuant to Article IX, Section 9.03 of the Original Declaration, as amended, the Original Declaration may be amended by the affirmative vote, written consent, or any combination of affirmative vote or written consent of the members of the Association holding sixty-six and two-thirds (66-2/3%) percent of the total eligible vote thereof;

WHEREAS, the By-Laws of Waterbury Cove Homeowners and Recreational Association, Inc. (hereafter referred to as the "Original Bylaws") are the bylaws of the Association;

WHEREAS, pursuant to Article VI, Section 6.07 of the Original Bylaws, the Original Bylaws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding two-thirds (2/3) of the total vote of the Association;

WHEREAS, at least sixty-six and two-thirds (66-2/3%) percent of the Owners of Lots have agreed to this Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Waterbury Cove and the Amended and Restated Bylaws of Waterbury Cove Homeowners Association, Inc. that are attached as Exhibit "B" and have evidenced their agreement by signing consent forms which are incorporated herein to create one agreement and which are on file with the Secretary of the Association; and

NOW, THEREFORE, the Original Declaration and Original Bylaws and all amendments thereto are hereby stricken in their entirety and the following is simultaneously substituted therefor:

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR WATERBURY COVE

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**AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS**

FOR WATERBURY COVE

ARTICLE I

GEORGIA PROPERTY OWNERS' ASSOCIATION ACT

Waterbury Cove is a residential property owners' development which hereby submits to the Georgia Property Owners' Association Act, O.C.G.A. Section 44-3-220, et seq., as may be amended or supplemented.

ARTICLE II

DEFINITIONS

2.1. Act means the Georgia Property Owners' Association Act, O.C.G.A. Section 44-3-220, et seq., as may be amended or supplemented.

2.2. Association means Waterbury Cove Homeowners Association, Inc., a Georgia nonprofit corporation, its successors or assigns.

2.3. Board or Board of Directors means the elected body responsible for the management and operation of the Association.

2.4. Bylaws mean the Amended and Restated Bylaws of Waterbury Cove Homeowners Association, Inc., attached to this Declaration as Exhibit "B" and incorporated herein by this reference.

2.5. Common Property means any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners. Common Property shall additionally mean any entrance monument and sign for the Community, as well as any associated improvements and landscaping.

2.6. Community or Waterbury Cove Subdivision means all property subjected and annexed to this Declaration and the Original Declaration and all amendments thereto.

2.7. Community-Wide Standard means the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board.

2.8. Declaration means this Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Easements for Waterbury Cove.

2.9. Effective Date of this Declaration means the date that this Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Easements for Waterbury Cove is recorded in the Gwinnett County, Georgia land records.

2.10. Lot means a portion of the Community intended for ownership and use as a single-family dwelling site and as shown on the plats for the Community recorded in the Gwinnett County, Georgia land records.

2.11. Mortgage means any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation against a Lot.

2.12. Mortgagee or Mortgage Holder means the holder of any Mortgage.

2.13. Occupant means any Person occupying all or any portion of a dwelling or other property located within the Community for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

2.14. Original Declaration means the original Declaration of Protective Covenants and Conditions for Waterbury Cove on November 21, 1991, in Deed Book 6900, Page 135 of the Gwinnett County, Georgia land records, which has been amended and restated by this Declaration.

2.15. Owner means the record title holder of a Lot, whether one or more Persons, but shall not include a Mortgage Holder.

2.16. Person means any individual, corporation, firm, association, partnership, trust, or other legal entity.

ARTICLE III

PROPERTY SUBJECT TO DECLARATION

The property subject to this Declaration is all that property subjected to the Original Declaration of Covenants, Conditions, Restrictions and Easements for Waterbury Cove recorded on November 21, 1991, in Deed Book 6900, Page 135 of the Gwinnett County, Georgia land records and including all property subjected to such Original Declaration via a recorded amendment or supplemental declaration, and as further described in Exhibit "A" attached hereto and incorporated herein by this reference.

ARTICLE IV

ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

4.1. Membership. There shall be one category of membership referred to as member or membership without a distinction of Class A membership and Class B membership as provided in the Original Declaration. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, shall be a member of the Association. This is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot owned. In the event of multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the 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 and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast for each Lot owned.

4.2. Voting. Members shall be entitled to one (1) equal vote for each Lot owned. When more than one (1) Person holds an ownership interest in any Lot, the vote for such Lot shall be exercised as those Owners determine among themselves. In the absence of such advice, the Lot's vote shall be suspended if more than one (1) Person seeks to exercise it. A member's right to vote shall automatically be suspended during any period in which a member is more than thirty (30) days delinquent on any assessment or charge, and the member shall be ineligible to vote on any matter until the member's account balance has been paid in full.

4.3. Entity Members. In the event an Owner is a corporation, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary, or other designated agent of such trust, or manager of such other legal entity shall be eligible to represent such entity in the affairs of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity which is the Owner of the Lot. The membership rights of an Owner which is a corporation, partnership, or other legal entity shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

ARTICLE V

ASSOCIATION RIGHTS AND RESTRICTIONS.

5.1. Association Rights and Restrictions. The Association, acting through its Board of Directors, shall have the right and authority, in addition to and not in limitation of any other right it may have, to:

(a) make and to enforce reasonable rules and regulations governing the use of the Common Property;

(b) enforce the Declaration, Bylaws, and rules and regulations of the Association by imposing reasonable monetary fines and suspending use and voting privileges. These powers, however, shall not limit any other legal means of enforcing such documents or provisions by either the Association or, in an appropriate case, by an aggrieved Owner;

(c) grant permits, licenses, utility easements, and other easements, permits or licenses under, through or over the Common Property;

(d) the right of the Board of Directors to convey all or a portion of the Common Property to any Person upon the written approval of at least two-thirds (2/3) of the total vote of the Association membership;

(e) control, manage, operate, maintain, replace and, in the Board's discretion, alter or improve all portions of the Community for which the Association is assigned maintenance responsibility under this Declaration;

(f) deal with the Common Property in the event of damage or destruction as a result of casualty loss, condemnation, or eminent domain, in accordance with the provisions of this Declaration; and

(g) represent the Owners in dealing with governmental entities on matters related to the Common Property.

ARTICLE VI

ASSESSMENTS

6.1. Purpose of Assessment. The Association shall have the power to levy assessments as provided herein. Assessments shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Association and the membership, and for expenses of the Association as provided within the Declaration, and as otherwise authorized by the Board.

6.2. Creation of the Lien and Personal Obligation For Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments and charges; (ii) special assessments pursuant to Section 6.6 of this Article; and (iii) specific special assessments pursuant to Section 6.3 of this Article.

All such assessments, together with charges, interest, costs, and reasonable attorney's fees actually incurred (including post-judgment attorney fees from any prior judgment, if any), shall

be a charge on the Lot and shall be a continuing lien upon the Lot against which each assessment is made. Such amounts shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the assessment fell due. Each Owner and the Owner's grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. Assessments shall be paid in such manner and on such dates as may be fixed by the Board. The Board of Directors may, but is not obligated to, permit assessments to be paid in monthly, quarterly, or semi-annual installments. No Owner may be exempted from liability, or otherwise withhold payment of assessments, for any reason whatsoever.

The lien provided for herein shall have priority as provided in the Act. The Association, in the Board's discretion, may, but shall not be obligated to, record a notice of such lien in the Gwinnett County, Georgia land records evidencing the lien created under the Act and this Declaration.

6.3. Uniform Rate of Assessment and Specific Assessments. Annual assessments and special assessments shall be fixed at a uniform rate for all Lots. Notwithstanding the above, the Board of Directors shall have the power to levy specific special assessments as follows:

(a) Except for expenses incurred for maintenance and repair of items which are the Association's maintenance responsibility hereunder, any common expenses benefiting less than all of the Lots or significantly disproportionately benefiting all Lots may be specifically specially assessed equitably among all of the Lots which are benefited according to the benefit received.

(b) Any common expenses occasioned by the conduct of less than all of those entitled to occupy all of the Lots or by the licensees or invitees of any Lot may be specifically specially assessed against such Lot, including attorney's fees actually incurred by the Association in enforcing the Declaration, Bylaws or Association rules and regulations, regardless of whether or not an enforcement lawsuit has been filed.

6.4. Computation of Operating Budget and Assessment. Prior to the beginning of each new fiscal year, the Board of Directors shall (1) prepare a budget covering the estimated expenses of the Association for the upcoming new fiscal year and shall fix in the budget the amount of the annual assessment for the upcoming new fiscal year, and (2) deliver a copy of the budget to each Owner at least thirty days prior to the beginning of the new fiscal year. The budget shall not operate as a limitation on expenditures by the Board, but, rather, the budget is merely an estimate of expenses on which the Board may base the annual assessment. The Board may, but is not obligated to, permit the annual assessment to be paid in monthly, quarterly, or semi-annual installments. The budget and the assessment shall become effective unless disapproved by the majority of the total vote of the Association membership at a meeting of the membership within the first ninety days of the new fiscal year. Said meeting may be the annual meeting of the members if the annual meeting is held during the first ninety days of the new fiscal year or may be at a special meeting requested in accordance with the Bylaws. If either (1)

the membership disapproves the budget within the first ninety days of the new fiscal year as provided herein, or (2) the Board fails for any reason to either (a) prepare a budget and fix the amount of the annual assessment for the new fiscal year or (b) deliver the budget to the members, as provided herein, then the budget and annual assessment in effect for the current fiscal year shall continue for the upcoming new fiscal year. In the event the annual assessment is insufficient to cover the actual common expenses of the Association during any fiscal year, the Board of Directors, upon thirty (30) days notice to the members, may increase the annual assessment during such fiscal year to cover the shortfall. The fiscal year of the Association may be set by Board resolution or, in the absence thereof, shall be the calendar year.

6.5. Reserve Budget and Reserve Account. The Board may prepare an annual or multi-year reserve budget which shall take into account the number and nature of replaceable assets, the expected life of such assets, and the expected repair or replacement costs of the assets. The Board may establish a reserve account for such expected repair or replacement costs, and may fund the reserve account from collected assessments. The reserve budget shall not operate as a limitation on the expenditures of funds in the reserve account, but, rather, the Board may spend funds in the reserve account as deemed reasonable by the Board.

6.6. Special Assessments. The Board may levy a special assessment against all Lots to pay the costs of any improvement or repair on the Common Property, or for any other purpose as determined by the Board; provided, however, prior to becoming effective, any special assessment must be approved by the affirmative vote of at least two-thirds (2/3) of members present in person or by proxy at a duly called meeting where a quorum is present. An approved special assessment may be required to be paid during the fiscal year, or alternatively, upon the approval of the Board of Directors of the Association, may be paid over a set number of years.

6.7. Delinquent Assessments. All assessments and related charges not paid on or before the due date shall be delinquent, and the Owner shall be in default.

(a) If any assessment, fine, or charge is not paid in full within ten (10) days of the due date, a late charge equal to the greater of ten dollars (\$10.00) or ten percent (10%) of the amount not paid, or such higher amounts as may be authorized by the Act, may be imposed without further notice or warning to the delinquent Owner, and interest at the rate of ten percent (10%) per annum, or such higher rate as permitted by the Act, shall accrue from the due date.

(b) If partial payment of an assessment, fine, or charge is made, the amount received may be applied by the Board, in respective order, to post-judgment attorney's fee from any prior judgment, if any, then to costs and attorney's fees not reduced to a judgment, then to interest, then to late charges, then to delinquent assessments and then to current assessments.

(c) If an assessment, fine, or charge due from an Owner remains delinquent and unpaid for more than fifteen (15) days from the date due, and if the Board of Directors has permitted the assessment to be paid in monthly, quarterly, or semi-annual installments, then a notice of delinquency may be given to that Owner stating that if the unpaid assessment or charge

remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board may accelerate and declare immediately due all of that owner's unpaid installments of the assessment. If the Owner fails to pay all amounts currently due within ten (10) days of the date of the notice of delinquency, the Board may then accelerate and declare immediately due all installments of the assessment without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall thereby lose the privilege of paying the assessment in installments, unless reinstated in the Board's discretion. The notice of acceleration provided herein may be included in a collection litigation complaint filed against an owner for unpaid assessments and charges.

(d) If an assessment, fine, or charge remains unpaid more than thirty (30) days after the due date, the Association, acting through the Board, may institute suit to collect all amounts due pursuant to the provisions of the Act, the Declaration, the Bylaws, and Georgia law, including reasonable attorney's fees actually incurred (and including post-judgment attorney's fees from any prior judgment, if any).

(e) A member's right to vote shall automatically be suspended during any period in which a member is more than thirty (30) days delinquent on any assessment or charge, and the member shall be ineligible to vote on any matter until the member's account balance has been paid in full. In addition, a member shall not be entitled to serve on the Board or any committee during any period in which a member is more than thirty (30) days delinquent on any assessment or charge.

6.8. Statement of Account. Any Owner, Mortgagee, or a Person having executed a contract for the purchase of a Lot, or a lender considering a loan to be secured by a Lot, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges against such Lot. The Association shall respond in writing within five (5) business days of receipt of the request for a statement; provided, however, the Association may require the payment of a fee, not exceeding ten dollars (\$10.00) or such higher amount as may be authorized under the Act, as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Lot as of the date specified therein.

ARTICLE VII

ARCHITECTURAL CONTROLS.

7.1. Architectural Standards. No Owner, Occupant, or any other Person may make any exterior change, alteration, modification (including exterior painting), landscaping, or construction on a Lot, nor erect, place or post any thing or object which may affect the appearance of a Lot (including, but not limited to, any fence, playground equipment, light (except for reasonable seasonal decorative lights displayed between Thanksgiving and January 31)), nor place any object in any window sill which is visible from the exterior of a

dwelling, without first obtaining the written approval of the Architectural Control Committee ("ACC").

The standard for approval of all improvements hereunder shall include, but not be limited to: (1) aesthetic consideration; (2) materials to be used; (3) compliance with the Community-Wide Standard, this Declaration, or design standards which may be adopted by the ACC; (4) harmony with the external design of the existing dwellings, Lots and structures, and the location in relation to surrounding dwellings, structures and topography; and (5) any other matter deemed to be relevant or appropriate by the ACC.

Applications for approval of any such architectural modification shall be in writing and shall provide such information as the ACC may reasonably require. If the ACC fails to approve, conditionally approve, or to disapprove such application within forty-five (45) days after the application and such information as the ACC may reasonably require shall have been submitted, its approval will not be required and this Article shall be deemed complied with, unless such construction, modification or improvement otherwise is in violation of the Declaration, the Bylaws, the design standards, the Association's rules and regulations, or applicable zoning ordinances.

The ACC shall be the sole arbiter of the application and may withhold approval for any reason whatsoever, including purely aesthetic considerations. The Association, acting through the Board, shall be entitled to stop any construction or modification which is not in conformance with approved plans. The ACC may publish design standards for exterior alterations or additions, and any request in compliance therewith shall be approved.

7.2. Architectural Control Committee. The Board of Directors shall appoint the members of the ACC. The ACC shall constitute a standing committee of the Association, and the ACC shall consist of the Board unless the Board delegates to other Persons the authority to serve on the ACC. The chairperson of the ACC shall be a Board member. The ACC shall have the authority to require the Owner to employ professional consultants to assist the ACC in discharging its duties, the cost of such consultants to be paid by the Owner of any Lot for which an application has been submitted for approval. The Owner of any such Lot shall be responsible for paying the full costs of each review, whether or not the submitted application is approved by the ACC, and the ACC may require payment of all such costs prior to approval of the application.

7.3. Appeal. In the event the ACC disapproves any application or part thereof, an Owner shall have the right to appeal the ACC's decision to the Board of Directors. The Board shall rule on the appeal within thirty (30) days of receiving written notice requesting an appeal from the Owner. If the Board fails to render a decision on such appeal within thirty (30) days after the appeal and such information as the Board may reasonably require shall have been submitted, the ACC decision shall be deemed overturned and this Article shall be deemed complied with, unless such construction, modification or improvement otherwise is in violation of the Declaration, the Bylaws, the design standards, the Association's rules and regulations, or

applicable zoning ordinances. In ruling on the appeal, the Board shall consider all relevant materials presented to it by either the Owner or the ACC, the decision of the ACC, and the application of the Owner to the ACC. The Board of Directors shall have the final authority to approve, disapprove, or conditionally approve or disapprove the application of the Owner. If the Board does not receive written notice from the Owner by certified mail requesting an appeal within fourteen (14) days from the date of the ACC's notice to the Owner of its decision, the decision of the ACC shall become final and all rights of appeal shall terminate and thereafter be void.

7.4. Limitation of Liability. Review and approval of any application pursuant to this Article may be made on any basis, including solely the basis of aesthetic considerations, and neither the Board nor the ACC shall bear any responsibility for ensuring the design, quality, structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, zoning regulations and other governmental requirements. Neither the Association, the Board, the ACC, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner, design, or quality of approved construction on or modifications to any Lot, nor may any action be brought against the Association, the Board, the ACC, or any member thereof, for any such injury, damage, or loss.

7.5. No Waiver of Future Approvals. Each Owner acknowledges that the members of the Board and the ACC will change from time to time and that interpretation, application, and enforcement of the architectural standards may vary accordingly. The approval of either the Board or the ACC of any proposals, plans, and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval of the Board or the ACC, shall not constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

7.6. Enforcement. Any construction, alteration, or other work done in violation of this Article, the Declaration, the Bylaws, the design standards or any applicable zoning regulations shall be deemed to be nonconforming. Upon written notice from the Board, a violating Owner shall, at the Owner's sole cost and expense, remove such nonconforming construction, alteration, or other work and restore the property to substantially the same condition as existed prior to such construction, alteration or work. Should the Owner fail to do so, the Board or its designees shall have the right, in addition to all other available remedies, to remove the violation and restore the property to substantially the same condition as existed prior to such construction, alteration or work, or obtain a court order compelling the violating Owner to do so. All costs thereof, including reasonable attorney's fees, may be assessed against such Lot, regardless of whether or not litigation is filed.

In addition to the above, the Board shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce the provisions of this Article and its decisions or those of the ACC. All costs of any

such action, including reasonable attorney's fees, may be assessed against such Lot. Furthermore, the Board shall have the authority to record in the Gwinnett County, Georgia land records notices of violation of the provisions of this Article. The Board may also pursue any other enforcement option set forth in this Declaration.

7.7. Commencement and Completion of Construction. All improvements approved by the ACC hereunder must be commenced within six (6) months from the date of approval. If not commenced within such time, then such approval shall be deemed revoked by the ACC, unless the ACC gives a written extension for commencing the work. Additionally, except with written ACC approval otherwise, and except for delays caused by strikes, fires, national emergencies, critical materials shortages or other intervening forces beyond the control of the Owner, all work approved by the ACC hereunder shall be completed within 90 days of commencement.

ARTICLE VIII

USE RESTRICTIONS

Each Owner of a Lot shall be responsible for ensuring that the Owner's family, guests, tenants, and Occupants comply with all provisions of this Declaration, the Bylaws, and the rules and regulations of the Association. Furthermore, each Owner and Occupant shall always endeavor to observe and promote the cooperative purposes for which the Association was established. In addition to any rights the Association may have against the Owner's family, guests, tenants, or Occupants, the Association may take action under this Declaration against the Owner as if the Owner committed the violation in conjunction with the Owner's family, guests, tenants, or Occupants.

8.1. Residential Use. Each Lot shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from a Lot or any part of the Community, including business uses ancillary to a primary residential use, except that the Owner or Occupant residing in a dwelling on a Lot may conduct such ancillary business activities within that dwelling so long as: (1) the business activity is authorized in writing by the Board (provided, however, written authorization shall not be required if the business activity satisfies all other requirements of this Section); (2) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the dwelling; (3) the business activity does not involve visitation of the Lot by employees, clients, customers, suppliers, or other business invitees; provided, however, this provision shall not preclude delivery of materials or items by United States Postal delivery or by other customary parcel delivery services (U.P.S., Federal Express, etc.); (4) the business activity does not involve the storage in the dwelling or on the Lot of any toxic or hazardous substances or of any products or materials which may create a health or safety hazard; (5) the business activity conforms to all zoning requirements for the Community; (6) the business activity does not increase traffic in the Community; (7) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the ability of the Association to obtain insurance coverage; and (8) the business activity is consistent with the

residential character of the Community and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Community, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor.

In the case of any dispute as to whether a particular business activity satisfies the requirements of this Section, the Board shall be the sole arbiter of whether the business activity satisfies the requirements of this Section.

8.2. Vehicles and Parking. No Owner or Occupant may keep more than a reasonable number of vehicles per Lot at any time. The Board may adopt reasonable rules limiting the number of vehicles which may be parked on a Lot. Vehicles may only be parked in garages, driveways or other areas authorized in writing by the Board. Vehicles shall not be parked on any lawn or yard.

Garage doors shall remain closed at all times, except for necessary use, ingress, and egress.

Disabled and stored vehicles are prohibited from being parked in the Community except in garages. For purposes of this Section, a vehicle shall be considered "disabled" if it does not have a current license tag or is inoperable. A vehicle shall be considered "stored" if it remains in a location, other than in a garage, without prior written Board permission, for fourteen (14) consecutive days or longer or if it is covered for more than two (2) consecutive days with a car cover or tarp.

Boats, trailers, trucks with a load capacity of one (1) ton or more, full-size vans (excluding mini-vans or utility vehicles used as passenger vehicles), and recreational vehicles (RV's and motor homes) are prohibited from being parked in the Community, except in garages. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily on a Lot or the Common Property during normal business hours for the purpose of serving the Lot or the Common Property; provided, that, without the written consent of the Board, no such vehicle shall be authorized to remain on a Lot or the Common Property overnight or for any purpose except serving a Lot or the Common Property.

If any vehicle is parked on any portion of the Community in violation of this Section or in violation of the Association's rules and regulations, the Board may send a notice to the vehicle

owner or user, or place a notice on the vehicle, specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed or booted. The notice shall include the name and telephone number of a person to contact regarding the alleged violation and shall include the name and telephone number of the person or entity which will do the towing or booting. In addition, the notice shall include the cost of recovery and information as to the form of payment. If twenty-four (24) hours after such notice is placed on the vehicle, or three (3) days after the notice has been sent to the owner, the violation continues or thereafter occurs again within six (6) months of such notice, the vehicle may be towed or booted in accordance with the notice, without further notice to the vehicle owner or user. If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's or Occupant's Lot or dwelling, is obstructing the flow of traffic, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed or booted in accordance with this Section, neither the Association nor any director, officer or agent of the Association shall be liable to any person for any claim of damage as a result of the towing or booting activity. The Association's right to tow or boot is in addition to, and not in limitation of all other rights of the Association, including the right to assess fines. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot.

8.3. Pets. No Owner or Occupant may keep any pets other than a reasonable number of generally recognized household pets on any portion of the Community. No potbellied pigs may be brought into or kept in the Community at any time. No Owner or Occupant may keep, breed or maintain any pet for any commercial purpose. Dogs must be kept on a leash and be under the physical control of a responsible person at all times while outdoors in unfenced areas. However, an Owner may keep his or her own dog on his or her own Lot not on a leash if the dog responds to voice commands and is under the direct supervision of the Owner. Dogs may not be left unattended while leashed or tethered to any post, tree, or object. No structure for the care, housing, or confinement of any pet shall be constructed or maintained on a Lot without prior written ACC approval.

Any Owner or Occupant who keeps or maintains any pet on any portion of the Community shall be deemed to have indemnified and agreed to hold the Association, its directors, officers, and agents free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Community.

8.4. Fences. No chain link fence or cyclone fences may be placed in the Community. All fences, including "invisible fences" for the confinement of pets, must first be approved by the ACC before the commencement of any installation of the fence. No fence on a Lot, including any electric fence or "invisible fence" for the confinements of pets, may be placed farther forward toward the street on which a dwelling on the Lot fronts than the rear-most portion of the dwelling.

8.5. Window Treatments. Unless otherwise approved in writing by the Board, all windows (except palladium windows) in a dwelling that face toward the street shall have window treatments. All window treatments must be maintained in good repair. Sheets, blankets, towels, flags, and other such items shall not be placed in any window or in way used as window treatments.

8.6. Antennas and Satellite Dishes. No transmission antenna of any kind may be erected anywhere in the Community without written approval of the ACC. No satellite dish, direct broadcast satellite (DBS) antenna, or multi-channel multi-point distribution service (MMDS) larger than one meter in diameter shall be placed, allowed, or maintained upon any portion of the Community, including a Lot. Satellite dishes and DBS and MMDS antennas one meter or less in diameter and television broadcast service antennas may only be installed in accordance with Federal Communication Commission (FCC) rules and the rules and regulations of the Association authorized by the FCC, both as may be amended from time to time. Such items shall be installed in the least conspicuous location available on the Lot which permits reception of an acceptable signal. Except as provided by this Section, no antenna or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained outdoors on any portion of the Community, whether attached to a home or structure or otherwise.

8.7. Abandoned Personal Property. Personal property is prohibited from being stored, kept, or allowed to remain for a period of more than twenty-four (24) hours upon any portion of the Common Property without prior written Board permission. Neither the Association nor any director, officer or agent thereof shall be liable to any Person for any claim of damage resulting from the removal and/or discard of the personal property after such twenty-four (24) hour period.

8.8. Use of Common Property. There shall be no obstruction of the Common Property, nor shall any vehicle or anything else be kept, parked or stored overnight on any part of the Common Property without prior approval of the Board.

With prior written Board approval, and subject to any restrictions imposed by the Board, an Owner or Owners may reserve portions of the Common Property for use for a period of time as set by the Board. Any such Owner or Owners who reserve a portion of the Common Property hereunder shall assume, on behalf of himself/herself/themselves and his/her/their guests, Occupants and family, all risks associated with the use of the Common Property and all liability for any damage or injury to any person or thing as a result of such use. The Association shall not be liable for any damage or injury resulting from such use, unless such damage or injury is caused solely by the willful acts or gross negligence of the Association, its agents or employees.

8.9. Prohibition of Nuisance and Noise. Noxious, destructive, offensive, or unsanitary activity shall not be carried on within the Community. No Lot Owner or Occupant may use or allow the use of the Lot or any portion of the Community at any time, in any way, which may endanger the health or property of other Occupants, unreasonably annoy, disturb or cause

embarrassment or discomfort to other Owners or Occupants, or, in the Board's discretion, constitute a nuisance. The intention of this provision is to grant the Association and aggrieved Owners and Occupants a right of redress for actions, activities or conduct which unreasonably disturbs or impairs the peaceful and safe enjoyment of the Community. In this regard, specific unauthorized and unreasonable annoyances or disturbances shall include, but not be limited to, the following:

(a) Any fighting, raucous behavior, or insobriety if such conduct can be heard in a dwelling on any other Lot;

(b) The use of any alarm (except security, fire, or carbon monoxide detection), equipment, television, or device which produces excessively loud sound if such sound can be heard in a dwelling on any other Lot;

(c) Any threatening or intimidating conduct towards any resident, guest, or pet in the Community;

(d) Any consistent dog barking that can be heard in a dwelling on any other Lot;

(e) Any conduct which creates any noxious or offensive odor at any time if such odor can be detected in a dwelling on any other Lot; or

(f) Any construction or similar activities which can be heard in a dwelling on any other Lot between the hours of 9:00 p.m. and 8:00 a.m.

Nothing herein shall be construed to affect the rights of an aggrieved Owner or Occupant to proceed individually against a violator of this Section. The Board may, in its discretion, require any aggrieved Owner or Occupant to seek redress personally against the violator before the Association intervenes and commences enforcement action hereunder; provided, further, due to the general nature of violations of this Section, the Board may, in its discretion, elect that the Association not intervene or enforce this Section. No claim for any loss, damage or otherwise, and no defense of selective, arbitrary, or capricious enforcement, shall exist for any Person as a result of any decision by the Board not to enforce this Section.

8.10. Fireworks. The use of fireworks on the Common Property is prohibited.

8.11. Signs. Except as may be required by legal proceedings, no signs, advertising posters or billboards of any kind, including political and campaign signs (except as provided herein below), shall be erected, placed, or permitted to remain in the Community without the prior approval of the Board, except that two (2) professional security signs not to exceed ten inches (10") by ten inches (10") each in size may be displayed on a Lot or from within a dwelling on a Lot, one (1) professionally lettered "For Sale" or "For Lease" sign not to exceed two feet (2') by

two feet (2') in size may be displayed on a Lot, and one (1) "work performed by" sign may be displayed on a Lot for no more than one (1) week in any calendar year. In addition, one (1) political sign not to exceed two feet (2') by two feet (2') may be displayed on a Lot two weeks prior to an election that the political sign pertains and must be removed the day after the election that the political sign pertains occurs. The Board shall have the right to erect reasonable and appropriate signs on the Common Property on behalf of the Association. The Board also shall have the authority to adopt regulations permitting temporary signs on Lots announcing open houses, births, graduations, birthdays or other events for limited periods of time. No "For Sale" or "For Lease" signs or directional signs shall be permitted on the Common Property without the approval of the Board.

8.12. Rubbish, Trash, and Garbage. All rubbish, trash, and garbage shall be weekly removed from the Lot and shall not be allowed to accumulate on a Lot or in a dwelling. Rubbish, trash, and garbage shall be disposed of in appropriate sealed bags and placed in proper receptacles for collection. The Board may establish rules and regulations regarding the storage location of trash bags, trash cans, and receptacles and the placement of same for pick-up.

8.13. Unightly or Unkempt Conditions. The pursuit of hobbies or other activities, including, but not limited to, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community, except in a dwelling or garage. Clothing, bedding, rugs, mops, appliances, indoor furniture, and other household items shall not be placed or stored outside the dwelling. Only appropriate outdoor items, such as neatly stacked firewood, patio furniture, grills, and similar items may be kept outside the rear of a dwelling.

8.14. Impairment of Dwellings and Easements. An Owner shall not undertake any act or work that will impair the structural soundness or integrity of another dwelling or impair any easement, nor do any act nor allow any condition to exist which will adversely affect other Lots or their Owners or Occupants.

8.15. Erosion Control. No activity which may create erosion or siltation problems anywhere in the Community shall be undertaken.

8.16. Subdivision of Lots. No Lot may be subdivided into a smaller Lot.

8.17. Garage Sales. No more than three (3) garage sale, yard sale, or similar activity shall be conducted in the Community in a calendar year without prior approval of the Board.

8.18. Landscaping. Every Lot on which a dwelling is constructed shall be landscaped by the Owner. Bermuda sod shall be required from the front of the dwelling to the curb. Corner Lots shall require sod from the front of the dwelling to the curb of the street the dwelling faces, sod from the side of the dwelling facing any street or streets to the curb of such street or streets, and sod not less than thirty feet (30') from the rear of the dwelling to the back property line.

Notwithstanding the above, upon request by an Owner, the ACC may approve a substitute for sod. Overseeding of the front yard is prohibited.

8.19. Tree Removal. No tree of any kind measuring six inches (6”) or more in diameter at the base of the tree at the natural ground elevation shall be removed without prior approval of the ACC. However, dead trees may be removed without ACC approval.

8.20. Driveways. All driveways shall be construed of concrete, unless otherwise approved by the ACC. All driveways shall be a minimum of nine feet (9’) in width.

8.21. Mailboxes. Mailboxes shall be a uniform standard consistent with the Community-Wide Standard as determined by the Board. Any mailbox post replacement must be consistent with the Community-Wide Standard as determined by the Board.

8.22. Pools. No above ground pool may be permitted.

8.23. Clotheslines. No outside clothesline shall be permitted.

8.24 Recreational Equipment. Recreational and playground equipment should not be placed on any Lot which is visible from the street abutting such Lot. Permanently installed basketball goals are not permitted. Portable basketball goals are permitted, but must remain in the Owner’s driveway.

8.25 Accessory Structures. Any accessory structure, including but not limited to tool sheds, playhouses, or dog houses, requires ACC approval prior to erection of same.

8.26 Waterfront Land.

(a) On Lots adjacent to lakes, ponds, rivers, streams, creeks or other water bodies or courses:

(i) No boat canal shall be dug or excavated therein, except with prior written approval of the ACC of plans and specifications for said digging or excavation;

(ii) No bulkheading, barge, docks, float, or other marine structure shall be erected adjacent thereupon, without the prior written approval of the ACC of plans and specifications for such structures; and

(iii) No refuse of any kind shall be placed on or disposed of therefrom into the adjacent waters.

(b) On lakes, ponds, rivers, streams, creeks or other water bodies or courses comprising any part of the Common Property:

(i) No boat shall be moored so as to obstruct navigation;

(ii) No boat of length greater than fifteen (15) feet, except canoes, shall be launched or landed.

(c) On Lots which either abut or are located partially within the lake now located in the Community, there is hereby reserved unto the Owners of Lots which abut such lake the following rights and easements:

(i) A perpetual non-exclusive easement for the benefit of only such parties as are expressly named immediately above over that portion of the Community from time to time covered with the waters of such lake, also the embankment thereof within five feet or such water line, for ordinary and customary recreational uses and lake maintenance;

(A) The easement reserved immediately above shall be limited in use to the Owners of Lots actually abutting the lake, their immediate families, and only such visitors of such Owners as are actually and in good faith personally accompanied by such Owner or a member of such Owner's immediate family;

ARTICLE IX

LEASING

In order to protect the equity of the individual Lot Owners within the Community, to carry out the purpose for which the Community was formed by preserving the character of the Community as a residential property of predominantly owner-occupied homes, to prevent the Community from assuming the character of a renter-occupied complex, and to comply with any eligibility criteria for mortgages, including mortgages on the secondary mortgage market, insofar as such criteria provide that the Community be substantially owner-occupied, leasing of Lots shall be governed by the restrictions imposed by this Article.

9.1. Prohibition. Except as provided herein, the leasing of Lots shall be prohibited.

9.2. Definitions. "Leasing," for purposes of the Declaration, is defined as the regular, exclusive occupancy of a Lot by any person or persons other than the Owner; provided, however, leasing shall not include occupancy by the spouse, child or parent of an Owner and shall not include the occupancy by a roommate of an Owner who occupies the Lot as such Owner's primary dwelling.

9.3. Undue Hardship. The Board shall be empowered to allow reasonable leasing of Lots, upon written application, to avoid undue hardship to an Owner. By way of illustration, and not by limitation, examples of circumstances which would constitute "undue hardship" are those

in which (1) an Owner must relocate his or her dwelling for employment purposes and cannot, within ninety (90) days from the date the Lot was placed on the market, sell the Lot for a price no greater than the current appraised market value, after having made reasonable efforts to do so; (2) where the Owner dies and the Lot is being administered by his or her estate; and (3) where the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Lot, in which case the Lot Owner must reapply every six (6) months for renewal of the hardship exception. Those Owners who have demonstrated that the inability to lease their Lot would result in undue hardship and have obtained the requisite approval of the Board may lease their Lots as provided herein.

Any Owner who believes that he or she must lease his or her Lot to avoid undue hardship shall submit a written application to the Board setting forth the circumstances necessitating the leasing and such other information as the Board may reasonably require. Leasing in the case of undue hardship shall be permitted only upon the Board's written approval of the Owner's application.

The Board shall have the power to make and enforce reasonable rules and regulations and to fine, in accordance with the Declaration and Bylaws, in order to enforce the provisions of this Article. Any transaction which does not comply with this Article shall be voidable at the option of the Board of Directors, and the Board of Directors shall be empowered to bring an eviction proceeding against any person who has leased a Lot in violation of this Article.

9.4. Leasing Provisions. Such leasing as approved by the Board of Directors in order to avoid undue hardship or that is otherwise authorized hereunder shall be governed by the following provisions:

(a) Notice. At least seven (7) days prior to entering into the lease of a Lot, the Owner shall provide the Board of Directors with a copy of the proposed lease form and such other information as the Board may reasonably require. The Board shall approve or disapprove the form of said lease. In the event a lease form is disapproved, the Board shall notify the Owner of the requisite action to be taken to obtain approval of the lease form. Within ten (10) days from the execution of the approved lease form by both parties, a copy of the lease, signed by the lessor and lessee, shall be submitted to the Board. All leases must be signed by the Owner (the lessor) and the tenant (the lessee).

(b) General. Lots may be leased only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Lots or assignment of leases unless approved in writing by the Board. All leases shall be for a period of at least six (6) months, and the Owner may request an extension or extensions from the Board for six (6) month periods. The Lot Owner must provide the tenant copies of the Declaration, Bylaws, and Association rules and regulations.

(c) Liability for Assessments and Compliance With Declaration, Bylaws, and Rules and Regulations. Any lease of a Lot in the Community shall be deemed to contain the

following provisions, whether or not expressly therein stated, and each Owner covenants and agrees that any lease of a Lot shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into a lease by existence of this Article. Any lessee, by occupancy of a Lot, agrees to the applicability of this Article and incorporation of the following language into the lease:

(i) Liability for Assessments. Lessee agrees to be personally obligated for the payment of all assessments and all other charges against the Lot which become due during the term of the lease and any other period of occupancy by the lessee or which become due as a consequence of lessee's activities, including, but not limited to, activities which violate provisions of the Declaration, the Bylaws, or the rules and regulations adopted pursuant thereto. The above provision shall not be construed to release the Lot Owner from any obligation, including the obligation for assessments, for which the Owner would otherwise be responsible.

When a Lot Owner who is leasing his or her Lot fails to pay any assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Lot Owner hereby consents to the assignment of any rental payments from the lessee during the period of delinquency, and, upon demand by the Board of Directors to the lessee, the lessee shall pay to the Association all unpaid annual and special assessments and other charges; provided, however, except for the additional amounts provided in this Article due to lessee's failure to pay the Association, lessee shall not be obligated to pay more than the monthly rental payments. All such payments made by lessee to the Association shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's demand to pay assessments or other charges to the Association, lessee shall (i) be personally liable (jointly and severally with the Owner), from the date of the demand for payment from the Board, for all costs of collection, including reasonable attorney's fees actually incurred, and (ii) be personally liable to the Association for all rental payments made to the lessor following the date of the demand for payment from the Board.

(ii) Compliance with Declaration, Bylaws, and Rules and Regulations. Lessee shall abide by and comply with all provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto and shall control the conduct of all other occupants and guests in order to insure compliance with the foregoing. Lessee acknowledges that the violation by lessee or any occupant living with lessee of any provision of the Declaration, Bylaws, or rules and regulations adopted thereunder shall constitute a default under the lease. Owner shall cause all occupants of his or her Lot to comply with the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, and is responsible for all violations and losses caused by such occupants, notwithstanding the fact that such occupants of the Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto. If the lessee, or a person living with the lessee, violates the Declaration, Bylaws, or a rule and regulation for which a fine is imposed, such fine may be assessed against the lessee and/or the Owner; provided, however, if a fine is not paid by the lessee within the time

period set by the Board of Directors, the Owner shall pay the fine upon notice from the Board of the lessee's failure to do so. Unpaid fines shall constitute a lien against the Lot. Any lessee charged with a violation of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto is entitled to the same procedure to which an Owner is entitled prior to the imposition of a fine or other sanction.

Any violation of the Declaration, Bylaws, or Association rules and regulations by lessee, any occupant, or any person living with lessee is deemed to be a violation of the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Georgia law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of Declaration, Bylaws, or Association rules and regulations, including the power and authority to evict the lessee on behalf and for the benefit of the Owner, in accordance with the terms hereof, or to require the Owner to do so. In the event the Association proceeds to evict the tenant, any costs, including attorney's fees and court costs, associated with the eviction shall be specially assessed against the Lot and the Owner thereof, such being deemed hereby as an expense which benefits the leased Lot and the Owner thereof.

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

9.5. Applicability of this Article (Grandfathering of Existing Leases).

Leases existing on the Effective Date of this Declaration shall not be subject to the terms of this Article, except Section 9.4 of this Article, and such leases may continue in accordance with the terms of the Original Declaration as it existed prior to the Effective Date of this Declaration and Section 9.4 of this Article; provided, however, the following: (1) any assignment, extension, renewal, or modification of any lease agreement, including, but not limited to, changes in the terms or duration of occupancy, shall be considered a termination of the old lease and commencement of a new lease which must comply with this Article; provided, however, any extension, renewal, or modification of a lease wherein the lessee occupying the Lot does not change shall not be considered a termination of the lease; and (2) any Owner of a Lot which is leased on the Effective Date of this Declaration must, within forty-five (45) days of such date, notify the Board of Directors in writing that the Owner's Lot is leased and provide a copy of the lease agreement in effect to the Board of Directors. Failure to provide such notice and written lease agreement to the Board shall disqualify the Owner from this grandfathering provision.

ARTICLE X

MAINTENANCE RESPONSIBILITY

10.1. Owner's Responsibility. Each Owner shall maintain and keep the Owner's Lot and dwelling in good repair, condition, and order, including, but not limited to, exterior painting, repairs, mowing, edging, weeding, trimming, and keeping planting beds in good condition and free of weeds. In addition, each Owner shall maintain any public right of way located between the Owner's Lot and the curb of the street(s) bordering such Lot. Such maintenance shall be performed consistent with this Declaration and the Community-Wide Standard established pursuant hereto. Each Owner shall perform the Owner's responsibility hereunder in such manner so as not to unreasonably disturb other Lot Owners.

If the Board determines that any Owner has failed or refused to discharge properly the Owner's obligation with regard to the maintenance of the Owner's Lot or the repair or replacement of items of which the Owner is responsible hereunder, then, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Board. Unless the Board determines that an emergency exists, the Owner shall have ten (10) days within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as herein provided, then the Association, through its agents authorized by the Board, may enter the Lot and provide any such maintenance, repair, or replacement at the Owner's sole cost and expense, and such costs shall be an assessment and lien against the Owner and the Lot.

SPECIAL NOTICE: The Association and its agents shall have an easement for such entrance and self-help on the Owner's Lot, and such entrance and self-help on the Owner's Lot shall not be a trespass. Any interference or rejection by the Owner, or by any Person on behalf of the Owner, including by law enforcement personnel, with the Association's easement to enter the Lot shall constitute a violation of this Declaration and shall further constitute the unlawful and unauthorized interference with the Association to exercise its lawful easement rights contained herein.

If, during the course of performing the maintenance of an Owner's Lot, the Association discovers that maintenance, repair, or replacement is required of an item which is the Owner's responsibility, and such maintenance, repair, or replacement must be performed for the Association to properly complete its maintenance project, then the Association may perform such work on behalf of the Owner and at the Owner's expense without prior notice to the Owner.

In the event the Board exercises such self-help as provided herein, and in the event further self-help is deemed necessary by the Board within the following six (6) months, the Board may exercise such self-help without further notice to the Owner, and all costs shall be an assessment and lien against the Owner and the Lot.

The Board may alternatively enforce this Article through monetary fines against the Owner or Occupant of the Lot, and each day the maintenance, repair, or replacement is not completed shall constitute a separate violation for which fines may be assessed on a daily basis.

10.2. Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and placement of all landscaping grass areas, paving and other improvements situated on the Common Property.

ARTICLE XI

EASEMENTS

11.1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots due to trees or the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than six (6) inches, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Property or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point. Any improvement constructed, reconstructed or altered in violation of this Declaration shall not have a reciprocal appurtenant easement for encroachment and overhang.

11.2. Easements for Use and Enjoyment. Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to the Owner's Lot, subject to the following provisions:

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

(b) the right of the Association to suspend the right of an Owner to use the recreational facilities in the Community for any period during which any assessment against the Owner or Owner's Lot which is provided for herein remains unpaid and for a reasonable period of time for an infraction of the Declaration, Bylaws, or rules and regulations;

(c) the right of the Association to borrow money as may be set forth in the Bylaws; provided, however, the lien and encumbrance of any such mortgage given by the Association against the Common Property shall be subject and subordinate to any rights, interests, options, easements, and privileges herein reserved or established for any Lot or Lot Owner;

(d) the right of the Association to grant permits, licenses, or easements across the Common Property. and

(e) the right of the Board of Directors to convey all or a portion of the Common Property to any Person upon the written approval of at least two-thirds (2/3) of the total vote of the Association membership.

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

11.3. Easement for Entry. The Association shall have an easement to enter onto any Lot for emergency, security, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Community, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after notice to the Owner or Occupant. This right of entry shall include the right of the Association to enter a Lot to cure any violation of the Declaration, Bylaws, or rules and regulations of the Association and any condition which may increase the possibility of a fire or other hazard in the event that an Owner fails or refuses to cure the condition upon request by the Board. No entry into a dwelling shall be permitted without the expressed consent of the Owner.

11.4. Easement for Entrance Sign and Landscaping. The Association shall have an easement over any portion of a Lot on which any entrance feature, including, but not limited to, the Community sign and landscaping, are located. The Association shall be solely liable for the maintenance, repair and replacement of the entrance features, landscaping, and annual flowers. Any and all entrance features and landscaping shall remain the personal property of the Association and shall not be realty. The Association shall additionally have an easement for the installation and maintenance of utility and water lines across the Lot to the entrance features.

ARTICLE XII

SALE OF LOTS

12.1. Grantor's Obligation for Notice. A Lot Owner intending to make a transfer or sale of a Lot or any interest in a Lot shall give the Board written notice of such intention within seven (7) days after execution of the transfer or sales documents. The Owner shall furnish the

Board, as part of the notice, the name and address of the intended grantee and such other information as the Board may reasonably require. This Article shall not be construed to create a right of first refusal in the Association or in any third party.

12.2. Grantee's Obligation for Notice. Within seven (7) days after receiving title to a Lot, the grantee of the Lot shall give the Board written notice of such ownership of the Lot. Upon failure of a Owner to give the required notice within the seven (7) day period provided herein, the Board may levy a fine against the Lot and Owner thereof, and assess the Owner for all costs incurred by the Association in determining the Owner's identity.

ARTICLE XIII

INSURANCE

13.1. Hazard Insurance on Common Property. The Association's Board or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property. The insurance shall include fire and extended coverage, including coverage for 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.

13.2. Association Liability and Directors' and Officers' Liability Insurance. The Board shall obtain a public liability policy applicable to the Common Property 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 in their capacities as such, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least one million (\$1,000,000.00) dollars.

13.3. Premiums and Deductible on Association Policies. Premiums for all insurance obtained by the Association shall be a common expense of the Association. The policies may contain a reasonable deductible, 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.

13.4. Policy Terms. All such insurance coverage obtained by the Board shall be written in the name of the Association. Such insurance shall be governed by the following provisions:

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

(b) All policies on the Common Property shall be for the benefit of the Association and its members.

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

(d) In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(e) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies should be reviewed annually by one or more qualified persons.

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

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

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

(iii) that no policy may be canceled or substantially modified or subjected to nonrenewal without at least thirty (30) days prior written notice to the Association.

13.5. Individual Lot Owner Insurance. Each Owner shall carry blanket all-risk casualty insurance, if reasonably available, or if not reasonably available, fire and extended coverage, on the Owner's Lot and structures constructed thereon meeting the same requirements as set forth in this Article for insurance on the Common Property. Each Owner further covenants and agrees that, in the event of damage and destruction of structures on his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with this Declaration, unless a determination not to rebuild is made by the Lot Owner in cases of substantial damage or destruction. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. If the structure is totally destroyed and a determination is made not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction, and thereafter the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the Community-Wide Standard.

ARTICLE XIV

REPAIR AND RECONSTRUCTION

14.1. Common Property. In the event of damage to or destruction of all or any part of the Common Property insured by the Association as a result of fire or other casualty, unless eighty percent (80%) of the Lot Owners vote not to proceed with the reconstruction and repair of the structure, the Board or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the damaged part of the Common Property.

14.2. Cost Estimates. Immediately after a fire or other casualty causing damage to the Common Property, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged Lot) to substantially the condition which existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Such costs may also include professional fees and premiums for such bonds as the Board determines to be necessary.

14.3. Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, a special assessment shall be made against all of the Lot Owners without the necessity of a vote of the members or compliance with Article VI, Section 6.6 above. If, after repair and reconstruction is completed, there is a surplus of funds, such funds shall be common funds of the Association to be used as directed by the Board.

14.4. Damage to or Destruction of Dwellings on Lots. In the event of damage to or destruction of structures on a Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VII above, unless a determination not to rebuild is made by the Lot Owner in cases of substantial damage or destruction. If the structure is substantially destroyed and a determination is made not to rebuild or to reconstruct, the Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction, and, thereafter, the Owner shall continue to maintain the Lot in a neat and attractive condition consistent with the Community-Wide Standard.

ARTICLE XV

MORTGAGEE'S RIGHTS

15.1. Foreclosure. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Lot obtains title pursuant to judicial or nonjudicial foreclosure of the first Mortgage, it shall not be liable for assessments or charges by the Association chargeable to such Lot which

became due prior to such acquisition of title. Such acquirer shall be responsible for all charges accruing subsequent to the passage of title.

15.2. Eligible Mortgage Holder. A Mortgage Holder shall become an Eligible Mortgage Holder if the Mortgage Holder provides to the Association in writing its name, address, and phone number, as well as the address of the Lot and name of the Lot Owner to which it holds a Mortgage; provided, however, a settlement statement (HUD-1) from a closing shall not be sufficient information to enable a Mortgage Holder to become an Eligible Mortgage Holder. Upon becoming an Eligible Mortgage Holder, an Eligible Mortgage Holder shall be entitled to timely written notice of the following:

(a) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to a first Mortgage held by such Eligible Mortgage Holder which remains unsatisfied for a period of sixty (60) days, and any default in the performance by an individual Owner of any other obligation under this Declaration which is not cured within sixty (60) days; or

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

15.3. Financial Statement. Any holder of a first Mortgage shall be entitled, upon written request, to receive within a reasonable time after request, a copy of the financial statement of the Association for the immediately preceding fiscal year, free of charge to the Mortgagee so requesting.

15.4. Non-Impairment. Notwithstanding anything to the contrary herein contained, the provisions of this Declaration governing sales and leases shall not apply to impair the right of any first Mortgagee to: (i) foreclose or take title to a Lot pursuant to remedies contained in its Mortgage; (ii) take a deed or assignment in lieu of foreclosure; or (iii) sell, lease, or otherwise dispose of a Lot acquired by the Mortgagee.

ARTICLE XVI

AMENDMENTS

This Declaration may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent, of the Association members holding at least two-thirds (2/3) of the total vote of the Association. Notice of a meeting, if any, at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. No amendment shall be effective until certified by the President and Secretary of the Association and filed in Gwinnett County, Georgia land records.

Notwithstanding the foregoing, the Board of Directors, without the necessity of a vote from the owners, may amend the Declaration to comply with any applicable state, city or federal

law, including but not limited to, compliance with applicable guidelines of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA").

Any action to challenge the validity of this Declaration or an amendment adopted under this Article must be brought within one (1) year of the recording of same in the Gwinnett County, Georgia land records. No action to challenge this Declaration or any such amendment may be brought after such time.

ARTICLE XVII

GENERAL PROVISIONS

17.1. Enforcement. In addition to any other enforcement right set forth within the Declaration or Bylaws, the Association, acting through the Board of Directors, shall have the right to enforce any violation of the Declaration, Bylaws or rules and regulations of the Association by a proceeding at law or in equity, or as otherwise provided herein. Owners may enforce the Declaration against other Owners by a proceeding at law or in equity.

(a) Fines and Suspensions of Use. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Owner's Lot, for any violation of the Declaration, Bylaws, or any Association rules and regulations. The Board shall further have the power to suspend the use of any Common Property for any violation of the Declaration, Bylaws, or any Association rules and regulations. If any Occupant violates the Declaration, Bylaws or Association rules and regulations and a fine is imposed, the fine may be imposed against the Owner and/or Occupant. The Board may establish and promulgate a fining schedule. The Board shall not impose a fine or suspend the right to use the Common Property, unless and until the Board has sent or delivered written notice to the Owner or Occupant as provided herein.

(i) Notice. If any provision of the Declaration or Bylaws or any Association rule or regulation is violated, the Board shall send the violating Owner or Occupant written notice identifying the violation and fine and/or suspension being imposed and advising the Owner or Occupant of the right to request a hearing before the Board to contest the violation or the fine and/or suspension or to request reconsideration of the fine and/or suspension. Fines and suspensions may not become effective until at least ten (10) days from the date of the notice (which time shall be extended as provided below in the event the Owner or Occupant requests and attends a hearing of the Board). In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per day basis without further notice to the Owner or Occupant.

(ii) Hearing. If a written request for a hearing is received from the Owner or Occupant within ten (10) days of the date of the violation notice provided above, then the Board shall schedule and hold in executive session a Board meeting as a hearing affording the Owner or Occupant a reasonable opportunity to be heard, and no fines shall be imposed until

after the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing. The Board may establish rules of conduct for such hearing, which may include limits on time and on the number of participants who may be present at one time. Failure to request a timely hearing as provided herein shall result in loss of the right to challenge and request reconsideration of the fines or suspension.

(b) Suspension of Voting. A member's right to vote shall automatically be suspended during any period in which a member is more than thirty (30) days delinquent on any assessment or charge or during any period in which the member is in violation of the Declaration. The Association shall not be required to provide any notice to such member that the member's voting rights have been automatically suspended.

(c) Abatement and Self-Help. The Board or its designee may enter upon a Lot to exercise self-help in order to remove or abate any violation thereon of the Declaration; provided, however, the Board shall first provide the Owner of the Lot ten (10) days notice of the Board's intention to enter the Owner's Lot and provide the Owner with an opportunity to remove or abate the violation, provided further, such notice shall not be required if the Board determines that an emergency exists. All costs of self-help or of otherwise enforcing the Declaration, Bylaws or Association rules, including reasonable attorney's fees actually incurred, shall be assessed against the Owner, Occupant and/or Lot subject to the violation.

(d) Notice of Violation. The Association shall have the authority to record in the Gwinnett County, Georgia land records a notice of violation identifying an uncured violation of the Declaration, Bylaws, or rules and regulations regarding a Lot.

(e) Enforcement Costs. The Owner or Occupant responsible for a violation shall be liable for all costs incurred in enforcement, including reasonable attorney's fees actually incurred, whether or not a legal proceeding in law or equity is filed in connection with the violation. The costs shall become a lien against the owner's Lot.

(f) Waiver. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

17.2. Duration. The covenants, conditions, restrictions, and easements within the Declaration shall run with and bind the property subject to this Declaration perpetually or as otherwise provided by Georgia law.

17.3. Security. The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety in the Community; however, each Owner, for itself, himself or herself and its, his or her tenants, guests, licensees, and invitees, acknowledges and agrees that the Association is not a provider of security and shall have no duty to provide security in the Community. It shall be the responsibility of each Owner to protect its, his or her person and property and all responsibility to provide security shall lie

solely with each Lot Owner. The Association shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

17.4. Dispute Resolution. Any Lot Owner or Occupant must give written notice to the Board requesting a hearing with the Board and attend such hearing to discuss amicable resolution of any dispute against the Association before that Owner or Occupant files any lawsuit against the Association, the Board, or any officer or director, or any agent of same. The Owner or Occupant shall, in such notice and at the hearing, make a good faith effort to explain the grievance and resolve the dispute in an amicable fashion, and shall give the Association a reasonable opportunity to address the Owner's or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Association shall give notice of the date, time, and place of the hearing to the Person requesting the hearing. The Association shall schedule the hearing for a date not less than seven (7) nor more than twenty-one (21) days from the date of receipt of the notice of hearing from the Person requesting the hearing.

17.5. No Discrimination. No action shall be taken by the Association or the Board of Directors which would discriminate against any person on the basis of race, creed, color, national origin, religion, sex, familial status, or handicap.

17.6. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) 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, and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

17.7. Eminent Domain. If all or any part of the Common Property shall be taken or conveyed in lieu of or under threat of condemnation by any authority having power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. If the taking involves a portion of the Common Property on which improvements have been constructed, then, unless within one hundred and eighty (180) days after such taking at least seventy-five percent (75%) of the total number of Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining Common Property to the extent land is available therefor.

17.8. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, 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.

17.9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstances or affect any other provision, which shall remain in full force and effect.

17.10. Conflicts. The duties, powers, and obligations of the Association, including the members, directors, and officers, shall be those set forth in the Georgia Property Owners' Association, the Georgia Nonprofit Corporation Code, the Declaration, these Bylaws, the Articles of Incorporation, and the rules and regulations of the Association. If there are conflicts or inconsistencies between such, then the provisions of the Georgia Property Owners' Association, the Georgia Nonprofit Corporation Code, the Declaration, these Bylaws, the Articles of Incorporation, and the rules and regulations of the Association, in that order, shall prevail; and each Owner of a Lot, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.

17.11. Preparer. This Declaration was prepared by Brendan R. Hunter, The Lueder Law Firm, LLC, 5900 Windward Parkway, Suite 390, Alpharetta, Georgia 30005.

This _____ day of _____, 200__.

WATERBURY COVE HOMEOWNERS
ASSOCIATION, INC.

Signature of President

Print Name: _____

Sworn to and subscribed before me
this ____ day of _____, 200__.

Witness: _____

Notary Public

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

Signature of Secretary
Print Name: _____

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

Witness: _____

Notary Public