

WHITE OAKS SUBDIVISION PROTECTIVE COVENANTS

THIS DECLARATION is made on the date hereinafter set forth by PRH INVESTMENTS, INC, (hereinafter referred to as "Declarant").

WITNESSETH

WHEREAS, Declarant is the owner of certain real property lying and being in Land Lot 37 & 38 of the 4 District Walton County, Georgia, being more particularly described as that parcel known as White Oaks and being recorded in Plat Book 91 Page 24 Walton County Records, which Plat is incorporated herein and made a part hereof by reference.

WHEREAS, the Declarant intends to develop on lands, including the real property described above, a development to be known as White Oaks Subdivision (hereinafter referred to as the "Development"); and

WHEREAS, Declarant shall cause the Association (as hereinafter defined) to be formed as a non-profit civic organization to perform certain functions for the common good and general welfare of the Owners (as hereinafter defined);

NOW THEREFORE, the Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to this Declaration of Covenants, Conditions and Restrictions, which is for the purpose of enhancing and protecting the desirability and attractiveness of, and which shall run with, the real property, and be binding on all parties having any right, title or interest in the described property or any part thereof, and shall subject to all limitations herein provided, inure to the benefit of each Owner, his heirs, grantees, distributes, successors and assigns and to the benefit of the Association.

ARTICLE I DEFINITIONS

The following words, when used in this Declaration of Protective Covenants, Conditions and Restrictions, shall have the following meanings:

1.01 Additional Property. "Additional Property" means any additional property which may be added to the Property and made subject to this Declaration.

1.02 Association. "Association" means White Oaks Home Owners Association, Inc., a non-profit corporation that shall be organized under the Georgia Nonprofit Corporation Code, its successors and assigns.

1.03 Board. "Board" means the Board of Directors of the Association.

1.04 By-Laws. "By-Laws" mean the By-Laws of the Association.

1.05 Common Property. "Common Property" means all real and personal property now or hereafter owned by the Association or in certain instances over which the Association has been granted permanent easements, for the common use and enjoyment of the Owners.

1.06 Declarant. "Declarant" means (i) PHR Investments, Inc., its successors and assigns, or (ii) any successor in title to all or some portion of the Property or the Additional Property, provided such successor in title shall acquire such property for the purposes of development or sale, and provided further, that in a written instrument, such successor in title is expressly assigned all rights, privileges and options herein reserved to Declarant by the Declarants as hereunder defined at the time of such conveyance; or (iii) should any of the property or the additional property become subject to a first mortgage given by Declarant as security for the repayment of a development loan, then all the rights, privileges and options herein reserved to the Declarant shall inure to the benefit of the holder of such first mortgage upon its becoming the actual owner of the property and additional property then subject to such first mortgage through a judicial foreclosure or sale made pursuant to any power of sale contained in such first mortgage or by a transfer by deed in lieu of foreclosure. All rights, privileges and options herein reserved to the Declarant may be transferred to the successor in title of any such acquired property, provided any such successor in title shall acquire for the purpose of development or sale, all or some portion of such property, and provided further, that in a written instrument, such successor in title is expressly assigned all rights, privileges and options herein reserved to Declarant by the Declarant as hereunder defined at the time of such conveyance.

1.07 Lot. "Lot" means any numbered parcel of land together with improvements thereon shown upon the plat of survey, recorded in Plat Book 2.L Page 24, Walton County, Georgia Records, or as similarly shown on supplemental surveys of such tract or such additional tracts as may be added to the property from time to time, as provided herein; provided however, that no portion of the Common Property shall ever be a lot except as provided for in Section 2.04.

1.08 Member. "Member" means any member of the Association.

1.09 Owner. "Owner" means the record owner (including Declarant) whether one or more persons or entities, of a fee simple title to any Lot, provided, however, that where fee simple title has been transferred and is being held merely as security for repayment of

a loan, the person or entity who would own the Lot in fee simple if such loan were paid in full shall be considered the Owner.

1.10 Property. "Property" means that certain real property (other than Common Property) herein above described together with such additional real property as the Declarants may acquire and subject to the provisions of this Declaration of Covenants, Conditions and Restrictions in accordance with the provisions of Article X hereof.

1.11 Restrictions. "Restrictions" means all covenants, restrictions, easements, charges, liens and other obligations created or imposed by this Declaration.

1.12 Structure. Structure means:

(a) Any thing or object the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse or bathhouse, coop or cage, covered or uncovered patio, swimming pool, fence, curbing, paving, wall, tree, shrub, sign, signboard, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvements to such Lot;

(b) Any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow or surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial creek, stream, was or drainage channel from, upon or across any Lot; and

(c) Any change in the grade at any point on a Lot of more than six (6) inches, whether or not subsection (b) of this Section 1.12 applies to such change.

ARTICLE II COMMON PROPERTY

2.01 Conveyance of Common Property.

(a) The Declarants may from time to time convey to the Association or grant easements to the Association, at no expense to the Association and in accordance with this Section, real and personal property for the common use and enjoyment of the Owners (such real and personal property is hereinafter collectively refereed to as "Common Property") and, to the extent set forth in this Declaration of Covenants, Conditions and Restrictions, the general public. The Association hereby covenants and agrees to accept from the Declarants all such conveyances of Common Property.

(b) It is contemplated by the Declarants that the Declarants will convey to the Association Common Property for scenic and natural area preservation and for general recreational use. The Declarants may, at Declarant's sole discretion, modify, alter, increase, reduce or otherwise change the Common Property contemplated to be conveyed

to the Association in accordance with this subsection (b) of this Section 2.01 at any time prior to the conveyance of such Common Property to the Association.

(c) In addition to the property described in subsection (b) of Section 2.01, the Declarant shall convey to the Association such other real and personal property and any and all maintenance agreements attached to such property as the Declarants may determine to be necessary or property for the completion of the Development.

(d) Notwithstanding any legal presumption to the contrary, the fee title to, and all rights in, any portion of the Property owned by the Declarants and designated as Common Property or designated for public use shall be reserved to the Declarants until such time as the same shall be conveyed to the Association or to any municipality or other governmental body, agency or authority.

2.02 Right of Enjoyment. Every Owner shall have a right and easement to use and enjoy the Common Property in accordance with these Restrictions and subject to the rules and regulations which may be adopted by the Association, which right shall be appurtenant to and shall pass with the title to every Lot upon transfer; provided, however, that no Owner shall do any action which interferes with the free use and enjoyment of the Common Property by all other Owners. The Association may permit persons who are not owners to use and enjoy any part or all the Common Property subject to such limitations, and upon such terms and conditions, as it may from time to time establish. The right and easement of enjoyment granted or permitted by this Section is subject to suspension by the Association as provided in Section 2.03(c) and 3.06.

2.03 Rights of the Association. The rights and privileges conferred in Section 2.02 hereof shall be subject to the right of the Association acting through the Board to:

(a) Promulgate rules and regulations relating to the assignment, use, operation and maintenance of the Common Property;

(b) Charge reasonable fees in connection with the admission to and use of facilities or services; provided that in setting any such fee the Board may establish reasonable classifications, which shall be uniform within each such class but need not be uniform between such classes;

(c) Suspend, pursuant to Section 3.06, the voting rights of any member and the right of enjoyment granted or permitted by Section 2.02;

(d) Grant easements or rights of way over Common Property to any municipality or other governmental board, agency or authority; to any quasi-public agency or to any utility company or cable television system;

(e). Enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof;

(f) Borrow money for the purpose of carrying out the activities of the Association, including the acquisition, construction, improvement, equipping and maintenance of Common Property, and in aid thereof to encumber by deed to secure debt, mortgage or other security interest, any or all of the Association's property including Common Property and revenues from assessments, user fees and other sources;

(g) Dedicate or transfer all or any part of the Common Property or interest therein to any municipality or other governmental body, agency or authority for such purposes and subject to such provisions and conditions as may be agreed upon by the Association and such grantee, including a provision that such property or interest held by any such municipality or authority shall cease to be subject to this Declaration or all or any part of the Restrictions.

(h) To sell, lease or otherwise dispose of all or any part of its properties and interest therein; provided, however, that the Association shall not sell, encumber by security interest, convey, dedicate or transfer any Common Property or interest therein, without the approval of two-thirds (2/3) of each class of members.

2.04 Types of Common Property. At the time of the conveyance of any real property or grant of easement by the Declarants to the Association to be used as Common Property, the Declaration shall designate in the deed of conveyance or easement that such real property is to be Common Property, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not, without a two-thirds (2/3) vote of each class of Members of the Association, be used for any different purpose or purposes.

(a) It is contemplated that certain easements for the erection and maintenance of entrance monuments, subdivision signs, walls, fences, and other structures intended to provide an attractive atmosphere or to provide privacy to Owners within the Development will be reserved by the Declaration and set forth on plats of survey of the Development recorded in the County Records. Such easements shall be perpetual in duration and shall include the right to erect, maintain, repair, replace and re-erect any such structures within the easement areas, as well as the right to plant grass, plants, flowers, shrubs and trees; to tend and garden same, and to generally landscape the area within said easements to keep them clean, attractive and uniform in appearance for the benefit of all Owners within the Development. Said easement areas shall be designated as such and all Owners taking title to any Lot upon which such an easement lies will take title subject to the easement rights set forth herein, as well as such rights as may be set forth in the deed conveying such easement to the Association. Such easements shall be common property.

(b) Encroachment Easements. If any buildings or other improvements initially constructed on any of the Lots, including without limitation, eaves, roof overhangs, balconies, siding, porches, or other structures which may be attached to the walls and roof

of such buildings, and which may encroach onto or over or extend into the air space of any portion of the Common Property, or conversely, if any such improvements initially constructed on the Common Property encroach onto or over portions of any Lot, a valid easement for the encroachment and for the maintenance, repair and replacement thereof, shall exist so long as the encroachment exists.

2.05 Delegation of Use. Any Owner may delegate his right to use and enjoy the Common Property to the members of his family, his social invitees or his tenants who reside on a lot. Tenants which reside on a Lot shall have the same rights of delegation as an Owner. Any delegation of rights must be made in accordance with the By-Laws and will be subject to reasonable regulation by the Board and in accordance with the procedures it may adopt.

ARTICLE III THE HOMEOWNERS ASSOCIATION

3.01 Purposes, Powers and Duties of the Association. The Association shall be formed as a non-profit civic organization for the sole purpose of performing certain functions for the common good and general welfare of the residences of the Development. To the extent necessary to carry out such purpose, the Association shall have all of the powers of a corporation organized under the Georgia Nonprofit Corporation Code and shall have the power and duty to exercise all the rights, powers and privileges and to perform all of the duties and obligations of the Association as set forth in this Declaration.

3.02 Membership in the Association. Every owner shall automatically be a member of the Association and such membership shall terminate only as provided in this Declaration of Covenants, Conditions and Restrictions.

3.03 Voting Members. Subject to the following provision of the Section 3.03, the Association shall have two classes of voting memberships: Class A and Class B.

(a) Class A. Every person who is an Owner, with the exception of the Declarants except as otherwise set forth herein, shall be a Class A member and shall be entitled to one vote for each Lot owned. When more than one person is a Class A member by virtue of an ownership interest in the same Lot, the vote of such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote with respect to any Lot. In the event of disagreement among such persons and an attempt by two or more of them to cast the vote of such Lot, such persons shall not be recognized and the vote of such Lot shall not be counted. The membership of Class A members shall automatically terminate upon the members sell of his Lot.

No termination of Class A membership shall affect such members' obligation to pay assessments, due and payable for any period prior to the date of such termination, and

there will be no refund for assessments paid for periods falling after the date of such termination.

(b) Class B. The Declarants shall be the sole Class B members. Class B membership shall be a full voting membership and during its existence the Class B members shall be entitled to vote on all matters and in all events. The Class B members shall be entitled to three (3) votes for each Lot owned. The Class B memberships shall cease and shall be converted to Class A memberships at such time as the first of the following events occur: (1) the expiration of five(5) years from the date of the recording of this Declaration; (2) the date three-fourths (3/4) of the Lots which may be developed on the Property and on the Additional Property shall have been conveyed by either Declarants or by the builder who purchased the Lot from the Declarants for the purpose of erecting a dwelling thereon, to an individual Owner or Owners for residential occupancy; or (3) the surrender by the Declarants of the authority to appoint and remove members of the Board of the Association by an express amendment to this Declaration executed and recorded by the Declarants; provided however, that so long as any Mortgage of Declarants hold a security interest in any portion of the Property as security for a Development Loan to Declarants, the Class B membership shall not be terminated without the prior written consent of such Mortgagee. IF at the time of termination of the Class B membership Declarants still own any Lots, then as to each such Lot, Declarants shall be deemed to be Class A members.

3.04 Board of Directors and Officers.

(a) Board. The affairs of the Association shall be managed by a Board of Directors. The number of directors and method of election of directors shall be as set forth in this Declaration and in the By-Laws of the Association. Except to the extent otherwise expressly required or authorized by the Georgia Nonprofit Corporation Code or this Declaration, the Association's By-Laws or Articles of Incorporation, the powers inherent in or expressly granted to the Association may be exercised by the Board, acting through the officer[s] of the Association, without any further consent or action on the part of the Members.

(b) Officers. The number of officers and the method of election of officers shall be as set forth in this Declaration and the By-laws of the Association.

Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation, or in the By-laws of the Association, officers of the Association shall be appointed by the Board until such time as Declarants no longer have the right to appoint members to the Board.

(c) Casting of Votes. The votes of the members shall be cast under such rules and procedures as may be prescribed in this Declaration or in the By-laws of the Association, as amended from time to time, or by law.

3.05 Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number of Directors and the method of election of Directors shall be as set forth in this Declaration and the By-laws of the Association.

3.06 Suspension of Membership. The Board may suspend the voting rights of any Member and the right of enjoyment of the Common Property of any person who:

(a) Shall be subject to the right of abatement, as defined in Section 8.02 by reason of having failed to take the reasonable steps to remedy a violation or breach of the Restrictions within thirty (30) days after having received notice of same pursuant to the provisions of Section 5.11 or 8.02 hereof;

(b) Shall be delinquent in the payment of any assessment levied by the Association pursuant to the provisions of Article IV hereof; or

(c) Shall be in violation of the rules and regulations of the Association relating to the use, operation and maintenance of Common Property. Any suspension shall be for the balance of the period in which said Member or person shall remain in violation, reach or default, as aforesaid, except that in the case of a violation described in subsection (c) of this Section 3.06, the suspension may be for a period of time not to exceed 60 days after the cure or termination of such violation. No suspension shall prevent an Owner's ingress to or egress from his Lot.

3.07 Voting Procedure. The procedure for the election of Directors of the Association and the resolution of such other issues as maybe brought before the membership of the Association shall be governed by this Declaration, the Georgia Nonprofit Corporation Code, the Articles of Incorporation of the Association, and the By-laws of the Association, as each shall from time to time be in force and effect.

3.08 Control by Declarant and Appointment of the Board. Until such time as Declarants no longer have the right to appoint members to the Board, the Board of the Association shall consist of three (3) members. Notwithstanding any other language or provision to the contrary in this Declaration, the Articles of Incorporation, or the By-laws of the Association, the Declarants hereby retain the right to appoint two (2) members to the Board. The right of Declarants to appoint members of the Board also includes the right to remove and replace their appointees until such time as the first of the following events shall occur: (1) the expiration of five (5) years from the date of recording of this Declaration; (2) the date upon which three-fourths (3/4) of the Lots which may be developed on the Property and on the Additional Property shall have been conveyed by either Declarants or by a builder who purchased the Lot from Declarants for the purpose of erecting a dwelling thereon, to an individual Owner or Owners for residential occupancy; or (3) the surrender by the Declarant of the authority to appoint and remove members of the Board of the Association by an express amendment to this Declaration executed and recorded by the Declarants. Upon the expiration of the Declarants' right to

appoint and remove directors of the Association pursuant to the provisions of this Section, such right shall automatically pass to the Owners, including Declarants if Declarants then own one or more Lots. Upon the final expiration of all rights of Declarants to appoint and replace directors of the Association, a special meeting of the Association shall be called. At such special meeting, the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board and Declarants shall deliver the books, accounts, and records, if any, which Declarants have kept on behalf of the Association, and any agreements or contracts executed by or on behalf of the Association during such period which Declarants have in their possession. Each Owner by acceptance of a deed to or other conveyance of a Lot vests in Declarants such authority to appoint and replace directors and officers of the Association as provided in the Section.

The Association may exercise any other right or privilege given to it expressly by this Declaration or by law and any other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

3.09 Distribution of Assets Upon Dissolution. In the event of the dissolution of the Association, the assets thereof shall be distributed to one or more public bodies, corporate or politic, or conveyed to one or more non-profit organizations having purposes similar to those of the Association.

ARTICLE IV A.SSESSMENTS AND MAINTENANCE CHARGES

NOTE: The liability of a Grantee for the unpaid assessments of its Grantor shall not apply to any first Mort2a2e takin2 title throu2h foreclosure proceedin2s or deed in lieu foreclosure. See Section 7.4 below.

Date of Commencement of Assessments. The assessments shall commence on each Lot on the date of the conveyance from a Builder to a homeowner. The initial assessment due shall not be pro-rated, and is payable at the time it becomes due.

4.01 Initiation Fee: Each Homeowner shall pay upon the purchase of a residential lot for the purpose of occupying a residence shall pay an initiation fee of \$1 00.00 to join the Homeowners Association. This fee shall not apply to the transactions involving a builder, financial institution at foreclosure, homeowner purchasing an additional lot to remain vacant or similar transactions, but, of course shall apply if a lien is in place with regard to a prior owner's failure to pay such fee.

4.02 Amount of Annual Assessments: Each homeowner, whether or not it shall be so expressed in such deed, covenants and agrees to pay the Mandatory Dues in the initial amount of \$100.00 per year per Lot. This amount shall be made payable at the time of purchase to either: (A) the Developer, until such time that the Association has been formed pursuant to Section 6.2 herein; or (B) the White Oaks Homeowners Association, after the formation of same. This initial assessment on any lot shall be paid in full, and shall be pro-rated for the first year in which it is paid. Until the formation of the Association, subsequent anunual dues shall be payable in the amount of \$100.00 per lot, and shall be due on the 1st day of January each year. Failure to pay

the dues within 30 days of the due date shall constitute an automatic continuing lien against the lot assessed.

4.03 Superiority of Lien for Assessments: The lien specified shall be in favor of the Association and shall be superior to all other liens and encumbrances on such Lot, except for:
Lien for Property Taxes due, or

Any unpaid valid First Mortgage created by any Lot owner duly recorded in the records of Newton County, Georgia, or

Any unpaid valid First Mortgage created by the Developer duly recorded in the land records of Newton County, Georgia

All other persons or entities acquiring liens or encumbrances on any Lot after this Declaration has been recorded shall be deemed to have consented that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances. Any delinquent assessments not paid within 30 additional days, a lien shall attach, which shall include late charges, interest computed at 18% per annum on the principal amount due, and reasonable attorney's fees incurred, and other amounts provided or permitted by law. In the event the assessment remains unpaid for 60 days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agnates the right to bring all actions against each owner personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Declaration shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same.

4.04 Covenant for Assessments, and Creation of Lien and Personal Declarants, to the extent that Declarants are Owners, hereby covenants and agrees, and each Owner, jointly and severally, for himself, his heirs, distributes, legal representatives, successors and assigns, by acceptance of a deed for a Lot, whether or not the covenants contained herein shall be expressed agrees as follows:

- (a) To pay the minimal assessments which may be levied by the Association pursuant to this Declaration against all Lots owned by him;
- (b) To pay to the Association any special assessments for capital improvements and areas which may be levied by the Association pursuant to this Declaration.
- (c) That there is hereby created a continuing charge and lien upon all Lots owned by him against which all such assessments are made to secure payment of such assessments and any penalties and

interest thereon as provided in Section 4.07 hereof and costs of collection including reasonable attorneys' fees;

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(d) That such continuing charge and lien on such Lots binds such Lots in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon such Lots whether arising from or imposed by Judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or the instrument' except (i) such liens for taxes or other public charges as are by applicable law made superior, and (ii) all deeds to secure debt given to secure a loan the proceeds of which are used (1) to purchase a Lot or Lots (together with any and all Structures which may from time to time be placed or located thereon) and (2) to repair or alter on of Structures;

(e) That no sale or transfer at foreclosure or in lieu of foreclosure shall relieve any Lot or Lots from liability for any assessment thereafter assessed;

(f) That all annual and special assessments (together with interest thereon as provided in Section 4.07 of this Declaration and costs of collection including reasonable attorney's fees) levied against any Lot or Lots Owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Lot or Lots as provided in Section 4.01 (c) of this Declaration) a personal obligation which will survive any sale or transfer of the Lot or Lots owned by him; provided, however, that such personal obligation for delinquent assessments shall not pass to an Owner's successor in title unless expressly assumed by such successor.

4.05 Purpose of Assessment. The assessments levied by the Association shall be used exclusively for the purpose of providing for the common good and general welfare of the people of the new community of the Development, including, but not limited to, and in addition to other purposes set forth in this Declaration, security, the acquisition, construction, improvement, maintenance and equipping of Common Property, the enforcement of the Restrictions contained in tl is Declaration, the enforcement of the Design Standards of the Declarant, the paymelljt of operating costs and expenses of the Association, the payment of taxes on any Common Property, and the, payment of all principal and interest when due on all debts owed by the Association. Additionally, it is contemplated that a storm water management facility shall be required by Walton County and that it shall be the responsibility of Association to properly maintain it. If the facility is not properly maintained by the Association, the County may assess each Owner a fee for the maintenance of the facility. The C9unty's right to collect this fee is not extinguished by the Owner's termination of membership in the Association pursuant to Article Seven, Section 7.4 of the By-Laws.

4.06 Accumulation of Funds Permitted. T e Association shall not be obligated to spend in any calendar year all accrued sums collected in such year by way annual assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to

apply such surplus to the reduction of the amount of the annual Assessments in any succeeding year but may carry forward from year to year

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such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

4.07 Annual Assessment of Maintenance Charge.

(a) Subject to the terms of this Article, subjected to an annual maintenance charge for the purpose of creating "maintenance fund". The amount of the annual assessment shall be set forth in an annual budget to be prepared by the Board of Directors covering the estimated costs of operating the Association during the coming year. The budget shall include a capital contribution establishing a reserve fund, in accordance with a capital budget. The Board shall cause a copy of the budget, and the amount of the assessments to be levied against each Lot for the following year, to be delivered to each Owner at least fifteen (15) days prior to the proposed effective date. The budget and the assessments shall become effective unless disapproved by a vote of at least a majority of the total Association membership. Unless requested by the Members in accordance with the provisions for calling a special meeting by the Members, as set forth in the By-Laws, the budget and assessment may take effect without a meeting of the members.

Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget has been determined, the budget and assessment in effect for the then current year shall continue; and the Board may propose a new budget at any time during the year by causing to be delivered to the Members such proposed budget and assessment at least fifteen (15) days prior to the proposed effective date. Annual assessments or maintenance charges will be paid by the Owner or Owners of each Lot within the Property (and any area annexed under the jurisdiction of the Association) in advance in monthly, quarterly or annual installments.

(b) The annual maintenance charge and assessment will commence as to each Lot on the first day of the month following the earliest to occur of the following events:

(i) upon the occupancy of a permanent dwelling located on the Lot as a resident; or (ii) upon the conveyance by a builder who has purchased the Lot from Declarant for the purpose of erecting a dwelling thereon to an Owner or tenant for residential occupancy.

(c) Neither the Declarants nor any builder who has purchased a Lot from Declarants for the purpose of erecting a dwelling thereon shall be subject to the annual maintenance charge and assessment. Notwithstanding the preceding, the annual maintenance charge and assessment will commence as to each Lot owned by Declarants or a builder upon the occupancy of a permanent dwelling located thereof as a residence.

For the calendar year in which the sale is closed, the maintenance charge shall be prorated as of the date of closing. If required by law or upon consent by Declarants, or for any other reason,

Declarants is required to pay assessments on unoccupied Lots. Any builder who have purchased a Lot from Declarants for the purpose of erecting a dwelling thereon shall likewise be required to pay assessments with respect to any such Lots owned by them. Assessments due for each Lot owned by a builder shall equal the assessments due

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for each Lot owned by Declarants, unless that amount would exceed the assessments due from regular residential Owners. In no event shall Declarants or any builder be required to pay any portion or portions of assessments which are due and payable prior to the date upon which the Declarants are required to pay assessments. In addition and notwithstanding anything to the contrary herein, the Declarants may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money (herein collectively called "in kind contribution"). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarants and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarants cannot agree as to the value of any contribution, the Declarants shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors, approved by the Declarants, who are in the business of providing such services and materials. If the Association and the Declarants are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

4.03 Notice and Quorum. Written notice of any meeting called for the purpose of taking action authorized under these Covenants shall be sent to all Members, or delivered to their residence, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

4.09 Effect of Nonpayment of Assessments. If any assessment or installment is not paid within fifteen (15) days after the Due Date there may be imposed a late or delinquency charge in the amount of the greater of Five Dollars (\$5.00) or ten percent (10.0%) of the amount of each assessment or installment, and any late charge connected therewith, which is not paid within thirty (30) days after the Due Date of the assessment, shall bear interest (from the Due Date with respect to the assessment or installment, and the date such charge was imposed with respect to the late charge), at such rate of interest as may be established by the Board of the Association, or if no rate has been established by said Board, at the rate of ten percent (10%) per annum; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of this State of Georgia. If anyone or more installments of any assessment is not paid within thirty

(30) days after the Due Date, the Board may declare any remaining balance of the assessment at once due and payable, to the event that an Owner shall fail to pay fully any portion of any assessment or installment on or before the date on which payment is due, such unpaid portion (including any remaining balance declared

immediately due and payable in accordance with the preceding sentence), together with any delinquency charges, interest, and costs of collection, including court costs, the expenses of sale, any required for the protection and preservation of the Lot, and reasonable attorney's fees, shall be a binding personal obligation of such Owner, as well as the lien on such Owner's Lot enforceable in accordance with the provisions of the Declaration. In addition to the above, if any Owner has not paid any assessment or installment, or any late charges or expenses related thereof, within sixty (60) days after the Due Date of the assessment or installment, the Association shall have the right to notify any or all mortgagees having a security interest in such Owner's Lot or Lots that such Owner is in default in the performance of his obligations under the Development Documents, and of those actions taken or proposed to be taken by the Association as a result of the default.

4.10 Certificate of Payment. Upon written demand by an Owner, the Association shall within a reasonable period of time, issue and furnish to such Owner a written certificate stating that all assessments (including penalties, interest and costs, if any) have been paid with respect to any Lot owned by said Owner as of the date of such certificate, or that all assessments, interest and costs have not been paid, setting the amount then due and payable. The Association may make a reasonable charge for the issuance of such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association any bona fide purchaser of, or lender on, the Lot in question.

ARTICLE V ARCHITECTURAL CONTROL

5.01 Approval. Declarant shall have the right to review all building plans and Specifications for any dwelling or any accessory appurtenant structure, for any exterior addition change in or alteration of any dwelling or accessory structure erected and maintained, or proposed to be erected or maintained, upon any lot. Declarant shall have the sole discretion, power and authority to approve or disapprove any or all of said plans or specifications.

5.02 Plan Specification. Before construction of any dwelling or any other accessory structure including swimming pools, prior to clearing, grubbing, grading, or obtaining any permits for construction or related to construction of any improvements or structures from governing authorities of Walton County Georgia, a lot owner shall provide to Declarant an accurately drawn dimensional Site Plan which shall show the location of any and all structures to be built or erected upon such lot, the location of the drives and driveways, and shall further submit final building plans and specifications for all structures and for all appurtenant structures, including any and all of the aforementioned items. Any and all such plans and specifications are subject to the prior review and approval in writing by the Declarant. In the event that the Declarant disapproves the plans or any portion thereof, then no clearing, grubbing, grading, or construction may be commenced on such lot until such time as revised plans have been resubmitted to the Declarant, which meet the

approval of the Declarant. In the event that the Declarant has approved plans and specifications, any changes or modifications thereto must be submitted to and approved by the Declarant in accordance with the provisions hereof. A lot owner shall submit one (1) copy of all such plans and specifications of the dwelling and accessory appurtenant structures, if any, together with the Site Plan and all other plans and specifications required hereby, which the owner proposes to construct or erect on his lot, a copy of which shall be retained by the Declarant for its records. Such plans and specifications shall include, but not be limited to, among other things, the following minimum information:

- (a) Nature, kind and shape of structure;
- (b) Type of materials to be used in construction;
- (c) Finishes and colors of all exterior surfaces;
- (d) Proposed location of the dwelling and accessory buildings, if any, on the lot and the floor plans of same;
- (e) Location of drives, walks, building setbacks, fences, gates, easements and parking
- (f) Name, address and telephone number of the proposed builder.

5.03 Inspection Rights. Declarant may, after reasonable notice, at any reasonable time or times, enter upon any Lot and Structure thereon for the purpose of ascertaining whether the installation, construction, alteration or maintenance of any Structure or the use of any Lot or Structure is in compliance with the provisions of this Declaration, and the Declarant shall not be deemed to have committed a trespass or other unlawful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Section.

5.04 Obligation to Act. Declarant shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt of approval by the Declarant. All approvals granted shall be placed in writing on the plans and specifications and shall be returned to the applicant. Failure of the Declarant to take action within thirty (30) days of the receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications.

5.05 Violations. If any Structure shall be erected, placed, maintained or altered upon any Lot, otherwise than in accordance with the plans and specifications approved by the Declarant pursuant to the provisions of this Article, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required

herein. If in the opinion of the Declarant such violation shall have occurred, the Declarant shall notify the Association. If the Board

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shall agree with the determination of the Declarant with respect to the violation, then the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the owner shall not have taken reasonable steps toward the required remedial action within thirty (30) days after the mailing of the aforesaid notice of violation, then the Association, shall have the Right of Abatement as provided in Section 8.02 hereof.

5.06 Certification of Compliance.

(a) Upon completion of the installation, construction or alteration of any Structure in accordance with plans and specifications approved by the Declarant, the Declarant shall, upon written request of the Owner thereof or upon the Declarant's own initiative, issue a Certificate of Compliance, identifying such Structure and Lot upon which such structure is placed, and stating that the plans and specifications have been approved and that such Structure complies with such plans and specifications. A copy of said Certificate shall be filed for permanent record with the plans and specifications on file with the Declarant.

(b) Any Certificate of Compliance issued in accordance with the provisions of this Section shall be prima facie evidence of the facts therein stated; and as to any purchaser or encumbrancer in good faith and for value, or as to any title insurer, such certificate shall be conclusive evidence that all Structures on the Lot comply with all the requirements of this Article, provided, however, that the Certificate shall in no way be construed to certify the acceptability, sufficiency or approval by the Declarant of the actual construction of Structures or of the workmanship, or to represent or warrant to anyone the quality, function or operation of the Structures or of any construction, workmanship, engineering, materials or equipment. The issuance of the Certificate shall in no way be construed to certify to any party that the Structures have been built in accordance with any applicable rule or regulation other than those of the Declarant.

5.07 Fees. The Declarant may impose and collect a reasonable and appropriate fee to cover the cost of inspections performed pursuant to Section 5.03. The fee shall be established from time to time by the Declarant.

5.08 Nondiscrimination by Declarant. Declarant shall not discriminate against any applicant requesting its approval of plans and specifications because of such applicant's race, color, sex, religion, age or national origin. Further, the Declarant in the exercise of its powers granted pursuant to this Declaration shall not take any action the intent or effect of which is to discriminate against persons of a particular race, color, sex, religion, age or national origin.

ARTICLE VI GENERAL COVENANTS AND RESTRICTIONS¹

6.01 Application. The covenants and restrictions contained in this Article VI shall pertain and apply to all Lots and to all Structures erected or placed thereon.

6.02 Residential Use. All Lots shall be used for single-family residential purposes only and for no other purpose provided that Declarants may operate a sales office and/or model home on a Lot or Lots designated by Declarant.

6.03 Resubdivision of Property. No Lot may be split, divided, or subdivided for sale, resale, gift, transfer, or otherwise, without the prior written approval of the Declarant of plans and specifications for such split, division or subdivision. Notwithstanding the foregoing, nothing herein shall prevent Declarants or the Owners of any contiguous Lot from combining two or more Lots into one Lot for construction of a single residence thereon; provided, however, that such combined Lot may not be subdivided thereafter; and provided further, that the Owner of the residence on such Lot shall be responsible for annual and special assessments based on the number of Lots combined into one Lot.

6.04 Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the Declarant of plans and specifications for the prevention and control of such erosion or siltation. The Declarant may, as a condition of the approval of such plans and specifications, require the use of certain means of preventing and controlling such erosion or siltation. Such means may include, by way of example and not of limitation, physical devices of controlling the run-off and drainage of water, special precautions in grading and otherwise changing the natural landscaping.

6.05 Signs. No sign of any kind shall be erected by an Owner or occupant of a Lot within the Development without prior consent of the Declarant. Notwithstanding the foregoing, residents shall have the right to erect reasonable real estate signs upon their lot.

6.06 Vehicles. The term "vehicles" as used herein shall include, without limitation, motorcycles, minibikes, scooters, go-carts, trucks, vans, and automobiles. All vehicles shall be parked within garages, driveways or other paved parking areas located on a Lot. Parking in yards or on streets within the Development is prohibited. Lot Owners' visitors may temporarily park on the street. No inoperable, junk or abandoned cars shall be allowed on the property. Any restoration or repairs must be performed so that it cannot be seen from any public right-of-way in the subdivision.

6.07 Recreational Vehicles, Trailers, and Swimming Pools. No school bus, truck or commercial vehicle over one (1) ton capacity, house trailer, mobile home, motor home, recreational vehicle, or

like 'equipment shall be permitted on any Lot on a permanent basis, but shall be allowed on a temporary basis not to exceed three (3) consecutive days.

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Boats, boat trailers, motor homes, recreational vehicles and campers shall be permitted, but only if stored inside the garage or in the rear of each unit and is concealed from view by neighboring residences and streets, and only after obtaining written consent of the Declarant.

There shall be no above-ground pool(s) installed on any lot. The location of in ground swimming pools must be approved by Declarant. Trampolines shall not be visible from the street. Any trash, firewood, wood scraps, building materials or other such materials contained in any vehicle or trailer shall be covered from view. This provision shall not apply to Declarants or any builder in the process of constructing an approved structure on any Lot.

. 6.08 Occupancy of Houses. All houses constructed on Lots in the Development must be completely furnished on the exterior in accordance with the plan approved by the Declarant before it can be occupied. All of the yard which is visible from the street must be planted with grass, sod, or have other suitable ground cover. The front yard must be sodded.

6.09 No Exposed Concrete Blocks. There shall be no exposed concrete blocks on any foundation or other walls of buildings.

6.10 Material of Front of Dwelling. The front of every dwelling shall have brick, natural stone or stucco accents. Declarant reserves the right to approve all exterior finishes.

6.11 Square Footage Requirements. Dwelling buildings erected on any lot shall have not less than 1800 square feet of heated floor space with a ceiling height of not less than eight feet in all enclosed, heated, habitable areas. This floor space requirement shall be exclusive of any space in garages and porches.

6.12 Driveways. Driveways must be paved with concrete.

6.13 Garages. All garages are to be enclosed with doors. No garage shall be converted into a living space.

6.14 Animals and Pets. No animals, livestock or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of dogs, cats, or other usual and common household pets in reasonable number. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs which are household pets shall at all times, when outside, be on a leash or within an allowable fence. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No wild or game animal may be kept as a pet regardless of whether any permit has been obtained

by the owner of such pet from the State of Georgia or other governmental authority which requires permits for keeping of such animals.

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6.15 Fences and Out buildings{ No fence, wall or outbuilding of any kind shall be erected, maintained, or altered on any Lot without the prior written approval of the Declarant of plans and specifications for such fences and walls. No fencing between the main dwelling and the public right-of-way. All fences facing the public right-of-way shall consist of some type of wood front, and the remaining to be of all wood unless approved by the Declarant.

6.16 Antennae. No exterior television or radio antennae, satellite dish or receiver shall be placed, allowed, or maintained upon any portion of the Development, including any Lot, if such antennae is visible from any public or private street providing access to or located with the Development. Notwithstanding the' above, no satellite dish larger that 30" shall be placed, allowed, or maintained upon any portion of the Development, including any Lot without approval from the Declarant. Each Owner and occupant of a Lot acknowledges that this provision benefits all Owners and occupants of Lots and each Owner and occupant of a Lot agrees to comply with this provision despite the fact that the erection of any outdoor antennae or similar device would be the most cost effective way to transmit or receive the signals sought to be transmitted or received.

6.17 Building {! Location. No building shall be located nearer to a street or side line than indicated by the building line restriction shown on the recorded plat unless variance has been granted by appropriate government authority and approved by Declarant. For the purpose of this covenant, eaves, steps, and open porches not covered by roof structure shall not be considered as a part of a building,

6.18 Garba{ !e Cans, Woodpiles. Etc. All garbage cans, woodpiles, swimming pool filters and related equipment and other items shall be located or screened so as to be concealed from view of neighboring streets and property.

6.19 Firearms. The discharge of firearms in the Development is prohibited. The term firearms includes "B-B" guns, pellet guns and guns of all types.

6.20 Mailboxes. All Mailboxes shall be of uniform design and material as approved by Declarant. All mailbox and stands shall be maintained in a good state of repair.

6.21 Liability for Damage. {!e. Damage rendered to the public right-of-way by subcontractors or Juppliers whose presence is directly due to the construction site of a builder or owner shall become the liability of the owner of the lot Such damage may be in the form of broken curbing or storm drain facilities, concrete spills on the roadway, cracked asphalt, and/or damage to landscaping along right-of-way, as well as other types of damage.

6.23 Nuisance. It shall be the responsibility of each Owner and occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No property within the Development shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or

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untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within the Development, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device shall be used except those devices used exclusively for security purposes or required by law.

6.24 Clothes Lines and Air Conditioners. No outside clothes lines will be permitted. Window mounted air conditioners will not be permitted in view of the public right-of-way.

6.25 Front Entranceway Easement. Declarant hereby agrees to maintain the shrubbery, plants, trees, grass, flowers, structures, signs, etc., making up the entranceway to the subdivision until 75 % of the Lots in the property and any additional property has been purchased by an individual Owner or Owners from the Declarant or a builder for the purpose of erecting a dwelling thereon for residential occupancy. Declarant reserves for itself and its successors and assigns, the right to enter on those lots in order to maintain the landscaping. Such Lot owner shall be prohibited from removing or changing such landscaping or interfering with its maintenance. Said costs for maintenance shall be paid by and through the Homeowners Association with funds collected and accrued from the Owners.

6.26 Subdivision Maintenance by Declarant. Declarant will maintain the subdivision right-of-way until 75% of the Lots in the property and any additional property has been purchased by an individual Owner or Owners from the Declarant or a builder for the purpose of erecting a dwelling thereon for residential occupancy.

6.27 Exterior Colors. All exterior colors shall be approved by the Declarant. Declarant reserves the right to disallow garish colors or shades of colors that Declarant deems to be generally offensive or not compatible with the rest of the subdivision.

6.28 Lien Rights. Declarant shall have the right to bring a lot within compliance with the terms and conditions of these covenants. In the event the lot owner fails to reimburse Declarant for such expense on or before 30 days after written notice is posted in the U.S.

Mail demanding such reimbursement. Declarant shall have the right to place a lien on such lot. Such notice shall specify the exact provision of the covenants which were violated and the nature of the expense incurred along with copies of paid invoices. Notice shall be by Certified Mail.

6.29 Non-Waiver by Declarant. The failure of Declarant to insist in anyone or more cases upon strict performance of the terms, covenants, conditions, provisions or agreements herein contained shall not be constructed as a waiver or a relinquishment in

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the future of the enforcement if any such term, covenant, condition, provision or agreement. The acceptance of performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision of agreement shall not be deemed to have been made unless expressed in writing and signed by Declarant.

6.30 Zoning. Zoning regulations applicable to property subject to this Declaration shall be observed. In the event of any conflict between any provision of such zoning restrictions and the restriction of this Declaration, the more restrictive provisions shall apply.

ARTICLE VII EASEMENTS, ZONING AND OTHER

7.01 Structural Support. Every portion of a dwelling or any other Structure which contributes to the structural support of another dwelling or Structure shall be burdened with an easement for structural support, and each Lot shall also have the right to lateral support which shall be appurtenant to and pass with the title to such Lots.

7.02 Other Easements.

(a) Declarants hereby expressly reserves to the Declarants, their successors and assigns forever, the right to create perpetual easements in, on, over and under any part of the Property owned by Declarant for any purpose which Declarants deems necessary, including, by way of illustration and not limitation, the following:

i. the erection, installation, construction and maintenance of wires, lines, conduits and poles and the necessary or proper attachments in connection with the transmission of electricity, telephone, cable television and other utilities and similar facilities;

ii the erection, installation, construction and maintenance of storm water drains, land drains, public and private sewers, irrigation systems, pipelines for supplying gas, water and heat, and for any other public or quasi-public facility, service or function;

111. slope control purposes, including the right to grade and plant slopes and to prevent the doing of any activity which might interfere with slopes or which might create problems or which might change, obstruct or retard drainage flow.

iv. The planting and re-planting of hedges, shrubbery, bushes, trees, flowers and plants of any nature; and

v. the erection, installation, construction and maintenance of fences, walls, monuments, signs, etc. along streets in, around and along entrances to the

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Development. Including the right to landscape such areas, plant, re-plant and prune hedges, shrubbery, bushes, trees, flowers, grass and plants of any nature.

(b) No Owner shall have any right to use any easement created by the Declarants any portion of the Property unless such easement has been assigned by the Declarants to the Association.

(c) The Declarants hereby reserves for himself, his successors and assigns, across the initial phase of the Property and across each portion of the Additional Property subsequently submitted to this Declaration by Annexation as provided in Article X hereof, perpetual easements appurtenant to said property for the following uses and purposes;

i. ingress and egress by vehicular and pedestrian traffic over such drives, and paths as are shown on the plat or plats recorded in connection with the initial phase of the Property and such portions of the Additional Property as are submitted to this Declaration, and such drives, roadways, walkways and paths as may be constructed in the future;

11. installing, operating, maintaining and replacing wires, pipes, conduits and other structures and facilities necessary to the furnishing of gas, water, sewerage, storm drainage, electricity, street lights, telephone, and other utilities and services, including the right to use in common with the Owners in the initial phase of the Property and portions of the Additional Property subsequently submitted to this Declaration, and wires, pipes, conduits, and other structures and facilities furnishing such utilities and services to such Owners.

(d) In addition to the above, the Declarants hereby grant a general easement in favor of utility, cable television and other such service companies across the initial phase of the Property, and across each portion of the Additional Property subsequently submitted to this Declaration by Annexation as provided in Article X hereof, to maintain, repair, replace and service wires, pipes, conduits and other structures and facilities provided for the benefit of the Owners.

(e) The easements created in this Article VI are in addition to any easements or rights created elsewhere in this Declaration or in other easements of record. The provisions of this Article VI may not be amended without the written consent of the Declarants, their successors and assigns.

7.03 Easement Area. The words "Easement Area" as used herein shall be those areas on any Lot with respect to which easements are shown on a recorded deed or on any field or recorded map or plat relating thereto.

7.04 Entry. The Declarants and their employees, agents, successors and assigns, shall have the right at all reasonable times to enter upon all parts of each Easement Area for

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any of the purposes a such Easement Area is reserved without being deemed to have committed a trespass or wrongful act solely by reason of such entry and the carrying out of such purposes, provided the same are done in accordance the provisions of this Article.

The Declarants and their employees, agents, successors and assigns shall be responsible for leaving each lot in good condition and repair following any work or activity undertaken in an Easement Area pursuant to the provisions of Section

7.05 Zoning and Private Restrictions. None of the covenants, restrictions or easements created or imposed by this Declaration shall be construed as permitting any action prohibited by applicable zoning laws, or by the laws, rules or regulations or any governmental body. In the event of any conflict between such laws, rules or regulations and the covenants, restrictions and easement created or imposed by this Declaration, the most restrictive provision shall govern and control.

ARTICLE VII ENFORCEMENT

8.01 Right of Enforcement. This Declaration and the restrictions contained herein shall inure to the benefit of and shall be enforceable by (i) the Declarants so long as they are an Owner, (ii) the Association and (iii) each Owner, his legal representatives, heirs, successors and assigns.

8.02 Right of Abatement.

(a) Except where different notice provisions are provided in Section 5.05 and 6.28, in the event of a violation or breach of any Restriction contained in this Declaration the Association shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of such written notice, then the Association shall have the Right of Abatement. If any assessment, interest, cost, or charge required by this Declaration is not paid within sixty (60) days after such assessment is due or such charge is imposed, the Association shall have the right to notify any or all mortgagees have a security interest in the Owner's Lot or Lots that such Owner is

in default in the performance of this obligations under the Development Documents, and of those actions take or proposed to be taken by the Association as a result of the default.

(b) The Right of Abatement, as used in this Section and Sections 5.05 and 6.28 thereof, means the rights of the Association, through its agents and employees, to enter at all reasonable times upon any Lot or Structure, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions,

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provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the cost thereof, together with interest thereon at the lower of the highest rate permitted by law or 10% to be a binding personal obligation of such Owner enforceable in law, as well as a lien on such Owner's Lot enforceable pursuant to the provisions of Section 8.04 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Lot after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens created by Section 4.01 hereof and (iii) all deeds to secure debt given to secure a loan the proceeds of which are used (1) to purchase a lot or lots (together with any and all structures which may from time to time be placed or located thereon) and (2) to finance any construction, repair or alteration of structures.

8.03 Specific Performance. Nothing contained in this Declaration shall be deemed to affect or limit the rights of the Declarant, the Association or any Owner to enforce the Restrictions by appropriate judicial proceedings or to recover damages. However, it is hereby declared that it may be impossible to measure accurately in money the damages which will accrue to a beneficiary hereof, its transferees, successors or assigns, by reason of a violation of, or failure to perform any of the obligations provided by this Declaration; and there, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity.

8.04 Collection of Assessments and Enforcement of Lien.

(a) If any assessment, interest, cost or other charge is not paid as required by this Declaration, the Association may bring either an action at law against the Owner personally obligated to pay same, or an action to foreclose any lien created by this Declaration against the Lot or Lots subject to the lien, or both, for the purpose of collecting such assessment, cost or charge, plus any interest thereon and costs of collection, including reasonable attorneys fees.

(b) As an additional remedy, but in no way as a limitation on the remedies, if any assessment, interest, cost or other charge is not paid as required by this Declaration, each Owner hereby grants the Association and its assigns the following irrevocable power of attorney: To sell its Lot or Lots subject to lien at auction, at the usual place for conducting sales as the courthouse in Walton County, Georgia, to the highest bidder for cash, after advertising the time, terms and place of such sale once a week for four weeks immediately preceding such sale (but without regard to the number of days) in the paper in which the Sheriffs advertisements for Walton County, Georgia are established, all other notice being hereby waived by each Owner, and the Association or any person on half of the Association, or assigns, may bid and purchase as such sale and thereupon execute and deliver to the purchaser or purchasers at such sale a conveyance of said property in fee simple, which conveyance shall contain recitals as to the happenings of the default upon which the execution of the power of sale herein granted depends, and each

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Owner hereby constitutes and appoints the Association and assigns, the agent and attorney in fact of each owner to make such recitals, and hereby covenants and agrees that the recitals so made by the Association, or assigns, shall be binding and conclusive upon the Owner whose property is the subject matter of such sale, and the heirs, executors, administrators and assigns of such Owner. The conveyance to be made by the Association or assigns shall collect the proceeds of such sale, and after reserving there from the entire amount of assessment, interest, cost or the charges due, together with all costs and expenses of the sale and fifteen percent of the aggregate amount due for attorneys' fees, shall pay any excess to such Owner, or to the heirs or assigns of such Owner as provided by law. The and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise and are granted as cumulative to the remedies for collection of said indebtedness provided by law.

WAIVER. EACH OWNER, BY ACCEPTANCE OF A DEED CONVEYING A LOT SUBJECT TO THIS DECLARATION WAIVES ANY RIGHT WHICH OWNER MAY HAVE UNDER THE CONSTITUTION OR THE LAWS OF THE STATE OF GEORGIA OR THE CONSTITUTION OR THE LAWS OF THE UNITED STATES OF AMERICA TO NOTICE OR TO A JUDICIAL HEARING PRIOR TO THE EXERCISE OF ANY RIGHT OR REMEDY PROVIDED BY THIS DECLARATION AND OWNER WAIVES OWNER'S RIGHTS, IF ANY, TO SET ASIDE OR INVALIDATE ANY SALE DULY CONSUMMATED IN ACCORDANCE WITH THE PROVISIONS OF THIS DECLARATION ON THE GROUND (IF SUCH BE THE CASE) THAT THE SALE WAS CONSUMMATED WITH A PRIOR JUDICIAL HEARING, ALL WAIVERS BY OWNER IN THIS PARAGRAPH HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY AFTER OWNER HAS FIRST BEEN ALLOWED THE OPPORTUNITY TO CONSULT LEGAL COUNSEL WITH RESPECT TO OWNER'S POSSIBLE RIGHTS

8.05 No Waiver. The failure of the Declarants, the Association, or the Owner of any Lot his or its respective legal representatives, heirs, successors and assigns, to enforce any Restrictions herein

contained shall in no even be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

ARTICLE IX DURATION AND AMENDMENTS

9.01 Duration. The provisions of these covenants shall run with and bind the land and shall remain in effect perpetually to the extent permitted by law.

9.02 Amendments.

(a) These Covenants may be amended unilaterally at any time by Declarant so long as Declarant has the right unilaterally to subject additional property to the Declaration; or if such amendment is necessary to bring any provision hereof into

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compliance with any applicable governmental statute, rule, regulation or judicial determination which shall be in conflict therewith; if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots subject to these Covenants; if such amendment is required by an institutional or governmental lender or purchaser of mortgage loan in order for such lender to make or purchase loans on the Lots subject to these Covenants; or if such amendment is necessary to enable any governmental or private mortgage insurance company to insure mortgage loans on the Lots subject to these Covenants, provided any such amendments shall not adversely affect the title to any Owner's Lot, unless any such Owner so affected thereby shall consent thereto in writing.

(b) These Covenants may be amended at any time and from time to time by an agreement signed by at least seventy-five (75%) percent of the Owners; provided, however, such amendment by the Owners shall not be effective unless also signed by the Declarants if the Declarants are the owners of any real property subject to these Covenants.

ARTICLE X ANNEXATION

Declarant shall have the option and right, from time to time, without the necessity of consent "by the Association, the Board or the Owners, to submit all or portions of any Additional Property to this Declaration and thereby cause the Additional Property, or such portions thereof, to become part of the Property.

ARTICLE XI MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first mortgages on residences in the development. The provision of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provision contained therein.

11.01 Special Mortgagee Provisions:

(a) As used in this section, the term "Eligible Holder" shall mean a holder, insurer or Grantors of a first mortgage on a lot which has requested notice in accordance with the provisions of Section 11.01 (b).

(b) A holder, insurer or guarantor of a first mortgage, upon written request to the Association such request to state the name and address of such holder, insurer, or guarantor and the lot number), will be entitled to timely written notice of:

i. Any proposed amendment of the Declaration affecting a change in (A) the boundaries of any lot or the exclusive easement rights appertaining

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thereto; (B) the interests in the Common Property or the liability for common expenses appertaining thereto; (C) the number of votes in the Association appertaining to any lot; or (D) the purposes which any lot or Common Property are restricted;

ii. Any proposed termination of the administration of the Common Property pursuant to this Declaration

iii. Any condemnation loss or any casualty loss which affect a material portion of the Property or which affects any Lot on which there is a first mortgage held, insured or guaranteed by such eligible holder;

iv. 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 holder which remains uncured for a period of sixty (60) days;

v. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

vi. Any proposed action which would require the consent of a specified percentage of eligible holders, as specified herein; and

vii. An annual financial statement, or audit if available, of the Association for the immediately preceding final year, free of charge.

(c) To the extent permissible under the law of the State of Georgia, the following provisions shall apply:

i. Any restoration or repair of the Common Property after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval of the eligible holders of first mortgages on lots to which at least fifty-one (51 %) percent of the votes of lots subject to mortgages held by such eligible holders are allocated, is obtained

ii. Any election to terminate the administration of the Common Property pursuant to this Declaration after substantial destruction or a substantial taking in condemnation of the Property must require the approval of the eligible holders of first mortgages on lots to which at least fifty-one (51 %) percent of the votes of lots are subject to mortgages held by such eligible holders are allocated.

(d) The following provisions do not apply to amendments in the constituent documents or termination of the Association pursuant to section 11.01 (c) hereof made as a result of destruction, damage, or condemnation, or to the addition of land pursuant to any plan of expansion or phased development previously approved by the Department of

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Housing and Urban Development ("H.U.D.") or the Veterans Administration ("V.A.") to the extent such approval is required by H.U.D. or the V.A.:

i. The consent of the owners representing at least sixty-seven (67%) percent of the Class "A" votes and of the Declarant, as long as it holds any land subject to this Declaration, and the approval of eligible holders of first mortgages on lots to which at least sixty-seven (67%) percent of the votes of Lots subject to a mortgage appertain, shall be required to terminate the administration of the Property subject to this Declaration.

ii. The consent of the Owners representing at least sixty-seven (67%) percent of the Class "A" votes and of the Declarant, as long as it holds any land subject to this Declaration, and the approval of eligible holders of first mortgages on lots to which at least fifty-one (51 %) percent of the votes of lots subject to a mortgage appertain, shall be required to materially amend any provision of this Declaration, the By-Laws of the Articles of Incorporation to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

1. Voting

2. Assessments, assessment liens or subordination of such liens;

3. Reserves for maintenance, repair and replacement of the common Property, Insurance or fidelity bond;

4. Rights to use of the Common Property;

5. Responsibility for maintenance and repair of the several portions of the property;
6. Expansion or contraction of the property or the addition, annexation or withdrawal of land to or from the property;
7. Boundaries of any lot;
8. Convertibility of lots into Common Property or of Common Property into lots;
9. Leasing of lots;
10. Imposition of any right of first refusal or similar restriction on the right of a lot owner to sell, transfer, or otherwise convey his or her lot;

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11. Establishment of self-management by the Association where professional management, if any, has been employed;

12. The approval of eligible holders of first mortgages on lots in which at least fifty-one (51 %) percent of the votes of lots subject to a mortgage appertain, shall be required to amend any provisions included in this Declaration, the By-Laws or the Articles of Incorporation for any of the actions contained in this Section.

(e) The provisions of this Section shall not be construed to reduce the percentage vote that must be obtained from mortgagees of lot Owners where a larger percentage vote is otherwise required by applicable law or in any other provision in the Declaration, the By-Laws or the Articles of Incorporation for any of the actions contained in this Section.

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

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

(b) Change the method of determining the obligations, assessments, dues, 01: other charges which may be levied against an owner of a residence;

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design of the exterior appearance and maintenance of lots and residence and of the standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this subsection;

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

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

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which mayor have become a charge against the Common Propelty and may pay overdue premiums on casualty insurance policies or secure new casualty insurance

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coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

11.03 No Priority. No provisions of this Declaration or the ByLaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any residence in the cases of distribution to such owner of insurance proceeds or condemnation awards for losses to or a taking of the common property.

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

11.05 Amendment by Board. Should the Department of Housing and Urban Development ("H-U-D."), the Veterans Administration ("V.A."), the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this article or make any such requirements less stringent, the Board, without approval of the Owners may cause an amendment in this article to be recorded to reflect such changes.

11.06 V.A. and H.UD. Approval. As long as there is a Class B membership, the following actions shall require the prior approval of the V A so long as the Y.A. is guaranteeing any mortgage in the property and the prior approval of H.UD. so long as H.UD. is insuring any mortgage in the property: annexation of additional land to the property, except for annexation by Declarant in accordance with Article X pursuant to a plan of annexation previously approved by the Y.A. or H.UD. ; dedication of common property to any public entity; and material amendment to the Declaration, Bylaws or Articles of Incorporation.

11.07 Applicability of Article XI. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, ByLaws, or any of the acts set out in this article.

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

ARTICLE XII INSURANCE PROVISIONS

12.01 Insurance.

(a) At all times during the terms of this Declaration, the Association, its successors and assigns, shall be required to keep any and all recreational facilities and any other improvements located on the Common Property fully insured by a reputable

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insurance company authorized to transact business in the State of Georgia with (i) fire, vandalism, malicious mischief and extended coverage in an amount adequate to cover the cost of replacement of such improvements in the event of loss of any and/or all of such improvements, fixtures and contents thereof, and (ii) comprehensive general liability insurance covering all of the Common Property, including, without limitation, the operation, maintenance of use thereof and improvements and facilities thereon, for at least One Trillions Dollars (\$1,000.000.00) for bodily injury, including death and property damage, arising out of a single occurrence. Each such policy of insurance shall require that the certificate holders and insured be given thirty (30) days prior written notice of any cancellation of such policy.

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

Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

Any damage or destruction shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least a seventy-five (75%) percent of the total Association vote entitled to vote thereon, and, as long as the Declarant has the right to appoint and remove directors, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be

extended until such information shall be made available; provided, however, such extension shall not exceed one hundred twenty (120) days.

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

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

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(c) The deductible for any casualty insurance policy carded by the Association shall, in the event of damage or destruction, be allocated among the persons who are responsible hereunder for maintenance of the damaged or destroyed property.

(d) In addition to the coverage described hereinabove, the Association shall obtain such additional amounts and types of insurance as may be required from time to time by either the Veterans Administration or Federal Housing Administration, their successor and assigns, for similar type residential subdivision communities.

(e) All insurance coverage required by the Association shall be written in the name of the Association as trustee for the benefit of the Association, the Owners and each such Owner's mortgagee. The Association Board shall be required to make every reasonable effort to secure insurance policies that will provide the following:

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

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

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

iv) that no policy may be reduced in amount, canceled, subjected to non renewal, invalidated, or suspended on account of any defect or the conduct of any director, officer, or employee of the

Association or its duly authorized manager without prior demand in writing delivered to the Board to cure the defect or to cease the conduct and the allowance or a reasonable time thereafter within which a cure may be affected by the Board, its manager, any Owner or Mortgagee;

v) that any "other insurance" clause in any policy excludes individual Owner's policies from consideration, and

vi) in no event shall the insurance coverage obtained and insured by the Association's 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.

In addition to the other insurance required by this Section, the Board shall obtain worker's compensation insurance if and to the extent necessary to satisfy the requirement of applicable law.