

Upon recording, please return to:
Wm. Jarell Jones, P.C.
561 Ocean Boulevard
St. Simons Island, GA 31522

**NEIGHBORHOOD DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**

FOR

HIGHLANDS CROSSING TOWNHOMES

<u>TABLE OF CONTENTS</u>		<u>PAGE</u>
ARTICLE I	PROPERTY SUBJECT TO THIS NEIGHBORHOOD DECLARATION	2
Section 1.	Existing Property	2
Section 2.	Additions to Existing Property	2
ARTICLE II	DEFINITIONS	2
ARTICLE III	NEIGHBORHOOD ASSESSMENTS	5
Section 1.	Creation of Lien and Personal Obligation of Assessments	5
Section 2.	Annual Assessments or Charges	5
Section 3.	Amount of Annual Assessments	6
Section 4.	Special Assessments for Capital Improvements	7
Section 5.	Notice and Quorum for any Action Authorized Under Sec. 3 & 4	8
Section 6.	Uniform Rate of Assessments	8
Section 7.	Date of Commencement of Annual Assessments: Due Dates	8
Section 8.	Effect of Nonpayment of Assessments; Remedies of the Neighborhood Association	9
Section 9.	Subordination of Lien to Mortgages	10
Section 10.	Exempt Property	10
ARTICLE IV	INITIATION FEE	11
ARTICLE V	TRANSFER FEE	12
ARTICLE VI	INSURANCE COVERAGE	13
Section 1.	Association Coverage	13
Section 2.	Owner Coverage	14
Section 3.	Failure to Insure	14
Section 4.	Insurance Requirements	15
Section 5.	Insurance Review	16
ARTICLE VII	REPAIR, RESTORATION AND REBUILDING	16
Section 1.	Repair, Restoration and Rebuilding	16
Section 2.	Board of Directors to Supervise	17
Section 3.	Rights of Neighborhood Association	17
Section 4.	Lien Rights of Neighborhood Association	17
Section 5.	Insurance Insufficient	18
Section 6.	Obligation of Neighborhood Association	19
Section 7.	Debris	19
Section 8.	Application of Declaration and By-laws	19
ARTICLE VIII	PROTECTIVE COVENANTS	20

Section 1.	General	20
Section 2.	Enactment	20
Section 3.	Land Use	20
Section 4.	Freehold Estate	20
Section 5.	Construction and Sale Period	20
Section 6.	Animals and Pets	21
Section 7.	Signs and Business Activities	21
Section 8.	Garbage Cans, etc.	21
Section 9.	Patios and Neighborhood Common Area	21
Section 10.	Exterior Antennas	22
Section 11.	Leasing of Residences	22
Section 12.	Nuisances	22
Section 13.	Home Occupations	23
Section 14.	Re-subdivision	23
Section 15.	Parking	23
Section 16.	Plants and Trees	23
Section 17.	Mailboxes	24
Section 18.	Drainage Ditches	24
Section 19.	Ponds and Lagoons	24
ARTICLE IX EASEMENTS		24
Section 1.	Utility Easement	24
Section 2.	Maintenance Easement	25
Section 3.	Owner's Easements of Enjoyment	26
Section 4.	Delegation of Use	26
ARTICLE X ARCHITECTURAL CONTROL		26
Section 1.	Architectural Control	26
Section 2.	Destruction of Dwelling	27
ARTICLE XI PARTY WALLS		27
Section 1.	General Rules of Law to Apply	27
Section 2.	Destruction by Fire of Other Casualty	27
Section 3.	Weatherproofing	27
Section 4.	Right to Contribution Runs with the Land	28
Section 5.	Arbitration	28
Section 6.	Encroachments	28
ARTICLE XII MORTGAGEE PROVISIONS		28
Section 1.	Notices of Action	28
Section 2.	No Priority	29
Section 3.	Notice to Neighborhood Association	29
Section 4.	Failure of Mortgagee to Respond	30
Section 5.	HUD/VA Approval	30

ARTICLE XIII NEIGHBORHOOD ASSOCIATION MEMBERSHIP AND VOTING RIGHTS 30

Section 1. Membership	30
Section 2. Voting Rights	31
Section 3. Application of Declaration, By-Laws and Association	33

ARTICLE XIV GENERAL PROVISIONS 33

Section 1. Enforcement	33
Section 2. Severability	34
Section 3. Term and Extensions	34
Section 4. Amendment	35
Section 5. Modification	35
Section 6. Inspection of Books and Records	35

TABLE OF EXHIBITS

“A”	Land Initially Submitted
“B”	By-Laws of Highlands Crossing Townhomes Property Owners Association, Inc.

**NEIGHBORHOOD DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**

FOR

HIGHLANDS CROSSING TOWNHOMES

THIS NEIGHBORHOOD DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR **HIGHLANDS CROSSING TOWNHOMES** (“Neighborhood Declaration”) is hereby made as of the date set forth on the signature page hereof by **GENESIS REAL ESTATE GROUP, LLC** a Georgia limited liability company (the “Declarant”).

WITNESSETH:

WHEREAS, Declarant is the owner of that certain tract, parcel, or lots of real located in Chatham County, Georgia, and known as Highlands Crossing Townhomes, and being more particularly described on that certain Exhibit “A” attached hereto and by reference made a part hereof (the “Property”); and

WHEREAS, the Property is a portion of the overall development known and designated as the “HIGHLANDS.”

NOW, THEREFORE, Declarant hereby declares that the Property, together with any additions made thereto as hereinafter provided in Article I, shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens set forth in the “Declaration of Covenants, Conditions, and Restrictions for the Highlands,” dated October 24, 2003, and, recorded in Record Book 260-W, Folio 167, Chatham County, Georgia records, including any and all amendments thereto (collectively,

the "Master Declaration"), and subject to the covenants, restrictions, easements, charges and liens set forth in this Neighborhood Declaration.

ARTICLE I

PROPERTY SUBJECT TO THIS NEIGHBORHOOD DECLARATION

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Neighborhood Declaration is located in Chatham County, Georgia, and is more particularly described in Exhibit "A" attached hereto (the "Property"). The Property is located in a Neighborhood known as Highlands Crossing Townhomes.

Section 2. Additions to Existing Property. Additional property may become subject to this Neighborhood Declaration by the Declarant's filing of record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property or by making any conveyance subject to this Neighborhood Declaration.

ARTICLE II

DEFINITIONS

Except as specifically modified below, the definitions contained in the Master Declaration are hereby specifically incorporated herein by reference. Some of those terms are included in the following list of words and terms, which, when used in this Neighborhood Declaration, or any supplemental declaration, shall have the following meanings:

Section 1. "Association" shall mean and refer to Highland Owners Association, Inc., a Georgia non-profit corporation, its successors and assigns.

Section 2. "Board of Directors" shall mean the board of directors, from time to time, of the Neighborhood Association.

Section 3. "Dwelling" shall mean any building located on a lot and intended for use as residential housing.

Section 4. "Living Unit" shall mean and refer to any portion of a multi-family structure situate upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Properties, together with the improvements thereon, with the exception of Common Area, and areas lying within road rights-of-way.

Section 6. "Master Declaration" shall mean the "Declaration of Covenants, Conditions, and Restrictions for the Highlands," dated October 24, 2003, and, recorded in Record Book 260-W, Folio 167, Chatham County, Georgia records, including any and all amendments thereto.

Section 7. "Member" shall mean and refer to every person who is a member of the Neighborhood Association.

Section 8. "Neighborhood Assessments" shall mean assessments for common expenses provided for herein or by any subsequent amendment hereto which shall be used for the purposes of promoting the recreation, welfare, common benefit and enjoyment of the Owners and occupants of the Living Units in the Neighborhood, all as may be specifically authorized from time to time by the Board of Directors.

Section 9. "Neighborhood Association" shall mean Highlands Crossing Townhomes Property Owners Association, Inc., a Georgia nonprofit corporation, which has been formed

to care for the Neighborhood Common Area and/or facilities which are used exclusively by the members of the Neighborhood Association.

Section 10. "Neighborhood Common Area" shall mean and refer to all real property, including the improvements thereon, owned by the Declarant, or as may hereafter be conveyed to the Neighborhood Association (as hereinafter defined), for the common and exclusive use and enjoyment of the Owners and others entitled to the use thereof. The Neighborhood Common Area shall not include real property conveyed to the Association, if any.

Section 11. "Owner" shall mean and refer to the record owner, whether it be one or more persons or entities, of a fee simple title to any Lot or Living Unit which is a part of the Property, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 12. "Property" or "Properties" shall mean and refer to that real property described in Article I, Section 1 hereof, and to such additions thereto as may be made subject to this Neighborhood Declaration, and hereinafter brought within the jurisdiction of the Neighborhood Association.

Section 13. "Single Family" shall mean and refer to one or more persons, each related to the other by blood, marriage or adoption, or a group of not more than three (3) persons not all so related, together with his or their domestic servants, maintaining a common household.

Section 14. "Structure" shall mean anything erected or constructed, temporarily or permanently located in or upon the ground of any Lot.

ARTICLE III

NEIGHBORHOOD ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation of Assessments. The undersigned, for each Lot and Living Unit owned within the Properties, hereby covenants, and each Owner of any Lot or Living Unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree, for himself, his heirs, representatives, successors and assigns, to pay to the Neighborhood Association:

- (a) annual assessments or charges; and
- (b) special assessments for capital improvements.

All such assessments shall be fixed, established and collected as hereinafter provided. The annual and special assessments, together with late charges, interest, costs and attorney's fees, shall be a charge and continuing lien upon the Lot or Living Unit against which such assessment is made. Each such assessment, together with late charges, interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation of an Owner for delinquent assessments shall not pass to his successors in title, unless expressly assumed by them.

Section 2. Annual Assessments or Charges. The annual assessments or charges levied by the Neighborhood Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the purpose of:

(a) Improvement, maintenance and operation of the Neighborhood Common Areas of the Property and exterior maintenance in accordance with the provisions of this Neighborhood Declaration;

(b) Providing exterior maintenance upon each Living Unit which is subject to Neighborhood Assessments hereunder, as follows: paint, repair, replacement and care of roofs, gutters, down spouts, exterior building surfaces, trees, shrubs, grass, walks, exterior pest control, and other exterior improvements. Such exterior maintenance shall not include glass surfaces, doors or lighting fixtures.

(c) Collection and payment of Assessments levied by the Association pursuant to the Master Declaration, and the fulfillment of any other duties and obligations under the Master Declaration.

(d) The discharge of any other obligations of the Neighborhood Association as imposed by this Declaration, or as reasonably necessary for carrying out the purposes and intent hereof.

(e) In the event that the need for maintenance or repair of a Living Unit, or the improvements thereon, is caused by the willful or negligent acts of the family, guests, or invitees of the Owner of the Living Unit needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the Neighborhood Assessment to which such Living Unit is subject.

Section 3. Amount of Annual Assessments. The annual assessment for each Lot or Living Unit in the Properties shall be payable annually, in advance, and the maximum amount thereof shall be determined as follows:

(a) The maximum annual assessment for the calendar year beginning January 1 of the year after annual assessments commence, and for each calendar year thereafter, shall be established by the Board of Directors, and may be increased by the Board of Directors without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year; provided that this limitation shall not apply to increases resulting from corresponding increases in the assessments charged by the Association;

(b) The maximum annual assessment may be increased without limit by the affirmative vote of two-thirds (2/3) of each class of the Members who are voting in person or by proxy, at a meeting duly called for this purpose; and

(c) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum. When the Board of Directors fixes the annual assessments for each calendar year, the Board shall, at the same time and in connection therewith, prepare, or cause to be prepared, an annual budget showing the services provided by the Neighborhood Association and the costs thereof per Lot or Living Unit.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Neighborhood Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or Living Unit, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or

by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots or Living Units, and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first meeting called, the presence at the meeting 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 ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the day set for the preceding meeting.

Section 6. Uniform Rate of Assessments. Both annual and special assessments shall be fixed at a uniform rate for all Lots and Living Units, and shall be collected on a monthly basis, or any other basis approved by the Board of Directors.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall not apply to any vacant Lot or to any Living Unit owned by Declarant for the purpose of resale or for utilization as a sales office or model unit. The annual assessments provided for herein shall commence as to any Lot upon which a dwelling has been constructed, or a Living Unit, on the first day of the month following substantial completion of such Living Unit, or the dwelling erected upon such Lot. "Substantial completion" shall be deemed to mean that stage of construction at which the dwelling or Living Unit shall be reasonably suitable for human occupancy. The first annual

assessment shall be adjusted according to the number of months remaining in the calendar year, and shall become due and payable on the day fixed for commencement; however, if this occurs during the 4th quarter of the fiscal year, the amount to be collected will be: (i) the prorated amount of the assessment for the current year and (ii) the full amount of the assessment for the following year. At least thirty (30) days in advance of each annual assessment, the Board of Directors shall fix the amount of the annual assessment and give each Owner subject thereto written notice of each assessment. The due date shall be established by the Board of Directors. The Neighborhood Association, upon demand and payment of a service fee of not more than Fifteen and no/100 Dollars (\$15.00) shall furnish a certificate in writing signed by an officer of the Neighborhood Association setting forth whether the assessment on a specified Lot or Living Unit has been paid. A properly executed certificate of the Neighborhood Association as to the status of assessments on a Lot or a Living Unit shall be binding upon the Neighborhood Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Neighborhood Association. Any monthly assessment not paid within thirty (30) days after the due date shall bear interest from the due date at that rate which is equal to the rate of interest chargeable by law in the State of Georgia on money judgments, or fifteen percent (15%) per annum, whichever is lower, and such amount, together with interest and the costs of collection thereof as provided hereinafter, shall thereupon become a continuing lien upon the property against which such assessment was made, and shall bind such property in the hands of the then-Owner, his heirs, devisees, personal representatives and assigns. The Neighborhood Association may bring an action at law against the person personally

obligated to pay the same, or foreclose the lien against the property in like manner as a deed to secure debt and, in either event, interest, costs and attorney's fees in the amount of fifteen percent (15%) shall be added to the amount of such assessment. Upon exercise of its right to foreclose, the Neighborhood Association may elect to declare the entire remaining amount of the annual assessment due and payable and collect the same as provided above. In the event of any such foreclosure, the Owner shall be required to pay reasonable rental for the Lot or Living Unit after commencement of the foreclosure action; the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Neighborhood Common Area or abandonment of his Lot or Living Unit.

Section 9. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or deed to secure debt now or hereafter placed upon the property subject to assessment, and the lien of any ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot or Living Unit pursuant to a mortgage foreclosure, or any proceeding in lieu of foreclosure, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such sale or transfer shall release such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from assessments, charges and liens described in this Article:

(a) property dedicated and accepted by local public authority and devoted to public use;

(b) properties which are or become parts of the Neighborhood Common Area;

(c) any properties exempt from taxation by the laws of the State of Georgia, upon the terms and to the same extent of such leave of exemption. Notwithstanding any provisions herein to the contrary, no Lots or Living Units devoted to dwelling use shall be exempt from such assessments, charges and liens, except as provided above.

(d) any Lots owned by Declarant for the purpose of resale, or for use as a sales office or model Living Unit

ARTICLE IV

INITIATION FEE

For so long as the Declarant is a Class B member, the Declarant may, but shall not be obligated to, charge an Initiation Fee to Owner at the closing of the purchase of a Lot or Living Unit from the Declarant. The amount of such Initiation Fee shall be determined by the Declarant in its sole discretion. In the event an Owner does not pay the applicable Initiation Fee at the closing of the purchase of a Lot or Living Unit from the Declarant, such Initiation Fee shall be due and payable and collectible as an assessment under this Declaration. Any Initiation Fee collected may be used by the Declarant for any expense arising out of, or related to, Highlands Crossing Townhomes and/or the Neighborhood Association and need not be included in the Neighborhood Association's annual budget. The Initiation Fee shall only apply to the sale of a Lot or Living Unit from the Declarant to an initial purchaser. Except as provided in this Declaration, neither the Neighborhood Association, the Board, nor the Declarant shall have the ability to impose an Initiation Fee

on any purchase or sale of a Lot or Living Unit within Highlands Crossing Townhomes after the initial sale of such Lot or Living Unit from the Declarant. This provision shall terminate when the Declarant is no longer a Class B member.

ARTICLE V

TRANSFER FEE

The Neighborhood Association shall collect a Transfer Fee from the transferring Owner upon each transfer of title to a Lot or Living Unit in Highlands Crossing Townhomes, whether improved or unimproved. All Transfer Fees shall be used for the Common Expenses of the Neighborhood Association. Each Owner of a Lot or Living Unit upon the resale of said Lot or Living Unit shall, at the closing of their resale, pay to the Neighborhood Association a Transfer Fee in an amount equal to one-quarter of one percent (0.25%) of the gross sales price of said Lot or Living Unit, whether improved or unimproved. A transferring Owner shall notify the Neighborhood Association of a pending title transfer at least fourteen days prior to the transfer. Such notice shall include the name of the transferee, the date of the transfer or closing, and other information as may reasonably be required by the Board of the Neighborhood Association. An Owner's obligation to pay a Transfer Fee shall be secured by the Neighborhood Association's lien for assessments set forth herein, and shall be collectible as an assessment against the transferred Unit in the event the Transfer Fee is not paid by the transferring Owner at the time of closing. For purposes of this section, "Resale" is defined as any transfer of legal or equitable title to all or any portion of the Lot or Living Unit for valuable consideration, other than by gift, inheritance, or mortgage foreclosure, where said transfer occurs subsequent to the initial sale by the Declarant, its successors, or assigns to a bona fide purchaser for value. A

resale transfer of legal or equitable title shall also include, but is not limited to, the execution of (i) a contract of sale which provides for a closing more than one year beyond the date of execution of said contract; (ii) a lease for a term, including renewal terms, in excess of one year with a purchase option which applies rental payments toward the purchase price; (iii) an option for a term, including renewal terms, in excess of one year which applies option payments towards the purchase price; (iv) the transfer of any portion of the stock of a corporate Owner, or any portion of the partnership interest of a partnership Owner, or any portion of the beneficial interest of a Trust, or any portion of the legal or beneficial interest in any other form of legal entity which is an Owner.

ARTICLE VI

INSURANCE COVERAGE

Section 1. Association Coverage. The Association shall obtain and maintain in full force and effect at all times, the following insurance coverages:

- (a) Directors and Officers Liability Insurance
- (b) Neighborhood Common Area Premises Liability Insurance
- (c) Such other types and amounts of insurance as may from time to time be deemed necessary, desirable, or proper, and be authorized by the Neighborhood Association by action of the Board of Directors.

Section 2. Owner Coverage. The record Owner of each Living Unit shall obtain and maintain in full force and effect, at all times, (the "Effective Date"), the following insurance coverages:

- (a) Fire and hazard insurance covering all of the insurable improvements on the Lot containing the Living Unit against loss or damage by fire and other hazards covered by

the standard extended coverage endorsement, and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the Living Units, in an amount equal to the maximum insurable replacement value thereof, as determined periodically by the Neighborhood Association;

(b) If the Lot is in a flood zone, Federal Flood Insurance covering all of the insurable improvements on the Lot containing the Living Unit against loss or damage by rising water in an amount equal to the maximum insurable replacement value thereof, as determined annually by the Neighborhood Association.

Section 3. Failure to Insure. Individual Living Unit Owners shall be responsible for acquiring said fire, hazard and flood insurance and the payment of premiums directly or through their financing agencies, and shall provide the Neighborhood Association with a copy of their policy and all renewals thereof at least thirty (30) days prior to the Effective Date or the expiration thereof. If any Living Unit Owner fails to provide said proof of insurance by the required date, the Neighborhood Association shall, after ten (10) days notice to the Living Unit Owner, purchase said insurance on the Living Unit Owner's behalf at whatever rates are available through its insurance agent and assess said Living Unit Owner for the cost thereof, plus interest thereon at the rate of 13% per annum.

Section 4. Insurance Requirements.

(a) All policies shall be written with a company licensed to do business in the State of Georgia;

(b) All policies shall be for the benefit of the Neighborhood Association, Living Unit Owners and their mortgagees as their interest may appear.

(c) All policies shall contain a standard mortgagee loss payee clause in favor of each said mortgagee which shall provide that the loss, if any, thereunder shall be payable to the Neighborhood Association and to such mortgagee as its interest may appear, subject, however to the loss payment provisions in favor of the Neighborhood Association.

(d). All policies shall contain a standard provision providing that such policies may not be altered, substantially modified or canceled without at least thirty (30) days prior written notice to all of the insureds, including the Neighborhood Association and the mortgagee;

(e) A copy of all policies and endorsements thereto shall be deposited with and maintained by the Neighborhood Association at its principal office;

(f) Exclusive authority to adjust losses under the policies hereafter in force with respect to the submitted property shall be vested in the Board of Directors of the Neighborhood Association and said mortgagees;

(g) The Living Unit Owners and/ or the Neighborhood Association shall make every reasonable effort to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims against the Neighborhood Association and its officers, directors, employees and agents, the Living Unit Owners and their respective servants, agents and guests; (2) a waiver by the insurer of its right to repair and reconstruct instead of paying cash; and (3) that no policy on the submitted property can be canceled, invalidated or suspended on account of the conduct of any director, officer, agent or employee of the Neighborhood Association without a prior demand in writing delivered to the Board of Directors to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

Section 5. Insurance Review. The Board of Directors shall conduct an insurance review at least every second year which shall include a replacement cost evaluation of each Living Unit. Each Living Unit Owner will then be notified of the necessary amount of coverage needed for replacement. Each individual Living Unit Owner shall be responsible for having the amount of coverage deemed necessary by the Board of Directors.

ARTICLE VII

REPAIR, RESTORATION AND REBUILDING

Section 1. Repair, Restoration and Rebuilding. In the event any Dwelling or Living Unit shall be damaged or destroyed by fire, other casualty or any other cause or event whatsoever, the Owner of the property so damaged or destroyed shall cause it to be repaired, restored or rebuilt, as the case may be, as rapidly as possible to at least as good a condition as existed immediately prior to such damage or destruction, subject only to the right of the Neighborhood Association (which right is hereby granted to the Neighborhood Association) to authorize and direct such different action as shall be recommended by the Board of Directors and approved by affirmative vote of not less than two-thirds (2/3) of the members, which majority shall include the affirmative vote of all the Owners whose Living Units shall have been damaged or destroyed.

Section 2. Board of Directors to Supervise. All repair, restoration or rebuilding pursuant to the provision of this Article VII shall be carried out under such supervision and direction as the Board of Directors of the Neighborhood Association shall deem appropriate in order to assure the expeditious and correct completion of the work concerned, and the Owner of any Living Unit which has been damaged or destroyed shall fully cooperate with,

and abide by all instructions and directions of the Neighborhood Association in connection therewith.

Section 3. Rights of Neighborhood Association. The Neighborhood Association is hereby given and shall have the right reasonably to approve the architects, contractors and subcontractors to be employed in connection with such repair, restoration or rebuilding, to select a contractor, or contractors, to perform all or various parts of the work to be done upon the various Dwellings which shall have been damaged or destroyed by such casualty or other happening; to coordinate the progress of the work among such various Dwellings; and to hold the proceeds of any insurance which may be payable on account of such casualty or other happening and to control the disbursement thereof in such manner as to assure the sufficiency of funds for the completion of said work or for any other proper purpose.

Section 4. Lien Rights of Neighborhood Association. In any case in which the Owner of the Dwelling concerned shall fail to carry out and see to the repair, restoration or rebuilding required by the provisions of this Article VII, or shall request the Neighborhood Association to carry out and see to such repair, restoration or rebuilding, the Neighborhood Association may carry out and see to the repair, restoration or rebuilding required by the provisions of this Article VII, provided, however, that to the extent the insurance proceeds are insufficient as to any Dwelling, the particular Owner shall be responsible to the Neighborhood Association for such deficiency, and the Neighborhood Association shall have, and is hereby given, a continuing lien on the Lot or Living Unit for which any such repairs or rebuilding are furnished by the Neighborhood Association in the aggregate amount of (a) the cost thereof, (b) interest at the rate of interest permitted by law on money

judgments in Georgia from the date of the Neighborhood Association's payment of such costs, and (c) reasonable attorneys' fees and any court or other costs incurred by the Neighborhood Association in connection therewith, which lien shall encumber such Lot in the hands of such Owner, his heirs, devisees, personal representatives, grantees and assigns. In the event such Owner does not forthwith fully repay the Neighborhood Association therefore, as aforesaid, such lien may be foreclosed against the Lot by the Neighborhood Association, in the same manner as hereinafter provided in connection with unpaid assessments. The Neighborhood Association's lien in this Section 4 provided shall be subordinate to the lien of any first mortgage, now or hereafter placed upon the Lot.

Section 5. Insurance Insufficient. In any case in which insurance proceeds shall not be paid or payable on account of any damage to, or destruction of, any Dwelling or Living Unit, or shall be inadequate to fully cover the cost of repair, restoration or rebuilding which the Neighborhood Association is by the provisions of this Article VII permitted to carry out, the cost of such repair, restoration or rebuilding in excess of the amount of insurance proceeds available may be borne and paid for by the Neighborhood Association, but without diminishing or in any way affecting any rights of recovery thereof which the Neighborhood Association may have by law against any person or persons who shall be directly or indirectly responsible for such damage or destruction by reason of any negligent or wrongful act or omission, or against any Owner for his failure to maintain insurance coverage.

Section 6. Obligation of Neighborhood Association. Notwithstanding anything to the contrary herein contained, the obligations of the Neighborhood Association under the provisions of this Article VII shall be limited to the repair, restoration and rebuilding of the

Common Area, and the Neighborhood Association shall not be responsible for repair, restoration or replacement of any personal property of the Owners or others.

Section 7. Debris. In the event a Dwelling is damaged or destroyed, and the Owner does not begin repair or reconstruction within thirty (30) days following damage or destruction, he shall remove or cause to be removed, at his expense, all debris from the Lot, so that it shall be placed in a neat, clean and safe condition; if he fails to so remove the debris, the Neighborhood Association may cause it to be removed, and the cost of such removal shall constitute a lien upon the Lot until paid by the Owner, unless the Lot is thereafter acquired by the Neighborhood Association.

Section 8. Application of Declaration and Bylaws. Any Dwelling or Living Unit which has been destroyed, in whole or in part, by fire or other casualty, and subsequently restored or reconstructed, shall be subject to the provisions of this Declaration and to the By-Laws, attached hereto as Exhibit "B", of the Neighborhood Association.

ARTICLE VIII

PROTECTIVE COVENANTS

Section 1. General. It is to the interest, benefit and advantage of the Owners and to each and every person who shall hereafter purchase any Living Unit that certain protective covenants governing and regulating the use and occupancy of the same be established, set forth and declared to be covenants running with the land.

Section 2. Enactment. The protective covenants set forth below are hereby established, promulgated and declared to be the protective covenants for the Living Units. All Living Units in the Property shall be held, transferred, sold, conveyed, and occupied

subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth, and these covenants shall become effective immediately and run with the land.

Section 3. Land Use. All Living Units contemplated in the Property shall be, and the same hereby are, restricted exclusively for residential use. No Structure of a temporary character, boat trailer, camper, basement, tent, shack, carport, garage, barn, or other outbuilding shall be allowed on any portion of the Property at any time either temporarily or permanently. Notwithstanding the foregoing, Declarant may use Living Units for a sales office or model Living Unit.

Section 4. Freehold Estate. Each Living Unit shall be conveyed as a separately designated and legally described fee simple estate subject to the terms, conditions and revisions hereof and of the Bylaws of the Neighborhood Association.

Section 5. Construction and Sale Period. Notwithstanding any provisions contained herein to the contrary, it shall be permissible for the builder of Living Units to maintain during the period of construction and sale of said Living Units, upon such portion of the Property as the builder reasonably requires, subject to the approval of the Declarant, such construction offices, sales offices and business offices as are convenient or incidental to the construction or sale of said Living Units.

Section 6. Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any part of the Property, except that dogs, cats, or other household pets may be kept by the respective Owners in their respective Living Units, provided that they are not kept, bred, or maintained for any commercial purpose and do not endanger the health of or, in the sole discretion of the Board of Directors, unreasonably disturb the

Owner of any Living Unit or any resident thereof. No chained animals, kennels, fences, or invisible fences for animals are allowed.

Section 7. Signs and Business Activities. No advertising, signs, billboards, unsightly objects, or nuisance shall be erected, placed, or permitted to remain on the Property which may endanger the health of or unreasonably disturb the Owner of any Living Unit or any resident thereof. No business activities of any kind whatever shall be conducted in any building or on any portion of the Property; provided, however, the foregoing covenants shall not apply to the business activities, signs, or billboards of the builder, his agents, or assigns during the construction and sale period, which have been approved by the Declarant.

Section 8. Garbage Cans, Etc. No garbage cans, service yards, wood piles or storage piles shall be allowed. All trash and garbage shall be regularly removed from the premises and deposited in a dumpster provided by the Neighborhood Association.

Section 9. Patios and Neighborhood Common Area. No planting or gardening shall be done, no fences, hedges or walls shall be erected or maintained upon the Property except such as are installed in accordance with the initial construction of the buildings located thereon or approved by the Board of Directors or their designated representatives, and no exterior clothesline shall be permitted upon the Property or any Parcel. In addition to the right of ingress and egress, the Owners of the Living Units shall enjoy the use of all of such property outside their respective residences as shall be determined by the Board of Directors or as expressly provided for herein. It is expressly acknowledged by all parties concerned that this paragraph is for the mutual benefit of all Owners in the Property and is necessary for the protection of said Owners.

Section 10. Exterior Antennas. Without prior written approval and authorization of the Board of Directors, no exterior television, radio antennas or satellite dishes of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon the Property or upon any structure situated upon the Property.

Section 11. Leasing of Residences. Entire residences may be rented provided the occupancy is not for less than twelve (12) months and such occupancy is only by the lessee and his immediate family, or as may be approved or otherwise provided for by the Declarant or the Board of Directors. No room may be rented and no transient tenant accommodated.

Section 12. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No immoral, improper, offensive or unlawful use shall be made of any portion of the property, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction shall be observed. Nothing shall be kept and no activity shall be carried on in any building or residence, or on any of the Common Area which will increase the rate of insurance applicable to other residential units. No Owner shall do or keep anything or cause or allow anything to be done or kept in his dwelling or on the Common Area which would result in the cancellation of insurance on any portion of the Properties, or any contents thereof. No waste shall be committed on any portion of the Common Area or facilities situate thereon.

Section 13. Home Occupations. No home occupation, industry, business, trade or profession of any kind, whether commercial or otherwise, shall be conducted, maintained or permitted on any part of the Properties, except to the extent permitted by applicable zoning ordinances, and except that Declarant and other authorized persons may use any unsold residence for sale or display purposes. The use for habitual parking for commercial vehicles in any parking area or portion of the Common Area is prohibited. The term

“commercial vehicle” includes all trucks and vehicular equipment of a commercial nature that are larger than a standard passenger vehicle.

Section 14. Re-subdivision. No Lot shall be re-subdivided, recombined or reduced in size without the written consent of the Board of Directors.

Section 15. Parking. All vehicles shall be parked in designated parking areas. Each Lot shall be assigned at least one parking space by the Board of Directors and no other Lot Owner shall utilize said assigned space. The habitual parking of commercial vehicles, trucks, boats, buses, trailers, camping trailers, motor homes or other recreational vehicles is prohibited. No disabled vehicle shall be parked on the Lots for more than 24 hours.

Section 16. Plants and Trees. Plants and trees now or hereafter located on the Neighborhood Common Area shall be maintained by the Neighborhood Association, and may not be removed except by permission of the Board of Directors. No additional plants, trees or shrubs may be planted upon the Neighborhood Common Area without written approval of the Board of Directors. After the required clearing for the construction of dwelling units and driveways, no tree having a diameter greater than two (2) inches, five (5) feet above grade may be cut or moved without the prior written approval of the Board of Directors.

Section 17. Mailboxes. All Lots shall utilize centrally located mailboxes. No mailboxes or receptacles for the delivery of newspapers or mail shall be allowed on a Lot.

Section 18. Drainage Ditches. No change shall be made in the level or courses of any drainage ditch in the Properties without the prior written approval of the Board of Directors. The Owner of any Lot which adjoins a drainage ditch or swale shall keep that portion of such drainage ditch or swale lying within or contiguous to his Lot in a clean and

orderly condition, and shall maintain the proper depth and grade of such drainage ditch or swale.

Section 19. Ponds and Lagoons. No swimming or boating shall be allowed in ponds or lagoons located in the Neighborhood Common Area.

ARTICLE IX

EASEMENTS

Section 1. Utility Easement. There is hereby created a blanket easement upon, across, over, through and under the Property for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems, including but not limited to water, sewers, gas, telephones, electricity, television, cable or communication lines and systems. By virtue of this easement it shall be expressly permissible for the Declarant, the Neighborhood Association or the providing utility or service company to install and maintain facilities and equipment on said Property, to excavate for such purposes and to affix and maintain wires, circuits, and conduits on, in and under all Lots and the roofs and exterior walls of all residences and buildings, provided all disturbed areas are restored to the condition in which they were found. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utility service lines or facilities for such utilities may be installed or relocated on the Property except as planned and approved by the Declarant prior to the conveyance of the first Living Unit to an Owner or by the Board of Directors thereafter. This easement shall in no way affect any other easements on said Property which may be created by a separately recorded instrument or subdivision or other plat.

Section 2. Maintenance Easement. There is hereby created a blanket easement upon, across, over, through and under the Property and each Lot for ingress, egress, improvement, replacement, and repair as necessary for the exterior maintenance of each Living Unit and the maintenance of the Neighborhood Common Area, including that for exterior paint and building surfaces, roofs, gutters, down spouts, trees shrubs, grass, walks and other exterior improvements. By virtue of this easement it shall be expressly permissible for the Declarant, the Neighborhood Association or the providing service company to install and maintain facilities and equipment on said Property and each Parcel, in and under all lots and the roofs and exterior walls of all residences and buildings, provided all disturbed areas are restored to the condition in which they were found. This easement shall in no way affect any other easements on said Property which may be created by a separately recorded instrument or subdivision or other plat.

Section 3. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Neighborhood Common Area, which shall be appurtenant to and shall pass with the title of every Living Unit, subject to the following provisions:

(a) the right of the Neighborhood Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Neighborhood Common Area; and

(b) the right of the Neighborhood Association to suspend the voting rights and right to use the recreational facilities by an Owner as provided herein.

Section 4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Neighborhood Common Area and facilities to the members of his family or his tenants, who reside on the Property.

ARTICLE X

ARCHITECTURAL CONTROL

Section 1. Architectural Control. No landscaping, building, fence, wall or other structure shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors. In the event the Board of Directors fails to approve or disapprove said plans and specifications within forty-five (45) days after submission, such approval will not be required and the submitting party will be deemed to have fully complied with this Article. Nothing herein is intended to apply to the original construction by the builder in accordance with the original plan of development of the properties.

Section 2. Destruction of Dwelling. In the event that any Dwelling is destroyed, the Dwelling will be re-constructed as based on the original plan of development as provided in Article VII above, unless the Board of Directors agrees otherwise.

ARTICLE XI

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as part of the original construction of the Dwellings upon the Property and placed on the dividing line between the Lots or Living Units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owner thereafter makes use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 3. Weatherproofing. Notwithstanding any other provision of this Article, an Owner, who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 4. Right to Contribution Runs with the Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 5. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

Section 6. Encroachments. The Common Area, the individual Lots and the Living Units built thereon shall be subject to an easement for encroachments created by construction, settling and overhangs as designed or constructed by the builder. A valid easement for said encroachments and for the maintenance of same, so long as they stand, shall and does exist.

ARTICLE XII

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Living Units in the Property. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Neighborhood Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Living Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Living Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Living Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of this Neighborhood Declaration relating to such Living Unit or the Owner which is not cured within 60 days;

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

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

Section 2. No Priority. No provision of this Neighborhood Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Living Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Neighborhood Common Area.

Section 3. Notice to Neighborhood Association. Upon request, each Owner shall be obligated to furnish to the Neighborhood Association the name and address of the holder of any Mortgage encumbering such Owner's Living Unit.

Section 4. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board of Directors to respond to or consent to any action shall be deemed to have approved such action if the Neighborhood Association does not receive a written response from the Mortgagee within 30 days of the date of the Neighborhood Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

Section 5. HUD/VA Approval. As long as there is a Class "B" membership, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Living Unit: merger, consolidation, or dissolution of the Neighborhood Association; dedication, conveyance, or mortgaging of the Neighborhood Common Area; or material amendment of this Neighborhood Declaration or

the By-Laws. The granting of easements for utilities or other similar purposes consistent with the intended use of the Neighborhood Common Area shall not be deemed a conveyance within the meaning of this Section.

ARTICLE XIII

NEIGHBORHOOD ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Administration of the Property shall be vested in the Neighborhood Association as provided herein. Every person who is the record owner of a fee or undivided fee interest in any residence which is subject by covenants of record to assessment by the Neighborhood Association shall be a member of the Neighborhood Association. Included as a member of the Neighborhood Association is Declarant so long as it is a record owner as herein provided. The foregoing is not intended to include persons who hold interest merely as security for the performance of an obligation. No Owner, whether one or more persons, shall have more than one membership vote per Living Unit. Membership shall be appurtenant to and may not be separated from ownership of any Living Unit. Ownership of a Living Unit shall be the sole qualification for membership in the Neighborhood Association and each Owner shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership in the Neighborhood Association, together with his undivided interest in the funds and assets of the Neighborhood Association shall automatically cease.

Section 2. Voting Rights. The Neighborhood Association shall have two (2) classes of voting membership:

(a) Class A. Class A members shall be all Owners, with the exception of the Declarant. Each Owner shall be entitled to one (1) vote for each Living Unit owned. If more than one person owns an interest in any Living Unit, all such persons shall be members, and the vote for each such Living Unit shall be exercised as they may determine among themselves, but in no event shall more than one vote be cast with respect to any Living Unit.

(b) Class B. The Class B member shall be the Declarant, and any successor of Declarant who takes title for the purpose of development and sale, and who is designated as such in a recorded instrument executed by the Declarant. The Class B member shall be a voting member and shall be entitled to cast the number of votes which are contained in the total of all Class A members, plus one vote, until such time when the Class B membership terminates and is converted to Class A membership. These votes of the Class B member shall be in addition to the votes the the Class B member receives due to its ownership of Lots or Living Units. Class B membership shall terminate and be converted to Class A membership upon the happening of the earlier of the following:

(i) When the Declarant shall no longer own any portion of the Property, or have any rights to develop or acquire title to any portion of the real property described in Section 2 of Article I of this Neighborhood Declaration;

- (ii) On December 31, 2015; or
- (iii) When, at its sole discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member. At such time, the Declarant shall call a meeting, as provided in the Bylaws of the Neighborhood Association for special meetings, to advise the membership of the termination of Class B membership and to elect any remaining members of the Board of Directors.

Section 3. Application of Declaration, By-Laws and Association. All present and future Owners, tenants and occupants of each Living Unit shall be subject to and shall comply with the provisions of this Neighborhood Declaration, the By-Laws, and the rules and regulations adopted pursuant thereto, as these instruments now exist or as they may be amended from time to time. The acceptance of a deed of conveyance or the entering into a lease, or the entering into occupancy of any Living Unit shall constitute an acceptance by such Owner, tenant or occupant of the provisions of such instruments, as they now exist or as they may be amended from time to time. The provisions contained in such instruments shall be covenants running with the land and shall bind any person who, at any time has any interest or estate in such Living Unit, as though such provisions were recited and fully stipulated in each deed, conveyance or lease thereof. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or for injunctive relief to be maintained by the Board of Directors on behalf of the Neighborhood Association or, in the proper case, an aggrieved Owner himself.

ARTICLE XIV

GENERAL PROVISIONS

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

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any of the other provisions set forth herein which shall remain in full force or effect.

Section 3. Term and Extensions. The covenants and restrictions of this Neighborhood Declaration shall run with the land, bind the land and shall inure to the benefit of and be enforceable by the Neighborhood Association, the Declarant, or any Owner, their respective legal representatives, heirs successors and assigns, for a period of twenty (20) years from the date this Neighborhood Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then-Owners of not less than ninety percent (90%) of the Lots and

Living Units has been recorded, terminating said covenants and restrictions; provided, however, that no such termination shall be effective unless made and recorded at least six (6) months in advance of the effective date of such change, and unless written notice of the proposed termination is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 4. Amendment. Except as herein provided, the Neighborhood Association shall have the power to amend this Neighborhood Declaration, by a vote of two-thirds (2/3) of the number of the total members of the Association, and the Declarant. For so long as it is a Class B member, the Declarant may unilaterally amend the Declaration for the purpose of facilitating the general plan of development for the Property, so long as it does not adversely affect the title of a Living Unit without the consent of the Owner and mortgagee of said Living Unit

Section 5. Modification. By a recorded supplemental declaration, the Declarant or the Board of Directors may amend this Neighborhood Declaration without the consent of the Owners to correct any obvious errors or inconsistencies in drafting, typing or reproduction, provided that said modification does not adversely affect the title to any Living Unit without the consent of the Owner and mortgagee of said Living Unit.

Section 6. Inspection of Books and Records. Any first mortgagee or any Owner shall have the right to examine the books and records of the Association within normal business hours.

IN WITNESS WHEREOF, the Declarant has caused this Neighborhood Declaration to be duly executed by its authorized officers, this _____ day of _____, 2005.

Signed, sealed and delivered
in the presence of:

GENESIS REAL ESTATE GROUP, LLC
a Georgia limited liability company

Unofficial Witness

By: Richard A. Fitzer II, as Manager

Notary Public

My Commission Expires: _____

EXHIBIT "A"

EXHIBIT "B"

BY-LAWS OF

HIGHLANDS CROSSING TOWNHOMES PROPERTY OWNERS ASSOCIATION, INC.

A Nonprofit Corporation
(the "Association")

These By-Laws are the By-Laws of the Association, which is the corporation created by Articles of Incorporation filed with the Secretary of State of Georgia on _____ (the "Articles of Incorporation"). All references herein to the "Covenants" shall refer to that certain Neighborhood Declaration of Covenants, Conditions, and Restrictions for Highlands Crossing Townhomes, dated _____ and recorded at Deed Book _____, Page _____, Chatham County, Georgia, Records, and all capitalized or underlined terms used herein shall have the meanings assigned thereby by the Covenants, or by the Declarant, as defined in the Covenants, unless the context clearly otherwise requires.

ARTICLE 1

Offices

Section 1. Registered Office. The registered office of the Association shall be located at 107 Southern Boulevard, Suite 201, Savannah, Georgia 31405-1080, or such other offices as the Board of Directors shall select.

Section 2. Other offices. The Association may also have offices at such other places both within and without the State of Georgia as the Board of Directors may from time to time determine or the business of the Association may make appropriate.

ARTICLE 2

Membership: Meetings of Members, Quorum, Voting

Section 1. Membership. The Association shall have two classes of membership. Class "A" and Class "B" as more fully set forth in the covenants. The provisions of the Covenants pertaining to membership are incorporated herein by this reference.

Section 2. Location of Meetings. All meetings of Members shall be held at such place within or without the State of Georgia as may be from time to time fixed by the Board of Directors or as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof, or at the Association's registered office if not so fixed or stated.

Section 3. Annual Meetings. Annual meetings of Members shall be held on or before March 31 of each year at a time and place to be designated by the Board of Directors. At each such meeting, the Members shall, by a majority vote, elect a Board of Directors, and, by majority vote, transact such other business as may be properly brought before the meeting.

Section 4. Special Meetings. Unless otherwise prescribed by law, by the Covenants, or by the Articles of Incorporation, special meetings of Members may be called for any purpose or purposes by the president, the Board of Directors, the holders of 15 percent of the outstanding voting interest in the Association, or such other officers or

persons as may at the time be provided in the Articles of Incorporation, or in the event there are no officers or directors, then by any Member.

Section 5. Notice of Meetings. Written notice of a meeting stating the place, day and hour of meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than forty-eight (48) hours nor more than ten (10) days before the date of the meeting.

Section 6. Business of Meetings. At an annual meeting of Members, any matter relating to the affairs of the Association, whether or not stated in the notice of meeting, may be brought up for action (unless otherwise provided by law). Unless a majority of the Members of this Association entitled to vote are present and specifically agree thereto in writing, no matter that was not stated in the notice of a special meeting of Members shall be brought up for action at such a special meeting.

Section 7. Quorum. The holders of more than fifty (50%) percent of the interests entitled to vote, present in person or by proxy, shall constitute a quorum at all meetings of Members for the transaction of business except as otherwise provided by law. If a quorum shall not be present, the Members present in person or by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such reconvened meeting, any business may be transacted which might have been transacted at the adjourned meeting.

Section 8. Majority. If a quorum is present, the affirmative vote of a majority of the Members entitled to vote and represented at the meeting shall be the act of the Members, except as otherwise agreed by the Covenants, which shall be controlling, and further except that unanimous vote of all Members entitled to vote and represented at the meeting

shall be required to approve matters at a special meeting of Members with respect to matters about which no notice had been given in the notice of such special meeting.

Section 9. Voting.

(a) Anything herein to the contrary notwithstanding, all voting contemplated by these By-Laws shall be governed by the Covenants and any reference herein to the voting rights of any Member shall be governed by the relevant provisions of the Covenants.

(b) Class A. Class A members shall be all Owners, with the exception of the Declarant. Each Owner shall be entitled to one (1) vote for each Living Unit owned. If more than one person owns an interest in any Living Unit, all such persons shall be members, and the vote for each such Living Unit shall be exercised as they may determine among themselves, but in no event shall more than one vote be cast with respect to any Living Unit.

(c) Class B. The Class B member shall be the Declarant, and any successor of Declarant who takes title for the purpose of development and sale, and who is designated as such in a recorded instrument executed by the Declarant. The Class B member shall be a voting member and shall be entitled to cast the number of votes which are contained in the total of all Class A members, plus one vote, until such time when the Class B membership terminates and is converted to Class A membership. These votes of the Class B member shall be in addition to the votes the Class B member receives due to its ownership of Lots or Living Units. Class B membership shall terminate and be converted to Class A membership upon the happening of the earlier of the following:

(i) When the Declarant shall no longer own any portion of the Property, or have any rights to develop or acquire title to any portion of the real property described in Section 2 of Article I of the Covenants;

(ii) On December 31, 2015; or

(iii) When, at its sole discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member. At such time, the Declarant shall call a special meeting, as provided herein, to advise the membership of the termination of Class B membership and to elect any remaining members of the Board of Directors.

Section 10. Proxy. A Member may vote either in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Any proxy must be in writing, signed by the Owner (or owners as provided below) and submitted to the President prior to the meeting. If any Lot is owned by a corporation, partnership, trustee or other entity or by a group of owners in any form of joint tenancy, the vote allocated to such Lot shall be exercisable by such owner or owners only as provided by the Covenants as amended from time to time. Unless the holder of a valid proxy, a mere lessee of any Lot shall have no right to vote and shall in no respect be deemed a Member of the Association.

In all elections for directors, every Member entitled to vote shall have the right to vote, in person or by proxy, the number of Living Units owned by him for as many persons as there are directors to be elected and for whose election he has the right to vote but Members may not cumulate their votes.

Section 11. Action by Consent. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the holders of all interests entitled to vote with respect to the subject matter thereof

ARTICLE 3

Directors

Section 1. Number; Election. For so long as the Declarant is a Class B Member, it shall appoint one (1) person to constitute the Board of Directors of the Association. Thereafter, the number of directors shall consist of five (5) of the Owners. If an Owner is a corporate or institutional owner, one of its principal officers may serve as a Director. Directors must be over age eighteen, but need not be residents of the State of Georgia. The directors, other than the first Board of Directors, shall be elected at the annual meeting of Members, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. Upon sale of all of a director's Lot(s), that director must resign his or her position on the Board of Directors within thirty (30) days of said sale.

Section 2. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors even though the remaining directors may constitute less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors present at a meeting even though less than a quorum of the Board of Directors is present. A director elected to fill a newly created directorship shall serve until the next election of directors by the Members and the election and qualification of his successor.

Deleted: A

Section 3. Powers. The business and affairs of the Association shall be managed by its Board of Directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by law, the Covenants, the Articles of Incorporation or these By-Laws directed or required to be exercised or done by the Members.

Section 4. Compensation of Directors. The Board of Directors shall receive no compensation, except as provided in Section 5 of this Article 3.

Section 5. Indemnification. As an inducement to the officers and directors of the Association to act on the Association's behalf, the Association shall, out of its general funds or by special assessment, indemnify and hold harmless, the Declarant, developer, and each officer or director acting in accordance with these By-Laws and the Covenants, including without limitation all actions taken in connection with the levying, collection and enforcement of assessments. All such indemnification shall be paid upon written request of the Declarant, developer, or such officer or director setting forth in reasonable detail the reason for such indemnification, which request shall be given to each of the officers of the Association.

ARTICLE 4

Meetings of the Board of Directors

Section 1. Location of Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Georgia.

Section 2. First Meeting of New Board. The first meeting of each newly elected Board of Directors shall be held immediately following the annual meeting of Members at the place where such annual meeting is held. Such meeting shall be designated as the

annual meeting of the Board of Directors, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. Alternatively, the new Board of Directors may convene at such place and time as shall be fixed by the consent in writing of all its Members.

Section 3. Regular Meetings. Regular meetings of the Board of Directors may be held with such frequency and at such time and at such place as shall from time to time be determined by the board. If the board has so fixed the frequency, time and place of regular meetings, no notice thereof shall be necessary.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by the chairman of the board, by the president, or by any two directors on three days notice to each director in accordance with Article 6.

Section 5. Notice of Meetings. Notice of a meeting need not be given to any director who signs a waiver of notice either before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice thereof. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Articles of Incorporation. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time until a quorum shall be present, without notice of the time and place that the meeting will be reconvened other than announcement at the adjourned meeting.

Section 7. Majority. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the Articles of Incorporation.

Section 8. Action by Consent. Any action required or permitted to be taken at a meeting of directors or a committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all directors or Members of the committee, as the case may be, entitled to vote with respect to the subject matter thereof. Such consent shall be filed with the minutes of the proceedings of the board or the committee.

ARTICLE 5

Notices

Section 1. Required Notices. Whenever, under the provisions of applicable law, the Articles of Incorporation or these By-Laws, any notice is required to be given to any director or Member, such notice shall be given in writing and delivered either personally or by first class mail or telegram, addressed to such director or Member, at his address as it appears on the records of the Association. If mailed, such notice shall be deemed to be delivered three (3) business days after it was deposited in the United States mail with first class postage prepaid. Notices given by other means shall be deemed delivered when received by the addressee.

Section 2. Waiver of Notice. Whenever under the provisions of applicable law, the Articles of Incorporation or these By-Laws, any notice is required to be given to any director or Member, a written waiver thereof signed by the person or persons entitled to such

notice, either before or after the time stated therein, shall be deemed the equivalent to the giving of such notice.

ARTICLE 6

Officers

Section 1. Offices; Election; Term. The offices of the Association shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer. Except as otherwise provided by law, any person may hold more than one office. Officers shall be elected at the first meeting of the Board of Directors following the annual meeting of Members and shall hold offices until their respective successors have been elected and shall have qualified, and if the Board of Directors shall fail in any year or years to meet and elect officers, the officers last elected shall continue to hold office. No officer need be (i) a Member of the Board of Directors (ii) a resident of the State of Georgia, (iii) an owner of any Lot, or (iv) a resident of the building.

Section 2. Additional Offices and Agents. The Board of Directors may appoint such other officers, including vice presidents, assistant secretaries and assistant treasurers, and agents as it shall deem necessary. Such officers and agents shall hold their respective offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 3. Salaries. The officers shall receive no compensation except as provided in Section 5 of Article 3.

Section 4. Removal; Vacancies. Any officer or agent elected or appointed by the Board of Directors may be removed by the board at any time with or without cause by the

affirmative vote of a majority of the Board of Directors. Officers and agents otherwise elected or appointed may be removed in accordance with Georgia law. Any vacancy occurring in any office of the Association may be filled by the Board of Directors.

Section 5. The President. The president shall be the chief executive officer of the Association, shall preside at all meetings of Members and the Board of Directors, shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall have the authority and power to execute on behalf of the association bonds, mortgages, notes, contracts, leases and other documents and instruments (whether or not requiring a seal of the Association) except where such documents or instruments are required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association.

Section 6. Vice President. The vice president, or if there shall be more than one, the vice presidents in the order determined by the Board of Directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president. Each vice president shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 7. Secretary and Assistant Secretaries. The secretary shall attend all meetings of Members and the Board of Directors and shall record the proceedings of such meetings in books to be kept for that purpose, and shall perform like duties for the committees of directors when required. He or she shall give, or cause to be given, notice of all meetings of Members and special meetings of the Board of Directors, and shall perform

such other duties as may be prescribed by the Board of Directors or the president, under whose supervision he shall be. He or she shall have custody of the corporate seal of the Association and he shall have authority to affix it to any instrument requiring it and when so affixed it may be attested by his signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers (including affixation of the Corporate Seal) of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 8. Treasurer and Assistant Treasurers. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Association. If required by the Board of Directors, he or she shall give the Association a bond in such sum and with surety or sureties as shall be satisfactory to the board of director for the faithful performance of the duties of his or her office and for the restoration to the Association, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control

belonging to the Association. The assistant treasurer, or if there shall be more than one, the assistant treasurers, in the order determined by the Board of Directors shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE 7

General Provisions

Section 1. Checks. All checks, drafts, demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 3. Seal. The Association shall have a corporate seal which shall have inscribed thereon the name of the association, the year of its organization and the words "Corporate Seal - Georgia". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced. The Board of Directors may from time to time authorize any other officer to affix the seal of the Association and to attest to such affixation by his signature.

Section 4. Books and Records. The Association shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its Members, Board of Directors, and committees of directors.

Not later than two (2) months after the close of each fiscal year, and in any case prior to the next annual meeting of Members, the Association shall prepare a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its preceding fiscal year, and a profit and loss statement showing the results of its operations during such fiscal year. Upon written request the Association promptly shall mail to any Member of record a copy of such balance sheet and profit and loss statement.

Section 5. By-Law Amendments. These By-Laws may be altered, amended, or repealed or new By-Laws may be adopted by the Declarant for so long as it is a Class B Member and thereafter by an affirmative vote of a majority of the Members of the Association.

Section 6. Conflict. In the event of any conflict between these By-Laws and the following, the controlling language shall be found in: the laws of the State of Georgia, the Covenants or the Articles of Incorporation, in the order listed.

Approved this _____ day of _____, 2005.

Highlands Crossing Townhomes Property
Owners Association, Inc, a Georgia
corporation

By: _____
Richard A. Fitzer II, as Manager