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DECLARATION OF COVENANTS, RESTRICTIONS

AND EASEMENTS

FOR

ALCOVY BLUFFS SUBDIVISION

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DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
FOR ALCOVY BLUFFS SUBDIVISION

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS for ALCOVY BLUFFS SUBDIVISION is made this 28 day of November, 2001 by Alcovy Bluffs, LLC, a Georgia limited liability company.

BACKGROUND STATEMENT

Declarant is the owner of certain real property in Walton County, Georgia, which is more particularly described on Exhibit "A" attached hereto and made a part hereof or if not the owner, has the consent of the owner as evidenced by that owners consent attached as Exhibit "B" ("Property").

Declarant intends to develop on lands, including the real property described above, a development to be known as ALCOVY BLUFFS SUBDIVISION. Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within ALCOVY BLUFFS SUBDIVISION, the real property made subject to this Declaration, and any other real property which is subsequently added to this Declaration pursuant to the provisions of Article X, by the recording of this Declaration and amendments thereto. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property and the interrelationship between the Association (as hereinafter defined) established pursuant to this Declaration, and any recreational areas which may become a part of the Property. Declarant also desires to establish a method for the administration, maintenance, preservation, use and enjoyment of the property that is now or hereafter subjected to this Declaration and certain other properties described in this Declaration.

Declarant is causing 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).

The Declarant hereby declares that all of the real property described above shall be held, sold and conveyed subject to this Declaration, which is for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property (as hereinafter defined). The covenants, restrictions, and easements set forth herein shall run with the Property, and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall, subject to the limitations herein provided, inure to the benefit of each Owner, his heirs, grantees, distributees, successors and assigns and to the benefit of the Association.

ARTICLE I
DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

1.01 Association. "Association" means Alcovy Bluffs Homeowners Association, Inc. (a non-profit, nonstock, membership corporation organized or to be organized under the Georgia Nonprofit Corporation Code), its successors and assigns.

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

1.03 By-Laws. "By-Laws" means the By-Laws of the Association.

1.04 Common Property. "Common Property" means all real property (together with any and all improvements now or hereafter located thereon) 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.

1.05 Declarant. "Declarant" means Alcovy Bluffs, LLC, a Georgia limited liability company, and its successors-in-title and assigns, provided any such successors-in-title or assigns shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "A", or the real property which is intended to become part of the Property, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of successor Declarant, all rights and obligations of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "A", attached hereto, and which is now or hereafter subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one time.

1.06 Property-Wide Standard. "Property-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Property. Such standard may be more specifically determined by the board and by committees required or permitted to be established pursuant to the Declaration and By-Laws. Such determination, however, must be consistent with the Property-Wide Standard originally established by the Declarant.

1.07 Living Space. "Living Space" shall mean and refer to enclosed and covered areas within a Residence, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyards, greenhouses, atriums, bulk storage areas, attics, and basements.

1.08 Lot. "Lot" means any parcel of land shown upon a subdivision plat recorded in the Office of the Clerk of the Superior Court of Walton County, covering any portion of the

Property, provided, however, that no portion of the Common Property shall ever be a Lot except as provided in Section 2.05.

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

1.10 Membership. "Membership" means the collective total of all Members of the Association.

1.11 Occupant. "Occupant" shall mean any person occupying all or any portion of a Residence located within the Property for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

1.12 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 the 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.

1.13 Parcel. "Parcel" shall mean and refer to separately designated residential areas comprised of various types of housing initially or by annexation made subject to this Declaration. If separate Parcel status is desired, the Declarant shall designate in an amendment to this Declaration subjecting the property to the terms and conditions of this Declaration that such property shall constitute a separate parcel or parcels. In the absence of specific designation of separate Parcel status, all property made subject to this Declaration shall be considered a part of the same parcel. The Board may also grant Parcel status to any area if so requested in writing by the Owners holding at least seventy-five percent (75%) of the total vote entitled to vote thereon in such area.

1.14 Property. "Property" means that certain real property described on Exhibit "A" hereto together with such additional real property as may be subjected to the provisions of this Declaration in accordance with the provisions of Article X hereof.

1.15 Residence. "Residence" shall mean a structure situated upon a Lot intended for independent use and occupancy as a residence for a single family. A structure and the land owned as a part thereof (the Lot) shall not become a Residence until a certificate of occupancy shall have been issued by the appropriate governmental authorities as a prerequisite to the occupancy of such Residence and until the Lot and structure located thereon shall have been conveyed to a third party other than the builder thereof. The Owner of a Residence shall notify the Association or its designee immediately upon issuance of a Certificate of Occupancy for the Residence.

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

1.17 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, dock, fence, mailbox, deck, courtyard, tennis court, playhouse, awning, exterior lighting, guest or servants' quarters, curbing, paving wall, tree, shrub (and all other forms of landscaping and hardscaping), swingset, basketball goal, landscape statue, fountain, sign, signboard, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Lot;

(b) Any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of 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, wash 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 1.17 applies to such change.

ARTICLE II
COMMON PROPERTY

2.01 Conveyance of Common Property.

(a) The Declarant 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 of Residences (such real and personal property is hereinafter collectively referred to as "Common Property") and, to the extent set forth in this Declaration, the general public. The Association hereby covenants and agrees to accept from the Declarant all such conveyances of Common Property. Any such conveyance of Common Property by Declarant to the Association will be by limited warranty deed, subject to all of the covenants and restrictions set forth in this Declaration, as amended, ad valorem taxes for the current year, all easements to which the Common Property is subject, general utility easements serving or crossing the Common Property, and all easements, licenses and other rights granted in and to the Common Property pursuant to the provisions of this Declaration, as amended.

(b) It is contemplated by the Declarant that the Declarant may convey to the Association Common Property for scenic and natural area preservation and for general recreational use. The Declarant may, at Declarant's sole discretion, modify, alter, increase, reduce and 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 conveyance of such Common Property to the Association.

(c) In addition to the property described in subsection (b) of this Section 2.01, the Declarant may convey to the Association in accordance with this Section 2.01 such other real and personal property as the Declarant may determine to be necessary or proper for the completion of the Property.

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

(e) Detention ponds, lakes and dams may, without limitation, be included in the property that may be conveyed by Declarant and which shall be accepted by the Association. Declarant shall not be required to make any improvements whatsoever to the property to be conveyed and accepted pursuant to this Section including, without limitation, dredging or otherwise removing silt from any detention pond or lake that may be conveyed.

(f) The Declarant shall have the right to dedicate or transfer fee simple title to all or any portion of the Property then owned by Declarant, including any portion thereof intended to be Common Property to Walton County, Georgia, or any other public agency or authority, public service district, public or private utility, or other person, provided that Declarant then owns any Lot or Residence primarily for the purpose of sale or has the unexpired option to add any additional property to the Property.

(g) The Association, acting through the Board without a vote of the Membership, may grant licenses and leases of portions of the Common Property, and may grant easements over the Common Property for installation and maintenance of utilities or for other purposes, to the extent not inconsistent with the intended use of the Common Property. However, the Association shall not convey Common Property without the approval of at least 67% of the Class A Members eligible to vote and the approval of the Declarant so long as the Declarant owns a portion of the Property.

2.02 Right of Enjoyment. Every Owner of a Residence shall have a right and easement to use and enjoy the Common Property, 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 act 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 of Residences to use and enjoy part or all of 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 2.02 is subject to suspension by the Association as provided in Sections 2.03(f) and 3.05.

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

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

(b) 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; and provided, however, that, during the period when the Declarant has the right to appoint members of the Board, the Association shall not deed, grant or convey to anyone any mortgage, deed to secure debt or other security interest on or in Common Property constituting real estate without approval by Declarant and a two-thirds (2/3) vote of the Members who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the By-Laws of the Association;

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

(d) dedicate or transfer all or any part of the Common Property or interests 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 shall, if such dedication or transfer is approved by a two-thirds (2/3) vote of the Members who are present in person or by proxy and voting at a meeting of the Members duly held in accordance with the By-Laws of the Association, cease to be subject to this Declaration or all or any part of the Restrictions while held by any such municipality or other governmental body, agency or authority;

(e) charge reasonable fees in connection with the admission to and use of facilities or services by Members and non-members; 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;

(f) suspend, pursuant to Section 3.05, the voting rights of any Member and the right of enjoyment granted or permitted by Section 2.02;

(g) to sell, lease or otherwise convey all or any part of its properties and interest therein;

(h) enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof; and

(i) maintain any and all landscaping previously installed by the Declarant, to the extent that such landscaping is not otherwise maintained by the appropriate county and/or municipal entity having jurisdiction over the roads for Walton County, Georgia.

2.04. Conveyance of Common Property by Declarant to Association. The Declarant may transfer or convey to the Association any personal property and any improved or unimproved property, leasehold, easement or other property interest which is or may be subjected to the terms of this Declaration, so long as such property is transferred or conveyed free and clear of any liens or encumbrances. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Property to be maintained by the Association for the benefit of all its Members.

2.05 No Partition. Except as permitted in this Declaration, there shall be no judicial partition of the Common Property. No person or entity shall seek any judicial partition unless the portion of the Common Property which is the subject of such partition action has been removed from the provisions of the Declaration. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

2.06 Delegation of Use. Any Owner may delegate to the members of his family or his tenants who reside on a Lot, in accordance with the By-Laws, his right to use and enjoy the Common Property.

2.07 Maintenance. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. In addition, the Association shall maintain grass and other landscaping located along or in dedicated rights of way which were installed and maintained by Declarant, to the extent permitted by the applicable governmental authority. The foregoing maintenance shall be performed consistent with the Property-Wide Standard. Despite anything contained in this Declaration to the contrary, however, the Association shall have no obligation to maintain and keep in good repair any landscaping, grass, or any other form or any other Structure which is placed by an Owner or Occupant within that portion of such Owner's or Occupant's Lot which is either included within or abuts any Common Property or any dedicated rights-of-way; but nothing contained in this sentence shall be deemed to give any Owner or Occupant the right to place any landscaping, grass or other Structure within such Common Property or dedicated rights-of-way contrary to any other provisions of the Declaration.

The Association shall also have the right, but not the obligation to maintain and provide services for other property not owned by the Association, whether located within or without the boundaries of the Property, specifically including, but not limited to, stop signs and street name signs within the Property, and to enter into easements and covenants to share cost agreements regarding such property where the Board has determined that this would benefit Owners.

2.08 Condemnation. If any part of the Common Property shall be taken or conveyed in lieu of and under threat of condemnation by any authority having the power of condemnation or eminent domain, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

ARTICLE III 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 people of the Property. The Association shall have no power or duty to do or perform any act or thing other than those acts and things which will promote in some way the common good and general welfare of the people of the Property.

To the extent, and only to the extent, necessary to carry out such purpose, the Association (a) shall have all of the powers of a corporation organized under the Georgia Nonprofit Corporation Code and (b) shall have the power and duty to exercise all of 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. There shall only be one Membership per Lot. For purposes of voting, there shall be two (2) classes of Members as set forth in Section 3.03.

However, the Association shall be authorized to offer up to fifty (50) "Amenity Memberships" to residents owning real property in the area surrounding the Property at the time of the execution and recording of this Declaration for the limited purpose of permitting use rights in the Common Property only. Such Amenity Memberships shall have no voting rights in the Association or other privileges or obligations under the Association and this Declaration, the Articles, and the By-Laws. Such Amenity Memberships shall be subject to the terms governed by agreements entered into by the Board at such terms determined by the Board.

3.03 Voting Rights.

(a) Class A. Each Owner of a Lot, with the exception of Declarant, shall be a Class A Member and shall be entitled to one (1) Class A vote per Lot. If a Lot is owned by more than one individual person, all co-Owners shall share the privileges of such Membership, subject to reasonable Board regulation and restrictions on voting contained in this Declaration and in the By-Laws, and all such co-Owners shall be jointly and severably obligated to perform the responsibilities of Owners. The Membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

(b) Class B. The Declarant shall be the sole Class B Member and shall be entitled to three (3) votes for each Lot or Residence owned; provided, however, in no event shall the Class B Member have less than the total number of Class A votes plus one (1). The Class B Membership shall cease and be converted to Class A Membership at such time as Declarant no longer retains the right to appoint and remove members of the Board and officers of the Association pursuant to Section 3.08 below. At such time, Declarant shall be entitled to one Class A vote for each Lot it owns.

(c) The Property will be composed of Lots to be developed in phases containing unequal numbers of Lots. Each such phase will be platted of record in the Office of the Clerk of the Superior Court of Walton County in accordance with Article X of this Declaration. The Declarant shall notify the Association in writing when the final phase of the Property has been so platted of record. By acceptance of a deed conveying a Lot, each Owner acknowledges that, upon the filing by Declarant of the subdivision plats covering such phases, the total votes outstanding in the Association will automatically increase based upon the number of Lots in the phases added and in accordance with the formula set forth in subsection (b) of this Section 3.03 and in no event shall Class B Membership cease and be converted to Class A Membership (as provided in subsection (b) of this Section 3.03) until after the Association receives the written notice provided for in the preceding sentence; provided, however, nothing contained herein shall obligate the Declarant to develop any proposed phase of the Property unless such phase is subjected to this Declaration.

3.04 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 the By-Laws of the Association.

3.05 Suspension of Voting Rights. 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 either the Restrictions or the Design Standards of the ACC (as herein defined) within thirty (30) days after having received notice of the same pursuant to the provisions of Section 5.11, 6.14 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. Such suspension shall be for the balance of the period in which said Member or person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in subsection (c) of this Section 3.05, the suspension may be for a period not to exceed 60 days after the cure or termination of such violation. No such suspension shall prevent an Owner's ingress to or egress from his Lot.

3.06 Termination of Membership. Membership shall cease only when a person ceases to be an Owner.

3.07 Voting Procedures. The procedures for the election of Directors of the Association and the resolution of such other issues as may be 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.

(a) 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, Declarant hereby retains the right to appoint and remove any members of the Board of the Association and any officer or officers of the Association until fifteen (15) days after the first of the following event shall occur: (i) the expiration of twenty (20) years after the date of the recording of this Declaration; (ii) the date on which 75% of Lots planned by the Declarant to be part of the development are conveyed to persons who have not purchased Lots for the purpose of the construction of a Residence for resale; or (iii) the surrender by Declarant of the authority to appoint and remove directors and officers by an express amendment to this Declaration executed and recorded by Declarant, provided, however, that the Owners may be entitled to elect certain members of the Board of the Association in accordance with the terms of the By-Laws of the Association which shall not be removable by the Declarant acting alone.

(b) Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Section, such right shall automatically pass to the Owners, including Declarant if Declarant then owns one or more Lots; and a special meeting of the Association shall be called at such time. At such special meeting, the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board and the Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period which Declarant has in its possession. Each Owner by acceptance of a deed to or other conveyances of a Lot vests in Declarant such authority to appoint and remove directors and officers of the Association as provided in this 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 Association's Responsibility. Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair all portions of the Common Property, which responsibility shall include the maintenance, repair, and replacement of the Common Property, including but not limited to the maintenance, repair, and replacement of (i) all roads, walks, trails, parking lots, landscaped areas, recreational areas, and other improvements

made by Declarant or the Association situated within the Common Property, encumbering Lots or Residences; (ii) such security systems and utility lines, pipes, plumbing, wires, conduits, and related systems which are a part of the Common Property and which are not maintained by a public authority, public service district, public or private utility, or other person; and (iii) all lawns, trees, shrubs, hedges, grass, and other landscaping and all lakes and ponds situated within or upon the Common Property.

The Association shall not be liable for injury or damage to any person or property (A) caused by the elements or by any Owner or any other person, (B) resulting from any rain or other surface water which may leak or flow from any portion of the Common Property, or (C) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor shall the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of the Common Property or any other portion of the Property. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments being a separate and independent covenant on the part of each Owner. This Section 3.09 is subject to the express provisions in Section 2.07, relieving the Association from maintaining certain landscaping, grass or other Structures which are installed by Owners or Occupants in the instances provided in such Section 2.07.

3.10 Association Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering the full replacement cost of all insurable improvements from "risks of direct physical loss" for the Common Property to the extent that the Association has responsibility for maintenance, repair, and/or replacement in the event of a casualty, regardless of ownership;

(ii) Commercial general liability insurance with such limits and terms as the Board may determine reasonable; and

(iii) Such other insurance such as workers compensation, directors and officers liability coverage, and fidelity insurance as the Board, in the exercise of its business judgment, determines advisable.

(b) Policy Requirements. The policies may contain a reasonable deductible. In the event of an insured loss, the deductible shall be treated as an Association expense; provided that, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may levy a specific assessment for the full amount of such deductible against such Owner(s) and their Lots.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the State of Georgia which satisfies the requirements of the Federal National Mortgage Association, or such other secondary market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties;

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their mortgagees individually.

In addition, the Board shall be vested with exclusive authority to adjust losses; provided, however, no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Damage and Destruction. Immediately after damage or destruction to all or any part of the Property covered by insurance written in the Association's name, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Any damage to or destruction of the Common Property shall be repaired or reconstructed unless the Members representing at least sixty-seven percent (67%) of the total Class A vote and the approval of the Class B Member, if the Class B Member still owns Lots in the Property, decide not to repair or reconstruct. If the Association determines that the damage or destruction to the Common Property shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Property-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of mortgagees and may be enforced by the mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy a special assessment to cover the shortfall.

3.11 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. **Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.** No representation or warranty is made that any security system or measures, including any mechanism or system for limiting access to the Property, can not be compromised or circumvented, or that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and covenants to inform occupants of its Lot that the Association, the Board and its committees, and Declarant are not insurers and that each person or entity using any portion of the Property assumes all risks of personal injury and loss or damage to property, including Lots, Residences, and the contents of either, resulting from the acts of third parties.

ARTICLE IV ASSESSMENTS

4.01 Covenant for Assessments and Creation of Lien and Personal Obligation. Each Owner of a Lot, jointly and severally, for himself, his heirs, distributees, legal representatives, successors and assigns, by acceptance of a deed for a Lot, whether or not the covenants contained herein shall be expressed in any such deed, hereby covenants and agrees as follows:

(a) to pay to the Association the annual assessments which may or shall 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 other charges which may or shall be levied by the Association pursuant to this Declaration against all Residences owned by him;

(c) that there is hereby created a continuing charge and lien upon any Lot owned by him against which all such assessments are made to secure payment of such assessments and any interest thereon as provided in Section 4.09 hereof and costs of collection including reasonable attorneys' fees;

(d) that such continuing charge and lien on such Lot binds such Lot 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 other 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 Lot (together with any and all Structures which may from time to time be placed or located thereon) and (2) to finance the construction or repair or alteration of Structures.

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

(f) that all annual, special and specific assessments (together with interest thereon as provided in Section 4.09 of this Declaration and costs of collection including reasonable attorneys' fees) levied against any Lot owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Residence as provided in Section 4.01(c) of this Declaration) a personal obligation which will survive any sale or transfer of the Residence owned by him; provided, however, that such personal obligation for delinquent assessments shall not pass to Owner's successor in title unless expressly assumed by such successor.

4.02 Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all the sums collected in such year by way of 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 such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

4.03 Commencement of Assessments.

The obligation to pay assessments for a Lot shall commence on the first day of the month following (a) the month in which the Board shall establish its annual budget and levy assessments, or (b) the date upon which the Lot is conveyed or transferred from the Declarant or a builder to an Owner for the purpose of residential occupancy, whichever is later. The first annual assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

4.04 Special and Parcel Assessments.

(a) In addition to the annual assessments authorized by this Article IV, the Association may levy, in any Assessment Year and with such frequency as the Association shall deem necessary, special assessments for the purpose of paying, in whole or in part, any unanticipated operating expenses, as well as the cost of any construction, reconstruction, repair or replacement of a capital improvement on the Common Property. Such special assessments may be levied by the Board in any Assessment Year without the approval of the Members, which special assessments in the aggregate do not exceed an amount equal to the annual assessment then in effect. Special assessments exceeding said amount shall require the approval of two-thirds (2/3) of the Members of the Association who are present in person or by proxy at a meeting of Members duly held in accordance with the provisions of the By-Laws of the Association and this Declaration.

(b) The Association shall also be authorized to levy, in any Assessment Year and with such frequency as the Association shall deem necessary, "Parcel Assessments" for the purpose of paying, in whole or in part, the cost of estimated expenses for the sole benefit of a particular Parcel, which Parcel Assessments shall be allocated equally among the Residences in a Parcel.

4.05 Assessment Procedure.

(a) The Board shall establish an annual budget which shall list the estimated operating expenses, the annual assessment, and shall contain an amount to be set aside each year into a reserve allowance to be used for future repair and replacement of the Common Property; provided, however, in no event shall the Board be required to provide for a reserve sufficient to cover all such future repair and replacement of the Common Property, it being intended that portion of such costs will be covered by Special Assessment. The Board shall cause the Association to send to each Owner at least thirty (30) days in advance of the Due Date written notice setting forth the amount of the annual assessment and the Due Date. The annual assessment shall become due on the thirtieth (30th) day following such written notice or the Due Date, whichever is later. The Board may establish reasonable payment procedures to allow or require payment of the annual assessment in installments during the Assessment Year. The Board shall also establish payment procedures for payment of any special assessments for capital improvements which may be levied in accordance with the provisions of this Article IV.

(b) All Members of the Association shall be given written notice by the Board not less than thirty (30) nor more than sixty (60) days in advance of any meeting of the Members of the Association at which the Board shall propose taking action pursuant to Section 4.05 of this Article IV. Such written notice shall specify under which Section or Sections the Board will propose action. If the required quorum is not present at such meeting, a second meeting may be called by the Board subject to the same notice requirement and the required quorum at such second meeting shall be one-half of the quorum requirement contained in the By-Laws. No such second meeting shall be held more than sixty (60) days following the first meeting. If the required quorum is not present at the second meeting, the Board may take such action without approval of the Members. Notwithstanding the required quorum requirements stated herein, a minimum vote of fifty-one percent (51%) of all of the votes of the Association shall be required to disapprove the Association's annual budget.

4.06 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots.

4.07 Contribution by Declarant. For so long as Declarant has the authority to appoint and remove Directors and Officers of the Association, Declarant shall not be liable for the payment of any assessments. Provided, however, during said period Declarant may annually elect to advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for the reserve allowance), and the sum of annual, special and specific assessments collected by the Association in any Assessment Year, and such advances shall be evidenced by promissory notes

from the Association to Declarant bearing interest at the annual rate of twelve (12.00%) percent and having payment schedules and maturity dates as agreed between Declarant and the Association, but failing such agreement, being demand notes.

4.08 Effect of Nonpayment of Assessments. Any Assessment which is not paid on or before the Due Date shall bear interest after the Due Date at the lower of the highest legal rate of interest which can be charged or the rate of eighteen percent (18%) per annum or at such rate as the Board may from time to time establish, provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of the State of Georgia. In the event of default in the payment of any one or more installments of an assessment, the Board may declare any remaining balance of the assessment at once due and payable. In the event that an Owner shall fail to pay fully any portion of any assessment prior to 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 interest and costs of collection including reasonable attorneys' fees, shall be a binding personal obligation of such Owner, as well as a lien on such Owner's Residence, enforceable in accordance with the provisions of this Declaration.

4.09 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 forth 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 and any bona fide purchaser of, or lender on, the Lot in question.

4.10 Approval by Declarant. Notwithstanding anything to the contrary contained herein, no special assessment shall be made without the Approval of Declarant for so long as Declarant has the right to appoint officers and directors of the Association.

4.11 Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including any expense for which the Board has not previously exercised its authority under this Section. The Board may specifically assess Owners for the following expenses, except for expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association as provided herein:

(a) Expenses of the Association which benefit less than all of the Residences, which may be specifically assessed equitably among all of the Residences which are benefited according to the benefit received;

(b) Expenses incurred by the Association pursuant to Section 6.14 hereof; and

(c) Reasonable fines as may be imposed in accordance with the terms of the Declaration and By-Laws.

ARTICLE V ARCHITECTURAL CONTROL

5.01 Architectural Control Committee - Creation and Composition.

(a) An architectural control committee (the "ACC") shall be established consisting of not less than one (1) or more than five (5) individuals, provided, however, that the ACC shall always have an uneven number of members. The Board shall appoint the members of the ACC. All costs of operating the ACC shall be borne by the Association.

(b) Each initial Member of the ACC shall be appointed for a term expiring on December 31, 2001. Thereafter, each Member of the ACC shall be appointed for a calendar-year term. If any vacancy shall occur in the Membership of the ACC by reason of death, incapacity, resignation, removal or otherwise, the remaining members of the ACC shall continue to act and such vacancy shall subject to the provisions of 5.01(a) be filled by the Board at the earliest possible time. Any ACC member may resign at any time by giving written notice of such resignation to the Chairman of the ACC and such resignation shall take effect on receipt thereof by the Chairman. Any member of the ACC may be removed at any time with or without cause by the Board.

5.02 Subcommittees and Compensation. The members of the ACC shall appoint a Chairman from among their number and may appoint from among their number such subcommittees of the ACC as they shall from time to time determine necessary. The members of the ACC shall be reimbursed by the Association for traveling expenses and other reasonable out-of-pocket costs incurred in the performance of their duties as members of the ACC.

5.03 Operations of the ACC.

The ACC shall adopt and promulgate the Design Standards described in Section 5.04 hereof and shall, as necessary, make findings, determinations, rulings, and orders with respect to the conformity with said Design Standards of plans and specifications submitted for approval to the ACC pursuant to the provisions of this Declaration. The ACC shall, as provided below, issue approvals or disapprovals, which may include specified requirements or conditions, pursuant to the provisions of this Declaration.

5.04 Design Standards.

(a) The ACC shall from time to time adopt, promulgate, amend, revoke, and enforce standards (the "Design Standards") for the purposes of:

(i) governing the form and content of plans and specifications to be submitted to the ACC for approval pursuant to the provisions of this Declaration;

(ii) governing the procedure for such submission of plans and specifications;

(iii) establishing standards with respect to the approval and disapproval of design features, architectural styles, exterior colors and materials, details of construction, location and size of Structures and all other matters that require approval by the ACC pursuant to this Declaration; and

(iv) assuring the conformity and harmony of external design and general quality of the Property.

(b) The ACC shall make a published copy of its current Design Standards readily available to Members and prospective Members of the Association and to all applicants seeking the ACC's approval.

5.05 Submission of Plans and Specifications. No Structure shall be commenced, erected, placed, moved onto, or permitted to remain on any Lot nor shall any existing Structure upon any Lot be altered in any way which materially changes the exterior appearance of the Structure or Lot, unless plans and specifications therefor shall have been submitted to and approved in writing by the ACC. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by the ACC in the Design Standards, including, without being limited to:

(a) a site plan showing the location of all proposed and existing Structures on the Lot including building setbacks, open space, driveways, walkways, and parking spaces including the number thereof and all siltation and erosion control measures;

(b) a foundation plan;

(c) a floor plan;

(d) exterior elevations of all proposed Structure and alterations to existing Structure, as such Structures will appear after all back-filling and landscaping are completed;

(e) specifications of materials, color scheme, lighting scheme and other details affecting the exterior appearance of all proposed Structures and alterations to existing Structures;

(f) plans for landscaping and grading; and

(g) the proposed architect and/or builder of the structure or improvement, as applicable.

5.06 Approval of Plans and Specifications. Upon approval by the ACC of any plans and specifications submitted pursuant to this Declaration, two (2) copies of such plans and specifications, as approved, shall be deposited for permanent record with the ACC and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot or Structure of any plans and specifications shall not be deemed a waiver of the ACC's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features, or elements are subsequently submitted for use in connection with any other Lot or Structure. Approval of any such plans and specifications relating to any Lot or Structure, however, shall be final as to that Lot or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval.

5.07 Disapproval of Plans and Specifications. The ACC shall have the right to disapprove any plans and specifications submitted pursuant to this Declaration because of any of the following:

(a) the failure to include information in such plans and specifications as may have been reasonably requested;

(b) the failure of such plans or specifications to comply with this Declaration or the Design Standards;

(c) any other matter which, in the judgment of the ACC, would be likely to cause the proposed installation, construction, or alteration of a Structure (i) to fail to be in conformity and harmony of external design and general quality with the standards for the Property as set forth in the Design Standards or the Property-Wide Standard, or (ii) as to location to be incompatible with topography, finished ground elevation and surrounding Structures. In any case in which the ACC shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case the ACC shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal may be prepared and submitted for approval.

5.08 Obligation to Act. The ACC shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Approval by the ACC, if granted, together with any conditions imposed by the ACC, shall be placed in writing on the plans and specifications and shall be returned to the Applicant. Failure by ACC to take action within thirty (30) days of receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications.

5.9 Inspection Rights. Any employee or agent of the Association or the ACC 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 neither the Association, nor the ACC, nor any such agent shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Section.

5.10 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 ACC 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 ACC such violation shall have occurred, the ACC shall notify the Association, and the Board shall provide written notice to the Owner by certified mail, return receipt requested, 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.

5.11 Certificate of Compliance.

(a) Upon completion of the installation, construction or alteration of any Structure in accordance with plans and specifications approved by the ACC, the ACC shall, upon written request of the Owner thereof or upon the ACC's own initiative, issue a Certificate of Compliance, identifying such Structure and the 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 ACC.

(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, 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 ACC 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.

5.12 Fees. The ACC may impose and collect a reasonable and appropriate fee to cover the cost of review of plans and of inspections performed pursuant to Section 5.10. The fee shall be established from time to time by the ACC and published in the Design Standards.

5.13 Nondiscrimination by ACC. The ACC 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 ACC 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.

5.14 Disclaimer as to ACC Approval. Plans and specifications are not reviewed for engineering or structural design or quality of materials or compliance with any local, state, or federal law including local building codes and zoning ordinances, and by approving such plans and specifications neither the ACC, the Members thereof, nor the Association assumes liability or responsibility therefor, nor for any defect in any Structure constructed from such plans and specifications. Neither Declarant, the Association, the ACC, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these Restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans and specifications. Every person who submits plans and specifications and every Owner agrees that he will not bring any action or suit against Declarant, the Association, the ACC, the Board, or the officers, directors, members, employees, and agents of any of them to recover any such damages and hereby releases, remises, quit-claims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

Each Owner acknowledges that the members of the ACC will change from time to time and that interpretation, application, and enforcement of the Design Standards may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

5.15 Variance. A reviewing body may authorize variances in writing from its standards and procedures, but only: (a) in accordance with duly adopted rules; (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship, or aesthetic or environmental considerations; and (c) when construction in accordance with the variance would be consistent with the purposes of this Declaration and compatible with existing and anticipated uses of adjoining properties. Inability to obtain, or the terms of, any governmental approval, or the terms of any financing shall not be considered a hardship warranting a variance.

ARTICLE VI
GENERAL COVENANTS AND RESTRICTIONS

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 Dwelling Size; Garage. No dwelling shall be permitted on any Lot with less than 1600 square feet of living space. Each dwelling shall have at least a two (2) car garage.

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 ACC of plans and specifications for such split, division or subdivision. Notwithstanding the foregoing, nothing herein shall prevent Declarant or the Owners of any Lots 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 upon 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 ACC of plans and specifications for the prevention and control of such erosion or siltation. The ACC may, as a condition of 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 for controlling the run-off and drainage of water, special precautions in grading and otherwise changing the natural landscape and required landscaping as provided for in Section 6.05. Standards for the prevention and control of erosion and siltation may be included in the Design Standards of the ACC.

6.05 Landscaping. Standards for landscaping, if any, shall be contained in the Design Standards.

6.06 Trees. No tree having a diameter of ten (10) inches or more (measured from a point two (2) feet above ground level) shall be removed from any Lot unless such removal is in conformity with approved landscaping plans and specifications submitted pursuant to the provisions of Section 6.05 hereof or unless such removal is required due to disease. Standards relating to the preservation of trees or other natural resources and wildlife upon the Property may be included in the Design Standards of the ACC.

6.07 Temporary Buildings. No temporary building, trailer, garage or building under construction shall be used, temporarily or permanently, as a residence on any Lot except as temporary sleeping or living quarters required or desirable for security purposes in accordance with plans and specifications therefore approved by the ACC.

6.08 Signs.

(a) No signs whatsoever (including but not limited to commercial and similar signs) shall, without the ACC's prior written approval of plans and specifications therefor, be installed, altered, or maintained on any Lot, or on any portion of a Structure visible from the exterior thereof, except:

(i) such signs as may be required by legal proceedings;

(ii) not more than one "For Sale" sign, such sign having a maximum face area of four square feet; provided that such sign may only be displayed in the front yard of a Lot; however, Lots located at the intersection of right-of-ways (a corner Lot) may display two "For Sale" signs, one along each right-of-way; and

(iii) directional signs for vehicular or pedestrian safety in accordance with plans and specifications approved by the ACC; except that Declarant during any period in which Declarant retains the right to appoint and remove any directors and officers of the Association shall have the sole right to erect and locate directional signs without the consent or approval of either the ACC or the Association.

(b) All "for rent" signs are prohibited in the Property.

(c) In no event during approved construction of any Structure shall more than one job identification sign be approved by the ACC, and such job identification sign shall be in conformity with the standards from time to time set by the ACC for such signage.

(d) Notwithstanding the foregoing, the restrictions of this Section 6.08 shall not apply to Declarant.

6.09 Setbacks. In approving plans and specifications for any proposed Structure, the ACC may establish setback requirements for the location of such Structure. Standards for setbacks may be included in the Design Standards of the ACC. No Structure shall be erected or placed on any Lot unless its location is consistent with such setbacks, the setbacks shown on the subdivision plat for each phase in the Property recorded in the real property records of Walton County, Georgia and consistent with all applicable governmental regulations and ordinances governing setbacks. Further, no Residence shall be erected nearer than ten (10) feet to any boundary line of any neighboring Lot.

6.10 Fences. Any placement, erection, or maintenance of any fence or fencing-type barrier of any kind requires the prior written consent of the ACC. Generally, privacy fencing constructed of unpainted cedar or pressure treated wood will be approved by the ACC, but it may approve other types of fences on an individual basis. Notwithstanding the foregoing, chain link fencing is prohibited on the Lots. Fencing shall only be permitted in the rear portion of a Lot, which shall extend from the rear one-fourth of the Residence to the rear Lot boundary.

The Design Standards may contain more specific requirements for fences and may permit the erection of certain fencing without ACC approval, so long as the fencing complies with the provisions of this Section and the provisions of the Design Standards.

The Board shall have the right to erect fencing of any type considered appropriate or desirable by the Board at any location on the Common Property.

6.11 Roads and Driveways. No road or driveway shall be constructed or altered on any Lot without the prior written approval of the ACC of plans and specifications for such roads and driveways. Standards relating to the design and location of roads and driveways may be included in the Design Standards of the ACC.

6.12 Antennae No radio antennae or solar equipment of any sort shall be placed, allowed or maintained upon any portion of a Structure or Lot without prior written approval by the ACC. No antennae shall be installed or used for the purpose of transmitting of electronic or ham radio signals. Exterior television satellite dish receivers and television antenna may be installed on any Lot, provided that the dish of each such receiver is limited to a maximum of 39 inch diameter and the placement of such dish is in the least conspicuous location on the Lot in which an acceptable quality signal can be received. No other form of exterior television satellite dish receiver will be allowed. Placement of said television antenna or satellite dish receiver will not be visible from the street if possible.

6.13 Clotheslines, Solar Equipment, Garbage Cans. All clotheslines, equipment, garbage cans, woodpiles and solar equipment shall be kept screened by adequate planting or fencing so as to conceal them from view by neighboring residences and streets, and may be maintained in the rear yard of a Lot only. Additionally, garbage cans may also be kept in the side yard of the Lot, if screened by adequate planting or fencing so as to conceal them from view by neighboring residences and streets. No windows shall be covered by unsightly coverings, including but not limited to paper, foil or sheets.

6.14 Maintenance. Each Owner shall keep and maintain each Lot and Structure owned by him, as well as all landscaping located thereon and as well as all landscaping, grass and other Structures installed by such Owner on any portion of the Common Property or within the dedicated rights-of-way, in good condition and repair, including, but not limited to (i) the repairing and painting (or other appropriate external care) of all Structures; (ii) the seeding, watering and mowing of all lawns; and (iii) the pruning and trimming of all trees, hedges and shrubbery so that the same are not obstructive of a view by motorists or pedestrians of street traffic. Notwithstanding the foregoing, the maintenance required hereunder shall also extend from the boundary of a Lot to the curbing of the right-of-way bordering said Lot. If in the opinion of the ACC, any Owner shall fail to perform the duties imposed by this Section, the ACC shall notify the Association. If the Board shall agree with the determination of the ACC with respect to the failure of said Owner to perform the duties imposed by this Section, then the Board shall give written notice to the Owner to remedy the condition in question, setting forth in

reasonable detail the nature of the condition and the specific action or actions needed to be taken to remedy such condition. If the Owner shall fail to take reasonable steps to remedy the condition within thirty (30) days after the mailing of said written notice by certified mail, return receipt requested, then the Association shall have the Right of Abatement as provided in Section 8.02 hereof. Standards relating to the maintenance of Structures and landscaping may be included in the Design Standards of the ACC.

6.15 Commercial and Recreational Vehicles and Trailers. No commercial vehicle, house trailer, mobile home, motor home, recreational vehicle, camper, truck with camper top, boat or boat trailer or like equipment shall be permitted on any Lot on a permanent basis, but shall be allowed on a temporary basis not to exceed forty-eight (48) consecutive hours. Notwithstanding the foregoing, any such vehicles or equipment may be stored on a Lot, provided such vehicle or equipment is kept in an enclosed space and is concealed from view by neighboring residences and streets. No motorized vehicles of any nature shall be permitted on pathways or unpaved Common Property except for public safety vehicles and vehicles authorized by the Board.

6.16 Recreational Equipment. Recreational and playground equipment shall be placed or installed only upon the rear of a Lot as approved by the ACC. Basketball goals may be placed adjacent to the driveway, as approved by the ACC. No above ground pool shall be allowed. Tennis courts, while permitted, are restricted to either the rear yard or, if to be located in the side yard, must be no closer to the street than the front plane of the Residence. The fencing, netting, landscaping and location of the tennis court must be approved by the ACC.

6.17 Exposed Foundations. No Residence shall have exposed concrete block foundations.

6.18 Non-Discrimination. No Owner or person authorized to act for an Owner shall refuse to sell or rent, after receiving a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the purchase or rental of any Lot to any persons because of race, color, religion, sex, age or national origin. Anything in this Declaration to the contrary notwithstanding, this covenant shall run with the land and shall remain in effect without any limitation in time.

6.19 Animals. No agricultural animals may be kept on any Lot and no animals, including birds, insects and reptiles may be kept on any Lot unless kept thereon solely as household pets and not for commercial purposes. No animal shall be allowed to become a nuisance. No Structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Lot unless plans and specifications for said Structure have been approved by the ACC.

6.20 Unightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause

disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any property within the Property.

6.21 Solid Waste.

(a) No person shall dump or bury rubbish, garbage, or any other form of solid waste on any Lot or on Common Property. No burial of construction materials, waste or debris (including but not limited to trees, stumps or building materials) is permitted on any Lot or on Common Property.

(b) Except during approved construction and as approved by the appropriate governmental authority, no person shall burn rubbish, garbage or any other form of solid waste on any Lot or on Common Property.

(c) Except for building materials employed during the course of construction of any Structure approved by the ACC, no lumber, metals, bulk materials or solid waste of any kind shall be kept, stored or allowed to accumulate on any Lot unless screened or otherwise handled in a manner set forth in the Design Standards.

(d) If rubbish, garbage or any other form of solid waste is to be disposed of by being collected on a regular and recurring basis, containers may be placed in the open on any day that pick-up is to be made, in order to provide access to persons making such pick-up. At all other times such containers shall be screened or enclosed in a manner set forth in the Design Standards. Standards relating to the type of containers permitted, the manner of storage and the place of pick-up may also be included in the Design Standards.

6.22 Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereof which may be or may become any annoyance or nuisance to the community.

6.23 Residential Use. All Lots shall be used for residential purposes exclusively. No business or business activity shall be carried on upon any Lot at any time except with the written approval of the ACC; provided, however, that nothing herein shall prevent ACC and ACC's subsidiaries, affiliates, employees and agents from using any Lot owned or leased by ACC for the purpose of carrying on business related to the development, sale and rental of Lots in the Property. However, the Board may permit a Lot to be used for business purposes so long as such business, in the sole discretion of the Board, does not otherwise violate the provisions of the Declaration or By-Laws, does not create a disturbance and does not unduly increase traffic flow or parking congestion. The Board may issue rules regarding permitted business activities.

6.24 Guns. The discharge of firearms in the Property is prohibited; however, the Board shall have no obligation to take action to prevent or stop such discharge. The term "firearms" includes "B-B" guns, pellet guns, and small firearms of all types.

6.25 Site Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where this would create a traffic or sight problem.

6.26 Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Property, except for temporary lines as required during construction and lines installed by or at the request of Declarant.

6.27 Air-Conditioning Units. Except as may be permitted by the Board or its designee, no window air conditioning units may be installed.

6.28 Lighting. Except for seasonal Christmas decorative lights, all exterior lights must be approved by the Board or its designee.

6.29 Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, and similar items must be approved by the Board or its designee.

6.30 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Board or its designee.

6.31 Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and its agents, employees, successors, and assigns to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale of Lots and/or Residences or the developing of Lots, Residences and Common Property and the Additional Property, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model Residences, all as may be approved by Declarant from time to time, provided that the location of any construction trailers of any assignees of Declarant's rights under this Section 6.31 shall be subject to Declarant's approval. The right to maintain and carry on such facilities and activities shall include specifically the right to use Residences as model residences, and to use any Residence as an office for the sale of Lots and/or Residences and for related activities.

6.32 Owners' Insurance. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Lot, including, but not limited to his or her Residence, less a reasonable deductible. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his or her Lot, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article V. Alternatively, the Owner shall clear the Lot of all debris and ruins and maintain the Lot in a neat

and attractive, landscaped condition consistent with the prevailing maintenance standard in the Property. The Owner shall pay any costs which are not covered by insurance proceeds.

ARTICLE VII
EASEMENTS, ZONING AND OTHER RESTRICTIONS

7.01 Easements.

(a) Declarant hereby expressly reserves to the Declarant, its 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 Declarant deems necessary, including, by way of example, 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 cables 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;

(iii) slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity which might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow; and

(iv) the planting or re-planting of hedges, shrubbery, bushes, trees, flowers and plants of any nature.

(c) The rights and easements of enjoyment in and to the Common Property shall additionally be subject to the right of the Declarant to the exclusive use as portions of the Common Property reasonably required, convenient or incidental to the improvement and sale of Lots including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such right of the Declarant may be delegated by it to developers and builders having an interest in the Property, shall be exercised so as to avoid any unnecessary inconvenience to or infringement upon the rights of others and shall continue until such time as such persons no longer own any Lot primarily for the purpose of sale or December 31, 2010, whichever shall first occur, without affecting any member's obligation to pay assessments coming due during such period of time or the permanent charge and lien on any member's Lot in favor of the Association.

(b) No Owner shall have any right to use any easement created by the Declarant in, on or over any portion of the property unless such easement has been assigned by the Declarant to the Association.

7.02 Easement Area. The words "Easement Area" as used herein shall mean those areas on any Lot or any other portion of the Property with respect to which easements are shown on a recorded deed, easement agreement or on any filed or recorded map or plat relating thereto.

7.03 Entry. The Declarant and its employees, agents, successors and assigns shall have the right at all reasonable times to enter upon all parts of each Easement Area for any of the purposes for which 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 with the provisions of this Section. The Declarant and its 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 7.01.

7.04 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 of any governmental body. In the event of any conflict between such laws, rules, or regulations and the covenants, restrictions, and easements created or imposed by this Declaration, the most restrictive provision shall govern and control.

7.05 Easements for Utilities and Public Services. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement, as well as the power to grant and accept easements to and from Walton County, Georgia or any other public authority or agency, public service district, public or private utility, or other person, upon, over, under and across (i) all of the Common Property and (ii) those portions of all Lots and all Residences as are reasonably necessary, for the purpose of installing, replacing, repairing, maintaining and using master television antenna and/or cable systems, security and similar systems, and all utilities, including but not limited to, storm sewers, drainage systems, and retention ponds and facilities for the Property or any portion thereof, and electrical, gas, telephone, water and sewer lines, provided that such easements shall not unreasonably affect the developability, marketability or value of any such Lot or Residence. Such easements may be granted or accepted by Declarant, its successors or assigns, provided, however, that for so long as Declarant owns any Lot or Residence primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Property, the Association must obtain the written consent of Declarant prior to granting and accepting any such easements. To the extent possible, all utility lines and facilities serving the Property and located therein shall be located underground. By virtue of any such easement and facilities, it shall be expressly permissible for the providing utility company or other supplier or servicer, with respect to the portions of the Property so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps, and other necessary equipment and facilities, (ii) to cut and remove any trees, bushes, or shrubbery, (iii) to grade, excavate, or fill, or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement, and use of such utilities and systems; provided, however, that such utility company or other supplier or servicer shall take

reasonable actions to repair any damage caused by such utility company or other supplier or servicer during the exercise of any rights conveyed under any easement granted hereunder.

7.06 Easements for Walks, Trails, Signs, and Perimeter Wall. There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable, and perpetual right and easement upon, over, and across (i) those strips of land ten (10) feet in width located along and adjacent to those exterior boundaries located adjacent to streets and roads for all Lots and all Residences, such strips to be bounded by such exterior boundaries adjacent to streets and roads and by lines in the interior of such Lots and Residences which are ten (10) feet from and parallel to such exterior boundaries, for the installation, maintenance, and use of sidewalks, traffic directional signs, and related improvements, provided that Declarant shall have no obligation to construct any such improvements. There is further reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the alienable, transferable and perpetual right and easement upon, over, and across those strips of land fifteen (15) feet in width located along those boundaries of all Lots and Residences that constitute part of the perimeter boundary of the Property, such easement to be for the purpose of constructing, installing, replacing, repairing and maintaining a perimeter wall or fence around all or a portion of the perimeter boundary of the Property, provided that Declarant shall have no obligation to construct any such perimeter wall or fence.

7.07 Easements for Additional Property. There is hereby reserved in Declarant, and its successors, assigns, and successors-in-title to any additional property which is annexed into the Property pursuant to Article X ("Additional Property") (if said rights are granted by Declarant to such successors, assigns, and successors-in-title), for the benefit of and as an appurtenance to the Additional Property and as a burden upon the Property, perpetual, non-exclusive rights and easements for (i) pedestrian and vehicular ingress, egress, and parking, across, within, and on all roads, sidewalks, trails and parking facilities, from time to time located within the Common Property or within easements serving the Common Property, (ii) the installation, maintenance, repair, replacement and use within the Common Property and those portions of Lots and Residences hereof of security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, electrical, gas, telephone, water, sewer, and master television antenna and/or cable system lines, and (iii) drainage and discharge of surface water onto and across the Property, provided that such drainage and discharge shall not materially damage or affect the Property or any improvements from time to time located thereon.

7.08 Environmental Easement. There is hereby reserved for the benefit of Declarant, the Association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement on, over, and across all Lots and all unimproved portions of Residences for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the Association or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides.

7.09 Granting of and Acceptance of Easements. The Association shall have the right to grant and accept easements as provided in Section 7.05 hereof and to dedicate or transfer fee simple title to all or any portion of the Common Property to Walton County, Georgia, or to any other public agency or authority, public service district, public or private utility, or other person, provided that any such transfer of the fee simple title must be approved by a majority of those present in person or by proxy at a duly held meeting of the Association and by Declarant for so long as Declarant owns any Lot or Residence primarily for the purpose of sale or has the unexpired option to add any additional property to the Property.

7.10 Easements for Use and Enjoyment. Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to each Lot.

ARTICLE VIII 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 Declarant so long as it is an Owner, (ii) the Association and (iii) each Owner, his legal representatives, heirs, successors and assigns.

The Association may impose sanctions for violations of this Declaration, the By-Laws, the Association's Articles of Incorporation, the Design Standards, and/or the Association's rules in accordance with the procedures contained in the By-Laws, including reasonable monetary fines, towing, suspension of the right to vote and to use any recreational facilities with the Common Property. All remedies set forth in this Declaration, the By-Laws, the Association's Articles of Incorporation, the Design Standards, and the Association's rules shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the documents listed above, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take action to enforce any covenant, restriction, or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or estop the Association from enforcing any other covenant, restriction, or rule.

8.02 Right of Abatement.

(a) Except where different notice provisions are provided in this Declaration, 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 the specific action or 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 said written notice, then the Association shall have the Right of Abatement.

(b) The Right of Abatement, as used in this Section and in Sections 5.11 and 6.14 hereof, means the right 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, provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the cost thereof including the costs of collection including reasonable attorneys' fees, together with interest thereon at the lower of the highest rate permitted by law or 18%, to be a binding personal obligation of such Owner enforceable in law, as well as a lien on 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 the 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 therefore 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 to enforce the provisions hereof.

8.04 Collections 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 the 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 to the Association and its assigns the following irrevocable power of attorney: To sell the said Lot or Lots subject to the lien at auction, at the usual place for conducting sales at the Court House 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 Sheriff's advertisements for Walton County, Georgia are published, all other notice being hereby waived by each Owner; and the Association or any person on behalf of the Association, or assigns, may bid and purchase at 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 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 to be 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, and that the conveyance to be made by the Association or assigns, shall be effectual to bar all equity of redemption of such Owner, or the successors in interest of such Owner, in and to said Lot or Lots, and the Association or assigns shall collect the proceeds of such sale, and after reserving therefrom the entire amount of assessment, interest, cost or other charge due, together with all costs and expenses of 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 power 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.

(c) 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 GROUNDS (IF SUCH BE THE CASE) THAT THE SALE WAS CONSUMMATED WITHOUT 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 Declarant, 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 event 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 AMENDMENT

9.01 Duration. Unless terminated by the Owners as provided below, this Declaration is intended to have perpetual duration. However, as long as Georgia law limits the period in which covenants may run with the land, any provisions of this Declaration affected by such law shall run with and bind the land so long as permitted by Georgia law, after which time the provisions shall be automatically extended for successive periods of twenty (20) years, unless terminated in accordance with O.C.G.A. Section 44-5-60, as it may be amended, within the year preceding any extension.

9.02 Amendments by Declarant. During any period in which Declarant retains the right to appoint and remove any directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing and filed and recorded in the Land Records of the Superior Court of Walton County, Georgia, without the approval of any Member or mortgagee; provided, however, that (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot or of the Common Property as set forth in this Declaration or if such amendment adversely affects the title to any Lot, such amendment shall be valid only upon the written consent thereto by a majority in number of the then existing Members affected thereby (it being acknowledged that any annexation under Article X shall not trigger the requirement of consent contained in this Section 9.02 (i)), or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any mortgagee, such amendment shall be valid only upon the written consent thereto of all such mortgagees so affected. Any amendment made pursuant to this Section 9.02 shall be certified by Declarant as having been duly approved by Declarant, and such Members and mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this Section 9.02 and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Property (i) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender, purchaser or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any Lot subject to this Declaration, (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration or (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

9.03 Amendments by Association. Amendments to this Declaration, other than those authorized by Section 9.02 hercof, shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each Member of the Association.

(b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by Members of the Association. Such amendment must be approved by Members holding at least two-thirds (2/3) of the total votes in the Association, provided, however (i) that any amendment which materially and adversely affects the security title and interest of any mortgagee must be approved by such mortgagee and (ii) during any period in which Declarant has the right to appoint and remove officers and directors of the Association, such amendment must be approved by Declarant.

(c) The agreement of the required percentage of the Owner and, where required, the Declarant and any mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, and provided that Declarant does not then have the right to approve such amendment, the sworn statement of the President and any Vice-President or the Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the Agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the Amendment itself.

ARTICLE X ANNEXATION AND FUTURE DEVELOPMENT

10.01 Annexation by Declarant.

For so long as Declarant has authority to appoint and remove directors and officers of the Association, additional real property may be annexed to the Property by the Declarant without the consent of the Class A Members. Such additional real property may, but does not need to be contiguous to any portion of the Property which is then subject to this Declaration; and may be either raw land which is intended to be or is in the process of being developed into residential subdivision lots, or is fully developed into residential lots at the time of annexation. Such annexation shall be accomplished by filing in the Office of the Clerk of the Superior Court of Walton County, Georgia, one or more Supplementary Declarations with respect to the additional properties, executed by the Declarant, its successors or assigns, which shall extend the scheme of the Declaration contained herein to such properties and thereby subject such additions to assessment for their just share of the Association expenses. Said Supplementary Declarations may contain such complimentary additions and modifications of the Declaration as may be necessary to reflect the different character of the additional properties as are not inconsistent with the scheme of this Declaration. In no event, however, shall any such Supplementary Declaration

revoke, modify or add to this Declaration regarding the property described in said Exhibit "A". If the additional properties or any portion thereof are made subject to the provisions hereof, Declarant, its successors and assigns, shall have the right, but not the obligation, to construct on the additional properties such recreational and other facilities as Declarant, its successors and assigns, shall deem advisable for the common use and enjoyment of the Owners. If someone other than Declarant owns the real property to be annexed, the Supplementary Declaration shall be consented to by the owner of the real property to be annexed in addition to being signed by the Declarant.

10.02 Annexation by Members.

At the expiration of Declarant's right to appoint and remove directors and officers of the Association, no real property may be annexed to the Property unless such annexation is approved by a two-thirds (2/3) vote of the Members of the Association who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the provisions of the By-Laws of the Association.

10.03 Withdrawal.

Declarant also reserves the right to amend this Declaration unilaterally at any time so long as it has the authority under this Article X without the prior notice and without the consent of any Owner, for the purpose of removing certain portions of the Property then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for the Property desired to be effected by the Declarant, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development of the Property.

10.04 Additional Covenants and Easements.

The Declarant may subject any portion of the Property to additional covenants and easements by filing such covenants and/or easements concurrent with the annexation of real property to this Declaration. Any such supplemental covenants and easements shall require the written consent of the owner(s) of the subject property, if other than Declarant. Any such supplemental covenants and easements may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

ARTICLE XI MISCELLANEOUS

11.01 No Reverter. No restriction herein is intended to be, or shall be construed as a condition subsequent, or as creating a possibility of reverter.

11.02 Severability. A determination by a court that any provision hereof is invalid for any reason shall not affect the validity of any other provision hereof.

11.03 Headings. The headings of the Articles and Sections hereof are for convenience only and shall not affect the meaning or interpretation of the contents of this Declaration.

11.04 Gender. Throughout this Declaration, the masculine gender shall be deemed to include the feminine and neuter, and the singular, the plural, and vice versa.

11.05 Notices. All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures or consent of any kind made pursuant to this Declaration, whether made by the Declarant, the Association, the ACC, the Owner, or any other person, shall be in writing. All such writings shall be sufficient only if deposited in the United States Mail, with sufficient postage, and sent to the following addresses:

(a) Declarant: ALCOVY BLUFFS, LLC
 4977 Castlewood Drive
 Lilburn, Georgia 30047
 Attn: Louis T. Camerio, Jr.

(b) Owners: Each Owner's address as registered with the Association in accordance with the By-Laws.

Any written communication transmitted in accordance with this Section 11.05 shall be deemed received on the third (3rd) day following the day such written notice is deposited in the United States Mail.

11.06 No Liability. Declarant has, using best efforts and all due diligence, prepared and recorded this Declaration so that each and every Owner shall have the right and the power to enforce the terms and provisions of this Declaration against every other Owner. However, in the event that this Declaration is, for any reason whatsoever, unenforceable by and Owner (or any other person) in a court of law or otherwise, Declarant shall have no liability of any kind as a result of such unenforceability, and each and every owner, by acceptance of a deed conveying a Lot, acknowledges that Declarant shall have no such liability.

11.07 Merger. Upon a merger or consolidation of the Association with another association, its property, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the property, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants contained herein within the Property, together with the covenants and restrictions established upon any other properties as one plan. Except as hereinafter provided, no such merger or consolidation shall effect any revocation, change of or addition to the Covenants established by this Declaration within the Property. No such merger or

consolidation shall be effective, however, unless first approved by the Association's Board of Directors and by members entitled to cast at least two-thirds (2/3) of the votes of each class of members. 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, during any period in which Declarant retains the right to appoint and remove any directors and officers of the Association, Declarant may enter into a merger or a consolidation of the Association in its sole discretion, without the approval of any member or mortgagee.

11.08 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of George W. Bush, President of the United States of America at the time of the execution of this Declaration.

ARTICLE XII MORTGAGEE PROVISIONS

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

12.01 Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the Residence number, therefore 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 Property or which affects any Residence 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 an Owner of a Residence subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance of an Owner of a Residence of any obligation under the Declaration or By-Laws of the Association which is not cured within sixty (60) days;

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

(d) any proposed action which would require the consent of a specified percentage of eligible mortgagees.

12.02 Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation and/or its successors, the following provisions apply in addition to and not 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 easements 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, or 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 or the exterior appearance and maintenance of Residences and of the Common Property. (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision.);

(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 may or have become a charge against the Common Property and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

12.03 No Priority. No provision of this 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 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.

12.04 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Residence. Further, each Owner shall be obligated to inform the Association in writing of the sale by each Owner of such Owner's residence, including the date of the sale, the name of the purchaser, and the forwarding address for the selling Owner. Such notice shall be accompanied by a copy of the deed of conveyance from the selling Owner to the purchaser.

12.05 Amendment by Board. Should either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and/or their respective successors 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 to this Article to be recorded to reflect such changes.

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

12.07 Failure of Mortgagee to Respond. Any mortgagee who receives 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.

12.08 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 Lot: merger, consolidation or dissolution of the Association; annexation of additional property other than that previously approved by such agency; dedication, conveyance or mortgaging of Common Property; or material amendment of this Declaration or the By-Laws. The granting of easements for utilities or other similar purposes consistent with the intended use of the Common Property shall not be deemed a conveyance within the meaning of this Section.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be duly executed and sealed the day and year first above written.

Signed, sealed and delivered
in the presence of:

Linda A. Peters
Unofficial Witness

[Signature]
Notary Public

ALCOVY BLUFFS, LLC, a Georgia limited
liability company

By: [Signature] (SEAL)
Louis T. Camerio, Jr., Manager

G:\ADTclients\Camerio, Lou\Alcovy Bluffs, LLC\Subdivision\DECLARATION OF COVENANTS-v6.doc



EXHIBIT "A"
LEGAL DESCRIPTION

All that tract or parcel of land lying and being in Land Lots 15 and 16 of the 3rd Land District and Land Lots 1 and 2 of the 4th Land District of Walton County, Georgia, containing 270.03 acres as shown on that certain Boundary Survey for D-Tel, Inc., dated January 28, 2000, prepared by Dills, Jones & Associates, Inc., Wimer Benton Jones, Jr., GRLS # 2384 and being more particularly described according to said survey as follows:

BEGINNING at an iron pin found at the corner common to Land Lots 2, 3, 15 and 16, 3rd District, said County and run thence along the land lot line dividing Land Lots 2 and 3 South 59 degrees 07 minutes 58 seconds West a distance of 1,984.78 feet to a point located in the center of Alcovy River (Point A); run thence along the centerline of said river in a generally northerly, northeasterly, southwesterly direction and following the meanderings thereof a distance of 4,663.4 feet, more or less, to a point (Point B); the centerline of said river being subtended by a traverse line more particularly described as follows:

Beginning at Point A and run thence North 28 degrees 00 minutes 55 seconds West a distance of 167.65 feet to a point; run thence North 31 degrees 09 minutes 07 seconds West a distance of 195.13 feet to a point; run thence North 05 degrees 47 minutes 17 seconds East a distance of 157.38 feet to a point; run thence North 24 degrees 38 minutes 08 seconds West a distance of 180.42 feet to a point; run thence North 38 degrees 20 minutes 34 seconds West a distance of 182.02 feet to a point; run thence North 38 degrees 42 minutes 11 seconds West a distance of 151.84 feet to a point; run thence North 22 degrees 22 minutes 21 seconds West a distance of 278.00 feet to a point; run thence North 63 degrees 55 minutes 21 seconds West a distance of 100.00 feet to a point; run thence North 29 degrees 41 minutes 21 seconds West a distance of 106.00 feet to a point; run thence North 00 degrees 43 minutes 39 seconds East a distance of 378.00 feet to a point; run thence North 39 degrees 31 minutes 21 seconds West a distance of 160.00 feet to a point; run thence North 26 degrees 14 minutes 39 seconds West a distance of 270.85 feet to a point; run thence North 35 degrees 12 minutes 55 seconds West a distance of 200.00 feet to a point; run thence North 21 degrees 39 minutes 15 seconds West a distance of 200.00 feet to a point; run thence North 01 degrees 59 minutes 44 seconds West a distance of 126.03 feet to a point; run thence North 10 degrees 03 minutes 21 seconds West a distance of 300.00 feet to a point; run thence North 76 degrees 26 minutes 21 seconds West a distance of 237.00 feet to a point; run thence North 88 degrees 11 minutes 21 seconds West a distance of 145.00 feet to a point; run thence South 47 degrees 15 minutes 39 seconds West a distance of 103.50 feet to a point; run thence South 80 degrees 15 minutes 39 seconds West a distance of 80.00 feet to a point; run thence North 51 degrees 31 minutes 21 seconds West a distance

of 100.00 feet to a point; run thence South 63 degrees 28 minutes 39 seconds West a distance of 126.34 feet to a point; run thence North 67 degrees 12 minutes 43 seconds West a distance of 46.11 feet to a point; run thence North 45 degrees 29 minutes 32 seconds West a distance of 67.27 feet to a point; run thence North 06 degrees 39 minutes 47 seconds West a distance of 65.10 feet to a point; run thence North 42 degrees 30 minutes 27 seconds West a distance of 70.82 feet to a point; run thence North 16 degrees 18 minutes 05 seconds West a distance of 93.20 feet to a point; run thence North 04 degrees 00 minutes 42 seconds West a distance of 95.60 feet to a point; run thence North 09 degrees 08 minutes 16 seconds East a distance of 55.41 feet to a point; run thence North 20 degrees 24 minutes 55 seconds West a distance of 58.47 feet to a point; run thence North 38 degrees 23 minutes 42 seconds West a distance of 82.64 feet to a point; run thence North 21 degrees 55 minutes 35 seconds West a distance of 83.60 feet to Point B;

thence leaving the centerline of the Alcovy River run thence North 36 degrees 04 minutes 13 seconds East a distance of 2,338.07 feet to a point marked by an iron pin found; run thence South 30 degrees 07 minutes 57 seconds East a distance of 2,598.14 feet to a point marked by an iron pin found; run thence North 60 degrees 02 minutes 35 seconds East a distance of 1,604.67 feet to a point marked by an iron pin found on the westerly right of way line of Double Springs Road (80 foot right of way); run thence along the right of way line of Double Springs Road South 24 degrees 49 minutes 36 seconds East a distance of 40.58 feet to a point; continuing along said right of way line in a generally southeasterly direction and following the curvature thereof an arc distance of 1,083.94 feet to a point (said arc having a radius of 6,052.88 feet and being subtended by a chord bearing and distance of South 29 degrees 57 minutes 25 seconds East 1,082.49 feet); continuing along said right of way line South 35 degrees 05 minutes 14 seconds East a distance of 263.56 feet to a point marked by an iron pin found; thence leaving said right of way line run South 60 degrees 07 minutes 56 seconds West a distance of 1,001.97 feet to a point marked by an iron pin found; run thence South 27 degrees 09 minutes 27 seconds East a distance of 1,647.90 feet to a point marked by an iron pin found; run thence South 62 degrees 33 minutes 51 seconds West 533.67 feet to a point marked by an iron pin found on the land lot line dividing Land Lots 3 and 15, 3rd District, said County; run thence along said land lot line North 30 degrees 22 minutes 29 seconds West a distance of 660.75 feet to a point marked by an iron pin found at the land lot corner common to Land Lots 2, 3, 15 and 16, said point being THE TRUE PLACE OR POINT OF BEGINNING.

EXHIBIT "B"

OWNER CONSENT TO THE
DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
FOR ALCOVY BLUFFS SUBDIVISION

W I T N E S S E T H

WHEREAS, Alcovy Bluffs, LLC, a Georgia limited liability company ("Alcovy Bluffs"), has executed and is establishing that certain Declaration of Covenants, Restrictions and Easements for Alcovy Bluffs Subdivision, which shall be recorded in the Office of the Superior Court of Walton County land records ("Declaration"); and

WHEREAS, the recitals to the Declaration provide that Alcovy Bluffs is the owner of the real property described on Exhibit "A" to the Declaration, which is made subject to the Declaration upon its recordation, or if Declarant is not the owner, the owner of such property has consented in writing to the Declaration; and

WHEREAS, D-Tel, Inc., a Georgia corporation ("D-Tel"), is the record owner and holder of title in fee simple to all or a portion of the real property described on Exhibit "A" to the Declaration and further described on Exhibit "1" hereto; and

WHEREAS, D-Tel desires to consent to the Declaration and designation of Alcovy Bluffs as "Declarant" thereunder.

NOW THEREFORE, subject to the terms and conditions set forth below, D-Tel hereby consents, on behalf of itself and its successors, assigns, and successors-in-title, to the submission of the real property described on Exhibit "1" hereto as a portion of the property described on Exhibit "A" of the Declaration and subsequent annexations made in accordance with the Declaration, and declares that such property shall be owned, held, transferred, sold, conveyed, used, occupied, mortgaged, or otherwise encumbered subject to all of the terms, provisions, covenants, and restrictions contained in the Declaration, all of which shall run with the title to such property and shall be binding upon all persons having any right, title or interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. D-Tel confers upon and consents to Alcovy Bluffs assuming Declarant status under the Declaration.

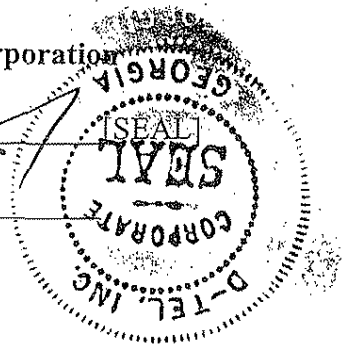
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29th IN WITNESS WHEREOF, this Owner Consent has been executed under seal this day of November, 2001.

D-TEL: D-Tel, INC., a Georgia corporation

By: [Signature]

Its: President



Signed, sealed, and delivered
this 29 day of November,
2001, in the presence of:

[Signature: Linda A. Peter]
WITNESS

[Signature: Teresa M. Carter]
NOTARY PUBLIC

My Commission Expires: June 25, 2005

[AFFIX NOTARY SEAL]

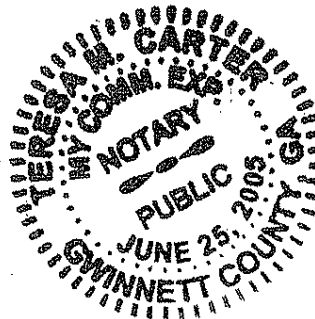


EXHIBIT "1"

Description of property owned by D-Tel, Inc.

All that tract or parcel of land lying and being in Land Lot 16 of the 3rd District, GMD 1663 of Walton County, Georgia, being known and designated as Lot 9, Block A, and Lots 1, 2, 7, 8, 9, 10 and 11 of Block B, Alcovy Bluffs Subdivision, Unit One, Phase One, as more particularly shown on individual plat of survey recorded in Plat Book 87, page 81, Walton County, Georgia Records, reference to said plat being hereby made for a more complete legal description.

A handwritten signature in black ink, appearing to be 'D. Tel.', located to the right of the text block.

BY-LAWS
OF
ALCOVY BLUFFS
HOMEOWNERS ASSOCIATION, INC.

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BY-LAWS
OF
ALCOVY BLUFFS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the association is Alcovy Bluffs Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association (until otherwise designated by the Board) (as hereinafter defined) shall be located at 4977 Castlewood Drive, Lilburn, Georgia 30047, but meetings of members and directors may be held at such other places within the State of Georgia, County of Walton, as may be designated by the Board.

ARTICLE II

DEFINITIONS

Unless otherwise set forth herein, the terms used in these By-Laws shall have the same meanings ascribed to such terms as set forth in the Declaration of Covenants, Restrictions and Easements for Alcovy Bluffs Subdivision dated October ____, 2001, which has been executed by Alcovy Bluffs, LLC, a Georgia limited liability company (the "Declarant") with respect to a new community known as Alcovy Bluffs Subdivision and referred to as the "Property" in the Declaration, and filed for record in the office of the Clerk of the Superior Court of Walton County, Georgia, as such Declaration may be amended from time to time, and which Declaration is incorporated herein by reference.

ARTICLE III

MEETINGS

3.1 Annual Meeting of Members. The regular annual meeting of the Members shall be held not earlier than October 1 nor later than December 15 of each year, commencing with the calendar year 2001, on a date (which is not a legal holiday) and at such place within the State of Georgia, as shall be designated in the call of meeting pursuant to Article 3.3 below. If no such date is designated, the annual meeting shall be held on the first Monday in December, if not a legal holiday, and if a legal holiday, then on the next business day succeeding. The Members shall at such annual meeting elect a Board for the ensuing year, in the manner provided in Article IV hereof, and shall have authority to transact any and all business which may be brought before such meeting.

3.2 Special Meeting of Members. Special meetings of Members shall be held, at such place within the State of Georgia, as shall be designated in the call of the meeting. Special meetings may be called by the President at any time and must be called by the President when so requested in writing by any two directors or by twenty-five percent (25%) of the Class A membership.

3.3 Notice of Meetings. Written notice of the place, date and time of every annual or special meeting of Members shall be mailed to each Member, at least twenty-one (21) days before such meeting. Each Member shall register his address with the Association, and notices of meetings shall be mailed to him at such address. If for a special meeting, such notice shall state the object or objects of the meeting. It shall not be necessary that notice of an annual meeting specify the business to be transacted at such meeting, but such notice shall specify the number of directors to be elected at such annual meeting.

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member or the Member's proxy shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member or proxy specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

3.4 Quorum. Unless otherwise provided in the Declaration, a quorum at any meeting of Members, whether annual or special, shall consist of the presence at such meeting, in person or by proxy, of members entitled to cast one-tenth of the votes of each Class of Membership. Unless otherwise provided in the Articles of Incorporation of the Association, the Declaration, or these By-Laws, a majority of the votes entitled to be cast by all Members present at a meeting shall be necessary and sufficient to decide and act upon any question which shall come before the meeting.

If any Association meeting cannot be held because a quorum is not present, Members or their proxies holding a majority of the votes represented at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members represented at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough

Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum

3.5 Voting. Voting rights of Members shall be as set forth in the Declaration. Where any Member is a group or entity other than one individual person, the vote on behalf of such Member shall be exercised only by such individual person as shall be designated in a proxy instrument duly executed by or on behalf of such Member and delivered to the Secretary of the Association.

ARTICLE IV

DIRECTORS

4.1 Number. The affairs of this Association shall be managed by an initial Board of one (1) director, who need not be a Member of the Association. At any time prior to the time that control of the Association passes to the Class A Members as provided in Section 3.08 of the Declaration, Declarant acting alone may decrease the number of directors to not less than three (3) nor more than nine (9) directors.

4.2 Term of Office. At the first annual meeting after control of the Association has passed to the Class A Membership, the Board shall initially be constituted with three (3) directors in accordance with the following procedure. The Members shall elect one (1) director to serve a one (1) year term, one (1) director to serve a two (2) year term, and one (1) director to serve a three (3) year term. Successor directors shall be elected for two (2) year terms, and shall hold office until their successors have been elected.

4.3 Resignation and Removal. Once the control of the Association passes to the Class A Members as provided in the Declaration, any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, disability, resignation, or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Any director elected by the Class A Members who has three or more consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

This Section shall not apply to directors appointed by the Class B Member nor to any director serving as a representative of Declarant. The Class B Member shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class B Member

4.4 Compensation. Directors shall not receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total Class A votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

4.5 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

4.6 Nomination. Nomination for candidates to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

4.7 Election. Election to the Board shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

4.8 Regular Meeting of Directors. Regular meetings of the Board shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

4.9 Special Meeting of Directors. Special meetings of the Board shall be held, at such place within the State of Georgia, as shall be designated in the call of such meetings. Special meetings of the Board may be called by the President at any time, in his or her discretion, and must be called by the President whenever so requested in writing by two members of the Board.

4.10 Notice of Meetings. Notices of special meetings of the Board shall be given by the President or the Secretary to each member of the Board, not less than three (3) days before the time

at which such meetings are to convene. Said notices may be given by telephone, or by any other form or written or verbal communication. It shall not be necessary for notices of special meetings of the Board to state the purposes or objects of the meetings. The directors may waive notice of any meeting. Action may be taken by the directors without a meeting if such action is consented to in writing by all of the directors.

4.11 Quorum. A quorum at any meeting of the Board shall consist of a majority of the members of the Board. Unless otherwise provided in the Articles of Incorporation of the Association, these By-Laws, or the Declaration, a majority of those present at any meeting at which a quorum is present may decide any questions which may come before the meeting.

4.12 Powers. The Board shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Property and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association, without the necessity of providing notice and hearing to the member. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Association's Articles of Incorporation, or the Declaration;

(d) declare the office of a director of the Board to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

4.13 Duties. It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at their annual meeting, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Property to be maintained;

(h) maintain any and all landscaping treatments previously installed by the Declarant, to the extent that such landscaping is not otherwise maintained by the appropriate county and/or municipal entity having jurisdiction over the roads for the Property.

4.14. Open Meetings. Except for actions taken without a meeting pursuant to this Article, all Board meetings shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and may exclude Members, to discuss matters of a sensitive nature, such as pending or threatened litigation or personnel matters.

ARTICLE V

OFFICERS AND THEIR DUTIES

5.1 Enumeration of Offices. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

5.2 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the members.

5.3 Term of Office. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

5.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

5.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. After the expansion of the Board to three or more directors, no person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 5.4 of this Article.

5.8 Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VI

MISCELLANEOUS

6.1 The Declaration. All provisions contained in the Declaration with regard to rights, powers and duties of the Association, the Members thereof (including, without limitation, classes of Members and qualifications and rights of the Members of each class), and the Board thereof, are hereby incorporated into these By-Laws by this reference, with the same effect as if such provisions were fully set forth herein.

6.2 Committees. The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board shall appoint other committees as deemed appropriate in carrying out its purposes.

6.3 Books and Records. The books and records of the Association shall at all times, during reasonable business hours, be open for inspection by any members of the Association.

6.4 Indemnification. The indemnification provisions of O.C.G.A. Sections 14-3-850 through 14-3-858, including subsequent amendments, are incorporated herein by reference.

6.5 Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

6.6 Parliamentary Rules. *Roberts Rules of Order* (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Georgia law, the Association's Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the person presiding over the proceedings.

6.7 Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law, the Association's Articles of Incorporation, the Declaration, these By-Laws, then the provisions of Georgia law, the Declaration, the Association's Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.8 Notices. Unless otherwise specified in the Declaration or By-Laws, all notices, demands, bills, statements, or other communications required or permitted to be sent under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by first class mail, postage prepaid:

(a) if to a member, at the address which the member has designated in writing and filed with the Secretary or, if no such address has been designated, at the last known address of the member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the members.

If there are multiple Owners of a single piece of property, notice to one (1) shall be deemed notice to all.

6.9 Amendments. These By-Laws may be amended by the Board if such amendment is necessary: (a) to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any title insurance company to issue title insurance coverage with respect to the Lots subject to the Declaration; (c) to meet the requirements of an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to the Declaration; or (d) to enable any governmental agency or private insurance company to insure or guarantee mortgage loans on the Lots subject to the Declaration

Further, so long as Declarant has the right unilaterally to subject additional property to the Declaration, Declarant may unilaterally amend these By-Laws for any other purpose; provided,

however, such amendment shall not adversely affect the substantive rights or title of any Owner without the consent of the affected Owner.

In addition, these By-Laws may be amended upon the affirmative vote or written consent or any combination thereof, of at least two-thirds (2/3) of the membership.

So long as the U.S. Department of Veterans Affairs (if it is then guaranteeing mortgages in the Property or has issued a project approval for the guaranteeing of such mortgages) and/or the U.S. Department of Housing and Urban Development (if it is then insuring any mortgage in the Property or has issued a project approval for the insuring of such mortgages) shall have the right to veto amendments to these By-Laws for as long as the Declarant has the right to appoint and remove the directors and officers of the Association.

6.10 Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

(b) Notices. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

- (i) the nature of the alleged violation;
- (ii) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
- (iii) that any statement, evidence, and witnesses may be produced by the alleged violator at the hearing; and
- (iv) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(c) Hearing. If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

CERTIFICATION BY SECRETARY

I, Louis T. Camerio, Jr., Secretary of ALCOVY BLUFFS HOMEOWNERS ASSOCIATION, INC., do hereby certify that the foregoing ten (10) pages (not including this page) are a true and complete copy of the Association's By-Laws as submitted to and adopted by its Board on the ____ day of _____, 2001.

IN WITNESS WHEREOF, I have set my hand and the seal of the Association hereto this ____ day of _____, 2001.

LOUIS T. CAMERIO, JR., Secretary

[CORPORATE SEAL]

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After Recording Return To:
Lueder, Larkin & Hunter, LLC
5900 Windward Parkway, Suite 390
Alpharetta, Georgia 30005
Attn: Paschal Glavinos

Cross Reference:
Deed Book 1336, Page 390

STATE OF GEORGIA

COUNTY OF WALTON

AMENDMENT TO THE DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR ALCOVY BLUFFS SUBDIVISION

This Amendment to the Declaration of Covenants, Restrictions and Easements for Alcovy Bluffs Subdivision (hereafter referred to as "Amendment") is made on the date set below.

W I T N E S S E T H:

WHEREAS, Alcovy Bluffs, LLC, a Georgia limited liability company, (hereafter referred to as "Declarant"), recorded that certain Declaration of Covenants, Restrictions and Easements for Alcovy Bluffs Subdivision on December 3, 2001, in Deed Book 1336, Page 390 of the Walton County, Georgia land records (hereafter referred to as "Declaration");

WHEREAS, pursuant to Article IX, Section 9.03 of the Declaration, the Declaration may be amended upon the affirmative vote of the Members holding at least two-thirds of the total votes in the Association, provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any mortgagee must be approved by such mortgagee and (ii) during any period which Declarant has the right to appoint and remove officers and directors of the Association, such amendment must be approved by Declarant;

WHEREAS, this Amendment does not materially and adversely affect the security title and interest of any mortgagee;

WHEREAS, as of the date of this Amendment, the Declarant no longer has the right to appoint and remove officers and directors of the Association;

WHEREAS, this Amendment has been approved by Members of the Association holding at least two-thirds (2/3) of the total votes in the Association at a meeting of the Members of the Association;

NOW, THEREFORE, the Declaration is hereby amended as follows:

1.

The Background Statement of the Declaration is amended by adding the following thereto:

THIS DECLARATION DOES CREATE PROPERTY SUBJECT TO THE GEORGIA PROPERTY OWNERS' ASSOCIATION ACT, O.C.G.A. SECTION 44-3-220, ET SEQ.

2.

Article I of the Declaration is amended by adding the following definition thereto:

1.17. Georgia Property Owners' Association Act. "Georgia Property Owners' Association Act" or "Act" shall mean the Georgia Property Owners' Association Act, O.C.G.A. § 44-3-220, *et seq.*, as the same may be supplemented, amended or modified. Alcovy Bluffs is a residential property owners development which is hereby submitted to the Act. The Declaration and all property subject to the Declaration are accordingly submitted to the Act.

3.

Article IV, Section 4.08 of the Declaration is amended by deleting the subsection in its entirety and replacing it with the following:

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

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

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

(c) If an assessment, fine, or charge due from an Owner remains delinquent and unpaid for more than fifteen (15) days from the date due, and if the Board of Directors has permitted the

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

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

4.

Article IV of the Declaration is amended by adding the following thereto as a new Section 4.12:

4.12. Capital Contribution Assessments (Initiation Fee). Upon the conveyance of ownership of a Lot, including all resales, a capital contribution assessment (an initiation fee) shall become due and payable to the Association by each new Owner. As determined by the Board, the amount of the initiation fee shall be the same amount as the annual assessment in effect for the fiscal year in which the conveyance of ownership occurs or five hundred dollars (\$500.00). The initiation fee shall not be deemed to be an advance payment of any assessment and may not be paid in lieu of any assessment. The initiation fee shall be the personal obligation of the new Owner and shall constitute a lien against the Lot. Notwithstanding anything to the contrary herein, no initiation fee shall be due as a result of a conveyance of a Lot to an Owner's spouse, child, or a corporation, partnership, company, or legal entity in which the Owner is a principal; no initiation fee shall be due from any person who takes title through foreclosure upon the lien of any first priority mortgage covering the Lot or the lien of any secondary purchase money mortgage covering the Lot; and no initiation fee shall be due from any Owner who has owned a Lot in the community and who obtains title to a different Lot in the community.

5.

Article VI, Section 6.02 of the Declaration is amended by deleting the subsection in its entirety and replacing it with the following:

6.02. Dwelling Size; Garage. No dwelling or Residence shall be permitted on any Lot with less than 2200 square feet of living space. Each dwelling shall have at least a two (2) car, side-entry garage. Variances to the side-entry garage requirement may be granted by the ACC based upon the size of the Lot, setback lines, and aesthetical considerations, among others. ACC applications and requests for variances must be submitted in accordance with Article V hereof.

6.

Article VI of the Declaration is amended by adding the following thereto as a new Section 6.33:

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

(a) Prohibition. Except as provided herein, the leasing of Lots is hereby prohibited.

(b) Short Term Leasing. Notwithstanding anything to the contrary herein, short-term rentals, transient tenants, and any other services utilized to temporarily rent Lots as accommodations to guests or tenants (for example, Airbnb, VRBO, or other similar services) are expressly prohibited, and such rental arrangements shall be considered an impermissible business activity.

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

If the Owner of a Lot is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person, the entity shall designate in writing to the Board of the Directors the name(s) of the natural person(s) who will occupy the Lot. To constitute a valid designation in accordance with this subsection, the natural person must have a substantial relationship to the legal entity, including, by way of illustration and not limitation, being a shareholder, director, or officer of the corporation, being a member of the limited liability company, being a partner in the partnership, or being a beneficiary of the trust. In no event shall the natural person(s) designated to occupy the Lot be changed more frequently than once every twenty-four (24) months.

If the entity Owner receives any consideration or benefit, including, but not limited to, rent, a fee, service, or gratuity from or on behalf of the designated person(s) occupying the Lot, then such arrangement shall be considered leasing, and the Owner shall be required to comply with the entirety of this Section. An express purpose of this subsection is to ensure that entity Owners do not utilize the designation of a natural person to occupy the Lot in order to circumvent the leasing restriction contained within this Section.

(d) General. Any Owner who desires to lease such Owner's Lot may do so only if the Owner has applied for and received from the Board of Directors either a "Leasing Permit" or a

"Hardship Leasing Permit." Such a permit, upon its issuance, will allow an Owner to lease his or her Lot provided that such leasing is in strict accordance with the terms of the permit and this Section. The Board of Directors shall have the authority to establish conditions as to the duration and use of such permits consistent with this Section. All permits shall be valid only as to a specific Lot Owner and shall not be transferable between either Lots or Lot Owners.

(e) Leasing Permits. In order to be qualified to apply for and obtain a Leasing Permit for a Lot, an Owner must have regularly occupied that Lot as his or her primary residence for at least twenty-four (24) consecutive months. The purpose of this provision is to discourage the purchase of Lots by Owners for the sole purpose of renting the Lot as an investment property.

A qualified Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than ten percent (10%) of the Lots in the Property. A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (1) the sale or transfer of the Lot to a third party; (2) the failure of a Lot Owner to lease his or her Lot within ninety (90) days of the Leasing Permit having been issued; (3) the failure of a Lot Owner to have his or her Lot leased for any consecutive ninety (90) day period thereafter; or (4) the occurrence of the date referenced in a written notification by the Owner to the Association that the Owner will, as of said date, no longer need the Leasing Permit.

If current Leasing Permits have been issued for ten percent (10%) of the Lots in the Community, no additional Leasing Permits shall be issued (except for Hardship Leasing Permits, as set forth below) until the number of outstanding current Leasing Permits falls below ten percent (10%) of the Lots in the Community. Owners who have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit and shall be issued a Leasing Permit if they so desire when the number of current outstanding Leasing Permits issued falls to less than ten percent (10%) of the Lots in the Community. The issuance of a Hardship Leasing Permit to an Owner shall not cause the Owner to be removed from the waiting list for a Leasing Permit.

(f) Hardship Leasing Permits. If the failure to lease will result in a hardship, an Owner may seek to lease on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit. The Board of Directors shall have the sole authority to issue or deny requests for Hardship Leasing Permits in its discretion. In making such a determination, the Board may take any factor into account, including: (1) the nature, degree, and likely duration of the hardship, (2) the number of Hardship Leasing Permits which have been issued to other Owners, (3) the Owner's ability to cure the hardship, and (4) whether previous Hardship Leasing Permits have been issued to the Owner. Hardship Leasing Permits shall be valid for a term not to exceed one year. Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a Leasing Permit.

(g) Leasing Provisions. All leasing within the Property shall be governed by the following provisions:

(i) Notice. At least seven (7) days prior to entering into the lease of a Lot, the Owner shall provide the Board of Directors with a copy of the proposed lease and such other information as the Board may reasonably require. The Board may approve or disapprove the form of said lease. In the event a lease form is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease form into compliance with the Declaration, any rules

and regulations adopted pursuant thereto, and any criteria determined by the Board. Within ten (10) days from the execution of the lease by both parties, the Owner shall provide the Board with a copy of the executed lease and the names and phone number of the lessees.

(ii) General. Lots may be leased only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Lots or assignment of leases unless approved in writing by the Board. All leases shall be for a period of at least twelve (12) months, except with written approval from the Board. The Lot Owner must provide the tenant copies of the Declaration, Association's Bylaws, and Association Rules and Regulations.

(iii) Liability for Assessments and Compliance With Declaration, Bylaws, and Rules and Regulations. Any lease of a Lot shall be deemed to contain the following provisions, whether or not expressly therein stated, and each Owner covenants and agrees that any lease of a Lot shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into a lease by existence of this covenant on the Lot. Any lessee, by occupancy of a Lot under the definition of "leasing" stated herein, agrees to the applicability of this covenant and incorporation of the following language into the lease.

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

When a Lot Owner who is leasing his or her Lot fails to pay any assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Lot Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon demand by the Board of Directors, lessee shall pay to the Association all unpaid annual and special assessments and other charges, as lawfully determined and made payable during the remaining term of the lease and any other period of occupancy by lessee following such demand. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's demand to pay assessments or other charges to the Association, lessee shall be obligated to pay to the Association all late charges, fines, interest, and costs of collection, including, but not limited to, reasonable attorney's fees actually incurred, to the same extent lessee would be required to make such payments to the Association if lessee were the Owner of the premises during the term of the agreement and any other period of occupancy by lessee, and including all amounts paid by lessee to lessor following the date of such demand from the Board.

(2) Compliance with Declaration, Bylaws, and Rules and Regulations. Lessee shall abide by and comply with all provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto and shall control the conduct of all other occupants and guests in order to insure compliance with the foregoing. Lessee acknowledges that the violation by lessee or any occupant living with lessee of any provision of the Declaration, Bylaws, or rules and regulations adopted thereunder shall constitute a default under this lease. Owner shall cause all occupants of his or her Lot to comply with the Declaration, Bylaws, and the rules and regulations

adopted pursuant thereto, and is responsible for all violations and losses caused by such occupants, notwithstanding the fact that such occupants of the Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto. If the lessee, or a person living with the lessee, violates the Declaration, Bylaws, or a rule and regulation for which a fine is imposed, such fine may be assessed against the lessee and/or the Owner; provided, however, if a fine is not paid by the lessee within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Board of the lessee's failure to do so. Unpaid fines shall constitute a lien against the Lot. Any lessee charged with a violation of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto is entitled to the same procedure to which an Owner is entitled prior to the imposition of a fine or other sanction.

Any violation of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto by lessee, any occupant, or any person living with lessee is deemed to be a violation of the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Georgia law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, including the power and authority to evict the lessee on behalf and for the benefit of the Owner, in accordance with the terms hereof, or to require the Owner to do so. In the event the Association proceeds to evict the tenant, any costs, including attorney's fees and court costs, associated with the eviction shall be specially assessed against the Lot and the Owner thereof, such being deemed hereby as an expense which benefits the leased Lot and the Owner thereof; and the Owner shall not again lease the Owner's Lot to any person without the expressed written approval of the Board.

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

(h) Leasing Administration Assessment. For any Lot that is leased after the effective date of this Amendment, the Association shall have the authority to assess the Owner of the Lot a Leasing Administration Assessment. The amount of the Leasing Administration Assessment upon the effective date of this Amendment shall be \$150.00. The Board may increase the amount of the Leasing Administration Assessment from time to time in the future, provided the amount shall not exceed one half (1/2) the amount of the General Assessment applicable to all Lots in effect for the current fiscal year. The Leasing Administration Assessment shall be due and payable on the date on which the lease is executed, and on each subsequent anniversary date thereof, for as long as leasing activity continues. Such Leasing Administration Assessment shall be deemed a specific assessment which may be assessed pursuant to Article IV, Section 4.11 of the Declaration. Failure to pay the Leasing Administration Assessment within thirty (30) days of the leasing of the Lot shall result in a violation under this Section and the amount owed would constitute a lien against the Owner's Lot. Pursuant to this Section, any Owner who is leasing his or her Lot shall provide current lease agreements to the Association's Board of Directors or management agent for record-keeping purposes.

(i) Applicability of this Section (Grandfathering of Owners Who Are Currently Leasing). Except as provided herein, the leasing restrictions within this Paragraph shall not apply to any Owner who is an Owner of a Lot on the date this Amendment is recorded in the Walton County, Georgia land records if the Owner is leasing the Lot on such date. The Owner may continue to lease the Lot in accordance with the terms of the Declaration as it existed prior to the date this Amendment is recorded in the Walton County, Georgia land records; provided, however, upon the conveyance of ownership of the Lot, all leasing restrictions of this Paragraph shall apply. The expressed purpose of this grandfathering provision is to allow Owners who own, and who are leasing, Lots as of the date this Amendment is recorded in the Walton County, Georgia land records to continue to lease their Lots, but to thereafter restrict leasing upon conveyance of ownership of the Lots (e.g., resales).

Any assignment, extension, renewal, or modification of any lease agreement entered into prior to the date this Amendment is recorded in the Walton County, Georgia land records, including, but not limited to, changes in the terms or duration of occupancy, shall be considered a termination of the old lease and commencement of a new lease which shall comply with Subsections (b), (g) and (h) of this Section.

Notwithstanding the above, in order for any such Owner to obtain the grandfathering of the Owner's Lot, the Owner must comply with the following two conditions:

- (1) within ninety (90) days of the date this Amendment is recorded in the Walton County, Georgia land records, the Owner must provide written notice to the Board of Directors that the Owner is leasing the Owner's Lot and must provide the Board a written copy of the lease (failure to provide such notice and copy of the lease to the Board within such ninety (90) day period shall disqualify the Owner from this grandfathering provision); and
- (2) the Owner has no period of six consecutive months in which the Owner's Lot is not leased (failure to have the Owner's Lot leased for any consecutive six month period shall result in the termination of this grandfathering provision as to such Owner).

The leasing restrictions within this Section 4, as amended herein, shall not apply to the Association or to any mortgagee having any security interest or title on any property within the Property on the date the Amendment is recorded in the Walton County, Georgia land records, and the terms of Section 4, as it existed prior to the date this Amendment is recorded in the Walton County, Georgia land records shall control with respect to the Association and any such mortgagee.


7.

Any action to challenge the validity of any provision of this Amendment, including the passage of this Amendment, must be brought within one (1) year of the recording of this Amendment in the Walton County, Georgia land records. No action to challenge any provision of this Amendment or the passage thereof may be brought after such time.

IN WITNESS WHEREOF, the undersigned hereby unequivocally certifies that agreement of the required majority was lawfully obtained and that all notices were properly given.

Dated this 10 day of April, 2020.

ALCOVY BLUFFS HOMEOWNERS
ASSOCIATION, INC.


James Herring
Signature of President
Print Name: JAMES HERRING

Sworn to and subscribed before me
this 10 day of April, 2020.

Witness: [Signature]

Amani David
Notary Public

Amani L Warren
Signature of Secretary
Print Name: Amani L Warren

Sworn to and subscribed before me
this 10 day of April, 2020.

Witness: [Signature]

[Signature]
Notary Public

Note to Clerk

Please cross reference with this filing:

Deed Book 1336, Page 390