

SOUTHBRIDGE

Savannah's Golf & Spa Community

Declaration of Covenants,
Conditions and Restrictions

State of Georgia
County of Chatham

[NOTE: The following document represents a consolidation of the Master Declaration of Covenants, Conditions and Restrictions – Southbridge, dated December 29, 1987 and recorded in Record Book 137-F, Folio 261, Chatham County, Georgia records on February 2, 1988 and the amendments and supplements thereto as similarly recorded. The actual documents represented by this consolidation are recorded in the Chatham County, Georgia Clerk of Superior Court's Office. In the event of any conflict between this consolidation and the recorded document, the recorded document shall take precedence.]

[CONSOLIDATED]

**MASTER DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS -- SOUTHBRIDGE**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, made on the date hereinafter set forth by TIMBERLANDS ASSOCIATES, a Georgia Limited Partnership, hereinafter referred to as "Landowner," and SAVANNAH QUARTERS, a Partnership, hereinafter referred to as "Declarant,"

WITNESSETH THAT:

WHEREAS, Landowner is the owner of certain property in Chatham County, Georgia, more particularly described in article II, Section 1 hereof; and

WHEREAS, Declarant has the right to develop a property and to acquire title thereto from the Landowner, all as indicated by that certain First Amended and Restated Option Agreement dated August 14, 1987, and recorded September 29, 1987, in Record Book 135Y, Folio 681, Chatham County records ("Memorandum"); and

WHEREAS, pursuant to said Memorandum, Declarant desires to develop upon the property described hereinabove a residential planned unit development to be known as "Southbridge," consisting of well-planned residential lots, public streets, private open spaces and other private common areas and facilities for the benefit, interest and advantage of Declarant and each and every owner who shall acquire title to any portion of the property described hereinafter; and

WHEREAS, the landowner and Developer have deemed it desirable for the efficient preservation, protection and control of the property described hereinafter to create an agency to which will be delegated and assigned certain powers of maintaining and administering the Property described hereinafter, and administering and enforcing these Master Covenants, Conditions and Restrictions, coordinating various Neighborhood and condominium Associations, collecting and expending for the purposes set forth herein the assessments hereinafter described; and

WHEREAS, it is in the interest and to the advantage of the Landowner and Declarant and to each person, corporation, partnership or other entity which shall hereafter acquire title to any

Lot within the Properties that certain covenants, conditions and restrictions be imposed upon the property described herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that Landowner and Declarant do hereby declare that all of the properties described hereinafter shall be held, transferred, sold, conveyed and occupied subject to the easements, restrictions, covenants, charges, liens and affirmative obligations and conditions hereinafter set forth, all of which are for the purpose of protecting the value, desirability and attractiveness of the property described herein, and which shall run with the real property and be binding on all persons having or hereafter acquiring any right, title or interest in the described properties, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
Definitions

The following words and terms, when used in this Master Declaration, or any supplemental declaration, shall have the following meanings:

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

Section 2. "Common Area" shall mean and refer to all real property, including the improvements thereon, owned by the Association for the common and exclusive use and enjoyment of the owners and others entitled to the use thereof. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described on Exhibit A hereof.

Section 3. "Declarant" shall mean and refer to Savannah Quarters, a Partnership, or any person or entity who succeeds to the rights of Declarant set forth in the Memorandum of Option. Any such person or entity shall be entitled to exercise all rights and powers conferred upon Declarant by this Declaration, the Articles of Incorporation or Bylaws of the Association.

Section 4. "District" shall mean and refer to separately designated residential areas representing a political unit for the purpose of electing members of the Board of Directors. Districts shall not be required to be equal in population, and a District may be comprised of non-contiguous property. The Declarant may at any time, and from time to time until the termination of Class B Membership as hereinafter provided in this Declaration, establish and alter or re-establish the boundaries of Districts. After the termination of the Class B Membership, the Board of Directors, by a two-thirds (2/3) vote, may modify and amend the District boundaries. Such change in District boundaries shall not constitute an amendment to this Master Declaration and shall not require the formality thereof. In the absence of specific designation of separate District status, all Properties made subject to this Master Declaration shall be considered a part of the same District.

Section 5. "Dwelling" shall mean any building located on a dwelling lot and intended for use as housing for a single family.

Section 6. "Land Segment" shall mean and refer to a parcel of property subject to this Declaration which is held for the purpose of development into two or more units.

Section 7. "Land Segment Owner" shall mean and refer to one or more persons or entities, other than the Declarant and Landowner, who hold record title to any Land Segment and who shall be deemed to own as many units as are shown on any platted map.

Section 8. "Living Area" shall mean the heated area of a dwelling calculated from the exterior dimensions of such dwelling.

Section 9. "Living Unit" shall mean and refer to any portion of a multi-family structure situate upon the Properties designed and intended for use and occupancy as a residence by a single family.

Section 10. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Properties, together with the improvements thereon, with the exception of Common Area, and areas lying within road rights-of-way.

Section 11. "Member" shall mean and refer to every person who is a member of the Association.

Section 12. "Neighborhood" shall mean and refer to a geographical area or areas, usually comprised of one housing type of similar density, representing a political unit for the purpose of electing Voting Members. A Neighborhood may but is not required to be comprised of the units in a Residential Association. Neighborhoods shall not be required to be equal in population, and a Neighborhood maybe composed of non-contiguous property. The Declarant may, at any time, and from time to time, until the termination of Class B Membership as hereinafter provided, establish and alter or re-establish the boundaries of a Neighborhood. After the termination of the Class B Membership, the Board of Directors, by a two-thirds vote, may modify such Neighborhood boundaries. Such modifications shall not require an amendment to this Declaration and shall not require the formality thereof. In the absence of a specific designation of separate Neighborhood status, all Properties made subject to this Master Declaration shall be considered part of the same neighborhood.

Section 13. "Neighborhood Assessments" shall mean assessments for common expenses provided for herein or by any subsequent amendment hereto which shall be used for the purposes of promoting the recreation, welfare, common benefit and enjoyment of the Owners and occupants of the units in a particular Neighborhood, all as may be specifically authorized from time to time by the Board of Directors.

Section 14. "Owner" shall mean and refer to the record owner, whether it one or more persons or entities, of a fee simple title to any Lot or Living Unit which is a part of the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 15. "Properties" shall mean and refer to that real property described in Article II, Section 1 hereof, and to such additions thereto as may be made subject to this Master Declaration, and hereinafter brought within the jurisdiction of the Association.

Section 16. "Residential Association" shall mean a condominium or neighborhood homeowner association which has been formed to care for common property and/or facilities which are used exclusively by the members of the residential association.

Section 17. "Single Family" shall mean and refer to one or more persons, each related to the other by blood, marriage or adoption, or a group of not more than three (3) persons not all so related, together with his or their domestic servants, maintaining a common household.

Section 18. "Story" shall mean and refer to that portion of a dwelling included between the surface of any floor and the surface of a floor next above, or if there is no floor above, the space between the floor and the ceiling next above.

Section 19. "Structure" shall mean anything erected or constructed, temporarily or permanently located in or upon the ground of any Lot.

Section 20. "Voting Member" shall mean and refer to the Declarant, as well as the representatives selected by the members in each Neighborhood who shall be responsible for the election of directors, amending this Master Declaration, the Articles of Incorporation or the Bylaws, and all other matters provided for in this Master Declaration. The Voting Member from each Neighborhood shall be the senior elected officer from that component; the alternate voting member shall be the next most senior officer, unless otherwise provided in this Master Declaration.

ARTICLE II
Property Subject to This Declaration
and Additions Thereto

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Master Declaration is located in Chatham County, Georgia, and is more particularly described on Exhibit "B," attached hereto and made a part hereof. This property shall hereafter be referred to as "Existing Property."

Section 2. Additions to Existing Property. Additional lands may become subject to this Master Declaration in the following manner:

(a) Additions in Accord with General Plan of Development. The Declarant and Landowner, their respective successors and assigns, shall have the right to bring within the scheme of this Master Declaration additional properties in future stages of the development, provided that such additions are in accord with the General Plan of Development prepared by the Declarant and which is available for inspection in the sales office of the Declarant, and by way of brochures made available to all interested persons. Such General Plan of Development shows the proposed additions to the Existing Property and contains:

- (i) a general indication of the size and location of additional development stages and proposed land uses in each;
- (ii) the approximate size and location of Common Area proposed for each stage;
- (iii) the general nature of any proposed common facilities and improvements;
- (iv) a statement that proposed additions, if made, will become subject to assessments for their just share of expenses of Southbridge Homeowners' Association, Inc.; and
- (v) a schedule for terminating the Declarant's rights under the provisions of this subsection to bring additional development stages within the scheme. Unless otherwise stated therein, the General Plan of Development shall not bind the Declarant and the Landowner, their respective successors and assigns, to make any proposed additions, or to adhere to the plan in any subsequent development of the land shown thereon, and the General Plan shall contain a conspicuous statement to this effect.

The additions authorized under this and the succeeding subsection shall be made by filing of record a supplemental declaration with respect to the additional property which shall extend the scheme of the covenants and restrictions of this Master Declaration to such property. That property from which proposed additional properties may be taken for subsequent stages is more particularly described on Exhibit "C," attached hereto and made a part hereof.

Any such supplemental declaration shall contain complementary additions and modifications of the covenants and restrictions contained in this Master Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of this Master Declaration. In no event shall any such supplemental declaration revoke, modify or add to the covenants established by this Master Declaration with respect to the Existing Properties.

Section 3. Mergers. Upon a merger or consolidation of the Association with another association as provided in its Article of Incorporation, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and other obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Master Declaration within the Existing Property, together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by this Master Declaration within the Existing Property, except as hereinafter provided.

ARTICLE III
Common Area

Section 1. Owner's Easements of Enjoyment. Every Owner shall have the right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and passed with the title to every Lot or Living Unit, subject to the following provisions:

- (a) The right of the Association to formulate, publish and enforce rules and regulations regarding the use of the Common Area, and to charge reasonable admission and other fees for the use of any recreational facilities located thereon;
- (b) The right of the Association to suspend the voting rights and right to the use of the recreational facilities by an Owner for any period during which any assessment against his Lot or Living Unit remains unpaid; and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless approved by a vote of two-third (2/3) of the votes of each class of membership, and unless written notice of the proposed agreement and action is sent to each Member at least ninety (90) days in advance of such action taken;
- (d) The rights of the Declarant, its successors and assigns, as herein reserved; and
- (e) The right of the Association, in accordance with its Bylaws, to borrow money for the purpose of improving the Common Area, and to execute deeds to secure debt upon such of the Common Area as maybe improved by such borrowing. Any such deed to secure debt must provide that the grantee's rights shall be limited, after taking possession of such properties, to the right to charge admission and other fees as a condition to the continued enjoyment by the Owners, and if necessary, to open the enjoyment of such Properties and facilities to the public until the secured debt is satisfied, at which time the possession of such property shall be returned to the Association and all Members' rights fully restored.

Section 2. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area described herein to the Association, free and clear of all liens and encumbrances, at the time or prior to the conveyance of the first Lot, subject only to the provisions of this Master Declaration, the Articles of Incorporation and Bylaws of the Association, and utility and drainage easements specifically reserved or indicated on any recorded plat. It is specifically understood that no areas shown on any plat, plan or master plan of development, or any phase thereof, as Golf Course, Equestrian Facility or Tennis Club or so depicted on any such map, plat or plan shall be conveyed as Common Area to the Association, such property to be held, administered, owned and operated separately from properties of the Association, as hereinafter provided. Certain green zones, buffer zones and water

bodies at the edge of such facilities may be conveyed by the Declarant to the Association as Common Area, in the discretion of the Declarant.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, his rights of enjoyment to the Common Area and facilities to members of his family, his invitees, tenants or contract purchasers, provided, however, that each such delegatee shall reside upon a Lot or in the Living Unit of such Owner, or be an invitee of the resident thereof.

Section 4. Obligations of the Association. The Association, for itself and its successors and assigns, hereby covenants with the Declarant as follows:

- (a) The Association will accept conveyance of any Common Area which the Declarant is obligated to or may convey to the Association; and
- (b) The Association will preserve and maintain for the common benefit of its Members all the Common Area which it shall own, pay taxes thereon and operate facilities thereon for the benefit of its Members.

Section 5. Golf Course, Tennis Club and Equestrian Facility. The Golf Course, Tennis Club and Equestrian Facility situate within the Properties are each separately owned and operated for profit, and none is a part of the Common Area. The Golf Course and Equestrian Facility are available generally for public use on a fee basis. The Tennis Club is a private club. No Owner or occupant gains any right to enter or use any of these facilities, or is entitled to any special consideration, by reason of ownership or occupancy of a Unit. No representations or warranties have been or are being made by the Declarant or any other person or entity with regard to the continuing ownership or operation of these facilities as the same presently exist. The ownership and operation of them may change at any time, at the sole determination of their respective owners. The Golf Course, Tennis Club and Equestrian Facility are expressly exempted from any and all provisions of this Master Declaration, or any amendment thereof.

ARTICLE IV
Membership and Voting Rights

Section 1. Membership. Every Owner of a Lot or Living Unit which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Living Unit which is subject to assessment. No Owner, whether one or more persons, shall have more than one membership per Lot or Living Unit. Ownership of a Lot or a Living Unit shall be the sole qualification for membership in the Association, and each Owner shall remain a Member thereof until such time as its ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

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

- (a) Class A. Class A Members shall be all Owners, with the exception of the Declarant. Each shall be entitled to one (1) vote for each Lot or Living Unit owned. If more than one person owns an interest in any Lot or Living Unit, all such persons shall be Members, and the vote for each such Lot or Living Unit shall be exercised as they may determine among themselves, but in no event shall more than one vote be cast with respect to any Lot or Living Unit.
- (b) Class B. The Class B Member shall be the Declarant, and any successor of Declarant who takes title for the purpose of development and sale, and who is designated as such in a recorded instrument executed by the Declarant. The Class B Member shall be a voting member and shall be entitled to cast the number of votes which are contained in the total of all Class A Members, plus one vote, until such time when the Class B Membership terminates and is converted to Class A Membership. Class B Membership shall terminate and be converted to Class A Membership upon the happening of the earlier of the following:
 - (i) When the Declarant shall no longer have any rights to develop or acquire title to any portion of the real property described in Section 2 (a) of Article II;
 - (ii) On December 31, 2016
 - (iii) When, at its sole discretion, the Declarant so determines.

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

- (c) Voting Members. Only Voting Members shall be entitled to cast votes at the Association meetings on matters pertaining to the Association including the election of members of the Board of Directors, amending this Master Declaration, the Articles of Incorporation and Bylaws of the Association, and all other matters which may be brought before the Association membership, except as otherwise provided in this Master Declaration. The membership of each Neighborhood shall annually select one Voting Member who shall be deemed to have a non-revocable proxy for all members within that Neighborhood for that year. The membership of each Neighborhood shall also select an alternate who shall serve as the Voting Member in the event the Voting Member is unable to serve. A Voting Member selected by a majority of the members within the Neighborhood shall have the authority to cast the total number of votes that are located within that Neighborhood. No member shall have the right to cancel, withdraw or otherwise affect the right of the Voting Member to cast the total number of votes within that Neighborhood, so long as the Voting Member was properly selected by the members of the Neighborhood.

ARTICLE V
Covenants for Assessments

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

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

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

Section 2. Annual Assessments or Charges. The annual assessments or charges levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the improvement and maintenance of the Common Areas, the payment of any taxes assessed against the Common Areas, payment of insurance with respect to the Common Areas and repair, replacement additions thereto, and to the discharge of the obligations of the Association as imposed by this Master Declaration.

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

- (a) Until January 1, 1995, the annual assessment shall be ONE HUNDRED FIFTY AND NO/100 DOLLARS (\$150.00) per year for a vacant Lot, and THREE HUNDRED AND NO/ 100 DOLLARS (\$300.00) per year for a Lot upon which a dwelling has been constructed or a Living Unit. Thereafter, the annual assessments shall be fixed as provided in this Section; however, a vacant Lot shall be assessed at 1/2 of the annual rate of a Lot upon which a dwelling has been constructed, or a Living Unit.
- (b) The maximum annual assessment for the calendar year beginning January 1, 1989, and for each calendar year thereafter, shall be established by the Board of Directors, and may be increased by the Board of Directors without approval by the membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year;

- (c) The maximum annual assessment may be increased without limit by the affirmative vote of two-thirds (2/3) of each class of the Members who are voting in person or by proxy, at a meeting duly called for this purpose; and
- (d) The Board of Directors may fix the annual assessments at an amount not in excess of the maximum. When the Board of Directors fixes the annual assessments for each calendar year, the Board shall, at the same time and in connection therewith, prepare, or cause to be prepared, an annual budget showing the services provided by the Association and the costs thereof per Lot or Living Unit.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots or Living Units and may be collected on a monthly basis.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting.

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called, subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the day set for the preceding meeting.

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

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to any vacant Lot upon the acquisition of the Lot. The annual assessments provided for herein shall commence as to any Lot upon which a dwelling has been constructed, or a Living Unit, on the first day of the month following substantial completion of such Living Unit, or the dwelling erected upon such Lot. "Substantial completion" shall be deemed to mean that stage of construction at which the dwelling or Living Unit shall be reasonably suitable for human occupancy. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and shall become due and payable on the day fixed for commencement. At least thirty (30) days in advance of each annual assessment, the Board of Directors shall fix the amount of the annual assessment and give each Owner subject

thereto written notice of each assessment. The due date shall be established by the Board of Directors. The Association, upon demand and payment of a service fee of not more than Fifteen and no/100 Dollars (\$15.00) shall furnish a certificate in writing signed by an officer of the Association setting forth whether the assessment on a specified Lot or Living Unit has been paid. A properly executed certificate of the Association as to the status of assessments on a Lot or a Living Unit shall be binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any monthly assessment not paid within thirty (30) days after the due date shall bear interest from the due date at that rate which is equal to the rate of interest chargeable by law in the State of Georgia on money judgments, or Fifteen percent (15%) per annum, whichever is lower, and such amount, together with interest and the costs of collection thereof as provided hereinafter, shall thereupon become a continuing lien upon the property against which such assessment was made, and shall bind such property in the hands of the then-Owner, his heirs, devisees, personal representatives and assigns. The Association may bring an action at law against the person personally obligated to pay the same or foreclose the lien against the property in like manner as a deed to secure debt and, in either event, interest, costs and attorney' s fees in the amount of fifteen percent (15%) shall be added to the amount of such assessment. Upon exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the annual assessment due and payable and collect the same as provided above. In the event of any such foreclosure, the Owner shall be required to pay reasonable rental for the Lot or Living Unit after commencement of the foreclosure action; the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Area or abandonment of his Lot or Living Unit.

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

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

- (a) property dedicated and accepted by local public authority and devoted to public use;
- (b) properties which are or become parts of the Common Area;
- (c) properties designated as equestrian facilities, tennis clubs or golf courses; and
- (d) any property exempt from taxation by the laws of the State of Georgia, upon the terms and to the same extent of such leave of exemption. Notwithstanding any

provisions herein to the contrary, no Lots or Living Units devoted to dwelling use shall be exempt from such assessments, charges and liens.

ARTICLE VI
Repair, Restoration and Rebuilding; Insurance

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

Section 2. Board of Directors to Supervise. All repair, restoration or rebuilding pursuant to the provision of this Article VI shall be carried out under such supervision and direction as the Board of Directors of the Association shall deem appropriate in order to assure the expeditious and correct completion of the work concerned, and the Owner of any home which has been damaged or destroyed shall fully cooperate with, and abide by all instructions and directions of the Association in connection therewith.

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

Section 4. Lien Rights of Association. In any case in which the Owner of the Dwelling concerned shall fail to carry out and see to the repair, restoration or rebuilding required by the provisions of this Article VI, or shall request the Association to carry out and see to such repair, restoration or rebuilding, the Association may carry out and see to the repair, restoration or rebuilding required by the provisions of this Article VI, provided, however, that to the extent the insurance proceeds referred to in Section 5 are insufficient as to any Dwelling, the particular Owner shall be responsible to the Association for such deficiency, and the Association shall have, and is hereby given, a continuing lien on the Lot or Living Unit for which any such repairs or rebuilding are furnished by the Association in the aggregate amount of (a) the cost thereof, (b) interest at the rate of interest permitted by law on money judgments in Georgia from the date of the Association's payment of such costs, and (c) reasonable attorneys' fees and any court or other costs incurred by the Association in connection therewith, which lien shall encumber such Lot in the hands of such Owner, his heirs, devisees, personal representatives, grantees and assigns. In the event such Owner does not forthwith fully repay the Association therefore, as aforesaid, such lien may be foreclosed against the Lot by the Association, in the same manner as hereinafter provided in connection with

unpaid assessments. The Association's lien in this Section 4 provided shall be subordinate to the lien of any first mortgage, now or hereafter placed upon the Lot.

Section 5. Insurance Required. Each Owner shall maintain in full force at all times insurance covering the improvements erected upon his Lot, or the value of his Living Unit, consisting of, or providing all the protections afforded by, the insurance now generally described as fire, extended coverage, additional extended coverage, vandalism and malicious mischief, to one hundred percent (100%) of the full insurable value thereof, with loss payable on the basis of the cost of replacement without deduction for depreciation. All such insurance shall be issued by companies reasonably acceptable to the Association, shall name the Association as a loss payee and shall provide that all proceeds becoming payable on account of loss of or damage to such improvements shall be payable to or as directed by the Association, subject only to the rights, limited as herein provided, of any mortgagee for value of the premises. The policies themselves or appropriate certificates showing the evidence of such insurance shall be furnished to the Association (and new policies or certificates evidencing the renewal of each expiring policy of insurance shall be furnished to the Association), in each case at least ten (10) days prior to the expiration date of the expiring insurance. The policies or certificates shall contain a provision that prior to cancellation, the Association shall receive at least ten (10) days' written notice thereof. In the event a damaged or destroyed Dwelling or Living Unit shall not be repaired, restored or rebuilt pursuant to a decision not to repair, restore or rebuild, as provided in Section 1, the proceeds of such insurance shall be payable to such Owner, or the mortgagee of his Lot or Living Unit as provided in Section 11.

Section 6. Association Not Liable. The Association and its officers, directors, employees, agents and representatives shall have no liability to any Owner for damage to or loss of either the real or any personal property of said Owner. Each insurer of any of said Owner's interest in said real or personal property shall be bound by the provisions of this Section 6 and shall, by appropriate provision in each policy of insurance concerned, waive its rights of subrogation against the Association and its officers, directors, employees, agents and representatives.

Section 7. Association's Right to Insurance. The failure by any Owner to carry, maintain, or renew any insurance required by this Article VI shall give the Association the right (but not the duty) to proceed to obtain such insurance or lesser coverage as it may deem advisable, and the cost thereof shall be due to the Association from the Owner of the Lot or Living Unit so insured forthwith upon demand, and such cost shall be collectible in the same manner as assessments.

Section 8. Insurance Insufficient. In any case in which insurance proceeds shall not be paid or payable on account of any damage to, or destruction of, any Dwelling or Living Unit, or shall be inadequate to fully cover the cost of repair, restoration or rebuilding which the Association is by the provisions of this Article VI permitted to carry out, the cost of such repair, restoration or rebuilding in excess of the amount of insurance proceeds available may be borne and paid for by the Association, but without diminishing or in any way affecting any rights of recovery thereof which the Association may have by law against any person or persons who shall be directly or indirectly responsible for such damage or destruction by reason of any negligent or

wrongful act or omission, or against any Owner for his failure to maintain insurance coverage in accordance with Section 7.

Section 9. Obligation of Association. Notwithstanding anything to the contrary herein contained, the obligations of the Association under the provisions of this Article VI shall be limited to the repair, restoration and rebuilding of the Common Area, and the Association shall not be responsible for repair, restoration or replacement of any personal property of the Owners or others.

Section 10. Common Area. The Association shall obtain and maintain property insurance covering all of the Common Areas (except land, foundations, excavations and other items normally excluded from coverage), including building service equipment and fixtures, insuring against loss by fire and other perils normally covered by standard extended coverage and all other perils normally covered by the standard "all risk" endorsement, for an amount equal to one hundred percent (100%) of the current replacement cost of such items, which policy or policies shall provide that the terms thereof may not be canceled or substantially modified without at least ten (10) days' written notice to the Association.

Section 11. Use of Proceeds. Notwithstanding the foregoing, to the extent required by the terms of any mortgage for value of any part of the Properties, the proceeds of any insurance becoming payable on account of any loss of, or damage to, the part of the Properties so mortgaged shall be paid first to such mortgagee to the extent of its interest; provided, however, that such mortgagee shall cause or permit all such proceeds received by it to be applied upon the cost of repair, restoration or rebuilding of such loss or damage; and shall not apply or seek to apply such proceeds to reduce such mortgage, except for any excess of such proceeds over the full cost of such repair or restoration, unless it shall be determined in accordance with the provisions of this Declaration that such loss or damage is not to be required or restored.

Section 12. Debris. In the event a Dwelling is damaged or destroyed, and the Owner does not begin repair or reconstruction within thirty (30) days following damage or destruction, he shall remove or cause to be removed, at his expense, all debris from the Lot, so that it shall be placed in a neat, clean and safe condition; if he fails to so remove the debris, the Association may cause it to be removed, and the cost of such removal shall constitute a lien upon the Lot until paid by the Owner, unless the Lot is thereafter acquired by the Association.

Section 13. Application of Declaration and Bylaws. Any Dwelling or Living Unit which has been destroyed, in whole or in part, by fire or other casualty, and subsequently restored or reconstructed, shall be subject to the provisions of this Declaration and to the Bylaws of the Association.

ARTICLE VII
Exterior Maintenance

Section 1. Exterior Maintenance. In addition to the maintenance provided to the Common Area, the Association may, at the request of any Owner, provide exterior maintenance with respect to the improvements upon such Owner's Lot or Living Unit with respect to painting, repairs, replacements, care of roofs, gutters, downspouts and exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements.

Section 2. Assessment of Costs. Costs of such exterior maintenance shall be assessed against the Lot or Living Unit of the Owner and shall be added to and become part of the annual assessment or other charges to which such Lot or Living Unit is subject. It shall be a lien and obligation of the Owner, and shall become due and payable in all respects as provided in Article V, provided that the Board of Directors of the Association, when establishing the annual assessment against each Lot or Living Unit for any assessment year, may add thereto the estimated costs of exterior maintenance with respect to such Lot or Living Unit for that year, but thereafter shall make such adjustment with the Owner as is necessary to recover the actual cost thereof.

ARTICLE VIII
Architectural Control

Section 1. Purpose. It is the Declarant's purpose to prohibit any improvement or change in the Properties which would be unsafe or hazardous to any personal property; to minimize destruction or diminution of the view afforded to all Lots, and to preserve as much as is practicable of the visual continuity of the Properties; to assure that the improvements and construction of dwelling units on the Properties will be of good and attractive design, and in harmony with the natural setting of the area and serve to preserve and enhance the beauty thereof, and to assure the materials and workmanship for all improvements are of high quality and comparable to other improvements permitted on the Properties, and to assure that construction of improvements in the Properties is carried out by builders of financial reliability who can be expected to produce quality construction.

Section 2. Approval Required. No building, wall, dock, walkway, driveway, fence, mailbox, screening device, swimming pool or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, nor shall the clearing of any trees or change of property grade be made, until plans and specifications showing the nature, kind, shape, height, materials, location and grade of the same have been submitted to and approved in writing as to conformity and harmony of external design and general quality with the existing standards of the neighborhood and location in relation to surrounding structures and topography by the appropriate committee. No change shall be made in the color, stain or painting of any structure or door thereof, or balcony or deck thereunto attached, unless so approved.

Section 3. Design Review Committee. The Design Review Committee (DRC), shall consist of at least three and not more than five members, to be appointed by the Board of Directors, and shall have exclusive jurisdiction to approve or disapprove all new construction on any portion of the Properties. The DRC shall prepare and, on behalf of the Board of Directors, shall promulgate design review guidelines. The guidelines shall be those of the Association, and the DRC shall have sole and full authority to prepare and amend them. These guidelines shall be made available to Owners who seek to engage in construction upon any portion of the Properties, and such Owners shall conduct their operation strictly in accordance therewith. The DRC shall also promulgate appropriate forms upon which applications for approval shall be submitted and shall have the authority to change such forms from time to time.

Section 4. Modifications Committee. The Modifications Committee (MC) shall consist of at least three and no more than five members, all of whom shall be appointed by the Board of Directors. The MC shall have exclusive jurisdiction over modifications, additions or alterations made on or to existing units and any open space appurtenant thereto; provided, however, the MC may delegate this authority to the appropriate board or committee of any District, Neighborhood or Residential Association subsequently created or subsequently subjected to this Master Declaration, so long as the MC has determined that such board or committee has in force review and enforcement practices, procedures and appropriate standards at least equal to those of the MC. Such delegation may be revoked, and jurisdiction re-assumed at any time by written notice to any such District, Neighborhood or Residential Association.

Section 5. Liability. Neither the DRC nor the MC or any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of:

- (a) The approval or disapproval of any plans, drawings and specifications, whether or not defective;
- (b) The construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications;
- (c) The development of any property within the Properties, provided that such member has acted in good faith on the basis of such information as may be possessed by him or her; or
- (d) Any negligence or breach of contract by any builder approved by the DRC or MC to carry out construction within the Properties.

Section 6. Responsibility of Declarant. There is reserved unto the Declarant the right of performing all functions and to give the approvals and disapprovals otherwise within the jurisdiction of the DRC and the MC, so long as Class B Membership exists.

Section 7. Procedures. Whenever approval is required for any matter within the jurisdiction of the DRC or MC, the person seeking such approval shall furnish the data required by such Committee, upon forms furnished by it, and no such submission shall be deemed to have been made unless and until all required information has been received. The Committee shall either approve or disapprove such design and location and proposed construction and clearing activities within forty-five (45) days after such plans and specifications have been submitted to it. If the plans and specifications are disapproved in any respect, the applicant shall be notified wherein such plans and specifications are deficient. The Board of Directors of the Association shall have the right, from time to time, to establish reasonable filing fees to defray the expenses of the DRC and MC, which shall be paid at the time of submission of such plans.

Section 8. When Approval Deemed Granted. In the event the DRC or MC, as appropriate, shall fail to approve or disapprove a proposed design plan location within forty-five (45) days after the plans and specifications therefor have been received by it, approval shall be deemed granted, unless a suit to enjoin the proposed construction has been commenced prior to commencement of construction. Plans and specifications required to be submitted shall not be deemed to have been received if they contain erroneous data or fail to present accurate and complete information upon which the Committee shall be expected to base its decision.

Section 9. Right to Inspect. The DRC or MC shall have the right, at its election, to enter upon any Lot during the construction, erection or installation of improvements or alterations, to inspect the work being undertaken in order to determine that such work is being performed in conformity with the approved plans and specifications, and in a good and workmanlike manner utilizing approved methods and good quality materials. The Committee shall have the power to

order the dismantling or cessation of nonconforming work, and to enforce such order by any legal or equitable proceedings, including but not limited to, a proceeding seeking a temporary restraining order or other injunctive relief.

Section 10. Time of Construction. Construction of a dwelling on a Lot must be commenced within one (1) year after Declarant first conveys such Lot to an Owner and shall be prosecuted with diligence toward completion thereof. Further, any such construction must be completed within one (1) year after the commencement of construction, except that such period may be extended by reason of act of God, labor disputes or other matters beyond the Owner's control. As used herein, the term "completed" shall include installation of all approved landscaping.

Section 11. Repurchase. Failure of an Owner to comply with the provisions of Section 10 of this Article, or an attempt by an Owner to convey his Lot prior to commencing construction of a dwelling thereon, shall entitle Declarant, within thirty-six (36) months after original conveyance by it of such Lot, to repurchase the same at the same price as such Lot was originally sold. Unless such Owner shall immediately comply with Declarant's exercise of this right to repurchase, Declarant may enforce its right by suit for specific performance and may file a notice of lis pendens as evidence of its intent to do so. Failure to file such notice within such thirty-six (36) month period shall be conclusive evidence that the Owner has complied with Section 10, or that Declarant has waived its right to require such compliance.

Provided, however, that the right to repurchase provided in this Section 11 shall, at the option of Declarant, be subordinated to the lien of any mortgage or deed to secure debt now or hereinafter placed upon a Lot which secures a loan, the primary purpose of which is to finance the construction of a Dwelling upon a Lot, or permanent loan, the primary purpose of which is to repay the construction loan referred to above. The sale or transfer of any Lot pursuant to a mortgage or deed to secure debt foreclosure, or any proceeding in lieu of foreclosure, shall extinguish said right of repurchase if Declarant has subordinated to such mortgage or deed to secure debt.

Section 12. Approved Builder. No Builder shall be allowed to carry out any construction within the Properties until the Builder has been approved by the DRC in relation to the Builder's knowledge of construction, construction experience, reputation for high quality design and construction of residences, past and present financial condition, and other factors which the DRC deems relevant to the approval or disapproval of a builder. The DRC shall prepare and, on behalf of the Board of Directors, shall promulgate Approved Builder Guidelines (hereinafter the "Guidelines"). The Guidelines shall be those of the Association, and the DRC shall have sole and full authority to prepare and amend them. The Guidelines shall be made available to owners and builders who seek to engage in construction upon any portion of the Properties. The DRC shall also promulgate appropriate forms upon which applications for approval shall be submitted, and shall have the authority to change such forms from time to time. The approval of a builder by the DRC shall be conditional and subject to change, in the sole discretion of the DRC, if the DRC determines there has been a change in the factors upon which approval was granted.

ARTICLE IX
Use Restrictions

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the yard space of each Lot and the Common Area. Such rules and regulations, along with all policy resolutions and policy actions taken by the Board of Directors shall be recorded in the Book of Resolutions, which shall be maintained in a place convenient to the Owners and available to them for inspection during normal business hours.

Section 2. Lot Use. No Lot shall be used except for the private residential purposes of a single family, and no building shall be erected, re-erected or maintained on a dwelling Lot except one dwelling designed for occupancy by a single family, together with such accessory buildings for use by a single family as may be approved by the Design Review Committee. Notwithstanding the foregoing, Declarant may use or permit the use of one or more Lots or Living Units as model homes and as a sales office.

Section 3. Dwelling Size. No dwelling shall be constructed upon any Lot within the Existing Properties unless the minimum living area of such dwelling shall contain not less than one thousand six hundred (1,600) square feet for a one-story dwelling, and not less than two thousand (2,000) square feet for dwellings of more than one story.

Section 4. Construction Quality. It is the intention and purpose of these covenants to ensure that all construction shall be of a quality of design, workmanship and materials which is compatible and harmonious with the natural setting of the area and other dwellings within the Properties. All dwellings shall be constructed in accordance with applicable governmental codes and with more restrictive standards as may be required by the Design Review Committee and the Modifications Committee.

Section 5. Building Height. No dwelling shall be erected, altered or placed upon any Lot, which dwelling is more than thirty-five (35) feet in height as measured from the lowest livable floor to the highest point of the roofline.

Section 6. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No immoral, improper, offensive or unlawful use shall be made of any portion of the property, and all valid laws, ordinances and regulations of all governmental agencies having jurisdiction shall be observed. Nothing shall be kept, and no activity shall be carried on in any building or residence, or on any of the Common Area which will increase the rate of insurance applicable to other residential units. No Owner shall do or keep anything or cause or allow anything to be done or kept in his dwelling or on the Common Area which would result in the cancellation of insurance on any portion of the Properties, or any contents thereof. No waste shall be committed on any portion of the Common Area or facilities situate thereon.

Section 7. Home Occupations. No home occupation, industry, business, trade or profession of any kind, whether commercial or otherwise, shall be conducted, maintained or

permitted on any part of the Properties, except that Declarant and other authorized persons may use any unsold residence for sale or display purposes. The use for habitual parking for commercial vehicles in any unenclosed garage, carport, driveway or parking area on any Lot or portion of the Common Area is prohibited. The term "commercial vehicle" includes all automobiles, station wagons, trucks and vehicular equipment which bear signs or have printed thereon any reference to any commercial undertaking or enterprise.

Section 8. Temporary Structures. No structure of a temporary character, including but not limited to trailers, tents, shacks and mobile homes shall be placed on any Lot at any time; provided, however, that this prohibition shall not apply to shelters used by contractors during the construction of dwellings. No temporary building or structure of any kind shall be used for a residence, either temporary or permanent.

Section 9. Livestock and Poultry. No animals, livestock or poultry of any kind shall be maintained on any Lot or in any dwelling or Living Unit, except that not more than five (5) household pets (including no more than two dogs) may be kept or maintained, provided that they are not kept, bred, or maintained for any commercial purpose and, provided further, that they shall not constitute a nuisance or cause any unsanitary conditions. All animals must be confined to their Owner's Lot or Living Unit, unless walked on a leash.

Section 10. Resubdivision. No Lot shall be resubdivided or reduced in size without the written consent of the Design Review Committee.

Section 11. Outside Antennae. No outside radio or television antennae, dishes or discs shall be erected on the Properties, unless and until permission for the same has been granted by the DRC.

Section 12. Parking. All vehicles shall be parked in garages, carports or the driveway area provided on each Lot. The habitual parking of commercial vehicles, trucks, boats, buses, trailers, camping trailers, motor homes or other recreational vehicles is prohibited on the Properties or rights-of-way of any public street in or adjacent to the Properties, or upon any grassed areas in the Properties. No disabled vehicle shall be parked on the Properties for more than 24 hours.

Section 13. Plants and Trees.

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

Section 14. Mailboxes. No mailboxes or receptacles for the delivery of newspapers or mail shall be allowed on a Lot unless the type and design thereof shall have been approved by the DRC.

Section 15. Signs. No signs shall be displayed upon any Lot or Living Unit other than a sign identifying the name of the contractor during construction of a dwelling or the developer of the Properties, and advising that information concerning said dwelling is available at the Southbridge Sales Information Center, provided said sign meets the design criteria of the DRC and does not exceed eight (8) square feet in area, and provided, further, that any mortgagee who may become the Owner of any Lot or Living Unit may place a "For Sale" sign on any unsold or unoccupied Lot, provided that the design, color and size of any such sign shall have been approved by the DRC.

Section 16. Drainage Ditches. No change shall be made in the level or courses of any drainage ditch in the Properties without the prior written approval of the Modifications Committee. The Owner of any Lot which adjoins a drainage ditch or swale shall keep that portion of such drainage ditch or swale lying within or contiguous to his Lot in a clean and orderly condition and shall maintain the proper depth and grade of such drainage ditch or swale.

Section 17. Setback. No dwelling shall be located on any Lot closer than 7 ½ feet to any side Lot line, nor closer than 25' to any rear Lot line. In addition, no dwelling shall be located on any Lot which transgresses the front setback line, side setback line or rear setback line as shown on any recorded plat of the Properties.

Section 18. Maintenance. Each Owner shall be responsible for the maintenance of his Lot and the improvements thereon. If, in the opinion of the Board of Directors of the Association, any Owner fails to maintain his yard or residence in a neat and orderly manner, the Association may provide such maintenance as may be reasonably necessary, and the costs thereof shall be added to and become part of the assessment to which such Lot or Living Unit is subject.

Section 19. Lakes, Ponds and Other Water Bodies. No gasoline-powered outboard motor shall be used by any person on any lake, pond or water body, and no dock, pier or other similar structure shall be constructed over, or into, any such lake, pond or water body. No boats shall be habitually kept or stored in or on any such water body.

ARTICLE X
Easements

Section 1. Grant to Declarant. Landowner hereby grants unto Declarant, its successors and assigns, for use by Declarant, utility companies and public agencies in connection with the development of the Properties the following rights in the Properties:

- (a) Easements across the Common Area and within ten (10) feet of the boundaries of any Lot for the installation, construction, renewing, operation and maintenance of utilities and drainage facilities, including installation under the ground, as well as upon and above ground, for the purpose of serving the Properties with water, telephone, electricity, sewer, cable television, central burglar and fire alarm protection systems and other utility services. Within these easements, no structures, planting or other materials shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels and easements, or which may obstruct or retard the flow of water through drainage channels and easements.
- (b) A non-exclusive easement in favor of the Declarant, its successors and assigns, for the construction of improvements upon the Properties, and for exhibition and sale of such improvements.

Section 2. Common Area. The Association shall have the power and authority to grant and establish in, over, upon and across any Common Area conveyed to it, such further easements as may be requisite for the convenient use and enjoyment of the Properties.

Section 3. Encroachments. All Lots and the Common Area shall be subject to easements for the encroachment of initial improvements constructed on adjacent Lots by the Declarant or its grantees to the extent that such initial improvement actually encroach, including, without limitation, overhanging eaves, gutters, downspouts, exterior storage rooms, walls, fences, streets and sidewalks. If any encroachments shall occur hereafter as a result of settling or shifting of any improvements, or as a result of any permissible repair, construction, reconstruction or alteration, or as a result of condemnation or eminent domain proceedings, a valid easement is hereby declared to exist for such encroachment and maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for a period not to exceed eighteen (18) months following conveyance of such Lot to its original owner for the purpose of correction any problem which may arise regarding grading and drainage. The Declarant, upon making entry for such purpose, shall restore the affected Lot or Lots to as near the original condition as practicable.

Section 4. Golf. Landowner hereby reserves, specifically for conveyance unto the Owner of the golf course adjacent to some or all of the Lots described in the Existing Properties, its successors and assigns, an easement over such Lots to permit the doing of every act necessary, proper and convenient to the playing on the golf course adjacent to such Lots, including, but not limited to, the recovery of golf balls from such Lots, the flight of such golf balls over and upon such Lots, the use of necessary and usual equipment upon such golf course, the usual and common

noise level created by the playing of golf, together with all the normal and usual activities associated with the operation of a golf course.

ARTICLE XI
Rights of First Mortgagees

The following provisions, in addition to the provisions set forth elsewhere in this Master Declaration, shall be applicable to the holders, guarantors or insurers of first mortgages upon Lots and Living Units subject to this Master Declaration and any amendments or supplements hereto:

Section 1. Planned Unit Development. This Master Declaration and other constituent documents create a de minimus planned unit development hereinafter referred to as a "PUD".

Section 2. Assessment. Any first mortgagee who obtains title to a Lot or Living Unit pursuant to the remedies provided in its mortgage shall not be liable for unpaid assessments which accrued prior to the acquisition of title to such Lot or Living Unit by the mortgagee.

Section 3. Material Changes. Unless the Association shall have received the prior written approval of at least two-thirds (2/3) of the first mortgagees who have informed the Association of their addresses in writing and requested to participate in such decisions, the Association shall not be entitled to do any of the following:

- (a) By act or omission, seek to abandon, partition or subdivide, sell or transfer the Common Area owned, directly or indirectly, provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area should not be deemed a transfer within the meaning of this clause;
- (b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against any Lot or Living Unit, or the Owner thereof;
- (c) By act or omission, change, waive or abandon any scheme of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of residential dwellings, the maintenance of party walls or common fences and driveways, or the upkeep of lawns, plantings and improvements located in or on the Common Area; and
- (d) Use hazard insurance proceeds for loss to any Common Area improvements for other than the repair, replacement or reconstruction of such improvements.

Section 4. Taxes and Other Charges. First mortgagees of Lots and Living Units subject hereto may, jointly and severally, pay taxes or other charges which are in default, and which may, or may become, a charge against any of the Common Area, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of such policies for such Common Area, and first mortgagees making such payments shall be immediately reimbursed therefor by the Association.

Section 5. Rights in Insurance Proceeds and Condemnation Awards. No provision of the PUD constituent documents gives an Owner or any other party priority over any of the rights

of any first mortgagee contained in its mortgage, in or to a distribution to such Owner of insurance proceeds or condemnation awards for a loss to or a taking of the Common Area or any part thereof.

Section 6. Notice to Mortgagees. A first mortgagee, upon request, is entitled to written notification from the Association of any of the following:

- (a) Any default in the performance by its borrower of any obligations under the PUD constituent documents which is not cured within 60 days;
- (b) Any condemnation loss or any casualty loss which affects a material portion of the Properties, or any of such mortgagee's security;
- (c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and
- (d) Any proposed action which would require the consent of a specific percentage of mortgage holders.

Section 7. Further Rights of Mortgagees. The Association shall make this Master Declaration, any bylaws or other rules pertaining to the Properties, as well as all books, records and financial statements, available for inspection by any mortgagee during normal business hours or under other reasonable circumstances. Any mortgagee, upon its request, shall be entitled to a financial statement for the immediately preceding fiscal year.

Section 8. Mortgagee Defined. The term "mortgagee," as used in this Article shall be deemed to mean any holder of a security interest in any real property which constitutes a portion of the Properties, including the beneficiary of a trust deed, or the holder of a deed to secure debt.

ARTICLE XII
Indemnification

Notwithstanding the duty of the Association to maintain the Common Area, the Association shall not be liable for injury or damage caused by any latent condition in any portion thereof, nor for injury caused by the elements, Owners or other persons, nor shall any officer or director of the Association be liable to any Owner or other person for injury or damage caused by such officer or director in the performance of his or her duties, unless the same shall be due to the willful misfeasance or malfeasance of such officer or director. Each officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney' s fees reasonably incurred in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her having been an officer or director of the Association, or any settlement, whether or not such person is an officer or director of the Association at the time such expense and liabilities are incurred except in such cases where the officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties. In the event of any such settlement, indemnification shall apply only when the Board of Directors of the Association approves such settlement and reimbursement as being in the best interest of the Association.

ARTICLE XIII
General Provisions

Section 1. Application. All Owners, employees of Owners, tenants or other persons who may, in any manner, use the Properties or any portion thereof shall be subject to the provisions hereof, and to the provisions of the Articles of Incorporation and the Bylaws of the Association.

Section 2. Enforcement. The Association, the Declarant or any Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by the provisions of this Master Declaration. Failure by the Association, the Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event any action is brought to enforce any of the provisions of this Master Declaration, the party bringing such action shall be entitled to recover of the defendant all costs of the action, and a reasonable attorney's fee.

Section 3. Severability. Invalidation of any one of these covenants and restrictions, by judgment or court order, shall in no way affect any other provisions, which shall remain in full force and effect.

Section 4. Notices. Any notice sent or required to be sent to any Member or Owner or to the Association under the provisions of this Master Declaration shall be deemed to have been properly given when mailed, postage prepaid, to the last known address shown on the books of the Association for such addressee at the time of mailing.

Section 5. Duration. The covenants and restrictions of this Master Declaration shall run with the land, bind the land and shall inure to the benefit of and be enforceable by the Association, the Declarant, the Landowner, or any Owner, their respective legal representatives, heirs, successors and assigns, for a period of twenty (20) years from the date this Master Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then-Owners of not less than ninety percent (90%) of the Lots and Living Units has been recorded, amending or abrogation said covenants and restrictions; provided, however, that no such amendment or change shall be effective unless made and recorded at least six (6) months in advance of the effective date of such change, and unless written notice of the proposed amendment is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 6. Amendment. Except as herein provided, the Association shall have the power to amend this Master Declaration, by a vote of two-thirds (2/3) of the number of the total members of the Association.

Section 7. Modification. By a recorded supplemental declaration, the Declarant may amend this Master Declaration without the consent of the Owners to correct any obvious errors or inconsistencies in drafting, typing or reproduction. The Board of Directors of the Association may, by supplemental declaration, modify any of the provisions of Article VIII hereof, with regard

to any particular Lot or Living Unit, for reasons of practical difficulties or particular hardships which otherwise would be suffered by the Owner thereof. Any such deviation, which shall be manifested by supplemental declaration, shall not constitute a waiver of any such covenant as to any other Lot or Living Unit within the Properties.

Section 8. Lease of Dwelling. No Dwelling or Living Unit shall be leased for transient or hotel purposes, nor may any Owner lease less than his entire Dwelling or Living Unit. Any lease must be in writing and provide that the terms of the lease and the occupancy of the Dwelling or Living Unit shall be subject in all respects to the provisions of this Master Declaration and of the Bylaws and Articles of Incorporation, and that any failure by any lessee to comply with these terms of such documents shall constitute a default of such lease.

Section 9. Liability Insurance. The Association shall obtain and maintain a broad form public liability insurance policy covering all of the Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees, in an amount of not less than One Million and No/100 Dollars (\$1,000,000.00) for each occurrence, and such policy shall contain a waiver of the right of subrogation against the Association, its members, officers, agents or employees.

Section 10. Fidelity Bonds. The Association shall maintain blanket fidelity bond coverage against dishonest acts by officers, directors, agents and employees, and all other persons handling or responsible for funds of or administered by the Association. Such fidelity bonds shall:

- (a) name the Association as an obligee;
- (b) be written in an amount equal to at least One Hundred Fifty percent (150%) of the estimated annual budget of the Association, including reserves;
- (c) contain waivers of any defense based upon exclusion of persons who serve without compensation from any definition of "employee" or similar expressions; and
- (d) provide that they may not be canceled or substantially modified (including cancellation for non-payment of premiums) without at least 10 days' prior written notice to the Association.

Similar bonds shall be required covering any management agent employed by the Association for such agents, officers, employees and agents handling or responsible for funds of or administered on behalf of, the Association.

Section 11. Waiver. No provision hereof shall have been deemed abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may occur.

Section 12. Litigation. No judicial or administrative proceedings shall be commenced or prosecuted by the Association unless approved by a seventy-five percent (75%) vote of the total Members of the Association. This section shall not apply, however, to:

- (a) Actions brought by the Association to enforce the provisions of this Master Declaration (including, without limitation, the foreclosure of liens);
- (b) Imposition and collection of assessments as provided hereinabove;
- (c) Proceedings involving challenges to ad valorem taxation; or
- (d) Counterclaims brought by the Association in proceedings instituted against it.

Section 13. Conflicts. In the event of any irreconcilable conflict between this Master Declaration and the Bylaws or Articles of Incorporation, the provisions of this Master Declaration shall control. In the event of any irreconcilable conflict between the Articles of Incorporation of the Association, and the Bylaws of the Association, the provisions of the Articles of Incorporation shall control.

Section 14. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and non-personal entities, as well as the singular and plural wherever the context provides or permits.

ARTICLE XIV
Rights of Landowner

In the event that the rights of Savannah Quarters, a Partnership, under the First Amended and Restated Option Agreement dated August 14, 1987, shall be terminated for any reason, as provided in said Agreement, then and in such event, the Landowner shall be entitled to exercise all rights of the Declarant described herein.

IN WITNESS WHEREOF, Timberlands Associates, a Georgia limited partnership, and Savannah Quarters, a Partnership, have caused this Master Declaration to be executed by their duly authorized partners on this the 29 day of December 1987.

TIMBERLANDS ASSOCIATES

SAVANNAH QUARTERS, A
PARTNERSHIP