

(FRONT COVER)

The Waterford

(WATERFORD LOGO)

Declaration of Covenants
Restrictions, Easements
and
By-Laws
As Amended April 2009

(INSIDE FRONT COVER)

DECLARATION
OF COVENANTS, RESTRICTIONS AND EASEMENTS
FOR THE WATERFORD

RECORDED AT DEED BOOK 575, PAGE 267
BARTOW COUNTY, GEORGIA RECORDS.

THE AMENDMENT ADOPTED BY THE ASSOCIATION AND NOTARIZED ON
APRIL 10, 2009 SUBMITS THE PROPOERTY TO THE PROVISIONS OF THE GEORGIA
PROPERTY OWNERS' ASSOCIATION ACT, O.C.G.A. 44-3-220, ET SEQ.

CLOSING ATTORNEYS SHOULD CONTACT THE ASSOCIATION FOR ESTOPPEL
CERTIFICATES REGARDING ASSESSMENTS DUE ON LOTS.

**DECLARATION
OF COVENANTS, RESTRICTIONS, EASEMENTS & BY-LAWS
FOR THE WATERFORD**

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**DECLARATION
OF COVENANTS, RESTRICTIONS AND EASEMENTS
FOR THE WATERFORD**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR THE WATERFORD is made this 10th day of May, 1988, by Conyers Venture (hereinafter referred to as “Declarant.”)

BACKGROUND STATEMENT

Declarant is the owner of certain real property in Bartow County, Georgia which is more particularly described on Exhibit A attached hereto and made a part hereof.

Declarant intends to develop on lands, including the real property described above, a development to be known as The Waterford (hereinafter referred to as the “Development.”) 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 The Waterford, the planned unit development made subject to this Declaration, by the recording of the Declaration and amendments thereto. Declarant desires to provide a flexible and reasonable procedure for the overall development of The Waterford. Declarant also desires to establish a method of 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 has caused 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 of Covenants, Restrictions and Easements, 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 the Declaration of Covenants, Restrictions and Easements, shall have the following meanings:

1.01 ASSOCIATION. "Association" means Cartersville Waterford Homeowners' Association, Inc. (a non-profit, non-stock, membership Corporation 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 COMMENCEMENT DATE. "Commencement Date" means the date on which the first Residence is sold to a third party other than Declarant or the builder of such Residence.

1.05 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.

1.06 DECLARANT. "Declarant" means Conyers Venture, a Georgia partnership qualified to do business in the State of Georgia, 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 Development, 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.

1.07 DEVELOPMENT-WIDE STANDARD. "Development-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Development. 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 Development-Wide Standard originally established by the Declarant.

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 Bartow 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 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 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.

1.12 PROPERTY. "Property" means that certain real property hereinabove described 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. All of the Property in the Waterford Development shall be owned in fee simple and subject to the provisions of this Declaration and the Georgia Property Owners' Association Act, O.C.G.A., Section 44-3-220, et seq. The Property subjected to this Declaration constitutes a residential property owners' development which hereby submits to the Georgia Property Owners' Association Act, O.C.G.A., Section 44-3-220, et seq. (Michie, 1982), as such act may be amended from time to time.

1.13 RESIDENCE. "Residence" shall mean a structure situated upon a Lot intended for use and occupancy as a residence for a single family. Residence shall include all portions of the land (the lot) owned as a part of the structure described above. 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 pre-requisite 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.

1.14 RESTRICTIONS. “Restrictions” means all covenants, restrictions, easements, charges, liens, and other obligations created or imposed by this Declaration.

1.15 STRUCTURE. “Structure” means:

(a) any thing or object the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, shed, greenhouse or bathhouse, coop or cage, covered or uncovered patio, swimming pool, fence, curbing, paving, wall, tree, shrub (and all other forms of landscaping), 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 changes in the grade at any point on a Lot of more than six (6) inches, whether or not subsection (b) of this Section 1.15 applies to such change.

1.16 ACT. “Act” shall mean the Georgia Property Owners’ Association Act, O.C.G.A., Section 44-3-220, et seq. (Michie, 1982), as such act may be amended from time to time.

1.17 ASSOCIATION LEGAL DOCUMENTS. “Association Legal Documents” means the Declaration and all exhibits hereto, the Bylaws, the Articles of Incorporation, the plats and all rules and regulations and architectural guidelines for the Association, all as may be supplemented or amended.

1.18 COMMON EXPENSES. “Common Expenses” shall mean the expenses incurred or anticipated to be incurred for the general benefit of all Lots, including, but not limited to, those expenses incurred for maintaining, repairing, replacing, and operating the Common Property.

1.19 ELIGIBLE MORTGAGE HOLDER. “Eligible Mortgage Holder” means a holder of a first Mortgage secured by a Lot who has submitted a request in writing to the Association to be deemed an Eligible Mortgage Holder. Such notice must include the mortgage holder’s name and address and the Lot number or address of the property in the Community secured by such mortgage.

1.20 OCCUPANT. “Occupant” means any person staying overnight in a dwelling on a Lot for a total of more than 30 days, either consecutive or nonconsecutive, in any calendar year.

1.21 VIOLATOR. “Violator” means any owner who violates the Association Legal Documents and any Owner’s family member, guest or Occupant who violates such provisions; provided, however, if an Owner’s family member, guest or Occupant violates the Association Legal Documents, the Owner of the relevant Lot also shall be considered a Violator.

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 (such real and personal property is hereinafter collectively referred to as “Common Property”) and, to the extent set forth in this Declaration of Covenants, Restrictions and Easements, the general public.

The Association hereby covenants and agrees to accept from the Declarant all such conveyances of common property.

(b) It is contemplated by the Declarant that the Declarant will convey to the Association Common Property for scenic and natural area preservation and for general recreational use to include facilities for swimming, tennis, and exercise. 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 the accordance with this subsection (b) of the 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 Development.

(d) Notwithstanding any legal presumption to the contrary, the fee title to, and all rights in, any portion of the Property owned by the 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.

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 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, 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 interests therein; and

(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 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 Bartow 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. 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 of its Members.

2.05 TYPES OF COMMON PROPERTY. At the time of the conveyance of any real property or grant of easement by the Declarant to the Association to be used as Common Property, the Declarant shall designate in the deed of conveyance or easement that such real property is to be Common Property, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not, without a two-thirds (2/3) vote of the Members of the Association, be used for any different purpose or purposes without the prior written consent of the Declarant.

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 Development-Wide Standard.

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 Community, and to enter into easements and covenants to share cost agreements regarding such property where the Board has determined that this would benefit Owners.

ARTICLE III

THE WATERFORD 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 Development. 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 Development. 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 and such membership shall terminate only as provided in this Declaration of Covenants, Restrictions and Easements. For purposes of voting, there shall be two (2) classes of Members as set forth in Section 3.03.

3.03 VOTING RIGHTS.

(a) Each Owner of a Residence, with the exception of Declarant, shall be a class A Member and shall be entitled to one (1) Class A vote per Residence. Where such Owner is a group or entity other than one individual person, the vote on behalf of such Owner shall be exercised only by such individual person as shall be designated in a proxy instrument duly executed by or on behalf of such group or entity and delivered to the secretary of the Association.

(b) The Declarant shall be the sole Class B Member and shall be entitled to three (3) votes for each Lot owned. Subject to the terms and conditions of subsection (c) of this Section 3.03, the Class B Membership shall cease and be converted to Class A Membership when the total number of votes outstanding in the Class A Membership equals the total number of votes outstanding in the Class B Membership.

(c) The Development 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 Bartow County in accordance with Article X of this Declaration. The Declarant shall notify the Association in writing when the final phase of the Development 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 Development 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 set forth in the By-Laws of the Association.

3.05 SUSPENSION OF MEMBERSHIP. The Board may suspend the voting rights of any Member and the right of enjoyment of the Common Property of any person who:

(a) shall be subject to the Right of Abatement, as defined in Section 8.02 by reason of having failed to take the reasonable steps to remedy a violation or breach of 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 sixty (60) days after the cure or termination of such violation. No such suspension shall prevent an Owner's ingress to 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 such time as the first of the following events occur: (i) the expiration of ten (10) years after the date of the recording of this Declaration: (ii) the date upon which all of the Residences intended by Declarant to be a part of the Development have been conveyed by Declarant to Owners other than a person or persons constituting Declarant: 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 shall be entitled to elect certain Members of the Board of the Association in accordance with the terms of the By-Laws of the Association in accordance with the terms of the By-Laws 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. As such special meeting the Owner shall elect a new Board of Directors which shall undertake the

responsibilities of the Board and 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 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.

ARTICLE IV

ASSESSMENTS

4.01 PURPOSE OF ASSESSMENT. The Association shall have the power to levy assessments as provided herein and in the Act. Assessments shall be used for any purpose the Board of Directors determines will benefit the Owners or the Development.

4.02 CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association all assessments and other charges levied pursuant to this Declaration and the Bylaws. Except as provided below, or elsewhere in the Act, the amount of all Common Expenses shall be assessed against all the Lots equally.

All assessments and charges levied against a Lot and its Owner, together with interest, costs and reasonable attorneys' fees actually incurred (including post-judgment attorneys' fees,

costs and expenses), and rents (if the Board of Directors so elects), in the maximum amounts permitted under the Act, shall be: (1) a charge and a continuing lien against such Lot; and (2) the personal obligation of the person or entity who is the Owner of the Lot on the due date of the assessment. Each Owner and his or her grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance of the Lot. The Association, in the Board's discretion, may record a notice of such lien in the Bartow County, Georgia land records evidencing the lien created under the Act and this Declaration. The lien provided for herein shall have priority as provided in the Act. Assessments shall be paid in such manner and on such dates as determined by the Board of Directors. No Owner may exempt him or herself from liability, or otherwise withhold payment of assessments, for any reason whatsoever.

4.03 DELINQUENT ASSESSMENTS. All assessments and charges not paid on or before the due date shall be delinquent, and the Owner shall be in default. In addition to the powers set forth below for collection of unpaid assessments and charges, the Association shall be entitled to exercise all other rights and remedies provided by law and in equity to satisfy an Owner's debt. If any assessment or charge, or any part or installment thereof, is not paid in full within 10 days of the due date, or such later date as may be provided by the Board of Directors:

(a) a late charge equal to the greater of \$10.00 or 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;

(b) interest at the rate of 10% per annum, or such higher rate as may be authorized by the Act, shall accrue from the due date;

(c) the Board may accelerate and declare immediately due any unpaid

installments of that Owner's assessments and charges. Upon acceleration, the Owner shall lose the privilege of paying such assessments and charges in installments, unless the Board otherwise reinstates such privilege in writing. If the Association has pending legal action against an Owner for unpaid assessments or charges, then no notice shall be required to accelerate unpaid installments of any annual or special assessments that come due during any fiscal year after such legal action commences, until all amounts owed are paid in full or the Board otherwise reinstates such privilege in writing; and

(d) the Association may bring legal action to collect all sums owed under the Declaration and Georgia law.

If assessments or other charges, or any part thereof, remain unpaid more than 30 days after the due date, the Owner's right to vote and use the Common Property are suspended automatically until all amounts owed are paid in full or the Board of Directors otherwise reinstates such rights in writing; provided, however, the Board may not deny ingress or egress to or from a Lot.

If part payment of assessments or other charges is made, the amount received may be applied first to post-judgment attorneys' fees, costs and expenses, then to costs and attorneys' fees not reduced to a judgment, then to interest, then to late charges, then to delinquent assessments and then to current assessments. Late charges may be assessed on delinquencies that are created by the application of current payments to outstanding delinquent assessments or charges.

4.04 COMPUTATION OF OPERATING BUDGET AND ASSESSMENT. To establish the annual assessment for a fiscal year, the Board of Directors shall prepare a budget covering

the estimated costs of operating the Development, which may include a reserve contribution as provided below. The Board shall provide the budget to the Owners at least 21 days before the due date of such assessment, or the first installment thereof. The budget and the assessment shall become effective unless, before the due date of such assessment, a majority of the total Association membership votes to disapprove them at a duly called membership meeting.

If the membership disapproves the proposed budget or the Board of Directors fails for any reason to determine a new budget, the budget then in effect shall continue until a new budget is adopted as provided herein. The Board may adopt an adjusted budget at any time during the year following the procedure specified above.

The budget shall not operate as a limitation on expenditures by the Board of Directors. The budget is merely an estimate of Common Expenses on which the Board establishes the annual assessment.

4.05 SPECIAL ASSESSMENTS. In addition to the all other assessments and charges provided for herein, the Board of Directors may levy a special assessment against all Owners for any purpose. Special assessments totaling more than, in the aggregate, an amount equal to the annual assessment in any fiscal year must first be approved by at least a majority of those Owners either voting by written consent or ballot, or at least a majority of those Owners present or represented by proxy at a duly called meeting of the members, notice of which shall specify the purpose of such meeting.

4.06 SPECIFIC ASSESSMENTS. In addition to the all other assessments and charges provided for herein, the Board of Directors may levy specific special assessments as provided for in this Declaration, including reasonable fines, or pursuant to Section 44-3-225(a) of the Act as, in its discretion, it shall deem appropriate. Failure of the Board to do so 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 do so in the future.

4.07 CAPITAL BUDGET AND CONTRIBUTION. The Board of Directors may prepare an annual or multi-year capital reserve budget and may establish a capital reserve fund contribution based on such budget. Capital reserve budgets should take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost.

4.08 CAPITAL CONTRIBUTION ASSESSMENT UPON TRANSFER OF LOTS. In addition to all other assessments and charges provided for herein, upon any conveyance or transfer of a Lot, other than to the spouse or heir of the Owner or the Owner of any other Lot, the purchaser or grantee thereof shall be assessed and be subject to a non-refundable, non-prorated capital contribution assessment ("Capital Contribution Assessment").

The Capital Contribution Assessment shall be an amount not to exceed the annual assessment applicable to such Lot at the time of such conveyance or transfer, which amount shall be established by the Board of Directors annually as part of the budget process under Section 4.04 of this Article. The Capital Contribution Assessment shall not constitute an advance payment of the annual assessment. The Capital Contribution Assessment shall constitute a specific special assessment against such Lot, a continuing lien against such Lot, and a personal obligation of the Owner of such Lot.

4.09 FORECLOSURE ADMINISTRATION FEE. It is recognized that foreclosures of mortgages on Lots create substantial administrative and other burdens on the Association. These additional burdens on the Association include, but are not limited to, having to monitor the status of mortgages and legal periodicals to determine when

foreclosures occur, searching the Bartow County, Georgia land records to determine the names of the purchasers at foreclosure sales, contacting the foreclosure purchasers/owners regarding foreclosure-purchaser responsibilities and assessment obligations and updating Association records multiple times to deal with just a single Lot. Pursuant to this Declaration and Section 44-3-225(a) of the Act, the Association is authorized to assess individual Owners certain fees and expenses occasioned by and benefiting just those Owners or those Owners Lots. In accordance with these provisions, and in addition to annual assessments, special assessments, and other charges provided for in this Declaration, any person or entity or entity who acquires a Lot at a foreclose sale of the mortgage on such Lot, or by deed in lieu of a foreclosure, will be required to pay the Association a Foreclosure Administration Fee of \$1,000.00 at the time the foreclosure deed or deed in lieu of foreclosure is recorded in the Bartow County, Georgia records. The Foreclosure Administration Fee shall constitute a specific assessment as described in this Declaration.

4.10 STATEMENT OF ACCOUNT. Any Owner, Mortgagee, or a person or entity having executed a contract for the purchase of a Lot, or a lender considering a loan to be secured by a Lot, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments and charges due and unpaid, including but not limited to any late charges, interest, fines, attorneys' fees or other charges against such Lot. The Association shall respond in writing within five business days of receipt of the request for a statement; provided, however, the Association may require the payment of a reasonable fee, as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of

assessments due on the Lot as of the date specified therein, if such statement is reasonably relied upon in connection with the issuance of any Mortgage on such Lot.

4.11 SURPLUS FUNDS AND COMMON PROFITS. Common profits from whatever source shall be applied to the payment of Common Expenses. Any surplus funds remaining after the application of such common profits to the payment of Common Expenses shall, at the option of the Board of Directors, be: (1) distributed to the Owners; (2) credited to the next assessment chargeable to the Owners; or (3) added to the Association's capital reserve account.

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 three (3) or more than five (5) individuals, provided, however, that the ACC shall always have an uneven number of Members. Notwithstanding anything to the contrary contained herein, Declarant shall have the right, but not the obligation, to appoint all Members of the ACC until the plans for all of the Residences for all of the Lots in the Development have been approved by the ACC. Thereafter, the Board shall point the Members of the ACC. All costs of operating the ACC, may, at the discretion of Declarant, be borne by the Association.

(b) Each initial Member of the ACC shall be appointed for a term expiring on December 31, 1989. 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 Declarant (or Board if at the time the Board has the right to appoint Members of the ACC) 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 Declarant (or Board if at the time the Board has the right to appoint Members of the ACC).

5.02 PURPOSE, POWERS AND DUTIES OF THE ACC. The purpose of the ACC is to assure that any installation, construction or alteration of any Structure on any Lot shall be permitted to the ACC for approval (i) as to whether the proposed installation, construction or alteration is in conformity and harmony of external design and general quality with the existing standards of the neighborhood and with the standards of THE WATERFORD and (ii) as to the location of Structures with respect to topography, finished ground evaluation and surrounding Structures. To the extent necessary to carry out such purpose, the ACC shall have all of the powers and duties to do each and everything necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of such purpose, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Lot.

5.03 OFFICERS, SUBCOMMITTEES AND COMPENSATION. The Members of the ACC shall appoint a Chairman from among their number and may appoint from among their number such other Officers and subcommittees of Members 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.

5.04 OPERATIONS OF THE ACC.

(a) MEETINGS. The ACC shall hold regular meeting at least once every three (3) months or more often as may be established by the ACC. Special meeting may be called by the Chairman and shall be called by the Chairman upon the written request of a majority of the Members of the ACC then in office. Regular and special meetings of the ACC shall be held at such time and at such place as the ACC shall specify. Notice of each regular or special meeting of the ACC shall be mailed to each Member thereof at his residence or at his usual place of business at least three (3) days before of the day of the meeting is to be held. Notice of regular and special meetings need not specify the purpose or purposes for which the meeting is called. Notice of a meeting need not be given to any Member of the ACC who signs a waiver of notice either before or after the meeting. Attendance of a Member of the ACC at a meeting shall constitute a waiver of notice of such meeting and shall constitute a waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when the Member states, at the beginning of the meeting, any such objection or objections to the transaction of business. Except as otherwise provided herein, the act of a majority of the Members of the ACC present at any regular or special meeting thereof at which a quorum is present shall constitute the act of the ACC. In the absence of a quorum, any Member of the ACC present at the time and place of the meeting may adjourn the meeting from time to time until a quorum is present, any business may be transacted which might have transacted at the meeting as originally called. The ACC shall maintain both a record of votes and minutes for each of its meetings. The ACC shall make such records and minutes

available at reasonable places and times for inspection by Members of the Association and by the Secretary. Any action required to be taken at a meeting of the ACC, or any action which be taken at a meeting of the ACC, may be taken without a meeting if written consent, setting forth the action so taken shall be signed by all the Members of the ACC and be filed within the minutes of the proceedings of the ACC. Such consent shall have the same force and affect as unanimous vote, and may be stated as such in any document filed by the ACC.

(b) ACTIVITIES

(i) The ACC shall adopt and promulgate the Design Standards described in Section 5.05 hereof and shall, as required, make findings determinations, rulings and orders with respect to the conformity with said Design Standards of plans and specifications to be submitted for approval to the ACC pursuant to the provisions of this Declaration. The ACC shall, as required, issue permits, authorization or approvals, which may include specified requirements or conditions, pursuant to the provisions of this Declaration.

(ii) Any two (2) or more Members of the ACC may be authorized by the ACC to exercise the full authority of the ACC with respect to all matters over which the ACC has authority as may be specified by resolution of the ACC, except with respect to the adoption or promulgation of the Design Standards. The unanimous action of the two (2) or more Members with respect to the matters specified shall be final and binding upon the ACC and upon any applicant for an approval, permit or authorization, subject, however, to review and modification by the ACC on its own motion or appeal by the applicant to the ACC as provided in this paragraph (ii). Written notice of the decision of such two (2) or more Members shall, within five (5) working days thereof, be given to any applicant for approval, permit or authorization. The applicant may, within ten (10) days after receipt of notice of any decision which he deems to

be unsatisfactory, file a written request to have the matter in question reviewed by the ACC. Upon the filing of any such request, the matter with respect to which such request was filed shall be submitted to, and reviewed promptly by, the ACC, but in no event later than thirty (30) days after the filing of such request. The decision of a majority of the Members of the ACC with respect to such matter shall be final and binding.

5.05 DESIGN STANDARDS.

(a) The ACC shall from time to time adopt, promulgate, amend, revoke, and enforce guidelines (The “Design Standards”) for the purpose 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 guidelines 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 THE WATERFORD Development

(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.

5.06 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 therefore 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, but not 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 Structures and alterations to existing Structures, 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; and

(f) plans for landscaping and grading.

5.07 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 rights, in its discretion, to disapprove similar plans and specifications or any 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.

5.08 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 of THE WATERFORD Development as set forth in the Design Standards or the Development-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 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.

5.09 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 the 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.

5.10 INSPECTION RIGHTS. Any employee or agent of the Association or 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 entry or inspection, provided such inspection is carried out in accordance with the terms in this section.

5.11 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, 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 mailing of the aforesaid notice

of violation, then the Association shall have the Right of Abatement as provided in Section 8.02 hereof.

5.12 CERTIFICATION 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 Lot upon which such Structure is placed, and stating that 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, or as to any title insurer, such certificate shall be conclusive evidence that all Structures on the Lot comply with all the requirements of this Article, provided, however, that the Certificate shall in no way be construed to certify the acceptability, sufficiency or approval by the 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.

5.13 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.

5.14 DISLCAIMER AS TO ACC APPROVAL. Plans and specifications are not reviewed for engineering or structural design or quality of materials, and by approving such plans and specifications neither the ACC, the Members thereof, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications. Neither Declarant, the Association, the ACC, the Board, not 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 of failure to approve or disapprove such plans or specifications. Every person who submits plans or 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.

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 RESTRICTION OF USE. Lots may be used for single family residences only and for no other purpose provided that Declarant may operate a Sales Office and/or Model Home on a Lot or Lots designated by Declarant.

6.03 RESUBDIVISION OF PROPERTY. No Lot may be split, divided, or subdivided for sale, resale, gift, transfer, or otherwise, without the prior written approval of the ACC of plans and specifications for such split, division or subdivisions 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. Guidelines for the prevention and control of erosion and siltation may be included in the Design Standards of the ACC.

6.05 LANDSCAPING. No construction or alteration of any Structure shall take place without the prior written approval by the ACC of plans and specifications for the landscaping to accompany such construction or alteration. Guidelines for the landscaping to accompany the construction or alteration of any Structure may be included in the Development Guidelines of the ACC.

6.06 TREES. No tree having a diameter of three (3) 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. Guidelines relating to the preservation of trees and 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. No contractor or builder shall erect on any Lot any temporary building or shed for use in connection with construction on such Lot.

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 therefore, be

installed, altered or maintained on any Lot, or any portion of a Structure visible from the exterior thereof except;

(i) such signs 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; and provided, further, that if, at the time of any desired use of such sign, the Association is making "For Sale" signs available for the Owners use, the signs made available by the Association must be used;

(iii) directional signs for vehicular or pedestrian safety in accordance with plans and specifications approved by the ACC;

(iv) for rent signs prohibited.

(b) In no event during approved construction of any Structure shall more than one job identification sign be approved by the ACC.

6.09 SETBACKS. In approving plans and specifications for any proposed Structure, the ACC may establish setback requirements for the location of such Structure. Guidelines 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.

6.10 FENCES. No fence or wall of any kind shall be erected, maintained, or altered on any Lot without prior written approval of the ACC of plans and specifications for such fences and walls. Guidelines relating to the design, location and uses of fences and walls may be included in the Design Standards of the ACC.

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. Guidelines relating to the design and location of roads and driveways may be included in the Design Standards of the ACC.

6.12 ANTENNAE, ETC. No exterior television or radio antennae or satellite dish or receiver or solar equipment or 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 signals.

6.13 CLOTHESLINES, GARBAGE CANS, ETC. No outside clotheslines will be allowed. Garbage cans and woodpiles shall be kept screened by adequately planting or fencing so as to conceal them from view by neighboring residences and streets, and may be maintained in the rear yard on a Lot only.

6.14 MAINTENANCE. Each Owner shall keep and maintain each Lot and Structure owned by him, as well as all landscaping located thereon, 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, then the Association shall have the Right of Abatement as provided in Section 8.02 hereof. Guidelines relating to the maintenance of Structures and landscaping may be included in the Design Standards of the ACC.

6.15 RECREATIONAL VEHICLES AND TRAILERS. No 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, and be approved in writing by the ACC.

6.16 RECREATIONAL EQUIPMENT. Recreation 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, but shall be painted to match the house. No above ground pools shall be allowed.

6.17 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 limitations in time.

6.18 ANIMALS. No agricultural animals may be kept on any Lot in violation of the City of Cartersville Zoning Ordinance. 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 has been approved by the ACC.

6.19 SOLID WASTE.

(a) No person shall dump rubbish, garbage, or any other form of solid waste 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 or any Structure approved by the ACC, no lumber, metals, bulk material 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 a 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. Guidelines 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.

6.20 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.

6.21 ACCESSORY STRUCTURES.

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.

(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 portions of the Property with respect to which easements are shown on a recorded deed or 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 part 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 Declarant 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 Declarant, the most restrictive provisions shall govern and control.

ARTICLE VIII

ENFORCEMENT

8.01 COMPLIANCE WITH ASSOCIATION LEGAL DOCUMENTS. All Owners, Occupants and their guests shall comply with the Association Legal Documents. The Association, and in an appropriate case, one or more aggrieved Owners, may take action to

enforce the terms of the Association Legal Documents directly against all Violators. However, if an Owner's family member, guest or Occupant violates the Association Legal Documents, the Association, in its sole discretion, is permitted to enforce the terms of the Association Legal Documents against: (1) only the Owner; (2) only the violating family member, guest or Occupant; or (3) both the Owner and the violating family member, guest or Occupant. Notwithstanding anything herein to the contrary, the Owner of the Lot is always ultimately responsible for his or her own actions and the actions of all family members, Occupants and guests of such Lot.

Nothing herein shall be construed to affect the rights of an aggrieved Owner or Occupant to proceed independently for relief from interference with his or her personal or property rights against a Person violating the Association Legal Documents. The Board of Directors may, in its discretion, require the aggrieved Owner or Occupant to independently pursue all available remedies under Georgia law against the Violator before the Association intervenes and commences enforcement action against such Violator.

8.02 TYPES OF ENFORCMENT ACTIONS. In the event of a violation of the Association Legal Documents, the Association shall have the power to take any or all of the following actions separately or simultaneously; provided, however, all suspensions and fines shall comply with the procedures described below and nothing herein shall authorize the Association or the Board to deny ingress and egress to or from a Lot:

- (a) Suspend all Violators' rights to use the Common Property;
- (b) Suspend the voting rights of a violating Owner;
- (c) Impose reasonable fines against all Violators, which shall constitute a lien on the violating Owner's Lot;

(d) Use self-help to remedy the violation;

(e) Bring an action for permanent injunction, temporary injunction and/or specific performance to compel the Violator to cease and/or correct the violation; and

(f) Record in the Bartow County land records a notice of violation identifying any uncured violation of the Association Legal Documents regarding the Lot.

8.03 SUSPENSION AND FINING PROCEDURE. Except as provided below, before imposing fines or suspending right to use the Common Property or the right to vote, the Association shall give a written violation notice to the Violator as provided below.

(a) Violation Notice

The written violation notice to the Violator shall:

1. Identify the violation, suspension(s) and/or fine(s) being imposed; and
2. Advise the Violator of the right to request a violation hearing before the Board of Directors to contest the violation or request reconsideration of the suspension(s) or the fine(s).

Notwithstanding the Violator's right to request a violation hearing, suspension(s) and/or fine(s) shall commence on the date of the written violation notice, unless a later date is specified in such notice.

(b) Violation Hearing

If the Violator submits a written request for a violation hearing within 10 days of the date of the violation notice described above, then the Board of Directors shall schedule and hold, in executive session, a violation hearing. If a Violator fails to timely request a violation hearing, such Violator loses the right to contest the violation and request reconsideration of the suspension(s) and/or the fine(s). If a Violator timely requests a violation hearing, the Violator

shall have a reasonable opportunity to address the Board regarding the violation; provided, however, the Board may establish rules of conduct for the violation hearing, including but not limited to, limits on the amount of time one person can speak and limits on the number of participants who may be present at one time. The minutes of the violation hearing shall contain a written statement of the results of such hearing.

(c) No Violation Notice and Hearing Required

No violation notice or violation hearing shall be required to:

1. Impose late charges on delinquent assessments;
2. Suspend a violating Owner's voting rights if the Violator's Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, in which case suspension of the violating Owner's right to vote shall be automatic and shall continue until the violation no longer exists or the Board of Directors otherwise reinstates such rights in writing;
3. Suspend a Violator's right to use the Common Property if the Violator's Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, in which case suspension of the Violator's right to use the Common Property shall be automatic (which shall allow the Association to tow and/or boot a Violator's vehicle located on the Common Property without complying with the Suspension and Fining Procedures described above);
4. Engage in self-help in an emergency;
5. Impose fines for each day of a continuing violation, in which case, each day the violation continues or occurs again constitutes a separate violation and fine(s) may be imposed on a per diem basis without any further notice to the Violator; or

6. Impose fines if the same violation occurs again on the same Lot, in which case fine(s) may be imposed on a per diem basis without any further notice to the Violator.

8.04 SELF-HELP. In addition to all other enforcement rights granted herein, the Board of Directors may elect to enforce any provision of the Association Legal Documents by self-help without the necessity for compliance with the Suspension and Fining Procedures described above.

By way of example and not limitation, the Association or its duly authorized agent shall have the authority to tow vehicles that are in violation of parking regulations and enter a Lot or any portion of the Common Property to abate or remove any structure, thing or condition that violates the Association Legal Documents. Unless an emergency exists, before exercising self-help, the Association shall give the Violator at least two days prior written notice. Such notice shall request that the Violator remove and abate the violation and restore the Lot to substantially the same condition that existed prior to the structure, thing or condition being placed on the Lot and causing the violation. Such removal, abatement and restoration shall be accomplished at the Violator's sole cost and expense. If the same violation occurs again on the same Lot, the Association may exercise self-help without any further notice to the Violator.

8.05 INJUNCTIONS AND OTHER SUITS AT LAW OR IN EQUITY. All Owners agree and acknowledge that there may not be adequate remedies at law to enforce the Association Legal Documents. Therefore, in addition to all other enforcement rights granted herein, the Association is hereby entitled to bring an action for permanent injunction, temporary injunction and/or specific performance to compel a Violator to cease and desist and/or correct any violation.

8.06 COSTS AND ATTORNEY'S FEES FOR ENFORCEMENT ACTIONS In any

action taken by the Association to enforce the Association Legal Documents, the Association shall be entitled to recover from the Violator, any and all costs incurred by the Association, including but not limited to attorneys' fees actually incurred, all of which shall constitute a lien against the violating Owner's Lot.

8.07 FAILURE TO ENFORCE. The Board of Directors has the sole discretion to decide which, if any, enforcement action to pursue against each Violator. The failure of the Board to enforce any provision of the Association Legal Documents shall not be deemed a waiver of the right of the Board to do so thereafter. No right of action shall exist against the Association for failure to enforce if the Board of Directors determines that:

(a) the Association's position is not strong enough to justify taking enforcement action;

(b) a particular violation is not of such a material nature as to be objectionable to a reasonable person;

(c) a particular violation is not of such a material nature to justify the expense and resources to pursue or continue to pursue enforcement action;

(d) the aggrieved Owner or Occupant asserting a failure of enforcement has not independently pursued all available individual remedies under Georgia law; or

(e) the Association enforces only against an Owner for the violation of the Owner's family member, guest or Occupant or the Association does not enforce against the Owner and enforces only against the violating family member, guest or Occupant.

ARTICLE IX

DURATION AND AMENDMENT

9.01 DURATION. The covenants and restrictions of this Declaration shall run with

and bind the real property in the Development perpetually to the extent provided in the Act.

9.02 AMENDMENTS.

(a) Member Approval Procedure. Except where a higher vote is required for action under any other provisions of this Declaration, the Bylaws or by the Act, this Declaration may be amended with the approval of Owners holding 2/3 of the total Association vote. Notice of a meeting, if any, at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. No amendment shall be effective until certified by the President and Secretary of the Association and recorded in the Bartow County, Georgia land records.

(b) Eligible Mortgage Holder Approval. In addition to approval by the Owners as provided above, material amendments to this Declaration and the Bylaws must be approved by Eligible Mortgage Holders who represent at least 51% of the votes of Lots that are subject to Mortgages held by Eligible Mortgage Holders. Notwithstanding the above, the approval of any proposed amendment by an Eligible Mortgage Holder shall be deemed implied and consented to if the Eligible Mortgage Holder fails to submit a response to any written proposal for an amendment within 30 days after the Eligible Mortgage Holder receives notice of the proposed amendment sent by certified or registered mail, return receipt requested.

(c) Amendments to Comply with Law or Conform Documents. Notwithstanding the foregoing, the Board of Directors, without the necessity of a vote from the Owners, may amend this Declaration and the Bylaws to comply with any applicable state, city or federal law, including but not limited to, compliance with applicable guidelines of the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie

Mac"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA"), or to resolve conflicts between this Declaration, the Bylaws, the Articles, and applicable laws.

(d) Validity of Amendments. No Person shall be permitted to bring any legal action to challenge the validity of an amendment to this Declaration or the Bylaws more than one year after the recording thereof in the Bartow County, Georgia land records.

ARTICLE X

ANNEXATION

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 annexation shall be accomplished by filing in the Office of the Clerk of the Superior Court of Bartow County an approved subdivision plat describing the real property to be annexed to the Property and by including on such subdivision plat a statement that expressly sets forth the Declarant's intention to make such annexed real property subject to the provisions of this Declaration; or filing an amendment to the Declaration which has been consented to by the Owners of the real property to be annexed if such real property is owned by someone other than Declarant. 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 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.

ARTICLE XI

MISCELLENEOUS

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 thereof.

11.03 HEADINGS. The headings of the Articles and Section 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: Conyers Venture

Akin & Akin, Attorney

11 Public Square

P. O. Box 707

Cartersville, Georgia 30120

(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 provision of this Declaration against every other Owner. However, in the event that this Declaration is, for any reason whatsoever, unenforceable by an 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 INSURANCE.

(a) At all times during the term of this Declaration, the Association, its successors and assigns, shall be required to keep any and all recreational facility improvements located on the Common Property fully insured by a reputable insurance company authorized to transact business in the State of Georgia with (i) fire, vandalism, malicious mischief and extended coverage insurance in an amount adequate to cover the cost or replacement of such improvements in the event of loss of any and/or all of such improvements, fixtures and contents thereof; and (ii) public liability insurance in such amounts as shall be determined by the Board of Directors as appropriate for the type of recreational activities which shall be allowed on the Common Property. Any such policies of insurance shall require that the certificate holders and insured be given thirty (30) days prior written notice of any cancellation of such policies.

(b) Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the

Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty.

Any damage or destruction shall be repaired or reconstructed unless within sixty (60) days after the casualty, at least seventy-five percent (75%) of the total Association vote entitled to vote thereon, and, so long as the Declarant has the right to appoint and remove Directors, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one hundred and twenty (120) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

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

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

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

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

ARTICLE XII

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first mortgages on Residences in the Development. 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 Development or which affect 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 by 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 mortgages.

12.02 SPECIAL FHLMC PROVISION. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the first mortgages or at least two-thirds (2/3) of the total Members of the Association vote 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 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 mortgagee encumbering such Owner's Residence.

12.05 AMENDMENT BY BOARD. Should the Veterans Administration, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment 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 of 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.

Original Declaration Date of Execution by the Notary: May 18, 1988

Amendment to Declaration Date of Execution by the Notary: April 10, 2009

EXHIBIT A

All that tract or parcel of land lying and being in Land Lots 696, 698, 699, 742, 743, 744, 745, 769, 771, 779, 814, 815, 816, 842, and 843 of the 4th District, 3rd Section of Bartow County, Georgia as per plat of survey by Gaskings Surveying Co. identified as Unit I.

Note: Supplemental Declarations of Covenants added additional parcels of land.

BY-LAWS

OF

CARTERSVILLE WATERFORD HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the Corporation is CARTERSVILLE WATERFORD HOMEOWNERS' ASSOCIATION, INC., hereinafter referred to as the "Corporation." The principal office of the Corporation (until otherwise designated by the Board) (as hereinafter defined) shall be located at 11 West Public Square, Cartersville, Bartow County, Georgia 30120, but meetings of Members and Directors may be held at such other places within the State of Georgia, County of Bartow, 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 dated May 18, 1988, which has been executed by Conyers Venture, with respect to a new community known as The Waterford, and is to be executed by duly authorized Officers of the Corporation at its organizational meeting and is to be filed for record in the office of the

Clerk of the Superior Court of Bartow County, Georgia as such Declaration may be amended from time to time, and which Declaration is incorporated herein by reference.

ARTICLE III

3.1 Annual Meeting of Members. The regular annual meeting of the Members shall be held not later than six (6) months past the end of the fiscal year of the Corporation, 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 April, 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 of Directors for the ensuing year, in the manner provided in Article 4.1 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 by any two (2) Directors or by twenty-five percent (25%) of the Class A Membership.

3.3 Notice of Meetings. The Secretary shall give notice of each annual or special membership meeting to the record Owner or Owners of each Lot, or to the Lot address, at least 21 days prior to each annual membership meeting and at least seven days prior to each special membership meeting. The notice shall state the date, time and location of the meeting, and for any special meeting, the purpose of the meeting. Giving notice as provided in the Bylaws shall be considered proper service of notice.

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 (1/10) of the votes of each class of membership. Unless otherwise provided in the articles of incorporation of the Corporation, or in the declaration, or in 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. No business shall be transacted at any meeting unless a quorum is present.

3.5 Voting. Voting rights of Member 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 proxy instrument duly executed by or on behalf of such Member and delivered to the secretary of the Corporation.

ARTICLE IV

DIRECTORS

4.1 Number and Eligibility. A Board of Directors composed of nine persons shall govern the affairs of the Association. The Directors shall be Owners. No Owner and his or her spouse or co-Owner may serve on the Board at the same time. If, at the time of an election, a Lot is shown on the Association's books and records to be more than 30 days past due in any assessment or charge, or the voting rights for a Lot have been suspended, no person representing such Lot shall be eligible for election to the Board.

4.2 Term of Office. Those Directors serving on the "Effective Date," which shall be defined as the date this amendment is recorded in the Bartow County land records, of these Bylaws shall remain in office until the terms for which they were elected expire. Successor Directors shall be elected as provided herein. At the first annual membership meeting following

the Effective Date, the terms of successor Directors shall be staggered on a one-and two-year basis. Each of the five nominees receiving the highest number of votes shall be elected for a two-year term. Each of the four nominees receiving the next highest number of votes shall be elected for a one-year term. At the expiration of the term of office of each member of the Board of Directors a successor shall be elected to serve for a term of two years, commencing on the date of the election and expiring at the second annual membership meeting after such election. A member of the Board shall hold office until his or her respective successor is elected, he or she is removed, or he or she resigns. At the expiration of a Director's term of office, if a successor cannot be elected for any reason, the existing Director shall continue to hold office and begin serving another term until his or her successor is elected to fill the remainder of such new term, or he or she resigns.

4.3 This section is intentionally left blank.

4.4 Removal. Once the control of the Corporation 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 Corporation. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve out the unexpired term of his predecessor.

4.5 Compensation. No Director shall receive compensation for any service he may render to the Corporation. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.6 Action Without a Meeting. The Board of Directors can take action outside of a properly called meeting if a majority of the eligible Directors consent in writing to such action.

Such signed, written consents must describe the action taken outside a meeting and be filed with the minutes of the Board meetings.

4.7 Nomination. Nomination for elected Members to the Board of Directors 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 of Directors, and two or more Members of the Corporation. The nomination committee shall be appointed by the Board of Directors 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 of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

4.8 Election. Election to the Board of Directors 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.

4.9 Regular Meeting of Directors. Regular meeting of the Board of Directors shall be held monthly without notice, at such place and hours 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.

4.10 Special Meeting of the Directors. Special meetings of the Board of Directors 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 of Directors may be called by the president at any time,

in his discretion, and must be called by the president whenever so requested in writing by two (2) Members of the Board of Directors.

4.11 Notice of Meetings. Notices of special meetings of the Board of Directors 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 of written or verbal communication. It shall not be necessary for notices of special meetings of the Board of Directors to state the purpose 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.

4.12 Quorum. A quorum at any meeting of the Board of Directors shall consist of a majority of the Members of the Board. Unless otherwise provided in the articles of incorporation of the Corporation, or in these by-laws, or in 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.

4.13 Powers. The Board of Directors 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 Corporation. 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 Corporation all powers, duties and authority vested in or delegated to this Corporation and not reserved to the membership by other provisions of these by-laws, the articles of incorporation, or the Declaration;

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

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

4.14 Duties. It shall be the duty of the Board of Directors 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 the annual meeting of the Members, 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 Corporation, 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 bring an action at law against the owner personally

obligated to pay the same, or take whatever other collection action the Board deems reasonable and advisable under the circumstances;

(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 Corporation, as provided in Article XI of the Declaration;

(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; and

(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 Waterford.

ARTICLE V

OFFICERS AND THEIR DUTIES

5.1 Enumeration of Officers. The Officers of this Corporation shall be a president and vice-president, who shall at all times be Members of the Board of Directors, 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 of Directors following each annual meeting of the Members.

5.3 The Officers of the Corporation 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 Corporation 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. 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 the article.

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

President

(a) The president shall preside at all meetings of the Board of Directors; 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 Corporation 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 Corporation 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 Corporation and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Corporation; keep proper books of account; cause an annual audit of the Corporation 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

SEAL

6.1 Corporation Seal. The corporate seal of the corporation shall be in the following form, to-wit:

and the seal in such form is hereby adopted as the corporate seal of the Corporation.

ARTICLE VII

MISCELLANEOUS

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

7.2 Committees. The Corporation 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 of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

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

7.4 Indemnification. The Corporation shall indemnify any person (for himself, his heirs, successors, legal representatives or assigns) made a party to any action, suit or proceeding, whether civil or criminal, by reason of the fact that he is or was a Director, Officer, or employee of the Corporation, against the reasonable expenses, including attorneys' fees, actual and reasonably incurred by him in connection with the defense of the action, suit, or proceeding or in

connection with any appeal in it. This right of indemnification shall not apply (1) in relation to matters as to which the Director, Officer or employee shall be adjudged on the action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty to the Corporation, or (2) in relation to matters in any such action, suit, or proceeding that are settled or compromised. The right to indemnification conferred by this section shall not restrict the power of the Corporation to make any indemnification permitted by law.

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

7.6 Parliamentary Rules. Robert Rules of Order (current edition) shall govern the conduct of all Corporation proceedings, when not in conflict with Georgia law, the articles of incorporation, the Declaration, these by-laws, or a ruling made by the person presiding over the proceedings.

7.7 Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law, the articles of incorporation, the Declaration, and these by-laws, then the provisions of Georgia law, the articles of incorporation, the by-laws, and the Declaration, (in that order) shall prevail.

7.8 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 Corporation, the Board of Directors, or the managing agent, at the principal office of the Corporation 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.

7.9 Amendment. The Board of Directors may amend these Bylaws without a vote of the Owners. Prior to becoming effective, the Board of Directors shall issue notice of any amendment to all Owners. Within 90 days after such notice, Owners holding a majority of the total Association vote may revoke any amendment adopted by the Board. No Person shall be permitted to bring any legal action to challenge the validity of an amendment more than one year after such notice.

(OUTSIDE OF BACK COVER IN THE TOP LEFT CORNER NEXT TO THE SPINE AS A MAILING RETURN ADDRESS)

The Cartersville Waterford
Homeowners' Association Board
PO Box 2545
Cartersville, GA 30120