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**SECOND
AMENDED AND RESTATED
DECLARATION
OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
CALLAWAY WOODS AND LAKESIDE**

April 8, 2003

Recorded At
Deed Book 635, Page 108
Harris County, Georgia Records

(NOTE: This Declaration contains two versions of Article IV relating to assessments. Primary Article IV shall apply until Lot 1300 is subdivided into at least 18 but no more than 24 Lots, and Alternative Article IV shall apply if and when Lot 1300 is subdivided into at least 18 but no more than 24 Lots, all as more particularly provided herein.)

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Exhibits

- A: Original Property (607 Ac ±)
- B: Consent of Owner of Lot 1300, Block "A", Section One, Lakeside
- C: Consent of Owner of Lot 130, Block "A", Section One, Lakeside,

THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR CALLAWAY WOODS AND LAKESIDE is made this 8th day of April, 2003, by MOBLEY ESTATES, LLC, a Georgia limited liability company (hereinafter referred to as the "Declarant").

WITNESSETH THAT:

The following recitals are a material part of this instrument.

WHEREAS, CAMP CALLAWAY, L.P., a Georgia Limited Partnership was the owner of 607.46 Acres ± of real property (the "Original Property") located in Harris County, Georgia, which is more particularly described in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, CAMP CALLAWAY, L.P., executed and filed the Declaration of Covenants, Conditions, Restrictions, and Easements for Callaway Woods dated October 30, 1997 in Deed Book 366, Page 018, Harris County, Georgia records, the Supplementary Declaration of Covenants, Conditions and Restrictions for Callaway Woods December 18, 1997 and recorded in Deed Book 370, Page 447, said records, and the Supplementary Declaration of Covenants, Conditions and Restrictions for Callaway Woods dated February 28, 2000, and recorded in Deed Book 452, Page 160, said records (collectively the "Original Declaration") and, as the "Declarant" therein, made the parts of the Original Property known as Lots 1-12 Section One Callaway Woods, Lots 18-37 Section Two Callaway Woods, Lot 40 Addition to Section Two Callaway Woods, and Lots 17, 38, and 39, Second Addition to Section Two Callaway Woods subject to the Original Declaration; and

WHEREAS, Camp Callaway, L.P. conveyed to Mobley Estates, LLC ("Mobley") the remainder of the Original Property not subject to the Original Declaration by Warranty Deeds dated November 8, 2001 and July 19, 2002, and recorded at Deed Book 529, Page 132, and Deed Book 574 , Page 509, Harris County, Georgia records, respectively, and designated Mobley as successor Declarant pursuant to Section 1,05 of the Original Declaration; and

WHEREAS, Declarant executed and filed the Third Supplementary Declaration of Covenants, Conditions and

Restrictions for Callaway Woods dated July 18, 2002, and recorded in Deed Book 574, Page 507, said records, which made the parts of the Property known as Lots 13-16 Third Addition to Section Two, Callaway Woods, subject to the Original Declaration; and

WHEREAS, the Declarant executed and filed the Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Callaway Woods and Lakeside dated July 19, 2002 in Deed Book 576, Page 510, Harris County, Georgia records (the "First Amended and Restated Declaration"); and

WHEREAS, the First Amended and Restated Declaration reserves to the Declarant in Section 9.02(a) the right to amend the First Amended and Restated Declaration; and

WHEREAS, the Declarant may develop on all or any portion of the Original Property which has not been made subject to the Declaration, (the part of the Original Property previously subjected to the Original Declaration (i.e., the 40 lots in Callaway Woods described above), and any additional property subjected hereto by Declarant, are hereinafter sometimes referred to collectively as the "Development"); and

WHEREAS, the Declarant intends to impose mutually beneficial covenants, conditions, restrictions and easements under a general plan of improvement for the benefit of all owners of residential property within the Development, by the recording of this Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Callaway Woods and Lakeside and any amendments thereto, and thereby subjecting the Development to the covenants, conditions, restrictions, easements, affirmative obligations, charges and liens hereinafter set forth; and

WHEREAS, the Original Declarant caused to be incorporated under the laws of the State of Georgia a nonprofit corporation known as Callaway Woods Homeowners Association, Inc., for the purpose of exercising and performing certain functions for the common good and general welfare of the Owners (as hereinafter defined) as hereinafter more fully provided, and which corporate name is being changed to "Callaway Woods and Lakeside Homeowners Association, Inc.";

NOW, THEREFORE, the Declarant hereby declares that all of the real property which has been subjected to the Original Declaration by the Original Declarant (i.e., the 40 lots in Callaway Woods described above), shall continue to be held, transferred, sold, conveyed, given, leased, occupied and used subject to this First Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements, which is for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property (as hereinafter defined), and that the covenants, conditions, 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 hereto 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; and

The Declarant hereby further declares that the part of the Original Property which was subjected to the Declaration by the Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Easements (i.e., Lots 1-21 Section One, Lakeside), shall continue to be held, transferred, sold, conveyed, given, leased, occupied and used subject to this First Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements, which is for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property (as hereinafter defined), and that the covenants, conditions, 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 hereto 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; and

Pursuant to ARTICLE 11.07 of the Amended and Restated Declaration, Declarant, with the consent of owner attached hereto as Exhibit "B", hereby annexes into the development the 111.23 acre tract known as Lot 1300, Block "A", Lakeside, more particularly described on that certain plat or survey entitled "Plat of Lot 1300, Block "A", Lakeside" dated April 3, 2003, prepared by Moon, Meeks, Mason & Vinson, Inc.). It is

Declarant's and owner's intention to make Lot 1300 subject to the provisions of this Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements.

Lot 1300 is not part of the Common Area.

Pursuant to ARTICLE 11.07 of the Amended and Restated Declaration, Declarant, with the consent of owner attached hereto as Exhibit "C", hereby annexes into the development the 0.35 acre tract described on Attachment 1 to Exhibit "C" and further agrees that the 0.35 acres shall be added to Lot 13, Block "A", Section One, Lakeside, to create a Lot to be known as Lot 130, Block "A", Section One, Lakeside, described on that certain plat or survey entitled "Replat of Lot 13, Block "A", Section One, Lakeside" dated April 3, 2003, prepared by Moon, Meeks, Mason & Vinson, Inc.). It is Declarant's and owner's intention to make the 0.35 acres subject to the provisions of this Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements.

The Declarant further declares that the Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Easements is hereby amended and restated in its entirety as set forth herein, effective the date first above written, and the terms "Declaration", "Declaration of Covenants, Conditions, Restrictions and Easements", and terms of similar import shall hereafter mean this instrument.

DEFINITIONS

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

1.01 Association. "Association" means Callaway Woods Homeowners Association, Inc. (a nonprofit membership corporation organized under the Georgia Nonprofit Corporation Code), its successors and assigns. Note: the name of the Association is being changed to Callaway Woods and Lakeside Homeowners Association, Inc."

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

1.03 Bylaws. "Bylaws" means the Bylaws of the Association.

1.04 Common Property. "Common Property" means all real property (together with any and all improvements and/or personal property now or hereafter located thereon) now or hereafter owned or leased by the Association or in certain instances over or in which the Association has been granted or conveyed permanent and perpetual easements or other property rights or interests, for the common use and enjoyment of the Owners; provided, however, certain portions of such property may be designated by the Declarant, in the deed, easement or other instrument of conveyance, for the exclusive use and benefit of one or more, but less than all, of the Lots and the Owners thereof, and in such event all costs associated with the maintenance, repair, replacement and insurance of such portions of the Common Property shall be assessed against the Owners of the Lots benefitted thereby; and, provided further, however, any property leased by the Association shall lose its status as Common Property upon the expiration of such lease.

1.05 Declarant. "Declarant" means Mobley Estates, LLC, a Georgia Limited Liability Company, and its successors-in-title and assigns, provided any such successor-in-title or assign 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" attached hereto; 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. 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 (as hereinafter defined) subjected to this Declaration, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one time.

1.06 Development Survey. "Development Survey" shall mean and refer to any survey of real property subject to this Declaration which has been, is now, or is hereafter referenced herein or

referenced in any Supplement hereto. Development Surveys to date are those certain plats or surveys entitled

a. "Section One, Callaway Woods, lying in land Lots 166, 167, 188 & 189, 19th District, Harris County, Georgia", prepared by Moon, Meeks, Mason & Vinson, Inc., dated September 1, 1997, and recorded in Plat Book 22, folio 118, in the Office of the Clerk of the Superior Court of Harris County, Georgia,

b. "Section Two, Callaway Woods, Lying in Land Lots 167 and 188, 19th District, Harris County, Georgia" dated October 1, 1997, and recorded in Plat Book 22, folio 140, 141 and 142 in said Clerk's Office,

c. "Addition To Section Two, Callaway Woods, Lying in Land Lot 167, 19th District, Harris County, Georgia" dated December 12, 1997, and recorded in Plat Book 22, folio 185, in said Clerk's Office,

d. "Second Addition To Section Two, Callaway Woods, Lying in Land Lot 167, 19th District, Harris County, Georgia" dated January 2000, and recorded in Plat Book 24, folio 83, in said Clerk's Office,

e. "Third Addition To Section Two, Callaway Woods, Lying in Land Lots 166 and 167, 19th District, Harris County, Georgia" dated March 7, 2002, and recorded in Plat Book 26, folio 77, in said Clerk's Office,

f. "Section One, Lakeside, Lying in Land Lots 150, 151, 166, and 167, 19th District, Harris County, Georgia" dated June 26, 2002, and recorded in Plat Book 26 folios 161, 162, 163, and 164, in said Clerk's Office;

g. Lot 1300, Block "A", Lakeside, more particularly described on that certain plat or survey entitled "Lot 1300, Block "A", Lakeside" dated April 3, 2003, prepared by Moon, Meeks, Mason & Vinson, Inc.

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, the ARC, and other committees required or permitted to be established pursuant to the Declaration and the Bylaws.

1.08 Lot. "Lot" means any parcel of land shown upon a Development Survey intended for separate ownership and occupancy, including Lots in Callaway Woods and Lakeside; provided however, that no portion of the Common Property shall ever be a Lot except as provided in Paragraph 2.04 hereof.

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 Mortgage. "Mortgage" means any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of a loan or other obligation, including, but not limited to, a transfer or conveyance of fee title for such purpose.

1.12 Mortgagee or Mortgage Holder. "Mortgagee" or "Mortgage Holder" means the holder of any Mortgage.

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

1.14 Owner. "Owner" means the record owner (including the 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 or other obligation, the person or entity who would own the Lot in fee simple if such loan or other obligation were paid and satisfied in full shall be considered the Owner.

1.15 Property. "Property" means the real property which is subject to this Declaration at the relevant time.

1.16 Residence. "Residence" shall mean a detached dwelling situated upon a Lot intended for use and occupancy as a residence for a single family.

1.17 Restrictions. "Restrictions" means all covenants, conditions, restrictions, easements, charges, liens and other obligations created or imposed by this Declaration and any amendments hereto.

1.18 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 dwelling or part thereof, garage, shed, greenhouse, bathhouse, playhouse, coop or cage, porch, deck, covered or uncovered patio, swimming pool, pool house, tennis court, curbing, paving, sidewalk, fence, wall, satellite video receiving dish, antennae, mailbox, newspaper tube, tree, shrub, sod and all other forms of landscaping, sign, signboard, or any other temporary or permanent improvement to such Lot; and

(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.

ARTICLE II

COMMON PROPERTY

2.01 Conveyance of Common Property.

(a) The Declarant may from time to time transfer or convey real property (together with any and all improvements and/or personal property located thereon) to the Association, or grant or convey easements, leaseholds or other rights or interests in and to such property to the Association and in accordance with this Paragraph 2.01, for the common use and enjoyment of the Owners (such real and personal property being defined herein as "Common Property") and, to the extent set forth in this Declaration, the general public. The Association hereby covenants and agrees to accept from the Declarant all such transfers, conveyances or grants of Common Property.

(b) The Declarant may convey or grant to the Association in accordance with this Paragraph 2.01 such other real and personal property, or easements, leaseholds or other rights or interests in and to such property, as the Declarant may determine to be necessary or proper for and in connection with the completion of the Development, including, by way of illustration and not limitation, areas for landscaping and related sprinkler/irrigation facilities to be preserved and maintained by the Association.

(c) Notwithstanding any legal presumption to the contrary, the fee title to, and all rights in, any portion of 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 and Easement of Use and Enjoyment. Every Owner shall have a right and easement to use and enjoy the Common Property (subject to the provisions of Paragraph 2.04 hereof'), 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 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 Paragraph 2.02 is subject to suspension by the Association as provided in Paragraphs 2.03(e) and 3.07 hereof.

2.03 Rights of the Association. The rights and privileges conferred in Paragraph 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 instrument any or all of the Association's property including Common Property and revenues from assessments and other sources; and provided, however, that during the period when the Declarant has the right to appoint and remove directors and officers of the Association, the Association shall not deed, grant or convey to anyone any deed to secure debt, mortgage or other security interest on or in Common Property constituting real estate without approval by the 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 Bylaws of the Association;

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

(d) dedicate or transfer all or any part of the Common Property or interests therein to any municipality or other governmental body, agency, or authority for such purposes and subject to such provisions and conditions as may be agreed upon by the Association and such grantee, including a provision that such property or interest shall, if such dedication or transfer is approved by a two-thirds (2/3) vote of the Members who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the Bylaws 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) suspend, pursuant to Paragraph 3.07 hereof, the voting rights of any Member and the right of enjoyment granted or permitted by Paragraph 2.02 hereof,

(f) sell, lease or otherwise convey all or any part of its properties and interests therein,

(g) enforce all applicable provisions of valid agreements of the Association relating to the Common Property or any part thereof,

(h) enter into cross-easement agreements, joint use agreements, cost sharing agreements and other agreements with third parties, including without limitation condominium associations and other homeowners or property owners associations, relating to the Common Property or any part thereof and/or the use or enjoyment of recreational facilities or other amenities of such third parties; and

(i) maintain any and all landscaping treatments previously installed by the Declarant within any street right-of-way, to the extent that such landscaping maintenance is permitted by Harris County, Georgia.

2.04 Types of Common Property. At the time of the transfer or conveyance of any real property (together with any and all improvements and/or personal property located thereon) or grant or conveyance of any easement, leasehold or other right or interest in and to any such property by the Declarant to the Association to be used as Common Property, the Declarant shall designate in the deed, easement or other instrument of conveyance that such property is to be Common Property and may designate therein that certain portions of such property shall be for the exclusive use and benefit of one or more, but less than all, of the Lots and Owners thereof. The Declarant further may designate in the deed, easement or other instrument of conveyance the specific or general purpose or purposes for which such property or any portion thereof may be used; and in such event, such property or portion thereof shall not be used for any different purpose or purposes, (a) without 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 Bylaws of the Association (in the case of any portion of the Common Property designated for the exclusive use and benefit of the Owners, such property or portion thereof shall not be used for any different purpose or purposes, without a two-thirds (2/3) vote of such Owners entitled to vote), and (b) during the period of the Declarant's right to appoint and remove directors and officers of the Association, without the prior written consent of the Declarant.

2.05 Delegation of Use. Any Owner may delegate to the members of his family residing with him, his visiting guests, or his tenants who reside on a Lot, in accordance with the Bylaws, his right to use and enjoy the Common Property. However, visiting guests must be accompanied by the Owner or members of his family residing with the Owner, and only boats owned by an Owner may be placed in any lake or creek in the Common Property.

2.06 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 the clubhouse, lighting for the entrance areas, landscaping, sprinkler/irrigation facilities and other facilities and improvements situated on the Common Property. In addition, the Association shall maintain any

landscaping located along or in dedicated rights of way which were installed and maintained by the 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 Development, and to enter into easements and covenants or agreements to share costs regarding such property where the Board has determined that this would benefit Owners.

2.07 Indemnification. To the extent permitted by law, the Association will indemnify each Owner and agrees to hold each Owner harmless and, at the Owner's option, defend it from and against any and all claims, actions, damages, liabilities and expenses (including attorneys and other professional fees), judgments, settlement payments, and fines paid, incurred or suffered by the Owner in connection with the loss of life, personal injury and/or damage to property or the environment suffered by others arising from or out of the occupancy or use by others of the Common Property or any part thereof, occasioned wholly or in part by any act or omission of the Association, its directors, officers, agents, contractors, employees, invitees or licensees.

ARTICLE III

CALLAWAY WOODS AND LAKESIDES HOMEOWNERS ASSOCIATION

3.01 Purposes. Powers and Duties of the Association. The Association shall be formed as a nonprofit corporation 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 reasonably 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 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 and in the Bylaws, and shall have every other right, power or privilege reasonably to be implied from the existence of any right, power or privilege given to it therein or reasonably necessary to effectuate any such right, power or privilege.

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. For purposes of voting, there shall be two (2) classes of Members as set forth in Paragraph 3.03 of this Declaration.

3.03 Voting Rights.

(a) Each Owner, with the exception of the Declarant, shall be a Class "A" Member and shall be entitled to one Class "A" vote per Lot. Where such Owner is a group or entity other than one individual person, the vote on behalf of such Owner shall be exercised as those persons determine among themselves and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of such Owner shall be suspended in the event more than one (1) person seeks to exercise it.

(b) The Declarant shall be the sole Class "B" Member and shall be entitled to three (3) votes for each Lot owned; provided, however, in no event (including without limitation any period during which the Declarant does not own any Lots in the Development) shall the Class "B" Member have less than the total number of Class "A" votes plus one (1). The Class "B" Membership shall cease and be converted to Class "A" Membership at such time as the Declarant no longer retains the right to appoint and remove directors and officers of the Association pursuant to Paragraph 3.10 below.

3.04 Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The number of directors and the time and method for their election or appointment shall be as set forth in the Bylaws of the Association.

3.05 Exculpation and Indemnity of Directors and Officers of the Association. The directors and officers of the Association shall not be liable to the Association or the Members for any mistake of judgment, whether negligent or otherwise, except for their own individual willful misfeasance or malfeasance, misconduct or bad faith and except, in the case of the directors, for such matters for which directors shall be liable as set forth in the Articles of Incorporation of the Association. Such directors and officers shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such directors or officers may also be Members of the Association) and the Association, as a common expense of the Association, shall indemnify such directors and officers against, and hold, save and defend such directors and officers free and harmless from, any and all expenses or liability to others on account of any such contract or commitment. In addition, each director and each officer of the Association shall be indemnified and held harmless by the Association, as a common expense of the Association, from any expenses or liability to others by reason of having served as such director or as such officer and against all expenses and liabilities, including court costs and reasonable attorneys' fees, incurred by or imposed upon such director or officer in connection with any proceeding to which he may be a party or have become involved by reason of being such director or such officer, whether or not he is a director or officer at the time such expenses are incurred, except in cases in which the expenses and liabilities arise from a proceeding in which such director or officer is adjudicated or determined to be guilty of willful misfeasance or malfeasance, misconduct or bad faith in the performance of his duties, and in the case of a director, a proceeding in which such director is determined to be liable to the Association or the Members for any matter for which directors shall be liable as set forth in the Articles of Incorporation of the Association. In the event of a settlement of any such proceeding, the indemnification provided hereby shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association and in accordance with the applicable provisions of the Georgia Nonprofit Corporation Code. Any right to indemnification provided for herein shall not be exclusive of

any other rights to which a director or officer, or former director or officer, may be entitled.

3.06 Directors' and Officers' Insurance. The Association shall purchase and maintain, as a common expense, directors' and officers' liability insurance, with such coverages and in such amounts as shall be determined by the Board, on behalf of any person who is or was a director or officer of the Association against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, if such insurance is reasonably available in the determination of the Board.

3.07 Suspension of Membership. The Board, pursuant to such procedure therefor set forth in the Bylaws, 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 Paragraph 8.02 hereof, by reason of having failed to take reasonable steps to remedy a violation or breach of either the Restrictions or the Architectural Guidelines and Design Standards of the ARC (as herein defined) within thirty (30) days after having received notice of the same pursuant to the provisions of Paragraph 5.11 or 8.02 hereof,

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

(c) shall be in violation of the rules and regulations of the Association relating to the use, operation and maintenance of Common Property.

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 subparagraph (c) of this Paragraph 3.07, 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 or egress from his Lot.

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

3.09 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 Bylaws, as each shall from time to time be in force and effect.

3.10 Control by Declarant.

(a) Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles of Incorporation of the Association, or in the Bylaws, the Declarant hereby retains the right to appoint and remove any members of the Board and any officer or officers of the Association until fifteen (15) days after the first of the following events shall occur: (i) the expiration of twenty (20) years after the date of the recording of this Declaration; or (ii) the surrender by the Declarant of the authority to appoint and remove directors and officers of the Association by an express amendment to this Declaration executed and recorded by the Declarant; provided, however, that the Owners may be entitled to elect certain members of the Board in accordance with the provisions of the Bylaws 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 Paragraph, such right shall automatically pass to the Owners, including the Declarant if the Declarant then owns one or more Lots; and a special meeting of the Association shall be called at such time. At such special meeting the Owners shall elect a new Board, to serve until the first annual meeting of the Association after control of the Association has passed to the Class "A" Membership, which shall undertake the responsibilities of the Board, and the Declarant shall deliver the books, accounts and records, if any, which the 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 the Declarant has in its possession. Each Owner by acceptance of a deed to or other conveyance of a Lot vests in the Declarant such authority to appoint and remove directors and officers of the Association as provided in this Paragraph 3.10.

NOTE: The following "Primary Article IV" shall be applicable until Lot 1300 is subdivided into at least 18 but no more than 24 Lots, as provided in Paragraph 6.03. If and when Lot 1300 is subdivided into at least 18 but no more than 24 Lots, the Annual Lake Assessments and Special Lake Assessments will no longer be allocated as provided herein, but instead will be allocated uniformly among all Lots as provided in the Alternative Article IV below.

PRIMARY ARTICLE IV

ASSESSMENTS

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

(a) to pay to the Association the annual assessments which may or shall be levied by the Association pursuant to this Declaration against each Lot (and any Residence thereon) owned by him;

(b) to pay to the Association any special assessments and any specific assessments which may or shall be levied by the Association pursuant to this Declaration against each Lot (and any Residence thereon) owned by him;

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

(d) that such continuing charge and lien on such Lot (and any Residence thereon) binds such Lot and Residence in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon such Lot (and any Residence thereon) whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, except (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the lien of any first priority Mortgage covering the Lot and/or the Residence thereon, and (iii) the lien of any secondary purchase money Mortgage covering the Lot and/or the Residence thereon, provided that neither the grantee nor any successor grantee of such Mortgage is the seller of the Lot or the Residence thereon;

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

(f) that all annual, special and specific assessments (together with interest thereon as provided in Paragraph 4.09 of this Declaration and costs of collection including reasonable attorneys' fees) levied against any Lot (and any Residence thereon) owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Lot and any Residence thereon as provided in Paragraph 4.0 1(c) of this Declaration) a personal obligation which will survive any sale or transfer of the Lot and any Residence thereon owned by him; provided, however, that such personal obligation for delinquent assessments shall not pass to an Owner's successor-in-title unless expressly assumed by such successor.

4.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of providing for the common good and general welfare of the people of the Development, including, but not limited to, the acquisition, construction, improvement, maintenance, repair, replacement and equipping of Common Property, the enforcement of the Restrictions contained in this Declaration, the enforcement of the Architectural Guidelines and Design Standards of the ARC, the payment of operating costs and expenses of the Association, and the payment of all principal and interest when due on all debts owed by the Association.

4.03 Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all the sums collected in such year by way of annual assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the annual assessments in any succeeding year, but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

4.04 Determination of Annual Assessments.

(a) Annual Budget. The Board shall establish an annual budget which shall list the estimated operating expenses of the Association and shall contain an amount to be set aside each year into one or more reserve allowances, as determined by the Board, to be used for future repair and replacement of the Common Property and the dam at Lake Mobley; provided, however, in no event shall the Board be required to provide for a reserve or reserves sufficient to cover all such future repair and replacement of the Common Property and the dam, it being intended that a portion of such costs will be covered by special assessment. The operating expenses and reserve allowances shall be divided into two main categories and such subcategories as the Board shall determine. The main categories are

1. "Annual Lake Expenses," which are the expenses and reserve allowances which are specifically, solely, and directly attributable to the maintenance, repair and/or replacement of the dam, spillway, and Lake Mobley; and

2. "Annual Common Expenses," which are all expenses and reserve allowances other than Annual Lake Expenses.

(b) Approval of Annual Lake Expenses. Annual Lake Expenses will be included in the annual budget only if approved by the Board and the Owner of Lot 1300 (or if Lot 1300 has been subdivided, by the Owners of a majority in number of the Lots into which Lot 1300 has been subdivided, unless the plat of subdivision provides for a different method of voting by the Owners). If the Board and the Owner(s) of Lot 1300 are unable to agree within 30 days after the Board submits its proposed budget for Annual Lake Expenses to the Owner(s), then the Board and Owner(s) of Lot 1300 (voting as provided above) shall agree upon and appoint a disinterested arbitrator within 15 days who shall determine the annual budget for Annual Lake Expenses. If the Board and Owner(s) are unable to agree on an arbitrator within the 15 days, either party may apply to the Chief Judge of the Chattahoochee Judicial Circuit to appoint the arbitrator from persons nominated by the Board and the Owner(s).

(c) Allocation of Annual Common Expenses and Annual Lake Expenses. Annual Common Expenses shall be allocated equally among all Lots expected to be in existence during the year (with proration for Lots in existence for only part of the year). Annual Lake Expenses shall be allocated as follows:

(1) one-half of the Annual Lake Expenses shall be allocated to Lot 1300; and

(2) the remaining one-half of the Annual Lake Expenses shall be allocated equally among all other Lots;

(d) Amount of Annual Assessments. The annual assessment shall consist of a Annual Common Assessment to provide for the Annual Common Expenses, which shall be uniform for each Lot, and a Annual Lake Assessment which shall provide for the Annual Lake Expenses and meet both of the following requirements: (i) it shall be uniform for each Lot other than Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case), and (ii) the aggregate Annual Lake Assessment for Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case) shall be equal to the Aggregate Annual Lake Assessments for all other Lots.

(e) Limitations on Annual Assessments. Subject to the requirements of subparagraph 4.04(d) that the Annual Common Assessment for all Lots (including Lot 1300 and the Lots into which it has been subdivided if that is the case) shall be uniform, for all Lots except Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case) the Annual Common Assessment on each Lot plus the Annual Lake Assessment for the first Assessment Year shall not exceed a maximum annual assessment of Four Hundred Twenty Dollars (\$420.00) (\$35.00 per whole or partial month). The words "Assessment Year" as used herein shall mean the calendar year, with the first Assessment Year commencing January 1, 1999. Commencing with the Assessment Year immediately following the first Assessment Year and continuing thereafter, the foregoing limitation on the Annual Common Assessment on each Lot plus the Annual Lake Assessment for all Lots except Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case) for each Assessment Year may be increased, at any time and from time to time during each Assessment Year, not more than ten percent (10%) above the maximum annual assessment for the previous Assessment Year without a vote of the Membership. Commencing with the Assessment Year immediately following the first Assessment Year and continuing thereafter, the foregoing limitation on the Annual Common Assessment on each Lot plus the Annual Lake Assessment for all Lots except Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case) for each Assessment Year may be increased, at any time and from time to time during each Assessment Year, more than ten percent (10%) above the maximum annual assessment for the previous Assessment Year if such increase is approved by a two-thirds (2/3) vote of the Members of the Association who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the provisions of the Bylaws and Paragraph 4.07 of this Declaration.

(f) Dates for Payment. The Board shall establish the date during the Assessment Year on which the annual assessment shall be due and payable (such date is hereinafter referred to as the "Due Date").

(g) Notice of Assessments to Owners. The Board shall cause the Association to send to each Owner at least thirty (30) days in advance of the Due Date written notice setting forth the amount of the annual assessment and the Due Date. The annual

assessment shall become due on the thirtieth (30th) day following such written notice or the Due Date, whichever is later. The Board may establish reasonable payment procedures to allow or require payment of the annual assessment in installments during the Assessment Year.

4.05 Special Assessments.

(a) Common and Lake. In addition to the annual assessments authorized by this Article IV, the Association may levy, in any Assessment Year and with such frequency as the Association shall deem necessary, special assessments for the purpose of paying, in whole or in part, any unanticipated operating expenses, as well as the cost of any construction, reconstruction, repair or replacement of a capital improvement on the Common Property and the dam and spillway. Notwithstanding anything to the contrary contained herein, no special assessment shall be made without the approval of the Declarant for so long as the Declarant has the right to appoint and remove directors and officers of the Association. The Board shall establish the payment procedures for payment of special assessments. Special assessments shall be divided into two main categories as follows:

1. "Special Lake Assessments," which are specifically, solely, and directly attributable to the maintenance, repair and/or replacement of the dam, spillway, and Lake Mobley; and
2. "Special Common Assessments," which are all special assessments other than Special Lake Assessments.

(b) Approval of Special Common Assessments. Special Common Assessments may be levied by the Board in any Assessment Year without the approval of the Members as long as the Special Common Assessments in the aggregate do not exceed an amount equal to the aggregate Annual Common Assessment then in effect. Special assessments exceeding said amount shall require the approval of two-thirds (2/3) of the Members of the Association who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the provisions of the Bylaws and Paragraph 4.07 of this Declaration. Special Common Assessments must be fixed at a uniform rate for all Lots.

(c) Approval of Special Lake Assessments. Special Lake Assessments will be made only if approved by the Board and the Owner of Lot 1300 (or if Lot 1300 has been subdivided, by the Owners of a majority in number of the Lots into which Lot 1300 has been subdivided, unless the plat of subdivision provides for a different method of voting by the Owners). If the Board and the Owner(s) of Lot 1300 are unable to agree within 30 days after the Board submits its proposed Special Lake Assessments to the Owner(s), then the Board and Owner(s) of Lot 1300 (voting as provided above) shall agree upon and appoint a disinterested arbitrator within 15 days who shall determine the Special Lake Assessment. If the Board and Owner(s) are unable to agree on an arbitrator within the 15 days, either party may apply to the Chief Judge of the Chattahoochee Judicial Circuit to appoint the arbitrator from persons nominated by the Board and the Owner(s).

(d) Allocation of Special Lake Assessments. Special Lake Assessments shall be allocated to meet both of the following requirements: (i) it shall be uniform for each Lot other than Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case), and (ii) the aggregate Special Lake Assessments for Lot 1300 (or the Lots into which Lot 1300 has been subdivided if that is the case) shall be equal to the aggregate Special Lake Assessments for all other Lots.

4.06 Specific Assessments.

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

(1) Expenses of the Association which benefit less than all of the Lots, which may be specifically assessed equitably among all of the Lots which are benefitted according to the benefit received;

(2) Expenses incurred by the Association pursuant to Paragraph 8.02 hereof, and

(3) Reasonable fines as may be imposed in accordance with the terms of this Declaration and the Bylaws.

4.07 Meetings Required For Certain Assessments.

Notice of Meeting to All Members of the Association shall be given written notice by the Board not less than thirty (30) nor more than sixty (60) days in advance of any meeting of the Members of the Association at which the Board shall propose taking action pursuant to the last sentence of Paragraph 4.04(e) and Paragraph 4.05 of this Article IV, notwithstanding any provision regarding notice in the Bylaws to the contrary. Such written notice shall specify under which Paragraph or Paragraphs the Board will propose action. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the total votes outstanding shall be required to constitute a quorum, notwithstanding any provision in the Bylaws to the contrary. If the required quorum is not present at such meeting, a second meeting may be called by the Board subject to the same notice requirement, and the required quorum at such second meeting shall be forty percent (40%) of the total votes outstanding. No such second meeting shall be held more than sixty (60) days following the first meeting. If the required quorum is not present at the second meeting, the Board may take such action without approval of the Members.

4.08 Contribution by Declarant.

For so long as the Declarant has the right to appoint and remove directors and officers of the Association, the Declarant shall not be liable for the payment of any assessments on Lots in the Development. Provided, however, until such time as the Declarant has sold all of the Lots in the Development, the Declarant shall pay funds to the Association sufficient to

satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically excluding an allocation for any replacement reserves or reserve allowances), and the aggregate amount of annual, special and specific assessments collected by the Association in any Assessment Year.

4.09 Effect of Nonpayment of Assessments.

Any assessment which is not paid on or before the Due Date or other date established for the payment thereof (subject to such payment procedures established by the Board allowing or requiring payment of any annual or other assessments in installments during the Assessment Year) shall bear interest after the Due Date, or other date established for the payment thereof, at the lower of the highest legal rate of interest which can be charged or the rate of twelve percent (12%) per annum, or at such rate as the Board may from time to time establish; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of the State of Georgia. In the event of default in the payment of any one or more installments of an assessment, the Board may declare any remaining balance of the assessment at once due and payable. In the event that an Owner shall fail to pay fully any portion of any assessment prior to the date on which payment is due, such unpaid portion (including any remaining balance declared immediately due and payable in accordance with the preceding sentence), together with interest and costs of collection, including without limitation reasonable attorneys' fees, shall be a binding personal obligation of such Owner, as well as a lien on, such Owner's Lot and any Residence thereon enforceable in accordance with the provisions of this Declaration.

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

as between the Association and any bona fide purchaser of, or lender on, the Lot and any Residence thereon in question.

4.11 Limitations on Amendments. Notwithstanding the provisions of Article IX (regarding amendments of this Declaration), no amendment affecting Annual Lake Assessments or Special Lake Assessments will be adopted unless approved by the Owner of Lot 1300 (or all Owners of the Lots into which it may have been subdivided, if that is the case).

ALTERNATIVE ARTICLE IV: APPLICABLE ONLY AFTER LOT 1300 IS
SUBDIVIDED INTO 18 OR MORE LOTS.

NOTE: The following Alternative Article IV shall be applicable when Lot 1300 is subdivided into at least 18 but no more than 24 Lots, as provided in Paragraph 6.03. If and when Lot 1300 is subdivided into at least 18 but no more than 24 Lots, the Annual Lake Assessments and Special Lake Assessments will no longer be allocated as provided in Primary Article IV above, but instead will be allocated uniformly among all Lots as provided in the following Alternative Article IV which, for clarity is italicized.

ALTERNATIVE ARTICLE IV

ASSESSMENTS

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

(a) to pay to the Association the annual assessments which may or shall be levied by the Association pursuant to this Declaration against each Lot (and any Residence thereon) owned by him;

(b) to pay to the Association any special assessments and any specific assessments which may or shall be levied by the Association pursuant to this Declaration against each Lot (and any Residence thereon) owned by him;

ALTERNATIVE ARTICLE IV: APPLICABLE ONLY AFTER LOT 1300 IS
SUBDIVIDED INTO 18 OR MORE LOTS.

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

(d) that such continuing charge and lien on such Lot (and any Residence thereon) binds such Lot and Residence in the hands of the then Owner, and the Owner's heirs, devisees, legal representatives, successors and assigns. Such charge and lien is superior to any and all charges, liens or encumbrances which may hereafter in any manner arise or be imposed upon such Lot (and any Residence thereon) whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, except (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the lien of any first priority Mortgage covering the Lot and/or the Residence thereon, and (iii) the lien of any secondary purchase money Mortgage covering the Lot and/or the Residence thereon, provided that neither the grantee nor any successor grantee of such Mortgage is the seller of the Lot or the Residence thereon;

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

(f) that all annual, special and specific assessments (together with interest thereon as provided in Paragraph 4.09 of this Declaration and costs of collection including reasonable attorneys' fees) levied against any Lot (and any Residence thereon) owned by him during the period that he is an Owner shall be (in addition to being a continuing charge and lien against such Lot and any Residence thereon as provided in Paragraph 4.01(c) of this Declaration) a personal obligation which will

ALTERNATIVE ARTICLE IV: APPLICABLE ONLY AFTER LOT 1300 IS
SUBDIVIDED INTO 18 OR MORE LOTS.

survive any sale or transfer of the Lot and any Residence thereon owned by him; provided, however, that such personal obligation for delinquent assessments shall not pass to an Owner's successor-in-title unless expressly assumed by such successor.

4.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of providing for the common good and general welfare of the people of the Development, including, but not limited to, the acquisition, construction, improvement, maintenance, repair, replacement and equipping of Common Property, the enforcement of the Restrictions contained in this Declaration, the enforcement of the Architectural Guidelines and Design Standards of the ARC, the payment of operating costs and expenses of the Association, and the payment of all principal and interest when due on all debts owed by the Association.

4.03 Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all the sums collected in such year by way of annual assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the annual assessments in any succeeding year, but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes.

4.04 Determination of Annual Assessments.

(a) Annual Budget. The Board shall establish an annual budget which shall list the estimated operating expenses of the Association and shall contain an amount to be set aside each year into one or more reserve allowances, as determined by the Board, to be used for future repair and replacement of the Common Property and the dam at Lake Mobley; provided, however, in no event shall the Board be required to provide for a reserve or

ALTERNATIVE ARTICLE IV: APPLICABLE ONLY AFTER LOT 1300 IS
SUBDIVIDED INTO 18 OR MORE LOTS.

reserves sufficient to cover all such future repair and replacement of the Common Property and the dam, it being intended that a portion of such costs will be covered by special assessment. The operating expenses and reserve allowances are herein called "Annual Expenses."

(c) Allocation of Annual Expenses. Annual Expenses shall be allocated equally among all Lots expected to be in existence during the year (with proration for Lots in existence for only part of the year).

(d) Amount of Annual Assessments. The annual assessment shall consist of a Annual Assessment to provide for the Annual Expenses

(e) Limitations on Annual Assessments. The Annual Assessment on each Lot for the first Assessment Year shall not exceed a maximum annual assessment of Four Hundred Twenty Dollars (\$420.00) (\$35.00 per whole or partial month). The words "Assessment Year" as used herein shall mean the calendar year, with the first Assessment Year commencing January 1, 1999. Commencing with the Assessment Year immediately following the first Assessment Year and continuing thereafter, the foregoing limitation on the Annual Assessment on each Lot for each Assessment Year may be increased, at any time and from time to time during each Assessment Year, not more than ten percent (10%) above the maximum annual assessment for the previous Assessment Year without a vote of the Membership. Commencing with the Assessment Year immediately following the first Assessment Year and continuing thereafter, the foregoing limitation on the Annual Assessment on each Lot for each Assessment Year may be increased, at any time and from time to time during each Assessment Year, more than ten percent (10%) above the maximum annual assessment for the previous Assessment Year if such increase is approved by a two-thirds (2/3) vote of the Members of the Association who are present in person or by proxy and voting at a meeting of Members

ALTERNATIVE ARTICLE IV: APPLICABLE ONLY AFTER LOT 1300 IS
SUBDIVIDED INTO 18 OR MORE LOTS.

duly held in accordance with the provisions of the Bylaws and Paragraph 4.07 of this Declaration.

(f) Dates for Payment. The Board shall establish the date during the Assessment Year on which the annual assessment shall be due and payable (such date is hereinafter referred to as the "Due Date").

(g) Notice of Assessments to Owners. The Board shall cause the Association to send to each Owner at least thirty (30) days in advance of the Due Date written notice setting forth the amount of the annual assessment and the Due Date. The annual assessment shall become due on the thirtieth (30th) day following such written notice or the Due Date, whichever is later. The Board may establish reasonable payment procedures to allow or require payment of the annual assessment in installments during the Assessment Year.

4.05 Special Assessments.

(a) Determination. In addition to the annual assessments authorized by this Article IV, the Association may levy, in any Assessment Year and with such frequency as the Association shall deem necessary, Special Assessments for the purpose of paying, in whole or in part, any unanticipated operating expenses, as well as the cost of any construction, reconstruction, repair or replacement of a capital improvement on the Common Property and the dam and spillway. Notwithstanding anything to the contrary contained herein, no special assessment shall be made without the approval of the Declarant for so long as the Declarant has the right to appoint and remove directors and officers of the Association. The Board shall establish the payment procedures for payment of Special Assessments.

(b) Approval of Special Assessments. Special Assessments may be levied by the Board in any Assessment Year without the

ALTERNATIVE ARTICLE IV: APPLICABLE ONLY AFTER LOT 1300 IS
SUBDIVIDED INTO 18 OR MORE LOTS.

approval of the Members as long as the Special Assessments in the aggregate do not exceed an amount equal to the aggregate Annual Assessment then in effect. Special assessments exceeding said amount shall require the approval of two-thirds (2/3) of the Members of the Association who are present in person or by proxy and voting at a meeting of Members duly held in accordance with the provisions of the Bylaws and Paragraph 4.07 of this Declaration. Special Assessments must be fixed at a uniform rate for all Lots.

4.06 Specific Assessments.

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

(1) Expenses of the Association which benefit less than all of the Lots, which may be specifically assessed equitably among all of the Lots which are benefitted according to the benefit received;

(2) Expenses incurred by the Association pursuant to Paragraph 8.02 hereof, and

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(3) Reasonable fines as may be imposed in accordance with the terms of this Declaration and the Bylaws.

4.07 Meetings Required For Certain Assessments.

Notice of Meeting to All Members of the Association shall be given written notice by the Board not less than thirty (30) nor more than sixty (60) days in advance of any meeting of the Members of the Association at which the Board shall propose taking action pursuant to the last sentence of Paragraph 4.04(e) and Paragraph 4.05 of this Article IV, notwithstanding any provision regarding notice in the Bylaws to the contrary. Such written notice shall specify under which Paragraph or Paragraphs the Board will propose action. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the total votes outstanding shall be required to constitute a quorum, notwithstanding any provision in the Bylaws to the contrary. If the required quorum is not present at such meeting, a second meeting may be called by the Board subject to the same notice requirement, and the required quorum at such second meeting shall be forty percent (40%) of the total votes outstanding. No such second meeting shall be held more than sixty (60) days following the first meeting. If the required quorum is not present at the second meeting, the Board may take such action without approval of the Members.

4.08 Contribution by Declarant.

For so long as the Declarant has the right to appoint and remove directors and officers of the Association, the Declarant shall not be liable for the payment of any assessments on Lots in the Development. Provided, however, until such time as the Declarant has sold all of the Lots in the Development, the Declarant shall pay funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically excluding an

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allocation for any replacement reserves or reserve allowances), and the aggregate amount of annual, special and specific assessments collected by the Association in any Assessment Year.

4.09 Effect of Nonpayment of Assessments.

Any assessment which is not paid on or before the Due Date or other date established for the payment thereof (subject to such payment procedures established by the Board allowing or requiring payment of any annual or other assessments in installments during the Assessment Year) shall bear interest after the Due Date, or other date established for the payment thereof, at the lower of the highest legal rate of interest which can be charged or the rate of twelve percent (12%) per annum, or at such rate as the Board may from time to time establish; provided, however, that in no event shall the Board have the power to establish a rate of interest in violation of the laws of the State of Georgia. In the event of default in the payment of any one or more installments of an assessment, the Board may declare any remaining balance of the assessment at once due and payable. In the event that an Owner shall fail to pay fully any portion of any assessment prior to the date on which payment is due, such unpaid portion (including any remaining balance declared immediately due and payable in accordance with the preceding sentence), together with interest and costs of collection, including without limitation reasonable attorneys' fees, shall be a binding personal obligation of such Owner, as well as a lien on, such Owner's Lot and any Residence thereon enforceable in accordance with the provisions of this Declaration.

4.10 Certificate of Payment. Upon written request by an Owner, the Association shall, within a reasonable period of time, issue and furnish to such Owner a written certificate stating that all assessments (including penalties, interest and costs, if any) have been paid with respect to any Lot and any Residence thereon owned by said Owner as of the date of such certificate, or that

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all assessments, interest and costs have not been paid, setting forth the amount then due and payable. The Association may make a reasonable charge for the issuance of such certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Association and any bona fide purchaser of, or lender on, the Lot and any Residence thereon in question.

4.11 Limitations on Amendments. Notwithstanding the provisions of Article IX (regarding amendments of this Declaration), no amendment affecting Annual Lake Assessments or Special Lake Assessments will be adopted unless approved by the Owner of Lot 1300 (or all Owners of the Lots into which it may have been subdivided, if that is the case).

ARTICLE V

ARCHITECTURAL CONTROL

5.01 Architectural Review Committee - Creation and Composition.

(a) An Architectural Review Committee (the "ARC") shall be established consisting of not less than three (3) or more than five (5) individuals; provided, however, the ARC shall always have an uneven number of members. The ARC may consist of the Board or of individuals appointed by the Board, as the Board may determine in its discretion from time to time. Notwithstanding anything to the contrary contained herein, the Declarant shall have the right, but not the obligation, to appoint all members of the ARC until the plans for all of the Residences for all of the Lots in the Development have been approved by the ARC and the construction of all such Residences has been completed. Thereafter, the Board shall have the right to appoint the members of the ARC. All costs of operating the ARC may, in the discretion of the Declarant or the Board, be borne by the Association.

(b) Each initial member of the ARC shall be appointed for a term expiring on December 31, 1998. Thereafter, each member of the ARC shall be appointed for a calendar-year term. If any vacancy shall occur in the membership of the ARC by reason of death, incapacity, resignation, removal or otherwise, the remaining members of the ARC shall continue to act and such vacancy shall, subject to the provisions of Paragraph 5.01(a), be filled by the Declarant (or the Board if at the time the Board has the right to appoint members of the ARC) at the earliest possible time. Any ARC member may resign at any time by giving written notice of such resignation to the Chairman of the ARC and such resignation shall take effect on receipt thereof by the Chairman. Any member of the ARC may be removed at any time with or without cause by the Declarant (or the Board if at the time the Board has the right to appoint members of the ARC).

5.02 Purpose. Powers and Duties of the ARC. The purposes of the ARC are (i) to assure that any installation, construction or alteration of any Structure on any Lot shall be submitted to the ARC for approval (1) 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 Development, and (2) as to the location of Structures with respect to topography, finished ground elevation and surrounding Structures, (ii) to grant or deny approvals, waivers and variances pursuant to the provisions of Paragraph 5.16 hereof, and (iii) to perform and carry out such other functions of the ARC as set forth in this Declaration. To the extent necessary to carry out such purposes, the ARC shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of such purposes, including, without limitation, 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 ARC shall appoint a Chairman from among their number and may appoint from among their number such other officers and subcommittees of members of the ARC as they shall from time to time determine necessary. The members of the ARC 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 ARC.

5.04 Operations of the ARC.

(a) Meetings. The ARC shall hold meetings as often as may be established by the ARC in order to carry out its duties. Meetings 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 ARC then in office. Meetings of the ARC shall be held at such time and at such place as the ARC shall from time to time specify. Notice of each meeting of the ARC shall be given to each member thereof in such manner and in accordance with such procedures for giving notice as may be established from time to time by the ARC. At a meeting of the ARC, the presence of a majority of the members then in office shall constitute a quorum for the transaction of business. Except as otherwise provided herein, the act of a majority of the members of the ARC present at any meeting thereof at which a quorum is present shall constitute the act of the ARC. In the absence of a quorum, any member of the ARC present at the time and place of the meeting may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called. The ARC shall maintain such records of its proceedings as it may from time to time deem appropriate. The ARC shall make such records available at reasonable places and times for inspection by Members of the Association and by the Secretary of the Association.

(b) Activities.

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

(ii) Any two (2) or more members of the ARC may be authorized by the ARC to exercise the full authority of the ARC with respect to all matters over which the ARC has authority as may be specified by resolution of the ARC, except with respect to the adoption or promulgation of the Architectural Guidelines and 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 ARC and upon any applicant for an approval, subject, however, to review and modification by the ARC on its own motion or appeal by the applicant to the ARC as provided in this subparagraph (ii). Written notice of the decision of such two (2) or more members shall be given to any applicant for an approval. 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 ARC. 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 ARC, 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 ARC with respect to such matter shall be final and binding.

5.05 Architectural Guidelines and Design Standards.

(a) The ARC shall from time to time adopt, promulgate, amend, revoke and enforce guidelines (the "Architectural Guidelines and Design Standards") for the purposes of:

(i) governing the form and content of plans and specifications to be submitted to the ARC 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 ARC pursuant to this Declaration; and

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

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

5.06 Submission of Plans and Specifications. No Structure shall be commenced, installed, constructed, erected, placed, maintained or permitted to remain on any Lot nor shall any existing Structure upon any Lot be altered or modified in any way which materially changes the exterior appearance of the Structure or Lot, unless plans and specifications therefor shall have been submitted to and approved in writing by the ARC. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by the ARC in the Architectural Guidelines and Design Standards.

5.07 Approval of Plans and Specifications. Upon approval by the ARC of any plans and specifications submitted pursuant to this Declaration, one (1) copy of such plans and specifications, as approved, shall be deposited for permanent record with the ARC and a written confirmation of such approval shall be sent 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 ARC's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot or Structure. Approval of any such plans and specifications relating to any Lot or Structure, however, shall be final as to that Lot or Structure and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any requirements or conditions specified as part of any such approval.

5.08 Disapproval of Plans and Specifications. The ARC 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 Architectural Guidelines and Design Standards; or

(c) any other matter which, in the judgment of the ARC, would be likely to cause the proposed installation, construction or alteration of a Structure (i) to fail to be in conformity and harmony of external design and general quality with the standards for the Development, including but not limited to the standards as set forth in the Architectural Guidelines and 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 ARC shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified requirements or conditions, the ARC shall, upon written request of the applicant, provide a statement of the grounds upon which such action was based. In any such case the ARC 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 ARC shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Failure by the ARC to take action within thirty (30) days after receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications in all respects, and no further approval shall be required unless such plans and specifications are amended or modified, in which event such plans and specifications as so amended or modified shall be resubmitted to the ARC for approval or disapproval in the manner provided hereinabove.

5.10 Inspection Rights. Any employee or agent of the Association or the ARC may, after reasonable notice, at any reasonable time or times, enter upon any Lot or 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 ARC, nor any such employee or agent shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Paragraph 5.10.

5.11 Violations. If any Structure shall be installed, constructed, erected, placed, maintained or altered upon any Lot,

otherwise than in accordance with the plans and specifications approved by the ARC pursuant to the provisions of this Article, such installation, construction, 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 ARC such violation shall have occurred, the ARC shall be entitled to stop any construction which is in violation of the provisions of this Article. In addition, the ARC shall notify the Board which shall take appropriate measures to have the Owner correct the violation; the Board shall provide written notice to the Owner by personal delivery or certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action within thirty (30) days after the delivery or mailing of the aforesaid notice of violation, then the Association shall have the Right of Abatement as provided in Paragraph 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 ARC, the ARC shall, upon written request of the Owner thereof or upon the ARC's own initiative, issue a Certificate of Compliance, identifying such Structure and the Lot upon which such Structure is placed, and stating that the plans and specifications therefor 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 ARC.

(b) Any Certificate of Compliance issued in accordance with the provisions of this Paragraph shall be prima facie evidence of the facts therein stated; and as to any purchaser or Mortgagee 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 ARC of the actual construction of Structures or of the workmanship, or to represent or warrant to any party the quality, function or operation of the Structures or of any construction, workmanship, engineering, materials or equipment.

(c) The issuance of the Certificate of Compliance shall in no way be construed to certify to any party that the Structures have been built in accordance with any applicable federal, state or local law, ordinance, building code, rule or regulation.

5.13 The ARC may impose and collect a reasonable and appropriate fee to cover the cost of review of plans and specifications and of inspections performed pursuant to Paragraph 5.10. The fee shall be established from time to time by the ARC, and the ARC shall give Members and prospective Members of the Association and all applicants seeking the ARC's approval advance notice of the establishment and imposition of such fee and the amount thereof.

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

5.15 Disclaimer as to ARC Approval. Plans and specifications are not reviewed for compliance with any applicable federal, state or local law, ordinance, building code, rule or regulation, or for engineering or structural design or quality of materials or equipment, and by approving such plans and specifications neither the ARC, the Declarant, the Association, nor the members, officers, directors, employees and agents of any of them, assumes liability or responsibility therefor, nor for any defect in any Structure constructed from such plans and specifications, and any such approval shall in no way be construed to certify the acceptability, sufficiency or approval by the ARC, the Declarant, the Association, or the members, officers, directors, employees, and agents of any of them, of the actual construction of any building or other Structure or of the workmanship, or to represent or warrant to any party the quality, function or operation of the building or other Structure or of any construction, workmanship, engineering, materials or equipment. Neither the ARC, the Declarant, the Association, nor the members, officers, directors, employees, and agents of any of them, shall be liable for any injury, damages or loss to anyone submitting plans and specifications for approval, or to any Owner or other person or party, arising out of or in connection with the approval or disapproval or failure to approve or disapprove any

such plans and specifications or the manner, design or quality of approved construction.

5.16 Approvals, Waivers and Variances. It is the intent of this Declaration that the regulation of Lots within the Development as set forth in this Declaration be strictly adhered to. Notwithstanding such intent, it is recognized that particular circumstances may from time to time and on a case-by-case basis necessitate the waiving or varying of certain of the Restrictions set forth in this Declaration. Therefore, for good cause shown, the ARC may, in its sole discretion, waive or vary the covenants, conditions, restrictions, requirements and standards set forth in this Declaration on a case-by-case basis so long as such waiver or variance does not violate the overall scheme and intent of this Declaration. Any waiver or variance, when granted by the ARC, shall be final and binding upon all Owners. The granting of a waiver or variance to one Owner shall not automatically entitle another Owner to the same waiver or variance, it being understood that each request for a waiver or variance shall be treated on its own merits. Further, the granting of a waiver or variance to an Owner shall not automatically entitle such Owner to any subsequent or additional waiver or variance. All approvals, waivers and variances by the ARC shall be in writing and signed by at least two (2) members of the ARC and, if requested by the applicant, shall be in recordable form. No approval, waiver or variance in any other form shall be binding on the Association, the ARC or the Declarant.

ARTICLE VI

GENERAL COVENANTS AND RESTRICTIONS

6.01 Application. Except as expressly provided herein, the covenants and restrictions contained in this Article VI shall pertain and apply to all Lots, and to all Structures constructed, erected or placed thereon, in the Development.

6.02 Minimum Floor Area, Use and Setback Restrictions and Requirements.

(a) Minimum Floor Area.

(i) With respect to a Lot in the Development, the minimum total climate controlled ground floor area of the Residence, exclusive of any garage, shall be 2,200 square feet

for a one story dwelling and 1,100 square feet for a dwelling of more than one story and shall not cost less than \$150,000.00 based on cost levels prevailing on the date these Covenants are recorded.

(ii) For purposes of subparagraph (i), "climate controlled floor area" shall mean floor area served by a central heating and air conditioning system or systems. Owners shall include sufficient storage space in the Residence to eliminate the need for outdoor storage sheds.

(b) Restriction of Use: Single-Family Detached Dwellings.

(i) Lots in the Development may be used for residential purposes only and for no other purpose.

(ii) No more than one (1) single-family detached dwelling, constituting the Residence on the Lot (and excluding any permitted accessory Structure approved by the ARC), not to exceed two (2) stories in height, excluding a basement, shall be constructed, erected or permitted to remain on any Lot in the Development.

(c) Setback Requirements.

(i) No Structures, excluding driveways, walkways, newspaper tubes (or similar device), landscaping, and other Structures for a driveway entrance approved by the ARC, shall be constructed, erected or placed on a Lot in the Development unless its location is in compliance with the building setback lines shown and depicted on the relevant Development Survey and with the setback and other Structure location requirements applicable to such Lot set forth and contained in the Architectural Guidelines and Design Standards of the ARC.

(ii) Due to the topography of the Property, the ARC shall have the right and authority, in its sole discretion, to alter or waive any portion or all of the setback or other Structure location requirements applicable to a Lot; provided, however, any such alteration or waiver by the ARC shall not relieve any Owner from the obligation to comply with the applicable zoning ordinances of Harris County, Georgia, including, without limitation, any requirement of obtaining any variance or other approval of or with respect to any proposed construction or installation which may be required thereunder.

6.03 Resubdivision of Lots.

(a) General. Except as provided below for Lot 13 and Lot 1300, no Lot may be subdivided into two or more smaller Lots each intended for ownership and use as a single-family dwelling site.

(b) Lot 13. The Owner of Lot 13, Block "A", Section One, Lakeside shall have the absolute right to subdivide it into two separate Lots.

(c) Lot 1300. The Owner of Lot 1300, Block "A", Lakeside shall have the absolute right to subdivide it into no more than 24 separate Lots. If it is subdivided into less than 18 Lots primary Article IV above shall continue to apply, and each Lot shall be assessed a uniform Annual Assessment and each Lot shall be assessed the share of Annual Lake Expenses assessed to Lot 1300 established by the Owner of Lot 1300, Block "A", Lakeside, in the plat of the subdivision, and the Owners of each of the Lots into which Lot 1300 is subdivided (including the then Owner of Lot 1300) shall be liable only for the share of Annual Lake Expenses previously assessed to Lot 1300 which is specified in the plat of subdivision for such Owner's Lot. If Lot 1300 is subdivided into 18 or more Lots (but no more than 24 Lots) the provisions of alternate Article IV shall apply. The Owner of Lot 1300 may construct public or private streets, utilities, and other similar improvements thereon in connection with the subdivision. All public streets on Lot 1300 shall be automatically released from this Declaration upon dedication for public use.

(d) Declarant's Right. Notwithstanding the foregoing, the Declarant hereby expressly reserves the right to replat any Lot or Lots owned by the Declarant.

(e) Combining Lots. The Declarant or the Owner of any Lots, subject to prior written approval by the ARC, may combine two or more Lots into a single Lot for the purpose of constructing a single Residence thereon; provided, however, that such combined Lot may not be subdivided thereafter.

6.04 Erosion Control. No land-disturbing activity which may cause or create erosion or siltation shall be undertaken on any Lot, unless such activity is performed or conducted in accordance with the standards and requirements of all applicable state and local

statutes and ordinances, and all rules and regulations promulgated pursuant to any such statutes and ordinances, relating to soil erosion and sedimentation prevention and control. Each Owner, by acceptance of a deed conveying a Lot, acknowledges and agrees that neither the ARC, the Association nor the Declarant shall have any liability or responsibility for ensuring compliance by Owners, their contractors or their agents with any applicable standards and requirements of any such state and local statutes, ordinances, rules and regulations in connection with any such land-disturbing activities.

6.05 Trees. No trees (other than dead or diseased trees) shall be removed from any Lot unless such removal is in conformity with approved landscaping plans and specifications submitted to the ARC pursuant to the provisions hereof. Guidelines relating to the preservation of trees and Lots in the Development may be used for residential purposes only and other natural vegetation upon Lots may be included in the Architectural Guidelines and Design Standards of the ARC. Notwithstanding the foregoing, the application of this paragraph 6.05 (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) to the parts of Lot 1300 more than seventy-five (75) feet from the shore line of Lake Mobley is suspended until Lot 1300 is subdivided, at which time the provisions of this paragraph (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) shall apply to all parts of the property know known as Lot 1300 with respect to occurrences thereafter, but improvements erected and other occurrences prior thereto shall continue to be exempt therefrom and no remedial action shall be required with respect to those improvements and other occurrences.

6.06 Accessory Structures: Temporary Buildings and Other Structures.

(a) No accessory Structures, including, without limitation, guest houses, swimming pools, pool houses, tennis courts, playhouses, greenhouses, doghouses, flagpoles, exterior television or radio antennae, satellite dish or receiver, and solar equipment, shall be installed, erected, constructed and maintained on any Lot or Structure without the prior written approval by the ARC of plans and specifications therefor. No decorative or ornamental objects, including, without limitation, sculptures, birdbaths and fountains, shall be installed, erected,

constructed and maintained on the street side of any Lot, without the prior written approval of the ARC. No antennae shall be installed or used on any Lot or Structure for the purpose of transmitting electronic signals. Guidelines relating to the construction, installation or erection of accessory Structures on Lots, including, but not limited to, limitations and restrictions on the location, size, height and exterior materials of accessory Structures, may be included in the Architectural Guidelines and Design Standards of the ARC.

(b) Any approval by the ARC of plans and specifications for any accessory Structure shall not relieve any Owner from the obligation to comply with the applicable zoning ordinances of Harris County, Georgia, including, without limitation, any requirement of obtaining any variance or other approval of or with respect to any such proposed accessory Structure, or the construction or installation thereof, which may be required thereunder.

(c) No Structures shall be constructed, erected or permitted to remain on any Lot prior to the construction of a Residence thereon.

(d) No temporary building or other Structures of a temporary character, trailer, tent, shack, or building under construction shall be used, temporarily or permanently, as a Residence on any Lot. No Owner, contractor or builder shall erect on any Lot any temporary building or other Structures of a temporary character or any trailer for use in connection with construction on such Lot, without the prior written approval of the ARC.

(e) Notwithstanding the foregoing, the application of this paragraph 6.06 (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) to the parts of Lot 1300 more than two hundred (200) feet from the shore line of Lake Mobley is suspended until Lot 1300 is subdivided, at which time the provisions of this paragraph (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) shall apply to all parts of the property know known as Lot 1300, but improvements erected and other occurrences prior thereto shall continue to be exempt therefrom and no remedial action shall be required with respect to those improvements and other occurrences.

6.07 Signs.

(a) No signs of any character or description whatsoever and no advertising matter shall, without the prior written approval of the ARC, be installed, placed or maintained on any Lot, or on any portion of a Structure visible from the exterior thereof, except:

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

(ii) professional security signs not to exceed six (6) inches by six (6) inches in size displayed from within a Residence on a Lot;

(iii) not more than one "For Sale" or "For Rent" sign, such sign having a maximum face area of six (6) square feet and shall not refer to or display a dollar amount or price; provided that if, at the time of any desired use of such sign, the Association is making "For Sale" or "For Rent" signs available for the use by Owners, the signs made available by the Association must be used; and

(iv) directional signs for vehicular or pedestrian safety in accordance with plans and specifications approved by the ARC.

(b) During approved construction of any Structure, signs used by a contractor or builder to advertise the property during the construction and sale period will be permitted, subject to the prior approval thereof by the ARC.

(c) Guidelines relating to the size, color, design and location of signs may be included in the Architectural Guidelines and Design Standards of the ARC.

6.08 Fences and Walls. No fence shall be erected, placed, altered or allowed to remain on any lot nearer to any street than the rear corner of the Residence. No fence shall exceed six feet in height. Every chain link or other metal fence must be black plastic coated or painted with permanent black paint, and acceptable to the ARC. Where wooden fences are allowed, the side exposed to the street(s) shall be smooth or finished side with no posts exposed unless otherwise approved in writing by the ARC. No

fence, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property line and a line connecting them at points 25 feet from the intersection or the street lines, or in the case of rounded property corner from the intersection of the Street property lines extended. The same sight-line limitations shall apply on any Lot within 10 feet from the intersection of a street property line with the edge a driveway pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines. (e) Notwithstanding the foregoing, the application of this paragraph 6.08 (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) to the parts of Lot 1300 more than two hundred (200) feet from the shore line of Lake Mobley is suspended until Lot 1300 is subdivided, at which time the provisions of this paragraph (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) shall apply to all parts of the property know known as Lot 1300, but improvements erected and other occurrences prior thereto shall continue to be exempt therefrom and no remedial action shall be required with respect to those improvements and other occurrences.

6.09 Clotheslines: Screening of Garbage Cans. Wood Piles. Air Conditioners and Other Equipment.

(a) Clotheslines or drying yards shall not be permitted on any Lot.

(b) All garbage or sanitary cans, containers and receptacles, wood piles, air conditioners and other equipment shall be kept screened by adequate planting or fencing so as to conceal them from view from streets, the private drives, and adjacent property, and may be maintained in an enclosed or landscaped area in accordance with plans and specifications approved by the ARC.

6.10 Mailboxes and Newspaper Tubes.

(a) No mailbox shall be placed, erected, allowed or maintained on any Lot without the prior written approval by the ARC of plans and specifications therefor, and if at the time of

any desired installation of a mailbox, the ARC has approved a mailbox of a particular size, color, style and design for use in the Development by all Owners, then such approved mailbox must be used.

(b) No newspaper tube or similar device shall be placed, erected, allowed or maintained on any Lot without the prior written approval by the ARC of plans and specifications therefor, and if at the time of any desired installation of a newspaper tube or similar device, the ARC has approved a newspaper tube or similar device of a particular size, color, style and design for use in the Development by all Owners, then such approved newspaper tube or similar device must be used.

6.11 Maintenance.

(a) 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 replacing, repairing, painting and staining (or other appropriate external care) of all Structures, (ii) the seeding, watering, weeding and mowing of all lawns; (iii) keeping and maintaining Lots free of unsightly weeds, rubbish, trash, debris, garbage and other unsightly materials; and (iv) 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 or private drive traffic. Notwithstanding the foregoing, the maintenance required hereunder shall also extend from the boundary of a Lot to the margin or curbing of any right-of-way bordering said Lot, unless the maintenance of such area is being performed by the Association pursuant to a landscaping easement in favor of the Association with respect to such area or any portion thereof.

(b) Guidelines relating to the maintenance of Structures and landscaping may be included in the Architectural Guidelines and Design Standards of the ARC.

(c) Notwithstanding the foregoing, the application of this paragraph 6.11 (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) to the parts of Lot 1300 more than fifty (50) feet from the shore line of Lake Mobley is suspended until Lot 1300 is subdivided, at which time the provisions of this paragraph (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) shall apply to all

parts of the property know known as Lot 1300, but improvements erected and other occurrences prior thereto shall continue to be exempt therefrom and no remedial action shall be required with respect to those improvements and other occurrences.

6.12 Personal and Commercial Vehicles and Trailers.

(a) All motor vehicles owned, leased or used by any Owner or kept on any Lot shall be currently licensed and maintained in proper operating condition so as not to be or create a hazard or nuisance by reason of noise, exhaust emissions or appearance. and in no event shall more than two such trucks be parked on a Lot at one time. All motor vehicles, including trail bikes, all-terrain vehicles, and motorcycles, shall be driven only upon paved streets and driveways, and otherwise in accordance with applicable laws and ordinances. Trucks of more than four wheels not used for daily transportation, trucks of more than six wheels, boats, trailers, campers, recreational vehicles not used for daily transportation, and similar devices must be parked in the rear of the Residence and screened from view from the streets and Property with privacy fences, landscaping, or other improvements approved by the ARC.

6.13 Animals. No livestock, poultry or other agricultural animals may be raised, bred or kept on any Lot or in any Structure thereon. No other animals of any kind, except dogs, cats, other animals ly accepted as household pets, and animals expressly approved by the ARC may be kept on any Lot or in any Structure thereon. Owners shall not allow such household pets to become a nuisance or annoyance to the neighborhood. Such permitted household pets shall not be raised, bred or kept for commercial purposes.

6.14 Solid Waste.

(a) No person shall dump rubbish, debris, garbage, or any other form of solid waste on any Lot or on Property.

(b) No person, shall burn rubbish, debris, garbage, or any other form of solid waste on any Lot or on Property, except builders as an incident to the construction of improvements on a Lot and Owners conducting controlled burns of small amounts or leaves and other landscaping debris.

(c) Except for building materials employed during the course of construction of any Structure approved by the ARC, no lumber, waste concrete, metals, bulk materials or solid waste of any kind shall be kept, stored or allowed to accumulate on any Lot.

(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, garbage or sanitary cans, containers and receptacles 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 devices shall be screened or enclosed in the manner herein provided so as to conceal them from view from streets, the private drives and adjacent property.

(e) During approved construction of any Structure on a Lot, each Lot shall be kept free and clear of debris and trash, and the builder, contractor and/or Lot Owner shall provide or cause to be provided standard construction on-site sanitary facilities for their workmen.

(f) Except during approved construction of any Structure on a Lot, no garbage or solid waste can, dumpster, container or receptacle which serves or is intended to serve more than a single Residence (including but not limited to dumpsters or containers ly used to serve commercial facilities) may be placed or kept, temporarily or permanently, on any Lot or on Property.

(g) Notwithstanding the foregoing, the application of this paragraph 6.14 (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) to the parts of Lot 1300 more than two hundred (200) feet from the shore line of Lake Mobley is suspended until Lot 1300 is subdivided, at which time the provisions of this paragraph (and any parts of the Architectural Guidelines and Design Standards of the ARC relating to the subject matter hereof) shall apply to all parts of the property know known as Lot 1300, but improvements erected and other occurrences prior thereto shall continue to be exempt therefrom and no remedial action shall be required with respect to those improvements and other occurrences.

6.15 Streets. All Lots shall be sold with the provision that the Declarant, the Association, or Harris County, Georgia, may at any time, notwithstanding any provisions hereof to the contrary, lower or raise the surfaces of the streets and the private drives

to conform with the grades established by an engineer of the Declarant, the Association, or Harris County, Georgia, and any such action shall in no way give rise to a claim against any of the foregoing for damages to the abutting property.

6.16 Nuisances. No noxious, destructive or offensive activity shall be carried on upon any Lot or on Property and nothing shall be done thereon which may be or become an annoyance or nuisance to the neighborhood. No Owner of a Lot may use or allow the use of the Lot or any Property in any way or for any purpose which may endanger the health or unreasonably annoy or disturb other Owners or their families or guests, or in such a way as to constitute, in the Board's sole opinion, a nuisance. Nothing herein, however, shall be construed to affect the rights of an aggrieved Owner to proceed individually for relief from interference with his or her property or personal rights.

ARTICLE VII

EASEMENTS, ZONING AND OTHER RESTRICTIONS

7.01 Reservation of Easements.

(a) Drainage and Utility Easements. The Declarant has heretofore reserved to itself and its successors and assigns forever, those certain drainage and utility easements which are designated as existing and are shown and depicted on the existing Development Surveys, and the Lots in the Development are expressly made subject thereto. The Declarant further hereby expressly reserves to itself and its successors and assigns forever, all other drainage and utility easements which are nor or hereafter shown and depicted on the Development Surveys, together with a drainage and utility easement over the front 10 feet of each Lot. The foregoing drainage and utility easements hereby reserved or heretofore reserved shall be or are perpetual easements for the purposes of erecting, installing, constructing, maintaining, servicing, repairing and replacing (i) public or quasi-public utilities and services, including, but not limited to, electricity, telephone, cable television, sanitary sewage facilities, pipelines for supplying gas and water, and other utilities and related facilities, and (ii) open ditch storm water drainage and other storm water drainage facilities. The Declarant further hereby reserves for itself and its successors and assigns the right to enter upon each Lot, from time to time, for the

purposes of installing such utilities, excavating ditches, and servicing, repairing, maintaining and replacing any of the same within said easement areas.

(b) Sanitary Sewer Easements. The Lots in the Development are expressly made subject to all "sanitary sewer easements" in, on, across, over and under the Lots in the Development, which sanitary sewer easements are now or hereafter shown and depicted on the Development Surveys. Except for such sanitary sewer easements or portions of such sanitary sewer easements which heretofore were conveyed to or are now held by Harris County, Georgia, the Declarant hereby expressly reserves to itself and its successors and assigns forever, all sanitary sewer easements in, on, across, over and under the Lots in the Development, which sanitary sewer easements are now or hereafter shown and depicted on the Development Surveys. Such sanitary sewer easements hereby reserved shall be perpetual easements for the purposes of erecting, installing, constructing, servicing, maintaining, repairing and replacing sanitary sewage facilities. The Declarant further hereby reserves for itself and its successors and assigns the right to enter upon each such Lot, from time to time, for the purposes of erecting, installing, constructing, servicing, maintaining, repairing and replacing such sanitary sewage facilities within said easement areas. By recording the Development Survey and executing and recording this Declaration, the Declarant intends to and does hereby dedicate and convey to Harris County, Georgia, forever, for the public use and benefit, all of the foregoing sanitary sewer easements, and related rights, hereby reserved by the Declarant in this Paragraph 7.0 1(b).

(c) Right to Reserve Easements on Declarant's Property. The Declarant hereby expressly reserves to itself and its successors and assigns, the right to create perpetual easements in, on, across, 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, maintenance, repair and replacement of (A) public or quasi-public utilities and services, including, but not limited to, electricity, telephone, cable television, sanitary sewage facilities (public and private), irrigation systems, pipelines for supplying gas and water, and any other utilities, services or

functions and related facilities, and (B) open ditch storm water drainage and other storm water drainage facilities;

(ii) 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;

(iii) the planting or replanting of hedges, shrubbery, bushes, trees, flowers and plants of any nature, and the planting, replanting and maintenance of other forms of landscaping, including, but not limited to, erecting, installing, constructing, maintaining, repairing, replacing and relocating fences, walls, signage, lighting, sprinkler/irrigation facilities and similar improvements in connection with and as a part of any landscaping within any such easement area; and

(iv) restricting and prohibiting access, ingress and egress to and from the Property or any portion thereof and any street or road which now exists or which hereafter may be constructed adjacent to such Property, and providing areas for scenic and natural area preservation between the Development and any adjacent property or any street or road which now exists or which hereafter may be constructed adjacent to the Property or any portion thereof.

7.02 Easement for Entry. The Declarant and its successors and assigns shall have the right and easement, which may be exercised by the directors, officers, employees and agents of the Declarant and its successors and assigns, at all reasonable times to enter upon all parts of each easement area (which for purposes hereof shall mean those areas on any Lot or any other portion of the Property with respect to which easements are shown, depicted or described in this Declaration or on the Development Surveys or in a recorded deed or easement agreement or on any recorded survey or plat relating thereto) 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 Paragraph 7.02.

7.03 Reservation of Rights and Easements of Declarant. The Declarant hereby reserves for itself the following rights, privileges and easements with respect to the Property, for the

benefit of those portions of the Property from time to time owned by the Declarant:

(a) The right, privilege and easement (but not the obligation) to construct, install, maintain, repair, replace, remove, relocate and use improvements on, in, under, over and across all or any part of the Property; and

(b) The right, privilege and easement (but not the obligation) to install, maintain, replace, remove and relocate, at Declarant's expense, and without the approval of the Association, such hedges, shrubbery, bushes, trees, flowers, plants and other landscaping of any nature, including, but not limited to, erecting, installing, constructing, maintaining, repairing, replacing and relocating fences, walls, signage, lighting, sprinkler/irrigation facilities and similar improvements in connection with and as a part of any landscaping, as the Declarant shall from time to time desire, within the Property.

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

ARTICLE VIII

ENFORCEMENT

8.01 Right of Enforcement. This Declaration and the Restrictions contained herein shall inure to the benefit of and shall be enforceable by (i) the Declarant for so long as it retains the right and authority to appoint and remove directors and officers of the Association, or if it is an Owner, (ii) the Association, and (iii) each Owner, his legal representatives, heirs, successors and assigns. Notwithstanding the foregoing, neither the Declarant, the Association, nor their respective directors, officers or employees, shall be under any obligation, or may be compelled, to take any action to enforce the terms of this Declaration, the Bylaws, or any rules and regulations of the Association.

8.02 Right of Abatement.

(a) in the event of a violation or breach of any Restriction contained in this Declaration, the Association, acting through the Board, shall give written notice by personal delivery or certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the delivery or mailing of said written notice, then the Association shall have the Right of Abatement.

(b) The Right of Abatement, as used in this Paragraph and in Paragraph 5.11 hereof, means the right of the Association, through its agents and employees, to enter at all reasonable times upon any Lot, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove or repair such violation, breach or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Paragraph, and with the cost thereof and all costs of collection, including reasonable attorneys' fees, together with interest thereon at the lower of the highest rate permitted by law or twelve percent (12%) per annum, to be a binding personal obligation of such Owner enforceable in law, as well as a lien on such Owner's Lot enforceable pursuant to the provisions of Paragraph 8.04 hereof. Such lien shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Lot after such entry whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, deed to secure debt, or other instrument, excepting only (1) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens created by Paragraph 4.01 hereof, (iii) the lien of any first priority Mortgage covering the Lot and/or the Residence thereon, and (iv) the lien of any secondary purchase money Mortgage covering the Lot and/or the Residence thereon, provided that neither the grantee nor any successor grantee of such Mortgage is the seller of the Lot or the Residence thereon.

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

8.04 Collection of Assessments and Enforcement of Lien.

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

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

its assigns, the agent and attorney in fact of each Owner to make such recitals, and hereby covenants and agrees that the recitals so to be made by the Association, or its assigns, shall be binding and conclusive upon the Owner whose property is the subject matter of such sale, and the heirs, executors, administrators and assigns of such Owner, and that the conveyance to be made by the Association, or its assigns, shall be effectual to bar all equity of redemption of such Owner, or the successors in interest of such Owner, in and to said Lot, and the Association or its assigns shall collect the proceeds of such sale, and after reserving therefrom the entire amount of assessment, interest, cost or other charge due, together with all costs and expenses of sale and fifteen percent (15%) of the aggregate amount due for attorneys' fees, shall pay any excess to such Owner, or to the heirs or assigns of such Owner as provided by law. The power and agency hereby granted are coupled with an interest and 'are irrevocable by death or otherwise and are granted as cumulative to the remedies for collection of said indebtedness provided by law.

(c) WAIVER. EACH OWNER, BY ACCEPTANCE OF A DEED CONVEYING A LOT AND/OR RESIDENCE SUBJECT TO THIS DECLARATION, WAIVES ANY RIGHT WHICH OWNER MAY HAVE UNDER THE CONSTITUTION OR THE LAWS OF THE STATE OF GEORGIA OR THE CONSTITUTION OR THE LAWS OF THE UNITED STATES OF AMERICA TO NOTICE OR TO A JUDICIAL HEARING PRIOR TO THE EXERCISE OF ANY RIGHT OR REMEDY PROVIDED BY THIS DECLARATION AND OWNER WAIVES OWNER'S RIGHTS, IF ANY, TO SET ASIDE OR INVALIDATE ANY SALE DULY CONSUMMATED IN ACCORDANCE WITH THE PROVISIONS OF THIS DECLARATION ON THE GROUND (IF SUCH BE THE CASE) THAT THE SALE WAS CONSUMMATED WITHOUT A PRIOR JUDICIAL HEARING. ALL WAIVERS BY OWNER IN THIS PARAGRAPH HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY, AFTER OWNER HAS FIRST BEEN ALLOWED THE OPPORTUNITY TO CONSULT LEGAL COUNSEL WITH RESPECT TO OWNER'S POSSIBLE RIGHTS.

8.05 No Waiver. The failure of the Declarant, the Association, or the Owner of any Lot, or his or its respective legal representatives, heirs, successors and assigns, to enforce any Restrictions herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

ARTICLE IX

DURATION AND AMENDMENT

9.01 Duration. This Declaration and the Restrictions contained herein shall run with and bind the Property for a period of twenty (20) years from and after the date when this Declaration is filed for record with the Clerk of the Superior Court of Harris County, Georgia, after which time this Declaration and the Restrictions may be renewed for successive periods of twenty (20) years each, by and upon (i) the execution by all of the then record owners of the Lots in the Development of a document containing (A) a legal description of the Property, (B) a list of the names of all the then record owners of the Lots in the Development, and (C) a description of the Declaration and the Restrictions to be renewed, which may be incorporated by reference to this Declaration, and (ii) the recording of such document in the Office of the Clerk of the Superior Court of Harris County, Georgia, prior to the expiration of the initial twenty (20) year term of this Declaration or any subsequent twenty (20) year renewal. There shall be no limit on the number of times this Declaration and the Restrictions contained herein may be renewed. Notwithstanding the foregoing provisions to the contrary, any perpetual easement reserved herein shall be permanent and have perpetual duration if so provided in the language reserving such easement.

9.02 Amendments by Declarant.

(a) During any period in which the Declarant retains the right to appoint and remove any directors and officers of the Association, the Declarant may amend this Declaration by an instrument in writing filed and recorded in the Office of the Clerk of the Superior Court of Harris County, Georgia, without the approval of any Member or Mortgagee; provided, however, that (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot or of the Property as set forth in this Declaration or if such amendment adversely affects the title to any Lot, such amendment shall be valid only upon the written approval or consent thereto by a majority in number of the then existing Members affected thereby, or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any Mortgagee, such amendment shall be valid only upon the written approval or consent thereto of Eligible Mortgage Holders who represent at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by Eligible Mortgage Holders and

so affected by such amendment. Any amendment made pursuant to this Paragraph 9.02 shall be certified by the Declarant as having been duly approved by the Declarant, and such Members and Eligible Mortgage Holders if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner, by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this Paragraph 9.02.

(b) Notwithstanding any other provision of this Declaration to the contrary, each Owner, by acceptance of a deed or other conveyance to a Lot, agrees that during any period in which the Declarant retains the right to appoint and remove any directors and officers of the Association, the Declarant may amend this Declaration, the Bylaws or any other instruments relating to the Development, and thereafter, the Board may amend this Declaration, the Bylaws or any other instruments relating to the Development, without the consent or approval of any Member or Mortgagee (i) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender, purchaser or guarantor of Mortgage loans, including, for example, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Department of Housing and Urban Development, to enable such lender or purchaser to make or purchase Mortgage loans on any Lot subject to this Declaration, (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure Mortgage loans on the Lots subject to this Declaration, or (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

9.03 Amendments by Association.

(a) Amendments to this Declaration, other than those prohibited by Paragraph 4.11 hereof or those authorized by Paragraph 9.02 hereof, shall be adopted by the affirmative vote, written consent, or any combination of affirmative vote and written consent of Members holding at least sixty-six and two-thirds percent (66-2/3%) of the total votes in the Association;

provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any Mortgagee must be approved by Eligible Mortgage Holders who represent at least fifty-one percent (51%) of the votes of Lots that are subject to Mortgages held by Eligible Mortgage Holders, and (ii) during any period in which the Declarant has the right to appoint and remove directors and officers of the Association, such amendment must be approved by the Declarant. Notice of a meeting, if any, at which a proposed amendment will be considered shall state the subject matter of the proposed amendment and the fact that such proposed amendment will be considered at such meeting.

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

ARTICLE X

INSURANCE

10.01 Insurance. At all times during the term of this Declaration, the Association, its successors and assigns, shall be required to keep any and all insurable facilities and improvements located on the Property 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 one hundred percent (100%) of the cost of replacement, less any deductible amounts, of such improvements, fixtures and contents thereof and (ii) public liability insurance with such coverages and in such amounts as shall be determined by the Board as appropriate for the type of activities which shall be allowed on the Property and for the other activities of the Association. In addition to the other insurance required by this Paragraph 10.01 and

Paragraph 3.06, the Association shall obtain worker's compensation insurance, if and to the extent required by law, and a fidelity bond or bonds on directors, officers, employees and other persons handling or responsible for the Association's funds, if such bonds are reasonably available in the determination of the Board. 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. The premiums for such insurance shall be expenses paid for by the Association.

10.02 Damage. Destruction and Loss. Immediately after any 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 sixty-six and two-thirds percent (66-2/3%) of the total Association vote entitled to vote thereon, and, so long as the Declarant has the right and authority to appoint and remove directors and officers of the Association, the Declarant, otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed one hundred twenty (120) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be replaced, repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board shall, without the necessity of a vote of the Association's Members, levy a special assessment. Additional assessments may be

made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited for the benefit of the Association.

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

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 the damaged or destroyed property.

ARTICLE XI

MISCELLANEOUS

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

11.02 Severability. A determination by a court of competent jurisdiction that any restriction, covenant or other provision hereof is invalid for any reason shall not affect the validity of any other provision hereof.

11.03 Headings. The headings of the Articles and Paragraphs 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 shall be deemed to include the plural, and vice versa.

11.05 Notices. All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures or consents of any kind made pursuant to this Declaration, whether made by the Declarant, the Association, the ARC, an Owner, or any other person, shall be in writing. Unless another form or method

of notification is required or permitted under another Paragraph hereof, all such writings shall be sufficient only if delivered in person or deposited in the United States Mail, with sufficient first-class postage prepaid, and sent to the following addresses:

- (a) Declarant: Lake Mobley, LLC
C/O W. C. Bradley, Co.
P.O. Box 140
Columbus, Georgia 31904
- (b) Owners: Each Owner's address as registered with the Association in accordance with the Bylaws.

Any written communication transmitted by mail in accordance with this Paragraph 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. The Declarant has, using best efforts and all due diligence, prepared and recorded this Declaration so that each and every Owner shall have the right and the power to enforce the terms and provisions of this Declaration against every other Owner. However, in the event that this Declaration is, for any reason whatsoever, unenforceable by an Owner (or any other person) in a court of law or otherwise, the 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 and agrees that the Declarant shall have no such liability.

11.07 Annexation. (a) Until such time as the Declarant shall have executed and filed for record in the Office of the Clerk of the Superior Court of Harris County, Georgia, an amendment to this Declaration stating that the Declarant does not intend to develop any additional lots in the Development, additional real property, including, but not limited to, all or a portion of the Property described in Exhibit "A" attached hereto and made a part hereof, may be annexed to the Development by the Declarant without the consent of any lot owners. Such annexation shall be accomplished by filing in the Office of the Clerk of the Superior Court of Harris County, Georgia, (i) an amendment to the Declaration executed by the Declarant, designating and describing the phase of phases or section or sections then being annexed to the Development and containing such covenants and restrictions that

are to pertain and apply to the phase or phases or section or sections then being annexed to the Development as contemplated herein, and such other covenants, restrictions and provisions, including, without limitation, the reservation of easements, as may be necessary or proper in the sole discretion of the Declarant, to effect such annexation, and (ii) an approved subdivision survey or plat describing and depicting the real property to be annexed to the Development, and such amendment to the Declaration or such subdivision survey or plat shall include and contain a statement that expressly sets forth the Declarant's intention to make such annexed real property subject to the provisions of this Declaration; and if such real property is owned by someone other than the Declarant, such amendment to the Declaration also shall contain the consent by the owners of the real property to be annexed to making such real property subject to the provisions of this Declaration.

The Declarant intends that, as additional phases or sections are added to the Development, the Declarant will impose certain covenants and restrictions that will pertain and apply only to the lots, and to the Structures constructed or placed thereon, in the particular section or phase then being added to the Development. Such covenants and restrictions may vary or differ from similar types of covenants and restrictions that pertain and apply to the lots and the Structures thereon in phases or sections previously added to the Development and may include, by way of illustration and not limitation, covenants and restrictions governing building setback requirements for Structures and the minimum floor area and the number of permitted or required stories in height of residences in a phase or section. Such covenants and restrictions also may include such other covenants and restrictions as the Declarant, in its sole discretion, may determine appropriate for the type of housing to be developed in such phase or section; provided, however, such covenants and restrictions shall not violate the overall scheme and intent of this Declaration. Such covenants and restrictions shall be set forth and contained in an amendment to this Declaration executed by the Declarant, annexing such additional property to the Development in accordance with the preceding paragraph.

11.08 Deannexation. The Declarant has, and hereby reserves, the right to amend this Declaration, unilaterally and in its sole discretion, at any time so long as it has the right and authority to appoint and remove directors and officers of the Association,

without prior notice and without the consent of any Member or Mortgagee, for the purpose of removing certain portions of the Property then owned by the Declarant or the Association from the provisions of this Declaration to the extent originally annexed in error or as a result of any changes whatsoever in the plans for the Property and the Development desired to be effected by the Declarant, provided such removal is not contrary to the overall scheme of development for the Property.

11.09 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

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 the Bylaws, notwithstanding any other provision contained therein.

12.01 Notices of Certain Events. A holder of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, and the Lot number or Residence address, such holder thereby becoming an "Eligible Mortgage 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 affects any Residence on which there is a first Mortgage held by such Eligible Mortgage Holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Residence subject to a first Mortgage held by such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, and any default in the performance by an Owner of a Residence of any other obligation under the Declaration or Bylaws 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 Mortgage Holders, as specified herein.

12.02 Actions Requiring Consent. Unless at least sixty-six and two-thirds percent (66-2/3%) of the first Mortgagees or Members representing at least sixty-six and two-thirds percent (66-2/3%) of the total 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 Property (the granting of easements or rights-of-way for public utilities or other similar purposes consistent with the intended use of the Property shall not be deemed a transfer within the meaning of this subparagraph);

(b) change the pro rata interest or obligations of any individual Lot or Residence for the purpose of levying assessments or other charges or allocating distributions of hazard insurance proceeds or condemnation awards;

(c) by act or omission seek to abandon or terminate the Association;

(d) partition or subdivide any Lot into two or more smaller Lots each intended for ownership and use as a single-family dwelling site; or

(e) use hazard insurance proceeds for any 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 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 Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Residence in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Property.

12.04 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Residence.

12.05 Amendment by Board. Should 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, Bylaws or Georgia corporate law for any of the acts set out in this Article.

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

IN WITNESS WHEREOF, the undersigned have executed and delivered this document, under seal, the date first above written.

MOBLEY ESTATES, LLC
A Georgia limited
liability company

Signed, sealed and delivered
the presence of:

Charles H. [Signature]
Unofficial Witness

Amy Lynn Baggette
Official Witness,
Notary Public

AMY LYNN BAGGETTE
-NOTARY PUBLIC-OFFICIAL SEAL-
MUSCOGEE COUNTY, GEORGIA

My Commission Expires September 2, 2006

Exhibits

- A: Original Property (607 Ac ±)
- B: Consent to Inclusion of Property

By: Mathews D. Swift (L.S.)
MATHEWS D. SWIFT as
representative pursuant to
authority at Deed Book
572, Page 201, Harris
County, Georgia records.

EXHIBIT "A"
TO
SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
CALLAWAY WOODS AND LAKESIDE

LEGAL DESCRIPTION OF ORIGINAL PROPERTY

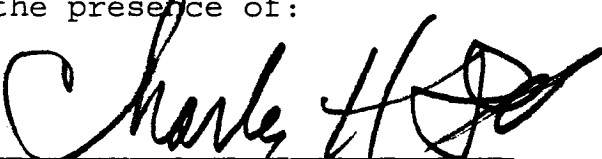
All those tracts and parcels of land situate, lying and being in the State of Georgia and the County of Harris, being Parts of Land Lots 150, 151, 166, 167, 168, 188 and 189 of the 19th Land District of said County, and being those certain tracts denominated "Tract 1, 206.61 acres" and "Tract 2, 400.85 acres", totaling 607.46 acres, and shown upon two plats dated March 26, 1996, made by Raymon K. Haralson, Registered Land Surveyor, and recorded in Plat Book 21, folios 46 & 47 in the Office of the Clerk of the Superior Court of Harris County, Georgia, to which reference is made for the particular locations and dimensions of said tracts.

EXHIBIT "B"
TO
SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
CALLAWAY WOODS AND LAKESIDE

CONSENT TO INCLUSION OF PROPERTY

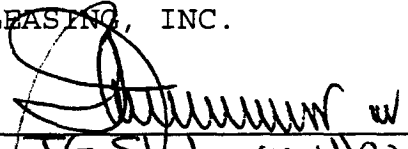
This 8th day of April, 2003, JAY LEASING, INC., owner of LOT 1300, BLOCK "A", LAKESIDE, as shown on a survey entitled "Lot 1300, Block "A", Lakeside, Lying in Land Lot 151, 19th District, Harris County, Georgia" dated April 3, 2003, and recorded in Plat Book 27, Folio 78, in the Office of the Clerk of the Superior Court of Harris County, Georgia, hereby consents to the making of Lot 1300 subject to the foregoing Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Callaway Woods and Lakeside; PROVIDED HOWEVER, notwithstanding anything to the contrary, in the event of any conflict or inconsistency between this Declaration and the provisions of the Warranty Deed of this date conveying Lot 1300, Block "A" from Declarant to JAY LEASING, INC., the provisions of the Warranty Deed shall control.


Signed, sealed and delivered
the presence of:



Unofficial Witness

JAY LEASING, INC.

By: 
Name: J.G. Steckenmuller III
Title: PRESIDENT



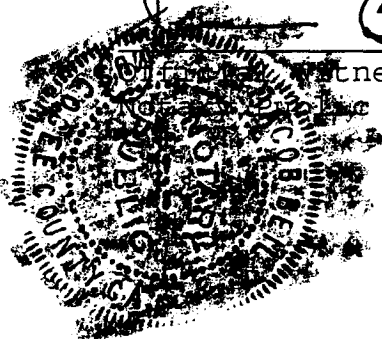
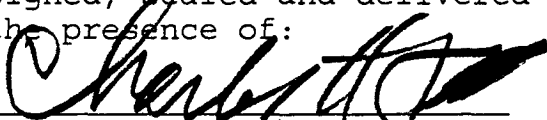
Witness,


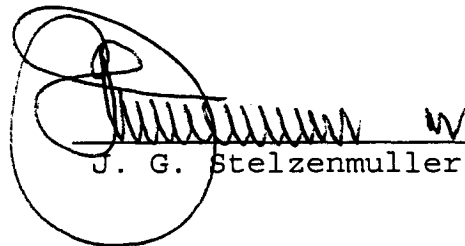
EXHIBIT "C"
TO
SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
CALLAWAY WOODS AND LAKESIDE

CONSENT TO INCLUSION OF PROPERTY

This 8th day of April, 2003, J. G. STELZENMULLER, III , owner of Lot 13, Block "A", SECTION ONE, LAKESIDE, and owner of the 0.35 acre tract of land adjoining Lot 13 described on Attachment 1 hereto, hereby consents to the making of the 0.35 acres subject to the foregoing Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements for Callaway Woods and Lakeside and to the addition of the 0.35 acres to Lot 13, Block "A", as shown on a survey entitled "Replat of Lot 13, Block "A", Section One, Lakeside, Lying in Land Lots 150, 151, 166, and 167, 19th District, Harris County, Georgia" dated April 3, 2003, and recorded in Plat Book 27, Folio 79, in the Office of the Clerk of the Superior Court of Harris County, Georgia,; PROVIDED HOWEVER, notwithstanding anything to the contrary, in the event of any conflict or inconsistency between this Declaration and the provisions of the Warranty Deed of this date conveying the 0.35 Acres or the provisions of the Warranty Deed dated July 19, 2002 from Mobley Estates, LLC to J. G. Stelzenmuller,, III conveying Lot 13, recorded at Deed Book 057, Page 0514, Harris County, Georgia records, the provisions of the Warranty Deeds shall control.

Signed, sealed and delivered
the presence of:


Unofficial Witness


J. G. Stelzenmuller, III


Public Witness,
Public



Attachment 1: Legal Description

194695.11

ATTACHMENT 1 TO EXHIBIT "C"

0.35 Acres, more or less

The land in Land Lot 151, 19th Land District, Harris County, Georgia, lying within the following metes and bounds:

To find the POINT OF BEGINNING commence at the iron pin at the northeast corner of Land Lot 151, and run South 66 degrees 44 minutes 53 seconds West 3114.94 feet to an iron pin on the 450.5 foot contour line of Lake Mobley which is also at the northeast corner of Lot 13, Block "A", Section One, Lakeside, which is the POINT OF BEGINNING;

From the POINT OF BEGINNING run South 09 degrees 13 minutes 43 seconds West across Lake Mobley 357.00 feet to an iron stake on the 450.5 foot contour line of Lake Mobley; run then along the 450.0 contour line of Lake Mobley (which is also the east line of Lot 13) 409 feet, more or less, to the POINT OF BEGINNING.

This property is shown on the Survey for Lake Mobley, LLC, dated 19 March 2003, by A. B. Moon, Jr., Ga. R.L.S. 782, and contains 0.35 acres, more or less.

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