

Patty Baker
Clerk of Superior Court Cherokee Cty, GA

O 151560
WILDCAT DEVELOPMENT LLC
1005 WEST HAYNES RD

CANTON , GA 30114

Upon Recording, please return to:
J. Keith Taylor
Burr & Forman LLP
171 17th Street, Suite 1100
Atlanta, GA 30363

Cross References:
Book 1429, Page 240
Book 4901, Page 107
Book 6002, Page 77

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR LAKE ARROWHEAD -- PHASE II**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR LAKE ARROWHEAD -- PHASE II (hereinafter the "Phase II Declaration"), is made this 9th day of November, 2007 by PURCELL CO., INC., a Delaware corporation (formerly Diamondhead Corporation), (hereinafter referred to as the "Purcell") and LAKE ARROWHEAD COMMUNITIES, LLC, a Georgia limited liability company (hereinafter referred to as the "LAC").

WITNESSETH:

WHEREAS, PURCELL, recorded that certain Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead dated March 31, 1993, in Deed Book 1429, Page 240, Cherokee County, Georgia Records ("Declaration") as amended by that certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead dated November 30, 2001, recorded in Deed Book 4901, Page 107, Cherokee County, Georgia Records ("First Amendment")(as vacated under Civil Action 02-CV-0819) and as further amended by that certain Amendment to Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead dated February 26, 2003, recorded in Deed Book 6002, Page 77, Cherokee County, Georgia Records ("Second Amendment")(collectively, such Declaration, First Amendment and Second Amendment are referred to in this Amendment as the "Master Declaration"); and

WHEREAS, pursuant to the provisions of Section 2 of Article IX of the Master Declaration, the Master Declaration may be extended to additional real property being developed as part of the Lake Arrowhead community by subjecting such additional property to the Master Declaration ; and

WHEREAS, pursuant to the provisions of Section 3 of Article IX of the Master Declaration, additional or other declarations may be filed against any property within the Lake Arrowhead community, and such declarations may contain modifications of the covenants and restrictions set forth in the Master Declaration; and

WHEREAS, Purcell and LAC, as the owner, desire to subject that additional real property as described in Exhibit "A" to the Phase II Declaration, attached hereto, to the provisions of the Master Declaration, as amended herein, and provide an additional declaration to control and govern the development and use of such additional property; and

NOW THEREFORE, pursuant to the powers retained by Purcell in Sections 2 and 3 of Article IX of the Master Declaration, in accordance with those provisions of those Sections, Purcell, as "Declarant" under the Master Declaration, hereby takes the following action:

1. Annexation. Purcell hereby subjects all of those tracts or parcels of land described in Exhibit "A" to the Phase II Declaration, attached hereto and by this reference incorporated herein, to the provisions of the Master Declaration, subject to such modifications and alterations as set forth herein. Such property shall be sold, transferred, used, conveyed, occupied and encumbered pursuant to the provisions of the Master Declaration, all of which shall run with the title to such property and shall be binding upon all persons having any right, title or interest in such property, their respective heirs, legal representatives, successors, successors-in-title and assigns.

2. Other Declaration. As set forth in Section 2 of Article IX of the Master Declaration, Purcell and LAC hereby subject all of those tracts or parcels of land described in Exhibit "A" of the Phase II Declaration attached hereto and by this reference incorporated herein, to the provisions of Phase II Declaration. Such property shall be sold, transferred, used, conveyed, occupied and encumbered pursuant to the provisions of the Phase II Declaration, all of which shall run with the title to such property and shall be binding upon all persons having any right, title or interest in such property, their respective heirs, legal representatives, successors, successors-in-title and assigns.

3. Initiation Fee and Assessments. The amounts of the initiation fee and annual assessments payable to Lake Arrowhead Yacht & Country Club, Inc. ("LAYCC"), as set forth in the Master Declaration, as amended, shall be at discretion of LAYCC and shall not be subject to the cap or annual increase cap, as set forth therein. Notwithstanding anything therein to the contrary, in addition to the annual assessments set forth in the Master Declaration, each Owner, by accepting title to a Lot, covenants and agrees to pay LAC an initiation fee in such amount as LAYCC may specify from time to time.

Each Owner of a Lot, by accepting a deed to such Lot, is deemed to covenant and agree to pay the initiation fee and assessments in a timely manner. All such initiation and membership fees, together with interest (computed from its due date at a maximum rate of 18% per annum or such higher rate as LAYCC may establish under the Master Declaration or the Membership Plan for Lake Arrowhead Yacht & Country Club ("Membership Plan"), subject to the limitations of Georgia law), late charges, costs, and reasonable attorneys' fees, shall be the personal obligation of the owner of the Lot. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable with the grantor for any membership fees due at the time of conveyance. LAYCC's failure to notify Owners of the initiation or membership fees shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay membership fees.

The obligation to pay the amounts provided for herein shall be mandatory and shall be a separate and independent covenant on the part of each Owner of a Lot. No Owner may exempt himself or herself from liability for initiation or membership fees by non-use of Club Facilities, abandonment of his Lot, or

any other means. No diminution or abatement of membership fees or set-off shall be claimed or allowed for any alleged failure of LAYCC to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

LAYCC and/or LAC may record a lien against each Lot to secure payment of the initiation fee or membership fees, as well as interest, late charges (subject to the limitations of Georgia law), and costs of collection (including attorneys' fees). Such recorded lien may be enforced by suit, judgment, and judicial or nonjudicial foreclosure to the extent permitted Georgia law, pursuant to the provisions of the Phase II Declaration.

LAC or Purcell may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the LAC or Purcell following foreclosure no membership fees shall be assessed against that Lot or against LAC or Purcell as the owner of the Lot. LAYCC may sue for unpaid initiation fees or membership fees and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Sale or transfer of any Lot shall not affect the recorded lien nor relieve such Lot from the lien for any subsequent initiation and/or membership fees. However, the sale or transfer of any Lot pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any initiation and/or membership fees due prior to the Mortgagee's foreclosure.

4. Membership/Duration of Membership. Notwithstanding anything in the Master Declaration to the contrary, upon payment of the initiation fee to LAC as described herein, Purcell or LAYCC shall issue to the Owner(s) of each Lot, ("Owner") subject to the Phase II Declaration, except for Builders, as such term is defined in the Phase II Declaration, a Resident Membership in the "Community" use category consisting of those licenses and privileges as set forth in the Membership Plan. Only one Resident Membership in the Community use category shall be issued per Lot. If more than one person holds title to the Lot, the membership will be issued to all co-owners jointly; provided, such co-owners shall designate one individual as the authorized member.

All privileges of membership shall be limited to operating hours and subject to payment of such charges and fees as LAYCC may establish. Such privileges shall also be subject to such Membership Plan and any policies and rules as LAYCC may establish and modify from time to time. Nothing herein shall obligate Purcell or LAYCC to offer or maintain any service nor shall anything herein dictate the level of service or hours of operation of any service provided.

4.1 Term of Memberships; Covenant to Maintain. The Owner(s) of each Lot shall maintain the Resident Membership issued for their Lot in good standing as long as they hold title to the Lot. Such membership shall automatically terminate, as to the Owner of each Lot, when such person ceases to be the owner of record title to the Lot; however, a former Resident Member shall remain obligated for all charges incurred on account of such membership prior to such termination. Upon transfer of title to a Lot and termination of the Resident Membership held by the previous Owner, LAYCC shall issue a new Resident Membership to the new Owner(s) upon such Owner(s) payment to LAC of the then applicable initiation fee for such membership.

4.2 No Ownership Interest. No Owner, by virtue of ownership of a Lot or by virtue of membership in the Club, acquires any ownership interest, beneficial interest, or other vested interest whatsoever in the Club, but only the privilege of using and enjoying the Club's facilities as a Resident Member in accordance with the Membership Plan and the Club's rules, which are subject to change from time to time.

4.3 LAC's Residential Units Excluded. The granting of a Resident Membership and the obligation for Membership Fees pursuant to this Covenant shall not apply to any Lot owned by LAC , while so owned.

5. Land Use Restrictions. Notwithstanding anything in the Master Declaration to the Contrary, the construction, development and use of a Lot shall be subject to the Phase II Declaration, and shall not be governed by the procedures and regulations set forth in Article VI of the Master Declaration; provided, those regulations set forth in Sections 4, 7 through 11, 14 and 22 through 27 of Article VI shall continue in full force and effect to the extent such sections are not in conflict with the Phase II Declaration, which case the Phase II Declaration shall control.

6. Enforcement. Notwithstanding anything in the Master Declaration to the contrary, violations of any restriction, conditions or covenants contained in the Master Declaration shall be subject to the enforcement procedures set forth in the Phase II Declaration, and Declarant or its assigns shall have full rights to enforce sanctions against such violations as if such were violations hereunder.

7. Modifications and Conflicts. Pursuant to Section 3 of Article IX, Purcell and LAC hereby subject the Property as described in Exhibit "A" to an "other declaration" as described therein, and such other declaration shall be known as the Phase II Declaration. As set forth therein, the Phase II Declaration hereby modifies and adds to those restrictions and covenants contained in the Master Declaration. Notwithstanding anything to the contrary contained in the Master Declaration, if there are conflicts between the Master Declaration and the Phase II Declaration, the Phase II Declaration shall control.

8. Effective Date. This Phase II Declaration shall be effective upon recording in the official land records of Cherokee County, Georgia.

9. Amendment. Notwithstanding anything in the Master Declaration to the contrary, any amendment, revision, or alteration to the Phase II Declaration shall be governed by and subject to the procedures set forth in the Phase II Declaration.

IN WITNESS WHEREOF, Purcell, has caused this Phase II Declaration to be executed under seal the day and year first written above.

PURCELL:

PURCELL CO., INC. (formerly Diamondhead Corporation), a Delaware corporation

By: [Signature]
Name: HOLCOMB HECTOR
Its: VICE PRESIDENT

ATTEST:

By: [Signature]
Name: CARL JOFFE
Its: SECRETARY

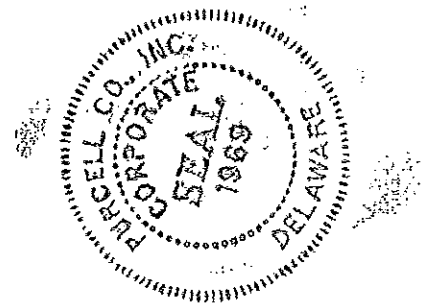
Corporate Seal

Signed, sealed and delivered in the presence of:

[Signature]
Unofficial Witness

[Signature]
Notary Public
My Commission expires:

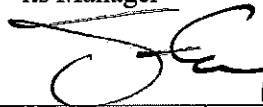
(Notarial Seal)



IN WITNESS WHEREOF, the undersigned owner of the tract or parcel of land described in Exhibit "A" to the Phase II Declaration, attached hereto, does hereby declare and consent, on behalf of such owner and such owner's heirs, successors, legal representatives, successors-in-title and assigns that from and after the date hereof the property of LAC described on Exhibit "A" shall be owned, held, transferred, sold, conveyed, used, occupied, and encumbered subject to all of the terms, provisions, covenants, restrictions and easements contained in the Master Declaration and Phase II Declaration, as set forth herein. LAC has executed this Phase II Declaration the date and year first written above.

LAC: LAKE ARROWHEAD COMMUNITIES,
LLC, a Georgia limited liability company

By: JV VENTURES, LLC,
a Georgia limited liability company
its Manager

By: 
Name: Thomas H. Elsberry
Title: Vice President

(Seal)

Signed, sealed and delivered in
the presence of:

Margaret Durham
Unofficial Witness

Arissa J. Suggs
Notary Public

My Commission expires:

**Notary Public Cobb County Georgia
My Commission Expires July 23 2010**



DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

LAKE ARROWHEAD PHASE II



**L A K E
ARROWHEAD**

TABLE OF CONTENTS

Table of Contents

		Page
Article I	Creation of the Community	1
1.1.	Purpose and Intent.....	1
1.2.	Binding Effect	2
1.3.	Governing Documents.	2
Article II	Definitions	4
Article III	Restrictions Affecting Lots	10
3.1.	Restrictions Affecting on Occupancy and Alienation.....	10
3.2.	Framework for Regulation.....	12
3.3.	Owner's Acknowledgment and Notice to Purchasers.	13
3.4.	Rule Making Authority.	13
3.5.	Protection of Members and Residents.....	14
Article IV	Architecture and Landscaping	15
4.1.	General.....	15
4.2.	Architectural Review.	15
4.3.	Guidelines and Procedures.....	17
4.4.	No Waiver of Future Approvals.....	18
4.5.	Variances.....	19
4.6.	Limitation of Liability.....	19
4.7.	Certificate of Compliance.	19
Article V	Landscaping, Home Maintenance and Repair	19
5.1.	Landscaping Requirements.....	19
5.2.	Maintenance of Lots.....	20
5.3.	Maintenance of Neighborhood Property	20
5.4.	Responsibility for Repair and Replacement.....	20
Article VI	The Association, its Members and the Foundation	21
6.1.	Function of Association.	21
6.2.	Membership.	21
6.3.	Voting.	22
6.4.	Neighborhoods and Neighborhood Representatives.....	22
6.5.	Foundation.	23
6.6.	Membership in Lake Arrowhead Property Owners Association & Use Rights in the Club.....	23
Article VII	Association Powers and Responsibilities	24
7.1.	Acceptance and Control of Association Property.	24
7.2.	Maintenance of Common Area.....	24
7.3.	Insurance.	26
7.4.	Compliance and Enforcement.....	29
7.5.	Enforcement of Design Guidelines.....	32
7.6.	Implied Rights; Board Authority.	33

7.7.	Indemnification of Officers, Directors, and Others.....	33
7.8.	Safety and Security.	34
7.9.	Guardhouses.....	34
7.10.	Powers of the Association Relating to Neighborhoods.....	34
7.11.	Provision of Services.	35
7.12.	Relationship with Other Properties.	35
7.13.	Facilities and Services Open to the Public.....	35
7.14.	View Impairment.	35
7.15.	Relationship with Governmental and Tax-Exempt Organizations.	36
7.16.	Relationship with the Foundation.	36
Article VIII	Association Finances	36
8.1.	Budgeting and Allocating Common Expenses.	36
8.2.	Budgeting and Allocating Neighborhood Expenses.	37
8.3.	Budgeting for Reserves.	37
8.4.	Special Assessments.	38
8.5.	Benefited Assessments.....	38
8.6.	Commencement of Assessment Obligation; Time of Payment.	39
8.7.	Obligation for Assessments.	39
8.8.	Lien for Assessments.	40
8.9.	Limitation on Increases of Assessments.	41
8.10.	Exempt Property.	41
8.11.	Capitalization of Association.	41
8.12.	Club Assessment/Membership Dues.....	42
Article IX	Expansion of the Community	42
9.1.	Expansion by Declarant.	42
9.2.	Expansion by the Association.	42
9.3.	Additional Covenants and Easements.....	42
9.4.	Effect of Filing Supplemental Declaration.	43
Article X	Additional Rights Reserved to Declarant	43
10.1.	Withdrawal of Property.....	43
10.2.	Marketing and Sales Activities.	43
10.3.	Right to Develop.	43
10.4.	Right to Designate Sites for Governmental and Public Interests.	44
10.5.	Right to Approve Additional Covenants.....	44
10.6.	Right to Approve Changes in Community Standards.	44
10.7.	Right to Transfer or Assign Declarant Rights.....	44
10.8.	Exclusive Rights to Use Name of Development.....	44
10.9.	Equal Treatment.....	45
10.10.	Right to Use Common Area for Special Events.....	46
10.11.	Easement to Inspect and Right to Correct.....	46
10.12.	Right to Notice of Design or Construction Claims.	46
10.13.	Termination of Rights.	46
Article XI	Easements	47
11.1.	Easements in Common Area.....	47
11.2.	Easements of Encroachment.	48
11.3.	Easements for Utilities, Etc.....	48
11.4.	Easements to Serve Additional Property.....	49

11.5.	Easements for Maintenance, Emergency, and Enforcement.....	49
11.6.	Easements for Cross-Drainage.....	49
11.7.	Rights to Stormwater Runoff, Effluent and Water Reclamation.	49
11.8.	Easements for the Club -- Golf Course.....	50
11.9.	Easements for Lake Maintenance and Flood Water.	51
Article XII	Limited Common Areas	51
12.1.	Purpose.....	51
12.2.	Designation.	52
12.3.	Use by Others.....	52
Article XIII	Party Walls and Other Shared Structures.....	52
Article XIV	Dispute Resolution and Limitation on Litigation.....	53
14.1.	Agreement to Encourage Resolution of Disputes Without Litigation.	53
14.2.	Dispute Resolution Procedures.	54
14.3.	Initiation of Litigation by Association.	55
Article XV	Lake Arrowhead Yacht & Country Club	55
15.1.	Right to Use the Club.....	55
15.2.	Lake Arrowhead Yacht & Country Club	56
15.3.	Conveyance of Club.....	56
15.4.	Assumption of Risk and Indemnification.	57
15.5.	Rights of Access and Parking.	57
15.6.	Limitations on Amendments.....	57
15.7.	Jurisdiction and Cooperation.	58
15.8.	Design Control.	58
15.9.	View Impairment.	58
Article XVI	Mortgagee Provisions	58
16.1.	Notices of Actions.....	58
16.2.	No Priority.	59
16.3.	Notice to Association.	59
16.4.	Failure of Mortgagee to Respond.....	59
Article XVII	Changes in Ownership of Lots.....	59
Article XVIII	Changes in Common Area	60
18.1.	Condemnation.....	60
18.2.	Partition.....	60
18.3.	Transfer or Dedication of Common Area.	60
Article XIX	Amendment of Declaration	60
19.1.	By Declarant.	60
19.2.	By Members.....	61
19.3.	Validity and Effective Date.....	61
19.4.	Exhibits.	61

- TABLE OF EXHIBITS -

<u>Exhibit</u>	<u>Subject Matter</u>	<u>Page First Mentioned</u>
"A"	Land Initially Submitted	1
"B"	Land Subject to Annexation	4
"C"	Initial Use Restrictions	3
"D"	By-Laws of Lake Arrowhead Property Owners Association, Inc.	3

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
LAKE ARROWHEAD -- PHASE II

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR LAKE ARROWHEAD -- PHASE II ("Declaration") is made this ____ day of November, 2007, by Lake Arrowhead Communities, LLC, a Georgia limited liability company ("Declarant"). Any reference in collateral documentation referring to the "CC&Rs" for the Community shall refer to this Declaration.

This Declaration is part of a general plan to protect and enhance the value and desirability of all property now or hereafter subject hereto.

INTRODUCTION TO THE COMMUNITY

Lake Arrowhead Communities, LLC, as Developer of the Community has created this Declaration to provide a governance structure and a flexible system of standards and procedures for the overall development, expansion, administration, maintenance, and preservation of the Community as a master planned community.

Article I Creation of the Community

1.1. Purpose and Intent.

Declarant, as the owner of the real property described in Exhibit "A," intends by recording this Declaration to establish a general plan of development for the planned community known as Lake Arrowhead Phase II consisting of residential, commercial, recreational and other areas and uses. This Declaration provides for the Community's overall development, administration, maintenance, and preservation, and provides flexible and reasonable procedures for its future expansion. Declarant intends, without obligation, that when developed fully, Lake Arrowhead Phase II may include several residential neighborhoods, one or more golf courses, one or more clubhouses, and greenbelts and recreational and commercial areas, including but not limited to open spaces, walkways and other social, commercial and civic buildings and facilities.

An integral part of the development plan is the creation of the Lake Arrowhead Phase II Property Owners Association, Inc., a Georgia nonprofit corporation, to own, operate, and/or maintain amenities upon various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents (defined hereafter) referenced in this Declaration.

The Master Plan for Lake Arrowhead Phase II provides for a variety of land use classifications. The land use classifications in Lake Arrowhead Phase II shall be (a) Single Family Residential; (b) Recreational Use; (c) Neighborhood Common Areas; (d) Natural Open Space Use; (e) such other residential or other related areas, as may be set forth in any Supplemental Declaration; and (f) such non-residential or other related areas of use, including commercial uses, as may be set forth in any

Supplemental Declaration or any additional set of covenants recorded against the property. "Commercial Uses" within Phase II shall mean and include any Parcel or portion thereof owned by one person or entity or a group or persons and/or entities that is used for one or more commercial purposes, including but not limited to the following: commercial offices, shopping centers, resorts, worship sites and other areas used for commercial or non-residential purposes. Commercial Uses shall not include any Common Areas owned by the Association or other common areas owned by a Neighborhood Committee. Commercial Uses shall be deemed to include the Club and the associated recreational areas and facilities.

Declarant reserves the right, without obligation, to annex additional land into the Community, which land is defined and described under Section 9.1 relating to annexation of property ("Annexable Property").

As the development of Lake Arrowhead Phase II proceeds, Declarant intends, without obligation, to record various subdivision plats, to dedicate portions of the Annexable Property to the public for general public use, or to keep all or portions of the above in private ownership, and to record Supplemental Declarations causing portions of the Annexable Property to be subject to this Declaration and designating the purposes for which such portions of the Community may be used and may set forth additional covenants, conditions and restrictions applicable to such portions of the Community.

This document does not and is not intended to create a condominium under Georgia law.

1.2. Binding Effect.

All property described in Exhibit "A," and any additional property made subject to this Declaration in the future by recording one or more Supplemental Declarations, shall be owned, conveyed, and used subject to this Declaration. This Declaration shall run with the title to such property and shall be binding upon all Persons having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns whether or not it is specifically referenced in the conveyance deed.

Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns may enforce this Declaration. Unless otherwise provided by Georgia law, this Declaration shall have perpetual duration. If the period during which covenants may run with the land is limited, this Declaration shall be effective for the maximum period permitted by Georgia law. After such period, this Declaration shall be extended automatically for successive 10-year periods unless at least 90% of the then Owners sign a document stating that the Declaration is terminated and that document is recorded within the year before any extension. In such case, this Declaration shall expire on the date specified in the termination document.

In any event, if any provision of this Declaration would be unlawful, void, or voidable by a law which restricts the period of time that covenants on land may be enforced, such provision shall expire 21 years after the death of the last survivor of the now living descendants of George W. Bush. This Section shall not permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. Governing Documents.

The Community has been established and is administered pursuant to various documents that have a legal and binding effect on all Owners and occupants of property in the Community, as well as on anyone else that may now or in the future have an interest in any portion of the property comprising the Community. The Governing Documents create a general plan of development for the Community,

which may be supplemented by additional covenants, restrictions, and easements applicable to particular Neighborhoods.

The Community's Governing Documents consist of the following and shall be deemed to include all amendments thereto:

The Community's Governing Documents	
Name of Documents	Purpose
Articles of Incorporation → (filed with Georgia Secretary of State)	establishes the Association as a non-profit corporation under Georgia law
By-Laws → (the Board of Directors adopts) (initial set attached as Exhibit "D" to Declaration)	describes the system to govern the Association's internal affairs, such as voting rights, elections, meetings, officers, etc.
Declaration → (Recorded in Cherokee County, Georgia)	creates obligations and rights, which are binding upon the Association and all present and future owners of property in the Community
Supplemental Declaration → (Recorded upon annexation of each Parcel)	adds property to the Community; may impose additional obligations or restrictions applicable to the specific Parcel or create easements over the property described in the Supplemental Declaration
Design Guidelines → (Declarant adopts)	establishes architectural and aesthetic standards, guidelines and procedures for improvements and modifications to Lots and Common Areas, including structures, landscaping, and other items on Lots
Use Restrictions → (initial set attached as Exhibit "C" to Declaration)	govern use of privately owned property and activities within the Community
Board Resolutions and Rules → (Board adopts)	establish rules, policies, and procedures for the Association's operations; regulate operation and use of Common Area
Master Declaration → (Recorded in Cherokee County, Georgia)	the Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead

All of the foregoing documents, other than the Declaration, may be amended from time to time by the Board of Directors or the Declarant without the approval of Owners, and all current Owners are responsible for obtaining a copy of the most current such document.

Additional restrictions or provisions, which are more restrictive than the provisions of this Declaration may be imposed on any Neighborhood or Lot in which case, the more restrictive provisions will be controlling. However, no Person shall record any additional covenants, conditions, or restrictions affecting any portion of the Community without Declarant's written consent, so long as

Declarant owns any property described in Exhibit "A" or "B." Any instrument Recorded without the required consent is void and of no force and effect.

If there are conflicts between Georgia law and the Governing Documents, Georgia law shall control. If there are any conflicts between or among any of the Governing Documents, then the Declaration, the Articles, and the By-Laws (in that order) shall prevail. If there is a conflict between the Governing Documents and any Neighborhood Committee's (defined hereafter) covenants, restrictions, or policies, the Governing Document will control.

The Governing Documents apply to all Owners and all Occupants of their Lot, as well as their respective tenants, guests, and invitees. **Declarant shall not be subject to the obligations set forth in the Declaration, unless specifically noted as Declarant obligations.** Any lease on a Lot shall provide that the tenant and all Occupants of the leased Lot shall be bound by the terms of the Governing Documents and shall be responsible for compliance with such terms by their guests and invitees.

Unless otherwise specifically provided, any notice provided for in the Governing Documents shall be provided in accordance with the By-Laws.

If any judgment or court order should determine that any provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision.

All diagrams, which are included in the Governing Documents, are intended only to summarize the express written terms therein. **Diagrams are not intended to supplant or supplement the express written or implied terms contained in the Governing Documents.**

Article II Definitions

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as follows:

"Annexable Property": All or any portion of the property described in Exhibit "B" hereto.

"Architectural Review Committee" or "ARC": The committee established to review plans and specifications for the construction or modification of improvements and to administer and enforce the Design Guidelines, as described in Article IV.

"Articles": The Association's Articles of Incorporation, filed with the Georgia Secretary of State, as they may be amended from time to time.

"Assessment" or "Assessments": Any Annual Base Assessment, Neighborhood Assessment, Special Assessment, maintenance charges, use fees, security fees or any other fees, fines or charges made or assessed hereunder by the Association against an Owner and his or her Lot in accordance with the provisions of Article 8.1 below for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners of Lots, including, without limitation, the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board.

"Assessment Lien": A lien that is created or imposed as set forth in Section 8.8.

"Assessable Property": Property that is either a Lot or a Parcel in the Community, excluding any Exempt Property.

"Association": Lake Arrowhead Phase II Property Owners Association, Inc., a Georgia nonprofit corporation, its successors or assigns.

"Base Assessment": Annual assessments levied to fund Common Expenses for the general benefit of all Lots, as determined in accordance with Section 8.1.

"Benefited Assessment": Assessments charged against a particular Lot or particular Lots for Association expenses as described in Section 8.5.

"Board of Directors" or **"Board"**: The body responsible for the Association's general governance and administration, selected as provided in the By-Laws.

"Builder": Anyone who acquires one or more Lots for the purpose of constructing homes for later sale to consumers, or who purchases land within the Community for further subdivision, development, and/or resale in the ordinary course of its business.

"By-Laws": The Association's By-Laws, as they may be amended from time to time. A copy of the initial By-Laws is attached to this Declaration as Exhibit "D."

"Club": The property or facilities located within, adjacent to, or near the Community that Purcell owns and operates for recreational and related purposes. The Club includes the "Common Property" as defined in the Master Declaration, which includes, without limitation, the lakes, swimming facilities, tennis courts, club house, beach areas, roads and any golf course that is so located and its related and supporting facilities and improvements, and any and all other property that may be become part of the Club as set forth in the Master Declaration.

"Common Expenses": The actual expenses that the Association incurs for the general benefit of all Owners, including reserves, if any, the Board finds necessary or appropriate.

"Common Area" and **"Common Areas"**: All real and personal property, including easements and other land use rights, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including areas designated as Common Area by Declarant from time to time, areas designated as "common element" or "common area" on a Plat. Common Area includes any Limited Common Area, as defined below.

"Community": The real property described in Exhibit "A," together with such additional property shown on Exhibit "B" or otherwise, as is subjected to this Declaration in accordance with Article IX.

"Community-Wide Standard": The highest of: (a) the standard of use, conduct, architecture, landscaping, or aesthetic matters generally prevailing within the Community, or (b) the minimum standards described in this Declaration, the Design Guidelines, Use Restrictions, and Board resolutions. The Community-Wide Standard may contain both objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Article IV). The Community-Wide Standard may or may not be set out in writing. The Declarant initially shall establish such standard; however, the Community-Wide Standard may evolve as development progresses and as the Community matures.

"Declarant": Lake Arrowhead Communities, LLC., a Georgia limited liability company, or any successor or assign who has or takes title to any portion of the property described in Exhibit "A" or "B" for development and/or sale and who is designated as Declarant in a recorded instrument the immediately preceding Declarant executes.

"Declarant Control Period": The period of time during which the Declarant may appoint a majority of the Board members. The Declarant Control Period ends when any of the following occur:

(a) when 95% of the total number of Lots permitted by applicable zoning for the property described in the Master Plan have certificates of occupancy issued thereon and have been conveyed to persons other than Builders holding title for purposes of construction and resale;

(b) December 31, 2037; or

(c) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

"Declarant Affiliate": Any Person directly or indirectly controlling, controlled by or under common control with the Declarant, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which the Declarant (or another Declarant Affiliate) is a general partner, managing member or controlling shareholder.

"Declaration": This Declaration of Covenants, Conditions and Restrictions for Lake Arrowhead -Phase II, as amended from time to time.

"Design Guidelines": The architectural, design, and construction guidelines and review procedures adopted pursuant to Article IV for all construction other than new construction and modifications to existing structures performed by anyone other than the Developer.

"Dwelling": A single building or structure or portion of a building or structure situated upon a Lot, which is intended for use and occupancy as a separate attached or detached Dwelling for one or more persons. Notwithstanding the above, an ancillary "guest house" or "in-law suite" on a Lot shall not be a separate Dwelling but, instead, shall be deemed a part of the structure serving primarily as the Dwelling on the Lot.

"Estimated Common Expenses": The estimated expenses that the Association expects to incur for the general benefit of all Owners, including reserves, if any, the Board finds necessary or appropriate.

"Foundation": The Lake Arrowhead Foundation, Inc., a Georgia nonprofit corporation, its successors or assigns.

"Foundation Charter": The Charter for the Lake Arrowhead Foundation, Inc., as amended from time to time.

"Foundation Service Fee": The Fee charged by the Foundation upon each transfer of title to a Lot, other than exempt transfers as set in the Foundation Charter.

"Governing Documents": The documents referred to in Section 1.3 of the Declaration.

"Guest House": An ancillary "guest house" or "in-law suite" on a Lot shall not be a separate Dwelling as that term is defined but, instead, shall be deemed a part of the structure serving primarily as the Dwelling on the Lot.

"Improvement": Any (a) Dwelling , building, fence or wall; (b) any swimming pool, tennis court, basketball court, road, driveway, parking area or satellite dish; (c) any trees, plants, shrubs, grass or other landscaping improvements of every type and kind and (d) any other approved structure of any kind or nature.

"Lake Arrowhead Property Owners Association, Inc.": means the Lake Arrowhead Property Owners Association, Inc., a Georgia corporation, its successors and assigns, referred to in the Master Declaration.

"LAYCC": The Lake Arrowhead Yacht & Country Club, a Georgia corporation, referred to in the Master Declaration which manages certain property as provided in the Master Declaration.

"Limited Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Neighborhoods or Owners, as more particularly described in Article XII.

"Lot": A portion of the Community, whether improved or unimproved, which may be independently owned and conveyed, and upon which a Dwelling is intended for development, use, and occupancy. The term shall refer to the land, if any, which is part of the Lot as well as any improvements, including any Dwelling, on the Lot. The boundaries of each Lot shall be shown on a Plat or other recorded map; provided, in the case of a building containing multiple Dwellings for individual sale, each Dwelling capable of being sold individually shall be a separate Lot. The term shall not include Common Area, common property of any Neighborhood Committee, or property dedicated to the public or land owned by Declarant within the Master Plan not yet subjected to a Supplemental Declaration.

A Parcel shall be deemed to be a single Lot until such time as a Plat subdivides all or a portion of the Parcel. Thereafter, the subdivided portion shall contain the number of Lots shown on the Plat. Any portion not subdivided shall continue to be a single Lot.

"Master Declaration": means the Declaration of Protective Covenants, Conditions and Restrictions for Lake Arrowhead, as supplemented and amended from time to time.

"Master Plan" or "Master Development Plan": The land use plan for the development of the Community approved by Cherokee County, Georgia, as it may be amended from time to time, which includes all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B." Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration or limit the Declarant's ability to subject it to a different Declaration, nor shall the omission of property described in Exhibit "B" from the Master Plan bar its later submission to this Declaration.

"Member": Each Owner of a Lot, subject to Section 6.2, holding Membership in the Association pursuant to the Declaration.

"Membership": A Membership in the Association and the rights granted to the Owners of Lots pursuant to Section 6.2 to participate in the Association.

"Membership Plan": The Membership Plan for the Club.

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Lot. The term "Mortgage" shall refer to a beneficiary or holder of a Mortgage.

"Neighborhood": A group of Lots designated by Declarant as a separate Neighborhood in accordance with Section 6.4(a). Lots within Neighborhoods may share Limited Common Areas and/or receive benefits or services from the Association which are not provided to all Lots. A Neighborhood may include more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services all Lots within a particular Neighborhood, then such Lots may be required to pay separate Neighborhood Assessments for such benefits or services.

"Neighborhood Assessments": Assessments levied against all of the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 8.2.

"Neighborhood Committee": Any committee of owners having subordinate, concurrent authority with the Association over any Neighborhood. Nothing in this Declaration shall require the creation of any Neighborhood Committee.

"Neighborhood Expenses": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, including any reserve for capital repairs and replacements and administrative charges authorized by this Declaration or the Supplemental Declaration(s) applicable to such Neighborhood(s).

"Neighborhood Representative": The representative who may be selected in Declarant's discretion by the Members within a Neighborhood to represent the Neighborhood on Association matters other than those requiring a vote of the membership.

"Occupy", "Occupies", or "Occupancy": Unless otherwise specified in the Governing Documents, staying overnight in a particular Dwelling for at least 90 total days in the subject calendar year. The term "Occupant" shall refer to any individual other than an Owner who Occupies a Dwelling or is in possession of a Lot or Parcel, or any portion thereof or building or structure thereon, whether as a Lessee or otherwise, other than on a merely transient basis (and shall include, without limitation, a Tenant).

"Owner": The Record title holder to any Lot, but excluding, in all cases, anyone holding an interest merely as security for the performance of an obligation (e.g., a Mortgagee). If a Lot is sold under a Recorded agreement of sale, and the contract specifically so provides, the purchase (rather than the fee owner) will be considered the Owner. An Owner is any Person or Persons who individually or collectively own fee title to a Lot or Parcel (as evidenced by a Recorded Instrument), provided that: (a) the Declarant (and not the fee title holder) shall be deemed to be the "Owner" of each Lot or Parcel with respect to which fee title is held by a Declarant Affiliate or by a trustee (other than the trustee of a deed of trust) for the benefit of the Declarant or a Declarant Affiliate; (b) in the event that, and for so long as, the Declarant or a Declarant Affiliate has, pursuant to a written agreement, an existing right or option to acquire any one or more Lots or Parcels (other than by exercise of a right of first refusal or right or option to acquire any one or more Lots or Parcels (other than by exercise of a right of first refusal or right to which the Declarant or a Declarant Affiliate has such right or option); (c) in any case where fee title to a Lot is vested in a trustee under a deed of trust pursuant to Georgia law, the owner of the trustor's interest under the deed of trust shall be deemed to be the "Owner" of that Lot. Where reference is made in this Declaration to Lots or Parcels "owned by" a Person, such phrase shall be deemed to refer to Lots or Parcels of which that Person is the Owner as determined pursuant to this definition.

"Parcel": Each area of real property in the Community, and all Improvements situated thereon, shown as a separate parcel of land on the Master Development Plan, provided, however, that in the event a Parcel is split in any manner into portions under separate ownership (other than by subdivision of the Parcel by recordation of a subdivision plat into Lots, each of which constitutes or may have constructed

thereon only one Dwelling) each portion under separate ownership shall thereafter constitute a separate Parcel. If the same Person owns two or more contiguous parcels of land, they shall be considered one Parcel for purposes of this Declaration. A Parcel shall cease to be a Parcel when it has been fully subdivided into Lots (together with any type of Common Area, if any). If a portion of a Parcel is subdivided into Lots (and any type of Common Area, if any), the subdivided portion shall cease to be a Parcel, but each remaining unsubdivided portion shall be a Parcel if it otherwise meets the requirements of the definition set forth in this definition.

"Party Structure": Each wall, fence, driveway, or similar structure built on the Lots which serves and/or separates any two adjoining Lots or a Lot and Common Area shall constitute a party structure.

"Person": An individual, a corporation, a partnership, business trust, estate, a trustee, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

"Plat": Any Recorded engineering or land survey plat for all or any portion of the Community, together with such other diagrammatic information regarding the Community as the Act or other laws may require, or as Declarant may Record, as they may be amended and supplemented from time to time.

"Purcell": The Purcell Co., Inc., a Delaware Corporation, formerly known as Diamondhead Corporation, and owner of the Club property or any successor or assign who has or takes title to any portion of the Club.

"Property": The real property described in Exhibit "A", together with such additional property as is subjected to this Declaration pursuant to annexation provisions set forth in Sections 9.1 or 9.2.

"Record," "Recording," or "Recorded": To record, the recording of or recorded of record a legal instrument with the Clerk of the Superior Court of Cherokee County, Georgia, or such other place designated as the official Cherokee County location for recording documents affecting title to real estate.

"Reserve": Funds that are set aside by an association to pay for the repair or replacement of Community assets for which the association is responsible.

"Single Family": A group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than four persons not all so related, who maintain a common household in a Dwelling.

"Special Assessment": Any assessment levied and assessed against all Owners or some Owners - in accordance with Section 8.4.

"Supplemental Declaration": A recorded instrument under which the Declarant subjects additional property to this Declaration, designates Neighborhoods, identifies Common Area and Limited Common Area, and/or imposes expressly or by reference additional restrictions and obligations on the land described in such instrument.

"Tenant": Person who has an agreement with Owner or a Tenant if approved in writing by the Board to lease the Dwelling for a minimum of six months, provided that a copy of the lease has been provided to the Association and this lease is subject to this Declaration.

"Use Restrictions": The use restrictions, rules, and regulations governing the use of and activities on the Lots set forth in Exhibit "C," in accordance with Article III.

"Visible from Neighboring Property": With respect to any given object, that such object is or would be visible to a person six feet tall standing on neighboring property, on the level of the base of the structure or building being viewed.

CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for use and conduct, maintenance, and design the Community are what give it an identity and make it a place that people want to call "home." This Declaration establishes procedures for adopting, modifying, applying, and enforcing such standards while providing the flexibility for community standards to evolve as the Community changes and grows.

Article III Restrictions Affecting Lots

3.1. Restrictions Affecting on Occupancy and Alienation.

(a) Residential and Related Uses. The Community shall be used for those purposes as set forth in Section 1.1, which includes, but is not limited to residential, recreational, and related purposes. Related purposes may include, without limitation, offices for the Association or its management agent(s), Declarant's business or sales office(s) and any business use which meets the conditions of Section 3.1(c) below. In addition, the Association or Declarant may permit limited business activity within the confines of a Dwelling that does not detract from the Community's residential and recreational character. Supplemental Declarations or any other Recorded covenants may impose stricter standards than those contained in this Article and the Association shall have standing and the power to enforce such standards.

(b) Business Use. No business shall be conducted in or from any Lot, except that an Owner or a resident of the Lot may conduct business activities within the Dwelling so long as:

- (i) the business activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling;
- (ii) the business activity complies with applicable zoning requirements;
- (iii) the business activity does not involve regular visitation of the Dwelling by clients, customers, suppliers, or other business invitees or door-to-door solicitation within the Community; and
- (iv) the business activity is consistent with the residential character of the Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of others within the Community, as determined in the Board's sole discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (A) such activity is engaged in full or part time, (B) such activity is intended to or does generate a profit, or (C) a license is required.

This Section shall not apply to restrict Declarant's activities in the Community, nor shall it restrict the activities of Persons approved by Declarant involved with the development and sale of

property in the Community. Additionally, this Section shall not apply to any Association activity relating to operating and maintaining the Community, including the Community's recreational and other amenities.

Leasing a Dwelling for a period of at least six months is not a "business" within the meaning of this subsection.

(c) Leasing. For purposes of this Declaration, the terms "lease" and "leasing shall refer to the regular, exclusive occupancy of a Dwelling by any Person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or compensation. Any Lot that is leased shall be leased only in its entirety (e.g., separate rooms within the same Dwelling may not be separately leased). No fraction or portion may be leased.

No structure on a Lot other than the primary Dwelling shall be leased or otherwise occupied for residential purposes, except that structures used for ancillary purposes, such as an "in-law suite" or detached "guest house," may be occupied, but not independently leased. There shall be no subleasing of a Dwelling or assignment of leases except with the Board's prior written approval.

All leases shall be in writing and shall disclose that the tenants and all occupants of the leased Lot are bound by and obligated to comply with the Governing Documents. However, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease. The restrictions on lease terms set forth in this paragraph shall not apply to Lots owned by Declarant.

Notice of any lease, together with such additional information as the Board may require, shall be given to the Board or its designee by the Owner within 10 days of execution of the lease. The Owner must make available to the tenant copies of the Governing Documents. The Association or the Board may adopt reasonable Use Restrictions and rules regulating leasing and subleasing and the activities of tenants and subtenants.

No transient Tenants may be accommodated in a Dwelling. All leases, including subleases, shall be in writing and shall be for an initial term of at least six months, except: (a) with the Board's prior written consent, or (b) as Declarant initially authorizes in a Supplemental Declaration for Lots located within certain Neighborhoods.

(d) Maximum Occupancy. No more than two Persons per bedroom shall occupy the same Dwelling on a regular and consistent basis (as determined in the Board's discretion).

(e) Occupants Bound. The Governing Documents apply to all Occupants of and visitors to any Lot. Every Owner shall cause anyone occupying or visiting his or her Lot to comply with the Governing Documents and shall be responsible for all violations and losses to the Common Area caused by such Persons, notwithstanding the fact that such Persons also are fully liable and may be sanctioned for any violation.

(f) Subdivision of a Lot and Time-Sharing. Lots may not be subdivided or their boundary lines changed except with the Declarant's prior written approval; provided, Declarant may subdivide, change the boundary line of, and replat any Lot(s) it owns, and, for so long as Declarant owns any portion of the Community, convert Lots into Common Area or Common Area to Lots at any time prior to the transfer of title to the Association.

Timesharing, fraction-sharing, or similar programs whereby the right to exclusive use of the Lot rotates among members of the program on a fixed or floating time schedule over a period of years is prohibited, unless such program is established by Declarant, while Declarant owns any property within the Community.

(g) Disease and Insects. No Person shall permit any thing or condition to exist upon any Lot, Parcel or other property which shall induce, breed or harbor infectious diseases or noxious insects.

(h) Mineral Exploration. No Lot, Parcel or other property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind, except for the drilling, operation and maintenance of any testing, inspection or other water wells approved by the Declarant.

(i) Model Homes. Any provisions of this Declaration, Supplemental Declarations or any other Declarations which prohibit non-residential use of Lots and certain Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes or other model Dwelling of any kind (including, without limitation, any used in whole or in part as sales offices, or design center displays (collectively "Models") by Persons engaged in the construction of Dwellings in the Community, or parking incidental to the visiting of such Models, so long as the construction, operation and maintenance of such Models and parking otherwise comply with all of the provisions of this Declaration. The Architectural Review Committee may also permit Lots and other areas to be used for parking in connection with the showing of Models. Any homes or other structures constructed as Models shall cease to be used as Models at any time the Owner thereof is not actively engaged in the construction and sale of Dwellings in the Community and no home or other structure shall be used as a Model for the sale of homes or other structures not located in the Community.

(j) Incidental Uses. The Architectural Review Committee may approve uses of property within a land use classification which are incidental to the full enjoyment of the Owners and Occupants of the Community within the land use classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Architectural Review Committee may wish to impose, in its sole discretion, for the benefit of the Community as a whole.

(k) Master Declaration Restrictions. In addition to the restrictions set forth herein, to the extent there is no conflict, each Owner shall be bound by those rules and use restrictions as set forth in the Master Declaration. In the event of a conflict between the Master Declaration and the Declaration, the Declaration shall control.

3.2. Framework for Regulation.

In addition to the foregoing restrictions affecting Lots, the Governing Documents establish, as part of the general plan of development, a framework of affirmative and negative covenants, easements, and restrictions which govern the Community, including the Use Restrictions set forth in Exhibit "C." Within that framework, the Association must have the ability to respond to unforeseen problems and changes affecting the Community. Therefore, this Article establishes procedures for modifying and expanding the Use Restrictions to respond to such changes.

The procedures set forth in this Article shall not apply to the Board's enactment and enforcement of rules and regulations relating to use and operation of the Common Area or other administrative rules, which the Board may adopt by resolution.

3.3. Owner's Acknowledgment and Notice to Purchasers.

All Owners are given notice that use of their Lots and the Common Area is limited by the Use Restrictions as amended, expanded, and otherwise modified from time to time. **Each Owner, by accepting a deed, and each Tenant, by accepting a Lease, acknowledges and agrees that the use, enjoyment, and marketability of his or her Lot can be affected by the Use Restrictions and Board rules, which may change from time to time. All Lot purchasers are on notice that the Association may have adopted changes to the Use Restrictions and that such changes may not be set forth in a Recorded document.** Copies of the current Use Restrictions and Board rules may be obtained from the Association, subject to a reasonable copy fee as set by the Board.

3.4. Rule Making Authority.

(a) Subject to the notice requirements contained herein and the Board's duty to exercise judgment and reasonableness on behalf of the Association and its Members, the Board may adopt new Use Restrictions and modify or rescind existing Use Restrictions by majority vote of the directors at any Board meeting. Members shall have a reasonable opportunity to be heard on the proposed change at such Board meeting.

If endorsed by the Board, the proposed change shall be approved unless disapproved by a majority of the Members. The Board is not obligated to call a meeting to consider disapproval unless it receives a petition of the Members, which meets the requirements for special meetings in the By-Laws. If the Board receives such a petition before the effective date of the Board's action under this Section 3.4(a), the proposed change shall not become effective until after a meeting is held, and then subject to the outcome of such meeting.

(b) Alternatively, the Members, representing a majority of the votes in the Association, at an Association meeting duly called for such purpose, may vote to change the Use Restrictions then in effect. Any such change shall require approval of the Declarant during the Declarant Control Period.

(c) Before any Use Restriction change becomes effective, the Board shall provide at no cost a copy of the new or changed Use Restriction to each Owner. The change does not become effective until at least 30 days following the date of such mailing to Owners. Each Owner shall be bound regardless of whether the mailing is received. The Association shall provide a copy of the Use Restrictions then in effect to any requesting Member, Tenant or Mortgagee; provided, a reasonable copying fee may be charged for such reproduction.

(d) At least once every two years after the Declarant Control Period ends, the Board shall review and evaluate the then current Use Restrictions for continued visibility or necessity within the Community.

(e) No action taken under this Article shall have the effect of modifying, repealing, or expanding the Design Guidelines or any provision of this Declaration other than the Use Restrictions. In the event of a conflict between the Design Guidelines and the Use Restrictions, the Design Guidelines shall control. In the event of a conflict between the Use Restrictions and any provision of this Declaration (exclusive of the Use Restrictions), the Declaration shall control.

(f) Notice under this Section may be sent to each Owner by any manner permitted under Georgia law, including, if so permitted: U.S. Mail, electronic communication (*i.e.*, "fax" or "e-

mail") with confirmation of receipt, or publication in the community newsletter delivered or mailed to each Owner, provided such action is clearly identified under a separate newsletter headline.

3.5. Protection of Members and Residents.

Except as may be set forth in this Declaration (either initially or by amendment) or in the Use Restrictions the Association's actions with respect to Use Restrictions and rules must comply with the following:

(a) Similar Treatment. Similarly situated Lots shall be treated similarly; however, the Use Restrictions may vary by Neighborhood or housing type.

(b) Displays. No Use Restriction shall prohibit an Owner or occupant from displaying religious, or holiday symbols, and decorations on his or her Lots of the kinds normally displayed in single-family residential neighborhoods. However, no sign, including, but not limited to, notices of property for sale or rent, shall be erected within Lake Arrowhead, except those required by legal proceedings, including posters, circulars, and billboards; provided, security signs of a face area of 12 square inches or less, in a style and location designated by the Declarant or its designee may be erected on a Lot without the Declarant's written consent. This restriction shall not apply to entry, directional, and marketing signs installed by Declarant or on Declarant's behalf. The Declarant shall have the right to erect signs as it, in its discretion, deem appropriate. The Association may adopt time, place, and manner restrictions with respect to symbols and displays visible from outside structures on the Lot, including reasonable limitations on size and number.

(c) Household Composition. The Association shall not interfere with the freedom of Members and Residents within a household, except that it may limit the total number of Persons entitled to occupy a Dwelling based upon the size of the Dwelling (based on such factors as the number of bedrooms), not to exceed the number permitted under current zoning ordinances, and limit the number of Occupants per household who have full privileges as members to use of the Common area.

(d) Activities Within Dwellings. The Association shall not interfere with activities carried on within a Dwelling, except it may prohibit activities not normally associated with residential property, and it may restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible outside the Dwelling, or that create an unreasonable source of annoyance.

(e) Alienation. The Association shall not prohibit leasing or transfer of any Lot, subject to the Governing Documents. The Association may require that Owners use Association-approved lease forms (or include specific lease terms) and may impose a reasonable review or administrative fee on the lease or transfer of any Lot. Section 3.1(b) imposes a minimum lease term. Minimum lease terms may vary by Neighborhood or housing type.

(f) Abridging Existing Rights. The Association may not require an Owner to dispose of personal property that was in or on a Lot in compliance with previous rules. This exemption shall apply only during the period of such Owner's ownership of the Lot, and shall not apply to subsequent Owners who take title to the Lot after adoption of the rule.

(g) Reasonable Rights to Develop. No Use Restriction may unreasonably interfere with Declarant's ability to develop, market, and sell property in Lake Arrowhead Phase II.

(h) Interference with the Club. The Association may not interfere with the use or operation of the Club or its facilities, provided no nuisance, safety or health issue is involved.

(i) Interference with Easements. No Use Restriction may unreasonably interfere with the exercise of any easement.

The limitations in subsections (a) through (i) of this Section shall only limit rule making authority exercised under Section 3.4; they shall not apply to amendments to this Declaration adopted in accordance with Article XIX.

Article IV Architecture and Landscaping

4.1. General.

The Community derives its unique character from a mix of compatible architectural styles and from the cooperation of all Builders and Owners in upholding minimum design, landscaping, and aesthetic standards. This Article explains how those standards are established and how they are applied and maintained through a process requiring prior approval for construction on and exterior modifications to improvements on Lots and Dwelling.

No structure or thing shall be placed, erected, or installed upon any Lot and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations, or planting or removal of landscaping) shall take place within the Community, except in compliance with this Article and the Design Guidelines. Each Dwelling shall be designed by and built in accordance with the plans and specifications of a licensed architect unless Declarant or its designee, in its sole discretion, otherwise approves.

No approval shall be required to repaint the exterior of any Dwelling using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures. Any Owner may remodel, paint, or redecorate the interior of structures (including the Dwelling) on his or her Lot without approval. However, modifications to the interior of screened porches, patios, and any other portions of a Lot visible from outside a structure shall be subject to approval as set forth in the Design Guidelines.

Any Dwelling constructed on a Lot shall be designed by and built in accordance with the plans and specifications of a licensed architect unless the Declarant or its designee in its sole discretion otherwise approves.

Approval under this Article is not a substitute for any approvals or reviews required by Cherokee County or any municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

This Article shall not apply to Declarant's design and construction activities, or to the Association's activities during the Declarant Control Period.

4.2. Architectural Review.

(a) By Declarant: New Construction. Declarant shall have exclusive authority to administer and enforce architectural controls and to review and act upon all applications for original construction within the Community. This right shall continue until 100% of the Lots have been conveyed to Members and contain a finished Dwelling for which a certificate of occupancy has been issued, unless

Declarant earlier terminates its rights in a recorded instrument. In reviewing and acting upon any request for approval, Declarant or its designee acts solely in Declarant's interest and owes no duty to any other Person.

Declarant may, in its discretion, designate one or more Persons or an outside management company, from time to time to act on its behalf in reviewing applications.

Declarant may from time to time, but shall not be obligated to, delegate or assign all or any portion of its rights under this Article to any other Person or committee, including the Architectural Review Committee. Any such delegation shall be in writing, specifying the delegated responsibilities, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume its prior jurisdiction, and (ii) Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of other entities shall be limited to such matters as Declarant specifically delegates.

(b) Architectural Review Committee; Modifications. Until the termination or delegation of Declarant's rights set forth in Section 4.2(a), Declarant shall have the exclusive authority to administer and enforce architectural controls and to review and act upon all applications for modifications to improvements constructed within the Community. Until such time, Declarant shall maintain and provide to the Association records of all approvals and denials. Upon the termination or delegation of Declarant's rights under Section 4.2(a), the Board shall establish the ARC, which shall consist of at least three, but not more than seven, Persons. Members of the ARC shall be appointed by and shall serve at the discretion of the Board; provided, as long as Declarant owns any property described in Exhibit "A" or "B", at all times, Declarant may appoint one member of the ARC.

ARC members need not be owners or representatives of Owners. The ARC may, but need not, include architects, engineers, or similar professionals. The Association may compensate ARC members in such manner and amount, if any, as the Board may determine appropriate.

Until expiration of Declarant's rights under this chapter, the ARC shall notify Declarant in writing within three business days of any action (i.e., approval, partial approval, or disapproval) it takes under this Article. A copy of the application and any additional information Declarant may require shall accompany the notice. Declarant shall have 10 business days after receipt of such notice to veto any such action, in its discretion, by written notice to the ARC.

The Declarant or the Board may create and appoint such subcommittees of the ARC as deemed appropriate. Such subcommittees may be established to preside over particular areas of review (e.g., landscape plans) and shall be governed by such procedures as may be established by the ARC or the Board. Any action of any subcommittee shall be subject to the review and approval of the ARC and Declarant, for as long as Declarant owns any property described in Exhibit "A" or "B." Notwithstanding the above, neither the ARC nor Declarant shall be obligated to review all actions of any subcommittees and the failure to take action in any instance shall not be a waiver of the right of the ARC or Declarant to act in the future.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARC or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

(c) Reviewer. The entity having jurisdiction in a particular case (whether Declarant or its designees or the ARC) shall be referred to as the "Reviewer."

(d) Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board shall include the estimated compensation of such Persons in the Association's annual operating budget.

4.3. Guidelines and Procedures.

(a) Design Guidelines. Declarant shall prepare the initial Design Guidelines, which may contain general provisions applicable to all of the Community as well as specific provisions which vary among Neighborhoods, housing types, uses, or locations within the Community. The Design Guidelines are intended to provide guidance to Owners, Builders, and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions and compliance with the Design Guidelines does not guarantee approval.

Declarant shall have sole and full authority to amend the Design Guidelines for so long as it has review authority under Section 4.2(a). Declarant's right to amend the Design Guidelines shall continue even if it delegates reviewing authority to the ARC, unless Declarant also delegates the power to amend to the ARC. Upon termination or delegation of Declarant's right to amend, the ARC may amend the Design Guidelines with the written consent of the Board.

Amendments to the Design Guidelines shall apply prospectively only. The Design Guideline shall not require modifications to or removal of any structures previously approved once the approved construction or modification has commenced. However, any new work on such structures must comply with the Design Guidelines as amended. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and contractors upon request. In Declarant's discretion, the Design Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

(b) Procedures. Unless the Design Guidelines provide otherwise, no activities within the scope of this Article IV shall commence on any property within the Community until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Design Guidelines require. Plans and specifications shall show, as applicable, site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. Subject to Declarant's veto right, the Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to the procedures in Article XIV or judicial review so long as they are made in good faith and in accordance with required procedures.

The Reviewer shall make a determination on each completed application after receipt of a completed application with all required information. The Reviewer may permit or require that an application be submitted or considered in stages, in which case, a final decision shall not be required until after the final, required submission stage. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any completed application within 30 days after its receipt of a completed application and all required submissions; however, with respect to any ARC determination subject to Declarant's veto right under Section 4.2(b), the Reviewer shall notify the applicant in writing of the final determination within 40 days after its receipt of a completed application and all required submissions. In the case of disapproval, the Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

If the Reviewer fails to respond in a timely manner, approval shall be deemed given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 4.5.

Notice shall be deemed given at the time the envelope containing the response is deposited with the U.S. Postal Service. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

As part of any approval, the Reviewer may require that construction commence within a specified time period. If construction does not commence within the required time period, the approval shall expire and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing. If approved work is not completed within the required time period, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant, or any Owner.

(c) Exemptions. The Reviewer may exempt certain activities from the application and approval requirements of this Article if such activities are undertaken in strict compliance with the Design Guidelines and the Community-Wide Standard. For example, Builders may subject and receive pre-approval of landscaping or other plans for general application. Such pre-approved plans shall not require resubmission prior to use on a particular Lot.

4.4. No Waiver of Future Approvals.

Each Owner acknowledges that the people reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances.

The Reviewer may authorize variances from compliance with any of the Design Guidelines and any procedures when it determines that circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations justify such a variance, however, the Reviewer shall under no circumstances be obligated to grant variances. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) prevent the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance. No variance may be issued without Declarant's written consent for so long as Declarant owns any portion of the Community or has the unilateral right to annex property described in Exhibit "B." Thereafter, a variance requires the Board's written consent.

4.6. Limitation of Liability.

(a) The standards and procedures established by this Article are intended as a mechanisms for maintaining and enhancing the overall aesthetics of the Community they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that every Dwelling is of comparable quality, value, or size, of similar design, or aesthetically pleasing or otherwise acceptable to other Owners.

(b) Declarant, the Association, its officers, the Board, the ARC, the Association's management agent, any committee, and any member of any of the foregoing shall not be held liable for matters related to its decisions including, but not limited to, soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees or agents, whether or not Declarant has approved or featured such contractor as a Builder in the Community; or any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Lot. In all matters, the Board, the ARC, and the members of each, and the Association officers, shall be defended and indemnified by the Association as provided in Section 7.7.

4.7. Certificate of Compliance.

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this Article or the Design Guidelines with respect to the Owner's Lot. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

Article V Landscaping, Home Maintenance and Repair

5.1. Landscaping Requirements.

Landscaping shall be installed, as approved, in the front and side yards of a Lot within 90 days after the date of the initial closing of escrow on the Lot or the issuance of a certificate of occupancy on the Lot, whichever is later. Landscaping on all other portions of the Lot, including the rear yard, shall be installed within 180 days after the date of the initial closing of escrow on the Lot or the issuance of a

certificate of occupancy on the Lot, whichever is later. The Reviewer's decision as to the applicability of these landscape requirements to any particular portion of a Lot shall be final.

5.2. Maintenance of Lots.

Each Owner shall maintain his or her Lot, including the Dwelling and all other Improvements comprising the Lot, in a manner consistent with the Governing Documents, the Community-Wide Standard, and any other applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Committee pursuant to any Supplemental Declaration or additional covenants applicable to such Lot.

Each Owner shall also be responsible for maintaining any sidewalk or landscaping located in the right-of-way adjacent to his or her Lot unless the Association or a Neighborhood Committee, pursuant to a Supplemental Declaration or any additional covenants, assumes all or part of such maintenance. However, Owners may not remove or add trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article IV.

5.3. Maintenance of Neighborhood Property.

Upon Board resolution, Owners within a Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining, and insuring certain portions of the Common Area within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way, and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association.

The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood Committee or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Lots within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

A Neighborhood Committee shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants.

5.4. Responsibility for Repair and Replacement.

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance includes responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible, unless either his or her Neighborhood Committee (if any) or the Association carries such insurance (which they may, but are not obligated to do). If the Association assumes responsibility for insuring a Lot, the insurance premiums shall be levied as a Benefited Assessment against the benefited Lot and the Owner.

Within 90 days after any damage to or destruction of Improvements on a Lot, the Owner shall promptly repair or reconstruct such Improvements in a manner consistent with the original construction or such other plans and specifications approved in accordance with Article IV unless the Board, in its discretion, agrees to extend such period. Alternatively, the Owner shall clear the Lot of debris and maintain it in a neat and attractive landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

This Section also shall apply to any Neighborhood Committee responsible for Common Area within the Neighborhood in the same manner as if the Neighborhood Committee were an Owner and the Common Area were a Lot. Additional Recorded covenants applicable to any Neighborhood or Neighborhood Committee may establish additional insurance requirements and more stringent standards for rebuilding or reconstructing structures on the Lots within the Neighborhood and for clearing and maintaining the Lots in the event the structures are not rebuilt or reconstructed.

COMMUNITY GOVERNANCE AND ADMINISTRATION

This Declaration establishes the Association as the mechanism by which each Owner is able to participate in the governance and administration of the Community. While many powers and responsibilities are vested in the Association's Board in order to facilitate day-to-day management and operation, some decisions are considered of such importance that they are reserved for the Association's membership -- the Owners.

Article VI The Association, its Members and the Foundation

6.1. Function of Association.

The Association is an entity through which each Owner can participate in the governance and administration of the Community. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to participate in governance and operation of the Community and influence the outcome of major decisions.

The Association is responsible for management, maintenance, operation, and control of the Common Area. The Association also has primary responsibility for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Georgia law.

6.2. Membership.

Every Owner is automatically a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Owner, all co-Owners of the Lot shall share the privileges of the membership, subject to reasonable Board regulation and the voting restrictions described in the By-Laws. Co-Owners are jointly and severally obligated to perform the responsibilities of an Owner. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a written instrument provided to the Association's Secretary, except that only the individuals residing in the Lot shall be entitled to use any Common Area facilities available for use by Owners.

The Association shall have two types of membership, Members other than the Declarant and the Declarant. The Declarant shall be the sole Declarant Member, and such membership shall terminate two years after expiration of the Declarant Control Period, or on such earlier date as the Declarant determines and declares in a recorded instrument. The Declarant may, by Supplement, create additional classes of membership comprised of the owners of Lots within any portion of the additional

property submitted to this Declaration. The Declarant shall specify in any such Supplement, the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

6.3. Voting.

(a) Members. Subject to the limitations on voting set forth in this Declaration and the other Governing Documents, Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Lot. The right to vote for a Lot commences at such time as the Lot is made subject to the Declaration; provided, no vote shall be exercised for any Lot which is exempt from assessment under Section 9.10. Further, no votes shall be exercised for Lots that Declarant owns; rather, Declarant's consent is required for various actions of the Board, the membership, and committees, as specifically provided elsewhere in the Governing Documents.

(b) Exercise of Voting Rights. Due to the number of Lots that may be developed in the Community, the Governing Documents provide for a representative system of voting. The Owners of Lots in each Neighborhood elect a Neighborhood Representative and an alternate Neighborhood Representative, in the manner provided in the By-Laws, to cast the votes of all Lots in the Neighborhood on matters requiring a vote of the membership, except where the governing documents specifically require a vote of the Owners. However, until such time as the Board first calls for election of a Neighborhood Representative for a particular Neighborhood, each owner of a Lot in such Neighborhood shall exercise the vote for his or her Lot. In any situation in which an Owner is entitled personally to exercise the vote for his or her Lot, if there is more than one Owner of a Lot, the vote for such Lot shall be exercised as the co-Owners holding a majority of the ownership interest in the Lot determine among themselves. Any co-Owner may cast the vote for the Lot and majority agreement shall be conclusively presumed unless another co-Owner of the Lot protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of majority agreement, the Lot's vote shall be suspended if two or more co-Owners seek to exercise it independently.

6.4. Neighborhoods and Neighborhood Representatives.

(a) Every Lot shall be located within a Neighborhood. Unless and until additional Neighborhoods are established by Supplemental Declaration, the Community shall consist of a single Neighborhood. Lots within a particular Neighborhood may be subject to covenants in addition to those set forth in this Declaration and, if required by law or otherwise approved by Declarant, the Owners within the Neighborhood may be members of a Neighborhood Committee in addition to the Association. However, nothing in this Declaration requires the creation of Neighborhood Committee, and the jurisdiction of any Neighborhood Committee shall be subordinate to that of the Association.

Any Neighborhood Committee shall be responsible for administering the additional covenants applicable to the property within its jurisdiction and for maintaining, in accordance with the Community-Wide Standard, any property which it owns or which its covenants designate as being for the common benefit of its members.

Declarant initially may assign Lots to a specific Neighborhood (by name or other identifying designation) in Exhibit "A" to this Declaration, any Supplemental Declaration, or any Plat. So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, Declarant may unilaterally record a Supplemental Declaration, or amend this Declaration or any previously recorded Supplemental Declaration, to designate or change Neighborhood boundaries. Thereafter, the Board may amend this Declaration or any Supplemental Declaration to re-designate Neighborhood boundaries;

provided, it may not combine two or more existing Neighborhoods without the consent of Owners of a majority of the Lots in the affected Neighborhoods.

Owners within any Neighborhood may request that the Association provide a higher level of service than the Association generally provides to all Neighborhoods or may request that the Association provide special services for the benefit of Lots in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Lots within the Neighborhood, the Association shall provide the requested services, subject to Board approval. In addition, the Association may provide a higher level or special services to any Neighborhood in accordance with a Supplemental Declaration, or if deemed necessary or appropriate by the Board, in its discretion. The Board shall assess the cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate against the Lots within such Neighborhood as a Neighborhood Assessment; provided, any such administrative charge shall apply at the same rate per Lot to all Neighborhoods receiving the same service.

(b) Neighborhood Representatives. If more than one Neighborhood is established, then, in accordance with the By-Laws, each Neighborhood shall elect a Neighborhood Representative who shall preside over Neighborhood meetings for a defined term, as established by the Board and shall attend Association meetings and cast all votes allocated to Lots in the Neighborhood that he or she represents on any matters as to which such Neighborhood Representative is entitled to vote under the Governing Documents. A Neighborhood Representatives may vote all votes it is entitled to cast in its discretion and may, but need not, poll the Owners of Lots in the Neighborhood which he or she represents prior to voting. On any matter, other than election of directors, for which a Neighborhood Representatives is entitled to cast more than one vote, the Neighborhood Representative may cast all such votes as a block or split them but shall not be entitled to fractionalize any single vote. The Neighborhood Representative and alternate Neighborhood Representative shall be Owners in good standing of a Lot in the Neighborhood they represent. Neighborhood Representatives are subordinate to the Board, and their responsibility and authority does not extend to policymaking, supervising or otherwise being involved in Association governance beyond voting no matters put to a vote of the membership.

6.5. Foundation. The Declarant has created or shall create the Foundation as a vehicle for generating, enhancing, and preserving a genuine sense of community. While the Association is primarily responsible for managing Common Area and enforcing the Use Restrictions for the Community, the Foundation shall exist, in part, to empower, encourage and provide a means for each Owner and all Residents and occupants of property within the Community to participate and benefit from community-oriented affairs, services, programs, and activities. The Association and the Foundation will work together and cooperate in performing these complimentary roles within the Community.

The Foundation has the rights and responsibilities that are described in its by-laws, articles of incorporation, and the Foundation Charter. The Association and all Owners are or will be subject to the Foundation Charter and to the Foundation's jurisdiction. A board of directors shall administer the Foundation's affairs as provided in its by-laws. In the event of a conflict between the Governing Documents and the Foundation's governing documents with respect to the Foundation's rights and responsibilities, the Foundation's governing documents shall control.

6.6. Membership in Lake Arrowhead Property Owners Association & Use Rights in the Club. Every Owner, by acceptance of a deed to a Lot within the Community, acknowledges that the Lot is subject to the Master Declaration. Such Owner is granted use rights in the Club and is automatically a member of the Lake Arrowhead Property Owners Association, Inc. subject to the provisions within the Master Declaration. Each Owner shall be subject to the initiation fees and assessments and obligations contained therein; provided, the cap on such initiation fees and assessments set forth in the Master

Declaration, as amended, shall not govern or control such fees and assessments imposed against an Owner hereunder. The amount of such initiation fees and assessments shall be at the discretion of the Club as set forth in the Membership Plan, as amended.

Article VII Association Powers and Responsibilities

7.1. Acceptance and Control of Association Property.

(a) The Association, through action of its Board, may acquire, hold, lease (as lessor or tenant), operate, and dispose of tangible and intangible personal property and real property.

(b) Declarant and its designees may transfer to the Association, and the Association shall accept, personal property and fee title, leasehold, or other property interests in any real property, improved or unimproved, described in Exhibit "A" or "B." Such conveyance shall be deemed to be accepted by the Association upon delivery of any personal property or upon recordation of any instrument of conveyance of any interest in real property, and the property shall thereafter by Common area to be used and maintained by the Association for the benefit of its members. The Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section and shall have no duty or obligation to convey any property or property rights to the Association regardless of whether or not such property has been made available for the use of Owners. The Declaration may reserve, by lease, license, easement or otherwise such rights of use and enjoyment in and to all or any property of the property so conveyed as Declarant may reasonable require so long as such reservation is not materially inconsistent with the overall scheme of development for the Community. Neither the recordation of any subdivision plat nor the use by the Owners or maintenance by the Association of any property shall create any rights, easements or licenses in the Association or the Owners, express or implied, unless and until any such property rights, easements or license are conveyed by the Declarant or the owner of such property to the Association or the Owners, as the case may be, by an instrument recorded in the real estate records of Cherokee County, Georgia. Upon Declarant's written request, the Association shall transfer back to Declarant any unimproved portions of the Common Area originally conveyed to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

(c) The Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants, easements, or restrictions set forth in the deed or other instrument transferring the property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate. The Association may permit use of Common Area facilities by persons other than Owners and occupants of Lots and may charge use fees, in such amount as the Board may establish, for such use.

7.2. Maintenance of Common Area.

The Association shall maintain the Common Area in accordance with the Community-Wide Standard. The Common Area includes, but is not limited to:

(a) all portions of the Common Area, including Community entry features, including entry area landscaping, irrigation system, structures, and other improvements and the expenses for water and electricity, if any provided to the Common Area;

(b) landscaping within rights-of-way within or abutting the Community to the extent that responsible government authorities do not maintain it to the Community-Wide Standard; and

(c) such portions of any additional property as may be dictated by Declarant, this Declaration, any Supplemental Declaration, any Plat, or any contract, covenant, or agreement for maintenance entered into by, or for the benefit of, the Association; and

(d) any property and facilities that Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Declarant shall identify any such property and facilities by written notice to the Association, and they shall remain part of the Common Area until Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association shall also be responsible for proper functioning of the stormwater drainage system serving the Community, including maintenance, repair and replacement, as needed, of pipes, culverts, and other structures and equipment comprising the system. It shall have no responsibility for landscaping or other maintenance of Lots burdened by stormwater drainage easements unless otherwise specifically set forth in a Supplemental Declaration or in a recorded agreement or plat.

The Association may maintain other property which it does not own, including, without limitation, Lots, property dedicated to the public, or property owned or maintained by a Neighborhood Committee, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on or arising out of the condition of property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Common Area in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Members representing 75% of the Member votes in the Association, and the Declarant, if any, agree in writing to discontinue such operation. This Section shall not apply to restrict the Board's ability to establish reasonable operating hours, which may vary by season, nor to preclude temporary closures or interruptions in operation as the Board may determine appropriate to perform maintenance or repairs.

Except as provided above, the Common Area shall not be reduced except the Declarant's prior written approval as long as Declarant owns any property described in Exhibit "A" or "B" of this Declaration.

The costs associated with maintenance, repair, and replacement of the Common Area shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Common Area pursuant to this Declaration, a Supplemental Declaration, or other Recorded covenants or agreements. Maintenance, repair, and replacement of Limited Common Areas shall be a Neighborhood Expense assessed against the Lots within the benefited Neighborhood(s).

7.3. Insurance.

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

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within other portions of the Common Area to the extent that the Association has responsibility for repair or replacement in the event of a casualty. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The limits of Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(ii) Commercial general liability insurance on the Common Area, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at a reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits.

(iii) With respect to any contractors working on the premises or any third parties holding events on the premises, all such individuals shall be required to carry sufficient similar commercial general liability insurance with minimum limits of \$1,000,000.00 combined single limit per occurrence and \$1,000,000.00 general aggregate limit.

(iv) Workers' compensation insurance and employer's liability insurance, if and to the extent required by law.

(v) Earthquake, wind and flood damage coverage, if and to the extent required by law.

(vi) Automobile liability insurance for all Association owned, non-owned and hired vehicles with a minimum limit of \$500,000.00 combined single limit per accident; and

(vii) Directors and officers liability coverage; and

(viii) Commercial crime insurance, including fidelity insurance, covering all Persons, including Persons serving without compensation, responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall

contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

All of the coverage required herein shall be maintained with insurers rated B+ or better in the most current edition of Best's Insurance Reports.

Insurance obtained for the Association is not meant to replace any individual's personal liability or property insurance and it is strongly suggested that each Member of the Association carry their own personal coverage.

The Board, in the exercise of its business judgment, may obtain such additional insurance coverage and higher limits than this Section requires.

Certificates of insurance evidencing the minimum coverage required hereby by any parties described above (other than the Association) shall be filed with the Association at the time of execution of any agreement for services or events conducted on the premises and shall be maintained in a current status throughout the term of any such agreement. Such certificates of insurance shall require the insurer(s) to provide not less than 30 days advance written notice to the Association in the event of any cancellation, non-renewal or material (greater than 25% reduction) change in the policy limits, terms or conditions. Such third parties shall maintain all of their insurance and at the requested levels described above for not less than five years following the expiration or termination of any Agreement with the Association.

Premiums for all Association insurance shall be a Common Expenses, except that premiums for property insurance on Lots within and premiums for insurance on Limited Common Areas within a Neighborhood may be a Neighborhood Expense unless the Board reasonably determines that other treatment of the premiums is more appropriate.

(b) Policy Requirements. The Association shall arrange for an annual review prior to the adoption of the Budget of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the metropolitan Atlanta area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured. Declarant reserves the right to provide insurance under Declarant's policy, provided that the cost to replace the insurance when such coverage terminates shall be disclosed to the Membership as a footnote to the Budget.

The policies may contain a reasonable deductible which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or tenants, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Benefited Assessment.

To the extent available at reasonable cost and terms, all Association insurance shall:

- (i) be written with a company authorized and licensed to do business in Georgia;

- (ii) be written in the name of the Association as trustee for the benefited parties. All policies on the Common Areas shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear;
- (iii) not be brought into contribution with insurance purchased by Owners, their Mortgagees, or any occupants of a Lot;
- (iv) contain an inflation guard endorsement;
- (v) include an agreed amount endorsement, if the policy contains a co-insurance clause;
- (vi) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a Member in the Association;
- (vii) provide a waiver of subrogation against any Owner or household member of an Owner; and
- (viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners (as a class) as additional insureds and provide:

- (i) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;
- (ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;
- (iii) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;
- (iv) a cross liability provision;
- (v) a provision vesting in the Board exclusive authority to adjust losses. However, Mortgagees having an interest in such losses may not be precluded from participating in the settlement negotiations, if any, related to the loss; and
- (vi) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the

cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Members representing at least 75% of the total Member votes in the Association and the Declarant, during the Declarant Control Period, decide within 60 days after the loss not to repair or reconstruct. If the damage is to Limited Common Area, repairs shall be made unless at least 75% of the Owners to which such Limited Common Area is assigned vote not to repair or reconstruct and the Declarant, during the Declarant Control Period, consents. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. No Mortgagees shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The Association shall retain and place in a capital improvements account for the benefit of the Members or the Owners of Lots within the insured Neighborhood, as appropriate, any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the applicable insurance coverage premiums.

7.4. Compliance and Enforcement.

(a) Every Owner, Occupant, and visitor to a Lot must comply with the Governing Documents and shall be subject to sanctions for violations as described in this Section 7.4. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the Occupants, Tenants, guests, or invitees to their Lots, and for any damage to the Common Area that such Persons may cause.

The Association, Declarant and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents. In addition, the Board may impose sanctions for violation of the Governing Documents, including those sanctions listed below and any others described elsewhere in the Governing Documents.

The following sanctions require prior notice and an opportunity for a hearing in accordance with the By-Laws (provided only a single notice and hearing is required for continuing violations):

- (i) imposing reasonable monetary fines, which shall constitute a lien upon the violator's Lot. Fines may be imposed within a graduated range. There is no limit on the aggregate amount of any fine for a continuing violation. In the event that any occupant, tenant, guest, or invitee of a Lot violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed

against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);

(ii) suspending an Owner's right to vote (except that no hearing is required if the Owner is more than 90 days delinquent in paying any Base or Special Assessment);

(iii) suspending any Person's right to use Common Area facilities (except that no hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed the Association); provided, nothing shall authorize the Board to impair an Owner's or occupant's access to his or her Lot;

(iv) suspending any services the Association provides (except that no hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);

(v) exercising self-help or taking action to abate any violation of the Governing Documents occurring on a Lot in a non-emergency situation (including removing personal property that violates the Governing Documents);

(vi) levying Benefited Assessments to cover costs incurred by the Association to bring a Lot into compliance with the Community-Wide Standard or other requirements under the Governing Documents;

(vii) without liability to any Person, precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV, including the Design Guidelines, from continuing or performing any further activities in the Community; and

(viii) recording a notice of violation with respect to any Lot on which a violation exists.

(b) In addition, the Board or its designees may take the following enforcement actions to obtain compliance with the Governing Documents without prior notice or a hearing:

(i) exercising self-help or taking action to abate a violation on a Lot in any situation which requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, towing vehicles that are in violation of parking rules and regulations);

(ii) exercising self-help or taking action to abate a violation on the Common Area under any circumstances; or

(iii) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may record a notice of violation or perform such required maintenance and assess all costs incurred against the Lot and the Owner as a Benefited Assessment.

Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

If a Neighborhood Committee fails to perform its maintenance responsibilities, the Association may perform such maintenance and assess the costs, including an administrative charge, as a Benefited Assessment against all Lots within such Neighborhood. Except in an emergency situation, the Association shall provide the Neighborhood Committee reasonable notice and an opportunity to cure the problem prior to taking such enforcement action. In addition to the foregoing sanctions, the Association shall have the power to veto any action that a Neighborhood Committee proposes to take if the Board reasonably determines the proposed action to be adverse to the interests of the Association or its members or inconsistent with the Community-Wide Standard.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

(c) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

- (i) the Association's position is not strong enough to justify taking any or further action;
- (ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- (iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- (iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed as a waiver of the Association's right to enforce such provision at a later time or preclude the Association from enforcing any other covenant, restriction, or rule.

The Association, by contract or other agreement, may, but shall not be required to, enforce applicable city and county ordinances and Cherokee County may enforce their ordinances within the Community.

(d) In computing the number of days for purposes of any provision of this Declaration or any of the other Recorded documents, all days shall be counted including Saturdays, Sundays, and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or legal holiday.

(e) So long as Purcell owns any property identified on the Master Plan or owns the Club within the Community, Purcell may enforce the provisions of the Governing Documents, including

the Master Declaration, at law or in equity. Purcell may exercise self-help to cure any violation of the Governing Documents. In the event neither the Association nor the Owner cure the violation and Purcell exercises its right of self-help, Purcell shall be entitled to recover from the Association all costs expended in curing the violation. The Association shall promptly reimburse Purcell for all such costs and such amounts shall be a Benefited Assessment levied against the Lot violating the Governing Documents in accordance with Article 8.

In addition, LAYCC or its successors or assigns, as set forth in the Master Declaration, has a lien against each Lot to secure the obligation of each Lot to pay any and all assessments as set forth in the Master Declaration. Such liens shall also secure the interest on any unpaid assessments (computed from its due date at a rate of 18% per annum, subject to the limitations of Georgia law) and any costs of collection (including attorneys' fees). Such lien shall be superior to all other liens except those held by any recorded Mortgage made in good faith and for value having first priority over any other Mortgages on the Lot. LAYCC may enforce its lien by suit, judgment, and judicial or non-judicial foreclosure in the same manner as the Association under Article 8.

LAYCC may not exercise such remedies until it has given written notice to the Association and the violating Owner setting forth the violation and the requisite cure and the Association and/or the Owner has been given the opportunity to effectuate such cure, which shall be undertaken no more than seven days after such written notice has been received by the Association and/or the Owner.

In the event Purcell conveys the ownership of the Club, or assigns its rights under the Master Declaration, LAYCC may, but shall not be obligated to, assign its rights set forth in this Section to the transferee of the Club.

7.5. Enforcement of Design Guidelines.

(a) Any construction, alteration, or other work performed in violation of the Design Guidelines shall be deemed to be nonconforming. Upon written request from the Association or Declarant, Owners shall, at their own cost and expense and within such reasonable time frame as set forth in such written notice, cure the nonconformance to the satisfaction of the requester or restore the Lot and/or Dwelling to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Association, Declarant, or their designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the rate established by the Board (not to exceed the maximum rate then allowed by law), may be assessed against the benefited Lot and collected as a Benefited Assessment unless otherwise prohibited in this Declaration.

(b) All design approvals shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline set forth in the approval, Declarant or the Association may, after notifying the Owner of the Lot and giving an opportunity to be heard in accordance with the By-Laws, enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Benefited Assessment.

(c) All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the Design Guidelines may be excluded from the Community, subject to the notice and hearing procedures contained in the By-Laws. In

such event, neither Declarant nor the Association, or their officers and directors, shall be held liable to any Person for exercising the rights granted by this Paragraph.

(d) The Association shall be primarily responsible for enforcement of the Design Guidelines. If, however, in the discretion of Declarant, the Association fails to take appropriate enforcement action, as authorized herein, within a reasonable time period, Declarant, for so long as it owns any property described in Exhibit "A" or "B" to this Declaration, may, but shall not be obligated to, exercise enforcement rights in the same manner as set forth above. In addition to the foregoing, the Association and Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of the Design Guidelines and the Reviewer's decisions. If the Association or Declarant prevails, they shall be entitled to recover all costs including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

7.6. Implied Rights: Board Authority.

The Association may exercise any right or privilege given to it expressly, or by reasonable implication, by the Governing Documents, or take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents or by law, the Board may exercise the Association's rights and powers without a vote of the membership.

The Board may institute, defend, settle, or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Common Area, enforcement of the Governing Documents, or any other civil claim or action. However, the Governing Documents shall not be construed as creating any independent legal duty to institute any legal or other action or proceeding on behalf of or in the name of the Association or the Members.

In exercising the Association's rights and powers, making decisions on behalf of the Association, and conducting the Association's affairs, Board members shall be subject to, and their actions shall be judged in accordance with, the standards set forth in the By-Laws.

7.7. Indemnification of Officers, Directors, and Others.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association).

Subject to Georgia law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which the indemnitee's personal liability is limited under this Section.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.8. Safety and Security.

Each Owner and occupant of a Lot, and their respective guests and invitees, is responsible for their own personal safety and the security of their property in the Community. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to enhance the level of safety or security which each person provides for himself or herself and his or her property. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of safety or security within the Community, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken, including any provision of Section 3.1(k)

No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Community, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of its Lot that the Association, its Board and committees, and Declarant are not insurers or guarantors of security or safety and that each Person within the Community assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

7.9. Guardhouses.

Guardhouses have been constructed adjacent to the Community in order to limit access and to provide more privacy for the Owners and Occupants. Each Owner and Occupant, and their families, guests and invitees, acknowledge that such guardhouse may restrict or delay entry into, or access within the Community by police, fire department, ambulances and other emergency vehicles or personnel. Each Owner and Occupant and their families, guests and invitees agree to assume the risk that such guardhouse will restrict or delay entry into, or access within the Community or Lake Arrowhead by police, fire department, ambulances or other emergency vehicles or personnel. Neither Declarant, the Association nor any director, officer, agent or employee of Declarant of the Association shall be liable to any Owner or Occupant or their families, guests or invitees for any claims or damages resulting directly or indirectly, from the construction, existence or maintenance of such guardhouse.

The Declarant makes no representations or warranties that a guard service will be provided or, if guard service is provided, that it will be provided during any particular hours or be continued in the future. Nothing contained in this Declaration and nothing that may be represented to a purchaser by real estate brokers or salesmen representing Declarant or any Developer shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any property subject to this Declaration or any part of the Additional Property.

7.10. Powers of the Association Relating to Neighborhoods.

A Neighborhood Committee is a committee of the Association and the Board shall have all of the power and control over any Neighborhood Committees that it has over other Association committees.

The Association also shall exercise broad governing powers over and shall have the power to require that specific action be taken by a Neighborhood Committee in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be made and requiring that a proposed budget include certain items and expenditures. A Neighborhood Committee shall take such action within the reasonable time frame set by the Association. If the

Neighborhood Committee fails to comply, the Association may take such action on behalf of the Neighborhood Committee and levy Benefited Assessments to cover the costs, as well as an administrative charge and sanctions.

7.11. Provision of Services.

The Association may provide, or provide for, services and facilities for all or any of the Members and their Lots, and may enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities, or may include the costs in the Association's budget as a Common Expense and assess it as part of the Base Assessment, if provided to all Lots. If provided to less than all Lots, the Association may assess such costs as a Neighborhood or Benefited Assessment, as applicable. Such services and facilities to the extent not covered by the Base Assessment might include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, trash collection and recycling, and similar services and facilities.

Nothing in this Section shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board may modify or cancel existing contracts for services in its discretion, unless the services are otherwise required by the Governing Documents. Non-use of services provided to all Owners or Lots as a Common Expense shall not exempt any Owner from the obligation to pay assessments for such services.

7.12. Relationship with Other Properties.

The Association may enter into contractual agreements or covenants to share costs with any neighboring properties or the owner of the Club to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.13. Facilities and Services Open to the Public.

Certain facilities and areas within the Community may be opened for public use and enjoyment in the discretion of the facility owner. Such facilities and areas may include, by way of example: greenbelts, trails and paths, parks, areas conducive to gathering and interaction, roads, sidewalks, and medians.

7.14. View Impairment.

Neither Declarant nor the Association guarantee or represent that any view over and across the Lots, the Club, any golf course, or any open space within the Community will be preserved without impairment, and neither shall be obligated to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standard or as otherwise required under a separate covenant or agreement. The Association and the Declarant (with respect to the Common Area) and the owners of the Club (with respect to golf course property) have the right to add trees, walls, fences, berms, homes or other structures, signs, lighting, water features and other landscaping from time to time subject to applicable law. Any express or implied easements for view purposes or for the passage in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways, and greens on such golf course from time to time. Any such additions or changes to such golf course may diminish or obstruct the view from the Lots. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Notwithstanding the above, the Design Guidelines or Association rules may impose requirements restricting the location of modifications to existing Improvements designed to preserve views.

7.15. Relationship with Governmental and Tax-Exempt Organizations.

The Association may enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area to, state or local governments, public utility providers, and non-profit, tax-exempt organizations for the benefit of the Community, the Association, and the Members. The Association may contribute or receive money, real property (including Common Area), personal property, or services to or from any such entity. Any such contribution shall be a Common Expense and included as a line item in the Association's annual budget.

For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

7.16. Relationship with the Foundation.

The Association shall cooperate with the Foundation on all matters involving the Foundation's obligations and responsibilities under the Foundation Charter. To the extent necessary, the Association shall permit reasonable use of the Common Area facilities by the Foundation, "charter clubs," and other voluntary groups operated by and through the Foundation for the offices, programs, activities and services.

Article VIII Association Finances

8.1. Budgeting and Allocating Common Expenses.

Declarant shall establish the initial Base Assessments by calculating the amount needed to meet the financial needs of the Association for the fiscal year and dividing by the number of lots platted (other than Declarant's lots) as of the first day of the fiscal year. Declarant shall not be responsible for paying assessments on lots owned by Declarant, but shall instead pay Declarant's obligation pursuant to Section 8.7(b).

In determining the Base Assessment, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the fiscal year.

The Board shall make the final budget available and shall send notice of the amount of the Base Assessment with a summary of the budget to each Owner at least 30 days prior to the beginning of the fiscal year. Except as required for the exercise of approval rights under Section 8.9, the budget shall not be subject to Owner approval and there shall be no obligation to call a meeting for the purpose of considering the budget.

If any proposed budget is disapproved under Section 8.9, or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to Section 8.9 and the notice requirements set forth above.

8.2. Budgeting and Allocating Neighborhood Expenses.

Declarant shall establish the initial Base Neighborhood Assessments by calculating the amount needed to meet the financial needs of the Neighborhood Committee for the fiscal year and dividing by the number of lots platted (other than Declarant's lots) in that Neighborhood as of the first day of the fiscal year. The Declarant shall not be responsible for paying assessments on lots in a Neighborhood owned by Declarant, but shall instead pay Declarant's obligation pursuant to Section 8.7(b).

At least 30 days before the beginning of each fiscal year, the Board shall prepare separate Neighborhood budgets covering the estimated Neighborhood Expenses, if any, for each Neighborhood during the coming year. Each such budget shall include any costs for additional services or a higher level of services which the Owners in such Neighborhood have approved pursuant to Section 6.4(a) and any contribution to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount to be generated through the levy of assessments against the Lots in such Neighborhood.

The Board shall make available a copy of the Neighborhood budget and shall send notice of the amount of the Neighborhood Assessment with a summary of the Neighborhood budget for the coming year to each Owner in the Neighborhood at least 30 days before the fiscal year begins. Except as required under Section 8.9, the budget shall not be subject to Owner approval and there shall be no obligation to call a meeting to consider the budget.

If the proposed budget for any Neighborhood is disapproved under Section 8.9, or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the year before shall continue for the current year.

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the Owners of Lots in the affected Neighborhood to disapprove the revised budget as set forth above.

All amounts the Association collects as Neighborhood Assessments shall be held in trust for and expended solely for the benefit of the Neighborhood for which they were collected. Such amounts shall be accounted for separately from the Association's general funds.

8.3. Budgeting for Reserves.

The estimated expenses in each budget shall include, in addition to operating expenses for Common Area and for each Neighborhood for which the Association maintains capital items as a Neighborhood Expense, if any, a reasonable contribution to a reserve fund for repair and replacement of any capital items to be maintained as a Common Area Expense or as a Neighborhood Expense, as applicable. In determining the amount of such reserve contributions, the Board shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost and the contribution required to fund the projected needs by annual contributions over

the useful life of the asset. Amounts to be funded as reserves shall be reflected in the Common Expense Budget and the Neighborhood Budget, as appropriate.

The Board shall adopt a policy restricting the expenditure of any reserve funds, including policies designating the nature of assets for which reserve funds may be expended. Such policies may differ for general Association purposes and for each Neighborhood. During the Declarant Control Period, neither the Association nor the Board shall adopt, modify, limit, or expand such policies without Declarant's prior written consent.

The Board may enter into agreements with Declarant regarding the time and extent of Declarant contributions, on negotiated terms, under which Declarant may provide financial assurances in lieu of cash.

8.4. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Lots within any Neighborhood if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Members representing at least a majority of the total votes allocated to Lots which will be subject to such Special Assessment, and the affirmative vote or written consent of the Declarant, if any. Special Assessment shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.5. Benefited Assessments.

The Association shall have the power to levy Benefited Assessments against a particular Lot as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Lots upon request of an Owner pursuant to any menu of special services which the Association may offer (which might include the items identified in Section 7.11) or which the Association may otherwise provide to less than all Owners under the Declaration or any Supplemental Declaration. Benefited Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing, in accordance with the By-Laws, before levying any Benefited Assessment under this subsection (b).

The Association may also levy a Benefited Assessment against the Lots within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Lots in the Neighborhood and an opportunity for such Owners to be heard before levying any such assessment.

8.6. Commencement of Assessment Obligation; Time of Payment.

The obligation to pay assessments shall commence as to each Lot on the date of conveyance of title to Owner other than Declarant. The first annual Base Assessment and Neighborhood Assessment levied on each Lot shall be pro-rated for the time remaining in the fiscal year.

Advance payment of Assessments may be required for the applicable payment period at closing of the transfer of title to a Lot. The Board may impose special requirements for Owners with a history of delinquent payment. The Board shall establish if assessments are to be paid annually, semi-annually or in quarterly or monthly installments. Until the Board otherwise provides, the Annual Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require the outstanding balance on all assessments to be paid in full immediately.

8.7. Obligation for Assessments.

(a) Personal Obligation. Each Owner, by accepting a deed or entering into a recorded agreement of sale for any Lot, covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 18% per annum or such higher rate as the Board may establish, subject to the limitations of Georgia law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. The recording of this Declaration shall constitute record notice of the existence of the lien and no further recordation of any claim of lien shall be required.

The Board's failure to establish or obtain Member approval, if required, of assessment amounts or rates or failure to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Neighborhood Assessments on the same basis as during the last fiscal year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner is exempt from liability for assessments by non-use of Common Area, abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant for which each Owner is jointly and severally liable. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request from an Owner, Mortgagee or other person designated by the Owner, the Association shall furnish to any Owner, Mortgagee or other person designated by the Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth the amount of any unpaid assessment against such Owner's Lot. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(b) Declarant's Obligation. Declarant shall be liable for assessments on any Lots it owns that are subject to assessment under this section, except that during the Declarant Control Period, the Declarant may satisfy its obligation to pay Base Assessments and Special Assessments for Common Expenses on Lots it owns either by paying such assessments in the same manner as any other Owner, or

by paying (i) any shortfall under the Common Expense budget resulting from events other than failure of other Owners to pay their assessments, and (ii) any budgeted contributions to reserves in accordance with the Common Expense budget. Unless the Declarant otherwise notifies the Board in writing at least 30 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. After termination of the Declarant Control Period, the Declarant shall pay Base Assessments on any Lots it owns that are subject to assessment under Section 8.6 in the same manner as any other Owner liable for such assessments. Regardless of the Declarant's election under this section, any of the Declarant's financial obligations to the Association may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

(i) Declarant's Subsidy Option. The Declarant or any Declarant Affiliate may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by the Declarant under Section 8.7(b)). Any such subsidy may be treated as a contribution, an advance against future assessments due from the Declarant, or a loan, in the Declarant's discretion. Any such subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate the Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Declarant.

8.8. Lien for Assessments.

The Association shall have a lien against each Lot, to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of Georgia law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, (b) any lien authorized under the Master Declaration; and (c) the lien or charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Association, at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

At a foreclosure sale, the Association may bid for the Lot and acquire, hold, lease, mortgage, and convey the Lot. The Association may sue for unpaid assessments and other charges without foreclosing or waiving its assessment lien.

Sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure by the first Mortgagee extinguishes the lien relating to any amounts due prior to the Mortgagee's foreclosure. The purchaser of a foreclosed Lot shall not be personally liable for assessments on such Lot due prior to the foreclosure sale. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to assessment under Section 8.6, including such purchaser, its successors and assigns.

Notwithstanding the above, if a Lot is owned by the Association: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be

charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association.

8.9. Limitation on Increases of Assessments.

Notwithstanding any provision to the contrary, and except for assessment increases necessary for emergency situations, the Board may not impose a Base Assessment or Neighborhood Assessment that is more than 110% greater than such assessments for the immediately preceding fiscal year without the approval of a majority of the Members subject to the applicable assessment. Approval may be indicated by vote or written consent.

An emergency situation is any one of the following:

- (a) an extraordinary expense required by an order of a court;
- (b) an extraordinary expense necessary to repair or maintain any portion of the Community for which the Association is responsible where a threat to personal safety is discovered; or
- (c) an extraordinary expense necessary to repair or maintain any portion of the Community for which the Association is responsible which could not reasonably have been foreseen by the Board in preparing and distributing the pro forma budget pursuant to Section 8.1. However, prior to the imposition or collection of such an assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. Notice of such resolution shall be provided to the Members along with the notice of such assessment.

8.10. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

- (a) All Common Area and other portions of the Community which are not Lots;
- (b) Any property dedicated to and accepted by any governmental authority or public utility; and
- (c) Property owned by any Neighborhood Committee for the common use and enjoyment of its members, or owned by the members of a Neighborhood Committee as tenants-in-common.

In addition, both Declarant and the Association shall have the right, but not the obligation, to grant exemptions to Persons qualifying for tax exempt status under Section 501 (c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.11. Capitalization of Association.

Upon acquisition of record title to a Lot by the first Owner thereof other than Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth of the annual Base Assessment per Lot for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an

advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

8.12. Club Assessment/Membership Dues. In addition to this Declaration, each Lot is also subject to the Master Declaration. Accordingly, each Owner shall also pay assessments to LAYCC and/or the Lake Arrowhead Property Owners Association, as provided in the Master Declaration.

COMMUNITY DEVELOPMENT

The Declaration reserves various rights to the Declarant in order to facilitate the smooth and orderly development of the Community and to accommodate changes in the Master Plan which inevitably occur as a Community of this nature grows and matures.

Article IX Expansion of the Community

9.1. Expansion by Declarant.

Declarant may, from time to time, subject to this Declaration all or any portion of the property described in Exhibit "B" ("Annexable Property") by recording a Supplemental Declaration describing the property being subjected. A Supplemental Declaration recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to annex property pursuant to this Section expires when all property described in Exhibit "B" has been subjected to this Declaration or thirty (30) years after this Declaration is recorded, whichever is later. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be memorialized in a recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2. Expansion by the Association.

The Association also may submit additional property to the provisions of this Declaration by recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of more than 50% of the Members in person or by proxy at a meeting duly called for such purpose, and the consent of the property owner. In addition, so long as Declarant owns any property described on Exhibit "A" or "B," Declarant's consent is required. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property, and by Declarant, if Declarant's consent is required. The annexation shall be effective only upon the filing for record of such Supplementary Declaration, unless a later effective date is provided therein.

9.3. Additional Covenants and Easements.

Any Supplemental Declaration, that Declarant records may impose additional covenants and easements on the property described in such Supplemental Declaration, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Neighborhood Assessments. Such provisions may be included in a Supplemental Declaration submitting new property to this Declaration or may be set forth in a separate

Supplemental Declaration applicable to Property previously submitting to this Declaration. If someone other than Declarant owns the property, then the Owner's consent and execution of the Supplemental Declaration is required. Any such Supplemental Declaration may add to, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording, unless otherwise specified. On the effective date of the Supplemental Declaration, the Lots are thereby subjected to the Declaration and the jurisdiction of the Association and shall have equal voting rights in the Association and equal pro rata liability for Base Assessments with all other Lots.

Article X Additional Rights Reserved to Declarant

10.1. Withdrawal of Property.

So long as it has a right to annex property pursuant to Section 9.1, Declarant reserves the right to amend this Declaration to remove any unimproved portion of the Community from the coverage of this Declaration, provided such withdrawal does not reduce the total number of Lots then subject to the Declaration by more than 10%. "Unimproved" means that no permanent structure has yet been built on the property. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association shall consent to such withdrawal and shall reconvey to Declarant any withdrawn property owned by the Association.

10.2. Marketing and Sales Activities.

Notwithstanding any provision in this Declaration, including Exhibit "C," to the contrary, Declarant and Builders may construct, use, and maintain upon portions of the Common Area and other property owned by Declarant or the Builder such facilities and activities, as, in Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots. Such permitted facilities and activities shall include, without limitation, business offices, signs, flags (whether hung from flag poles or attached to a structure), model Dwellings, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient or incidental to construction or sales activities, Declarant and Builders may park vehicles in areas other than garages or driveways, including on streets. Declarant and Builders shall have easements for access to and use of such facilities at no charge. Builder's rights under this Section 10.2 are subject to Declarant's approval.

10.3. Right to Develop.

Declarant, Declarant Affiliates and their employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area, and to the Exhibit "B" property, as it deems appropriate in its sole discretion.

Each Owner acknowledges that Lake Arrowhead Phase II is a master planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge or otherwise object to (a) changes in uses or density of property within the Community, or (b) changes in the Master Plan as it relates to property within the Community.

Declarant for itself or its successors specifically reserves the right to develop land adjacent to or in the vicinity of the Community for commercial uses.

Nothing contained in this Declaration or in any Supplemental Declaration or Neighborhood Declaration shall be construed to prevent the construction, installation or maintenance by the Declarant, any Declarant Affiliate or any agents or contractors thereof, during the period of development, construction and sales on the Property, of Improvements, landscaping or signs deemed necessary or convenient by the Declarant, in its sole discretion, to the development or sale of property within the Property.

10.4. Right to Designate Sites for Governmental and Public Interests.

For so long as Declarant owns any property described in Exhibit "A" or "B," Declarant may designate sites within the Community for government, education, or religious activities and interests, including without limitation, fire, police and utility facilities, schools and educational facilities, houses of worship, parks and other public facilities subject to receiving all necessary approvals. The sites may include Common Area, in which case the Association shall take whatever action is required with respect to such site to permit such use, including dedication or conveyance of the site, if so directed by Declarant.

10.5. Right to Approve Additional Covenants.

No Person shall record any additional covenants, conditions or restrictions affecting any portion of the Community without Declarant's review and written consent. Any instrument Recorded without such consent shall be void and of no force and effect unless subsequently approved by written consent, signed by Declarant, and Recorded.

10.6. Right to Approve Changes in Community Standards.

No amendment to or modification of any Use Restrictions, rules, or the Design Guidelines shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

10.7. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's special rights and obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a recorded instrument signed by Declarant. Declarant may allow other Persons to exercise, on a one time or limited basis, any Declarant right without transferring such right in its entirety. In such case, a recorded instrument is not required.

10.8. Exclusive Rights to Use Name of Development.

No Person shall use the name "Lake Arrowhead" or any derivative of such name in any printed or promotional material, or in logo or depiction, without Declarant's prior written consent. However, Owners may use the name "Lake Arrowhead" where such term is used solely to specify that particular property is located within the Community and the Declarant may offer to the Association a license to use the words "Lake Arrowhead" in its name.

10.9. Equal Treatment.

So long as Declarant owns any property described in Exhibit "A" or "B", neither the Association nor any other entity shall, without the prior written consent of Declarant, adopt any policy, rule or procedure that:

(a) limits the access of Declarant, its successors, assigns and/or affiliates or their personnel and/or guests, including visitors, to the Common Areas of the Association or to any property owned by any of them;

(b) limits or prevents Declarant, its successors, assigns and/or affiliates or their personnel from advertising, marketing, or using the Association or its Common Areas or any property owned by any of them in promotional materials;

(c) limits or prevents purchasers of new residential housing constructed by Declarant, its successors, assigns and/or affiliates in the Community from becoming members of the Association or enjoying full use of its Common Areas, including purchasers qualifying under Section 10.16 subject to the membership provisions of this Declaration and the By-Laws;

(d) discriminates against or singles out any group of Members or prospective Members or Declarant [this provision shall expressly prohibit the establishment of a fee structure (*i.e.*, assessments, Special Assessments and other mandatory fees or charges other than Benefited Assessments and use fees) that discriminates against or singles out any group of Members or Declarant, but shall not prohibit the establishment of Benefited Assessments];

(e) impacts the ability of Declarant, its successors, assigns and/or affiliates, to carry out to completion its development plans and related construction activities for the Community, as such plans are expressed in the Master Plan, as such may be amended and updated from time to time. Policies, rules or procedures affecting the provisions of existing easements established by Declarant and limiting the establishment by Declarant of easements necessary to complete the Community shall be expressly included in this provision. Easements that may be established by Declarant shall include but shall not be limited to easements for development, construction and landscaping activities and utilities; or

(f) impacts the ability of Declarant, its successors, assigns and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

Neither the Association nor any other entity or Neighborhood Committee (if any) shall exercise its authority over the Common Areas (including, but not limited to, any gated entrances and other means of access to the Community or the Exhibit "B" property) to interfere with the rights of Declarant set forth in this Declaration or to impede access to any portion of the Community or the Exhibit "B" property over the streets and other Common Areas within the Community. The Association shall not condone, encourage its members or participate in public assembly for the purpose of interfering with Declarant's business within the Community or engage in any activity that presents a public health or safety risk.

10.10. Right to Use Common Area for Special Events.

As long as Declarant owns any property described in Exhibit "A" or "B," Declarant shall have the right to use all Common Area, including recreational facilities, to sponsor special events for charitable, philanthropic, and social purposes as determined by Declarant in its sole discretion. Any such event shall be subject to the following conditions:

(a) the availability of the facilities for the period of time requested of the Association by the Declarant, provided that the request is not submitted more than six (6) months prior the actual special event.

(b) Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event (as per the insurance requirements for such events set forth herein) other than customary use charges that shall be waived; and

(c) Declarant shall return the facilities and personal property owned by the Association and used in conjunction with the special event to the Association in the same condition as existed prior to the special events.

Declarant shall have the right to assign its rights contained in this Section 10.10 to charitable organizations or foundations selected by Declarant. Declarant's right to use the Common Area for special events shall be enforceable by injunction, by any other remedy in law or equity, and by the terms of this Declaration.

10.11. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the Community including Lots, and a perpetual nonexclusive easement of access throughout the Community to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Lot shall be only after reasonable notice to the Owner and no entry into a Dwelling or other structure on a Lot shall be permitted without the consent of the Owner. The Person exercising this easement shall promptly repair, and pay for, any resulting damage.

10.12. Right to Notice of Design or Construction Claims.

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant and any Builder involved in the design or construction have been first notified in writing 10 days prior to the inspection and given an opportunity to meet with the property Owner and conduct an independent inspection.

10.13. Termination of Rights.

The rights contained in this Article shall terminate upon the earlier of (a) 30 years from the date this Declaration is recorded, or (b) Declarant's recording of a written statement that all sales activity has ceased. Thereafter, Declarant may continue to use the Common Areas for the purposes stated in this Article only pursuant to a rental or lease agreement between Declarant and the Association which provides for rental payments based on the fair market rental value of any such portion of the Common

Areas. This Article X shall not be amended without Declarant's written consent so long as Declarant owns any property described in Exhibit "A" or "B."

PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a planned community, with its wide array of properties and development types and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, Declarant, the Association, and others within or adjacent to the Community.

Article XI Easements

11.1. Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board's right to:
 - (i) adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;
 - (ii) suspend the right of an Owner to use any Common Area amenity (A) for any period during which any assessment or other charge against the Owner's Lot remains delinquent, and (b) for a period not to exceed 30 days for a single violation, or for a longer period in the case of any continuing violation, of the Governing Documents;
 - (iii) dedicate or transfer all or any part of the Common Area, subject to any approval requirements set forth in this Declaration;
 - (iv) rent any portion of the Common Area recreational facilities, if any, on an exclusive or non-exclusive short-term basis to any Person;
 - (v) permit use by people from outside of the Community, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion;
 - (vi) mortgage, pledge, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred;
- (d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Limited Common Areas," as described in Article XII; and
- (e) The Association's right to close or limit the use of the Common Areas, or portions thereof, while maintaining and repairing the same.

An Owner who leases his or her Lot shall be deemed to have assigned all such rights to the Tenant of such Lot for the period of the lease.

11.2. Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area or the Club and between adjacent Lots due to the unintentional placement, or settling, or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities, Etc.

(a) Installation and Maintenance. Declarant reserves for itself, so long as Declarant owns any property described in Exhibit "A" or "B," perpetual non-exclusive easements throughout the Community (but not through a structure) to the extent reasonably necessary for the purpose of:

- (i) installing utilities and infrastructure to serve the Community, cable and other systems for sending and receiving data and/or other electronic signals, drainage systems, and security and similar systems;
- (ii) installing underground walkways, pathways and trails, street lights, and signage on property which Declarant or the Association owns or within public rights-of-way or easements reserved for such purpose on a Plat;
- (iii) inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described above; and
- (iv) access to read utility meters.

Notwithstanding the above, Declarant reserves the right to grant or deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

(b) Utility Easements. Declarant also reserves for itself the non-exclusive right and power to grant and record such utility easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibit "A" and "B." The location of the easement shall be subject to the written approval of the burdened Owner, which approval shall not unreasonably be withheld, delayed or conditioned.

(c) Minimal Interference. All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or Occupant.

11.4. Easements to Serve Additional Property.

Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to his Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

Declarant agrees that it and its successors or assigns, respectively, shall be responsible for any damage caused to the Common Area as a result of their actions. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such property.

11.5. Easements for Maintenance, Emergency, and Enforcement.

Declarant grants to the Association easements over the Community as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents to abate a violation of the Governing Documents and/or to remove any structure, thing or condition which violates the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

Any costs incurred, including reasonable attorneys' fees, shall be assessed against the Lot Owner as a Benefited Assessment.

11.6. Easements for Cross-Drainage.

Every Lot and the Common Area shall be burdened with easements for natural drainage of stormwater runoff from other portions of the Community; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of stormwater onto adjacent portions of the Community without the consent of the Owner(s) of the affected property, the Board, and Declarant as long as it owns any property described in Exhibit "A" or "B" to the Declaration.

11.7. Rights to Stormwater Runoff, Effluent and Water Reclamation.

Declarant hereby reserves for itself and its designees all rights to ground water, surface water, stormwater runoff, and effluent located or produced within the Community, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights. Such rights shall include the reservation of an easement over the community for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. This Section may not be amended without the consent of Declarant and the rights created in this Section shall survive termination of this Declaration.

11.8. Easements for the Club -- Golf Course.

(a) The Community is burdened with an easement permitting golf balls unintentionally to travel over and come upon areas adjacent to the golf course, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area or common property of a Neighborhood Committee. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. This easement for retrieval does not extend to private property, except by the express permission of the Owner.

Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: Declarant; the Association or its Members (in their capacities as such); the owner(s), operator, or Tenant of any golf course, or their assigns; any Builder or contractor (in their capacities as such); any officer, director, or partner of any of the foregoing, or any officer or director of any partner.

(b) The owner of any golf course within or immediately adjacent to the Community, its agents, successors and assigns shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the golf course.

(c) Any portion of the Community immediately adjacent to a golf course is hereby burdened with a non-exclusive easement for overspray of water or overspray from effluent (which may contain chemicals, pesticides) from the golf course' irrigation system. Under no circumstances shall the Association or the golf course owner be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of any golf course within or immediately adjacent to the Community, its successors and assigns, shall have a perpetual, exclusive easement of access over the Community for the purpose of retrieving golf balls from Common Area bodies of water lying reasonably within range of golf balls hit from the golf course.

(e) There may be golf cart easements designated as such on one or more plats of the Property, or portions thereof, or in one or more Supplemental Declarations or other recorded instruments, which may be used for golf cart paths, pedestrian walkways, maintenance and vehicle access, and unhindered access between said paths and any golf course. Nothing shall be placed or maintained in any golf cart path easement which interfere with utilization thereof as a playable part of such golf course, and all landscaping and other Improvements within a golf cart path easement (except hose installed or constructed by the Declarant) shall require the approval of the owner of the golf course benefited by such easement.

(f) No Owner or Occupant, and no guest, invitee, employee, agent or contractor of any Owner or Occupant, shall at any time enter upon any golf course (or related facilities) within, adjacent to or near the Community for any purpose (other than to engage in golf play or as a spectator or guest of the golf course, in each and every case subject to all rules and regulations of such golf course including, without limitation, all requirements relating to membership, fees, reservation of tee times and the like), and each Owner and Occupant shall keep his, her or its pets and other animals off any golf course (and out of any related facilities) at all times. No Owner shall (or permit his, her or its Occupants, guests, invitees, employees, agents or contractors to) interfere in any way with play on the golf course) whether in that form of physical interference, noise, harassment of players or spectators, or otherwise). Each Owner (for such Owner and its Occupants, guests and invitees) recognizes, agrees and accepts that: (a) operation of a golf course and related facilities will often involve parties and other gatherings (whether

or not related to golf, and including without limitation weddings and other social functions) at or on the golf course and related facilities, tournaments, loud music, use of public address systems and the like, occasional supplemental lighting and other similar or dissimilar activities throughout the day, from early in the morning until late at night; (b) by their very nature, golf course present certain potentially hazardous conditions which may include, without limitation, lakes or other bodies of water and man-made or naturally occurring topological features such as washes, gullies, canyons, uneven surfaces and the like; and (c) neither such Owner nor its Occupants, guests and invitees shall make any claim against the Declarant, the Association, any committee of the Association, any sponsor, promoter or organizer of any tournament or other event, or the owner or operator of any golf course within, adjacent to or near the Community (or any affiliate, agent employee or representative of any of the foregoing) in connection with the matters described or referenced in (a) or (b) above, whether in the nature of a claim for damages relating to personal injury or property damage, or otherwise.

11.9. Easements for Lake Maintenance and Flood Water.

The Declarant reserves for itself, the owner of the Club, and their respective successors, assigns and designees an access easement over and across any portion of the Community which abuts or contains bodies of water or wetlands, to the extent reasonably necessary to exercise their rights to use, maintain, and operate such amenities. Such right shall include, but not be limited to, entering upon bodies of water and wetlands located within the Community and enter upon adjacent Lots to the extent necessary to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Club; (b) construct, maintain and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. Declarant, the owner of the Club, and their successors, assigns, and designees shall have an access easement over and across any portion of the Community which abuts or contains bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

The Declarant further reserves for itself, the owner of the Club, and their respective successors, assigns and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the Dwellings thereon) adjacent to or within 100 feet of bodies of water and wetlands within the Community, in order to (a) temporarily flood and back water upon and maintain water over such property; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Community; and (c) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to use these easements shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make the Declarant, the owner of the Club or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.

Article XII Limited Common Areas

12.1. Purpose.

Certain portions of the Common Area may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and Occupants within particular Neighborhoods. For example, Limited Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of a Limited Common Area shall be a Neighborhood Expense allocated among the Owners in the Neighborhood(s) to which the Limited Common Areas are assigned.

12.2. Designation.

Initially, any Limited Common Area shall be designated as such in a Supplemental Declaration, the deed conveying such area to the Association, or on a Plat; provided, any such assignment shall not preclude Declarant from later assigning use of the same Limited Common Area to additional Lots and/or Neighborhoods, so long as Declarant has a right to subject additional property to this Declaration pursuant to Section 9.1.

Thereafter, a portion of the Common Area may be assigned as Limited Common Area and Limited Common Area may be reassigned upon approval of the Board and the vote of Members representing a majority of the total Member votes within the Neighborhood(s) affected by the proposed assignment or reassignment. As long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's written consent also is required.

12.3. Use by Others.

Upon approval of a majority of Owners of Lots within the Neighborhood to which any Limited Common Area is assigned, the Association may permit Owners of Lots in other Neighborhoods to use all or a portion of such Limited Common Area upon payment reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Limited Common Area.

Article XIII Party Walls and Other Shared Structures

Except as may otherwise be provided by law, a written agreement between Owners of adjacent Lots, or other recorded documents applicable to adjacent Lots:

(a) Each wall, fence, driveway, or similar structure built as part of the original construction on the Lots which serves and/or separates any two adjoining Lots or a Lot and Common Areas shall constitute a party structure. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who own property benefited by the party structure.

(b) If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

(c) The right to and obligation of contribution for party walls and similar structures between Owners, as provided in this Section, shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(d) To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to any party structure. Any dispute arising concerning a party structure shall be subject to the provisions of Article XIV.

RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of the Community in which people enjoy living, working, and playing requires good faith efforts to resolve disputes amicably, attention to and understanding of relationships within the Community and with our neighbors, and protection of the rights of others who have an interest in the Community.

Article XIV Dispute Resolution and Limitation on Litigation

14.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) From time to time, disputes may arise between Owners, or between an Owner and the Association, Declarant, or others involved in the Community. This Article commits the parties to any such dispute to work together in an attempt to resolve the dispute without litigation, in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties. It also requires substantial support of the Association's membership before the Association can engage in certain types of litigation that could result in significant legal and emotional costs to the Community.

Declarant, the Association and its officers, directors and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relation to

(i) the interpretation, application, or enforcement of the Governing Documents;

(ii) the rights, obligations and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of improvements within the Community, other than matters of aesthetic judgment under Article IV, which shall not be subject to review and shall not be subject to this Article;

(c) The following shall **not** be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

(i) any suit by the Association to collect assessments or other amounts due from any Owner;

(ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Articles III, IV, and V of this Declaration (relating to creation and maintenance of community standards);

(iii) any suit that does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(iv) any dispute which affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in section 14.2; and

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 14.2(a), unless the party or parties against whom the Claim is made agree to toll or extend the Claim's statute of limitations to comply with this Article.

14.2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice ("Notice") by mail or personal delivery to each Respondent and to the board stating plainly and concisely:

(i) the nature of the claim, including the Persons involved and Respondent's role in the Claim;

(ii) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(iii) the Claimant's proposed resolution or remedy; and

(iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the Bound Parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the metropolitan Atlanta area. Each Bound Party shall submit to the mediator a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Bound Parties do not settle the Claim within 30 days after submitting the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that

mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Bound Parties. If any Bound Party thereafter fails to abide by the terms of such agreement, then any other Bound Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Bound Party taking action to enforce the agreement shall, upon prevailing, be entitled to recover from the non-complying Bound Party (or each one in equal proportions) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

14.3. Initiation of Litigation by Association.

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding against the Declarant or anyone else unless first approved by a vote of Members entitled to cast 75% of the total Member votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated during the Declarant Control Period;
- (b) initiated to enforce the provisions of this Declaration, including collection of assessments, and foreclosure of liens ;
- (c) initiated to challenge *ad valorem* taxation or condemnation proceedings;
- (d) initiated against any contractor (exclusive of the Declarant), vendor, or supplier of goods or services arising out of a contract for services or supplies; or
- (e) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it;

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

In the matters listed above, the Directors of the Association shall be indemnified for their decisions pursuant to Section 7.7.

Article XV Lake Arrowhead Yacht & Country Club

15.1. Right to Use the Club.

Purcell or its successor or assigns, in its capacity as a company and not the Declarant is the owner of the Club and has recorded the Master Declaration to grant specific rights for Owners to use certain recreational facilities of the Club, provided such Owners pay a mandatory initiation fee and dues associated with the membership category for which the Owner belongs. Purcell may transfer or assign the rights set forth in the Master Declaration with respect to the Club in its sole and absolute discretion.

Access to and use of the Club strictly subject to the rules and procedures of the owners of the Club, and no Person gains any right to enter or to use the Club by virtue of membership in the Association or ownership of a Lot, except as may be set forth in the Master Declaration

All Persons are hereby advised that no representations or warranties have been made or are made by the Declarant, the Association, or by any Person acting on behalf of any of the foregoing with regard to the continuing ownership or operation of the Club. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument which the record owner of the Club executes.

Rights to use the Club will be granted only to such person, and on such terms and conditions as may be determined by Purcell. Purcell shall have the right, from time to time in its sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Club, including without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the terms of any written membership agreements or documents.

15.2. Lake Arrowhead Yacht & Country Club. As set forth in the Master Declaration and as provided herein, every Owner, except for Builders, shall be extended a "Resident" membership in the Community use category in the Club, and shall maintain such membership so long as the Owner owns a Lot within the Community. Each Owner's Resident membership in the Community use category in the Club shall be effective upon taking title to the Unit and payment of then applicable initiation fee to Declarant and, notwithstanding anything contrary in the Master Declaration, shall continue so long as such Owner owns a Lot, subject to all of the provisions of the Membership Plan. As set forth in the Membership Plan, an Owner's membership terminates automatically when the member no longer owns a Lot in the Lake Arrowhead Community. Membership in the Club is subject to the terms of the Membership Plan and policies, including the provisions regarding payment of assessment/membership dues and fees and the Club's rules and policies. By virtue of taking title to a Lot, each Owner agrees, on behalf of itself, its heirs, personal representatives, and successors-in-title to the Lot to pay the initiation fee and the periodic assessments/dues regardless of such Owner's use or nonuse of the Club's facilities and comply with the terms of the Master Declaration and Membership Plan as long as such Owner owns a Lot. Each Owner's Resident membership in the Community use category in the Club shall be effective immediately upon taking title to a Lot and payment of the initiation fee and shall continue so long as Owner owns such Lot, subject to all of the provisions of the Membership Plan and Master Declaration. Neither Owners nor any other persons, by virtue of membership in the Club, acquire any ownership interest, beneficial interest, or other vested interest whatsoever in the Club but only the privilege of using and enjoying the Club's facilities in accordance with the Master Declaration, Membership Plan and any rules of the Club, which are subject to change from time to time.

The obligation to pay an initiation fee, assessments and dues and the benefits of Resident membership in the Community use category in the Club shall run with the title to the Lot and shall be binding on all subsequent Owners of the Lot.

15.3. Conveyance of Club.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Purcell, Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Club. The ownership or operation of the Club (or any portion thereof) may change at any time. This may be for different reasons, such as (a) the sale to or assumption of operations by an independent Person, (b) establishment of, or conversion of the membership structure to, an "equity" club

or similar arrangement whereby the members of the Club or an entity owned or controlled by its members become the owner(s) and/or operators of the Club, or (c) the conveyance of the Club to one or more Declarant Affiliates. Consent of the Association or any Owner shall **not** be required to effectuate any change in ownership or operation of the Club, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

15.4. Assumption of Risk and Indemnification.

Each Owner, by purchasing a Lot in the vicinity of the Club, hereby expressly assumes the risk of noise, personal injury, or property damage caused by maintenance and operation of such the Club, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around sunrise or sunset), (b) noise caused by users, (c) use of pesticides, herbicides, and fertilizers, (d) use of effluent in the irrigation of the golf course, (e) reduction in privacy caused by constant traffic on or near the Club or the removal or pruning of shrubbery or trees on or near the Club, (f) errant golf or tennis balls and golf clubs, and (g) design or redesign of the Club, including any golf course.

Each such Owner agrees that Declarant, LAYCC, the Association, Purcell and any of the Declarant Affiliates or agents shall not be liable to any owner or any other Person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of Owner's Lot to the Club, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, any Declarant Affiliate or agents, Purcell, LAYCC or the Association. The Owner hereby agrees to indemnify and hold harmless Declarant, any Declarant Affiliate and agents, Purcell, LAYCC and the Association against any and all such claims by Owner's visitors, tenants, and others upon such Owner's Lot.

15.5. Rights of Access and Parking.

There is hereby established for the benefit of the Club and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees, a right and non-exclusive easement of access and use over all roadways and golf cart paths, if any, located within the Community reasonably necessary to travel between an entrance to the Community and the Club and over those portions of the Community (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Club. Without limiting the generality of the foregoing, members, guests and invitees of the Club shall have the right to park their vehicles on the roadways located within the Community at reasonable times before, during and after tournaments and other similar functions held by or at the Club to the extent that the Club has insufficient parking to accommodate such vehicles.

15.6. Limitations on Amendments.

In recognition of the fact that the provisions of this Article are for the benefit of the Club, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting the Club, may be made without the written approval of the Club. The foregoing shall not apply, however, to amendments made by Declarant.

15.7. Jurisdiction and Cooperation.

The Association and LAYCC shall cooperate to the maximum extent possible in the operation of the Community and the Club. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Design Guidelines. The Association shall have no power to promulgate Use Restrictions affecting activities on or use of any the Club without the prior written consent of LAYCC.

15.8. Design Control.

No person shall approve any Improvement within any portion of the Community which is adjacent to or otherwise in the direct line of sight of the Club or its amenities without giving LAYCC at least fifteen (15) days' prior written notice of its intent to approve the same together with copies of the request and all other documents and information submitted in such regard. LAYCC shall then have fifteen (15) days to respond in writing approving or disapproving the proposal, stating in detail the reasons for any disapproval. The failure of LAYCC to respond to the notice within the fifteen (15) day period shall constitute an objection by LAYCC to the matter. The section shall also apply to any work on the Common Area or any common property of a Neighborhood Committee, if any.

15.9 View Impairment.

Neither Declarant, the Association, LAYCC nor Purcell guarantee or represent that any view over and across the Club from Lots adjacent to Club or any of its amenities will be preserved without impairment. Neither Purcell nor LAYCC shall have any obligation to relocate, prune, or thin trees or other landscaping and shall have the right, in its sole and absolute discretion, to add trees or other landscaping to the Club from time to time. In addition, Purcell may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways, and greens on such golf course from time to time. Any such additions or changes to such golf course may diminish or obstruct the view from the Lots. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Article XVI Mortgagee Provisions

16.1. Notices of Actions.

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

The provisions of this Article XVI are for the benefit of holders, insurers and guarantors of first Mortgages on Lots in the Community.

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

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

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

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

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

16.2. No Priority.

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

16.3. 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 Lot.

16.4. 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 30 days of the date of the Association's request, providing such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

CHANGES IN THE COMMUNITY

Communities such as this one are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change, as the residents age and change over time, and as the surrounding community changes. The Community and its Governing Documents must be able to adapt to these changes while protecting the things that make the Community unique.

Article XVII Changes in Ownership of Lots

Any Owner, other than Declarant, desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least 14 days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. Upon completion of the transfer, the Owner shall pay the fee as described in the Foundation Charter. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner, including assessment obligations, until the date upon which the Board, notwithstanding the transfer of title, receives such notice.

Article XVIII Changes in Common Area

18.1. Condemnation.

If any part of the Common Area is by taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required herein, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. The board may convey Common Area under threat of condemnation only if approved in writing by at least 67% of the Members in the Association and Declarant, as long as Declarant owns any property described in Exhibit "A" or "B."

The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

(i) If the taking involves a Common Area on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Area to the extent practicable, unless, within 60 days after such taking, Declarant, so long as Declarant owns any property described in Exhibit "A" or "B" of this Declaration, and at least 67% of the total Members in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3 regarding funds for the repair of damage or destruction shall apply.

(ii) If the taking does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

18.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided and no Person shall bring any action for partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Declaration.

18.3. Transfer or Dedication of Common Area.

The Association may dedicate portions of the Common Area to Cherokee County or to any other local, state or federal governmental or quasi-governmental entity.

Article XIX Amendment of Declaration

19.1. By Declarant.

In addition to specific amendment rights granted elsewhere in this Declaration, until a Lot is conveyed to a Person other than a Builder, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) to enable any institutional or governmental lender, purchaser, insurer, or

guarantor of mortgage loans to make, purchase, insure, or guarantee mortgage loans on the Lots; (d) to correct clerical or technical errors; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Owner consents in writing.

So long as Declarant owns property described on Exhibit "A" or "B" for development as part of the Community, the Declarant may unilaterally amend this Declaration for any other purpose, provided, the amendment has no materially adverse effect upon the rights of more than 2% of the Owners.

19.2. By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 75% of the total votes in the Association, including 75% of the Member votes held by Members other than Declarant. In addition, so long as Declarant owns any property described on Exhibit "A" or "B," any such amendment shall also require Declarant's consent.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

19.3. Validity and Effective Date.

No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall only become effective upon recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

19.4. Exhibits.

Exhibit "A" and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. Exhibit "C" is incorporated by reference and may be amended as provided in Article III or pursuant to Article XIX. Exhibit "D" is attached for informational purposes and may be amended as provided therein.

EXHIBIT "A"

Land Initially Submitted

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 239 & 240 OF THE 22ND DISTRICT, 2ND SECTION, CHEROKEE COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE NORTHERLY SIDE OF CHEROKEE DRIVE (A 120' PRIVATE ROAD) SAID POINT BEING 3125.40 FEET IN A WESTERLY DIRECTION ALONG SAID NORTHERLY SIDE AND FOLLOWING THE CURVATURE THEREOF FROM THE WESTERLY SIDE OF LAKE ARROWHEAD DRIVE (A 120' PRIVATE ROAD);

THENCE LEAVING SAID NORTHERLY SIDE NORTH 03 DEGREES 11 MINUTES 38 SECONDS WEST, 124.62 FEET TO A POINT; THENCE NORTH 29 DEGREES 00 MINUTES 00 SECONDS EAST, 510.00 FEET TO A POINT; THENCE NORTH 60 DEGREES 12 MINUTES 00 SECONDS EAST, 310.00 FEET TO A POINT; THENCE NORTH 29 DEGREES 57 MINUTES 58 SECONDS EAST, 808.16 FEET TO A POINT; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, 410.00 FEET TO A POINT; THENCE NORTH 32 DEGREES 00 MINUTES 00 SECONDS WEST, 154.47 FEET TO A POINT; THENCE SOUTH 87 DEGREES 18 MINUTES 00 SECONDS WEST, 101.80 FEET TO A POINT; THENCE NORTH 59 DEGREES 48 MINUTES 00 SECONDS WEST, 160.00 FEET TO A POINT; THENCE NORTH 05 DEGREES 42 MINUTES 00 SECONDS EAST, 160.00 FEET TO A POINT; THENCE NORTH 89 DEGREES 54 MINUTES 00 SECONDS EAST, 77.22 FEET TO A POINT; THENCE NORTH 32 DEGREES 00 MINUTES 00 SECONDS WEST, 272.72 FEET TO A POINT; THENCE NORTH 59 DEGREES 19 MINUTES 41 SECONDS WEST, 674.11 FEET TO A POINT; THENCE SOUTH 89 DEGREES 36 MINUTES 00 SECONDS WEST, 458.23+/- FEET TO A POINT IN THE CENTER OF A CREEK;

THENCE FOLLOWING SAID CREEK FOR A DISTANCE OF APPROXIMATELY 359 FEET AND BEING SUBTENDED BY THE FOLLOWING COURSES: NORTH 46 DEGREES 14 MINUTES 04 SECONDS WEST, 182.29 FEET TO A POINT; NORTH 67 DEGREES 02 MINUTES 15 SECONDS WEST, 152.45 FEET TO A POINT; THENCE LEAVING SAID CREEK CENTER NORTH 30 DEGREES 54 MINUTES 00 SECONDS EAST, 122.58+/- FEET TO A POINT; THENCE NORTH 59 DEGREES 06 MINUTES 00 SECONDS WEST, 347.40 FEET TO A POINT; SAID POINT BEING THE POINT OF BEGINNING.

FROM SAID POINT OF BEGINNING, THENCE NORTH 77 DEGREES 43 MINUTES 05 SECONDS WEST, 238.36 FEET TO A POINT; THENCE NORTH 07 DEGREES 18 MINUTES 00 SECONDS WEST, 419.14 FEET TO A POINT; THENCE NORTH 26 DEGREES 37 MINUTES 09 SECONDS EAST, 164.36 FEET TO A POINT; THENCE NORTH 31 DEGREES 48 MINUTES 00 SECONDS WEST, 147.42 FEET TO A POINT; THENCE NORTH 48 DEGREES 16 MINUTES 20 SECONDS WEST, 68.73 FEET TO A POINT; THENCE NORTH 67 DEGREES 00 MINUTES 00 SECONDS WEST, 280.78 FEET TO A POINT; THENCE NORTH 79 DEGREES 42 MINUTES 12 SECONDS WEST, 340.00 FEET TO A POINT; THENCE NORTH 88 DEGREES 32 MINUTES 08 SECONDS WEST, 172.04 FEET TO A POINT; THENCE NORTH 10 DEGREES 18 MINUTES 00 SECONDS EAST, 176.43 FEET TO A POINT; THENCE NORTH 26 DEGREES 00 MINUTES 02 SECONDS WEST, 62.04 FEET TO A POINT; THENCE NORTH 10 DEGREES 18 MINUTES 00 SECONDS EAST, 143.08 FEET TO A POINT; THENCE NORTH 02 DEGREES 32 MINUTES 17 SECONDS WEST, 81.52 FEET TO A POINT; THENCE NORTH 29 DEGREES 14 MINUTES 02 SECONDS EAST, 218.60 FEET TO A POINT; THENCE NORTH 89 DEGREES 10 MINUTES 18 SECONDS EAST, 218.20 FEET TO A POINT; THENCE SOUTH 29 DEGREES 46 MINUTES 10 SECONDS EAST, 385.07 FEET TO A POINT; THENCE NORTH 35 DEGREES 18 MINUTES 32 SECONDS EAST, 75.06 FEET TO A POINT; THENCE NORTH 06 DEGREES 20 MINUTES 35 SECONDS WEST, 304.99 FEET TO A POINT; THENCE NORTH 14 DEGREES 32 MINUTES 22 SECONDS WEST, 190.24 FEET TO A POINT; THENCE NORTH 25 DEGREES 03 MINUTES 34 SECONDS EAST, 193.18 FEET TO A POINT; THENCE NORTH 77 DEGREES 08 MINUTES 47 SECONDS EAST, 193.18 FEET TO A POINT; THENCE SOUTH 51 DEGREES 24 MINUTES 29 SECONDS EAST, 194.26 FEET TO A POINT; THENCE SOUTH 13 DEGREES 57 MINUTES 25 SECONDS EAST, 129.32 FEET TO A POINT; THENCE SOUTH 78 DEGREES 31 MINUTES 41 SECONDS EAST, 216.34 FEET TO A POINT; THENCE SOUTH 43 DEGREES 38 MINUTES 08 SECONDS EAST, 193.18 FEET TO A POINT; THENCE SOUTH 16 DEGREES 13

MINUTES 24 SECONDS WEST, 182.78 FEET TO A POINT; THENCE SOUTH 62 DEGREES 33 MINUTES 43 SECONDS WEST, 166.26 FEET TO A POINT; THENCE NORTH 87 DEGREES 30 MINUTES 18 SECONDS WEST, 144.07 FEET TO A POINT; THENCE SOUTH 17 DEGREES 26 MINUTES 59 SECONDS EAST, 155.05 FEET TO A POINT; THENCE SOUTH 02 DEGREES 55 MINUTES 14 SECONDS WEST, 141.98 FEET TO A POINT; THENCE SOUTH 52 DEGREES 24 MINUTES 35 SECONDS EAST, 109.30 FEET TO A POINT; THENCE NORTH 59 DEGREES 18 MINUTES 00 SECONDS EAST, 225.00 FEET TO A POINT; THENCE NORTH 32 DEGREES 57 MINUTES 37 SECONDS EAST, 490.26 FEET TO A POINT; THENCE SOUTH 60 DEGREES 45 MINUTES 01 SECONDS EAST, 187.85 FEET TO A POINT; THENCE SOUTH 32 DEGREES 44 MINUTES 02 SECONDS EAST, 177.61 FEET TO A POINT; THENCE SOUTH 07 DEGREES 09 MINUTES 46 SECONDS EAST, 246.03 FEET TO A POINT; THENCE SOUTH 43 DEGREES 05 MINUTES 11 SECONDS WEST, 195.11 FEET TO A POINT; THENCE SOUTH 18 DEGREES 30 MINUTES 11 SECONDS EAST, 305.28 FEET TO A POINT; THENCE SOUTH 26 DEGREES 26 MINUTES 00 SECONDS WEST, 371.67 FEET TO A POINT; THENCE SOUTH 03 DEGREES 36 MINUTES 46 SECONDS WEST, 54.25 FEET TO A POINT; THENCE NORTH 63 DEGREES 34 MINUTES 00 SECONDS WEST, 105.39 FEET TO A POINT; THENCE SOUTH 26 DEGREES 26 MINUTES 00 SECONDS WEST, 89.32 FEET TO A POINT; THENCE SOUTH 69 DEGREES 30 MINUTES 34 SECONDS WEST, 139.10 FEET TO A POINT; THENCE SOUTH 60 DEGREES 51 MINUTES 03 SECONDS WEST, 298.67 FEET TO A POINT; SAID POINT BEING THE POINT OF BEGINNING.

SAID TRACT OR PARCEL OF LAND CONTAINS 43.47 ACRES.

AND:

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING IN LAND LOTS 238 & 239 OF THE 22ND DISTRICT, 2ND SECTION, CHEROKEE COUNTY, GEORGIA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY SIDE OF LAKE ARROWHEAD DRIVE (A 120' PRIVATE ROAD) SAID POINT BEING 4716.95 FEET IN A NORTHERLY DIRECTION ALONG SAID WESTERLY SIDE AND FOLLOWING THE CURVATURE THEREOF FROM THE NORTHERLY SIDE CHEROKEE DRIVE (A 120' PRIVATE ROAD); SAID POINT IS POINT OF BEGINNING.

THENCE ALONG A CURVE TO THE LEFT, AN ARC DISTANCE OF 555.66 FEET, SAID CURVE HAVING A RADIUS OF 336.90 FEET AND BEING SUBTENDED BY A CHORD OF 494.79 FEET, AT NORTH 47 DEGREES 15 MINUTES 00 SECONDS WEST, TO A POINT; THENCE SOUTH 85 DEGREES 30 MINUTES 00 SECONDS WEST, 353.05 FEET TO A POINT; THENCE ALONG A CURVE TO THE RIGHT, AN ARC DISTANCE OF 160.32 FEET, SAID CURVE HAVING A RADIUS OF 368.21 FEET AND BEING SUBTENDED BY A CHORD OF 159.06 FEET, AT NORTH 82 DEGREES 01 MINUTES 36 SECONDS WEST, TO A POINT; THENCE SOUTH 20 DEGREES 26 MINUTES 48 SECONDS WEST, 150.00 FEET TO A POINT; THENCE NORTH 56 DEGREES 47 MINUTES 24 SECONDS WEST, 249.81 FEET TO A POINT; THENCE NORTH 41 DEGREES 48 MINUTES 00 SECONDS WEST, 288.26 FEET TO A POINT; THENCE NORTH 77 DEGREES 33 MINUTES 08 SECONDS WEST, 222.69 FEET TO A POINT; THENCE SOUTH 40 DEGREES 43 MINUTES 56 SECONDS WEST, 340.12 FEET TO A POINT; THENCE SOUTH 80 DEGREES 00 MINUTES 00 SECONDS WEST, 192.65 FEET TO A POINT; THENCE SOUTH 87 DEGREES 00 MINUTES 56 SECONDS WEST, 215.57 FEET TO A POINT; THENCE NORTH 24 DEGREES 03 MINUTES 17 SECONDS WEST, 148.58 FEET TO A POINT; THENCE ALONG A CURVE TO THE LEFT, AN ARC DISTANCE OF 156.12 FEET, SAID CURVE HAVING A RADIUS OF 255.25 FEET AND BEING SUBTENDED BY A CHORD OF 153.70 FEET, AT SOUTH 48 DEGREES 25 MINUTES 22 SECONDS WEST, TO A POINT; THENCE SOUTH 30 DEGREES 54 MINUTES 00 SECONDS WEST, 65.00 FEET TO A POINT; THENCE NORTH 59 DEGREES 06 MINUTES 00 SECONDS WEST, 347.40 FEET TO A POINT; THENCE NORTH 60 DEGREES 51 MINUTES 03 SECONDS EAST, 298.67 FEET TO A POINT; THENCE NORTH 69 DEGREES 30 MINUTES 34 SECONDS EAST, 139.10 FEET TO A POINT; THENCE NORTH 26 DEGREES 26 MINUTES 00 SECONDS EAST, 89.32 FEET TO A POINT; THENCE SOUTH 63 DEGREES 34 MINUTES 00 SECONDS EAST, 105.39 FEET TO A POINT; THENCE NORTH 03 DEGREES 36 MINUTES 46 SECONDS EAST, 54.25 FEET TO A POINT; THENCE SOUTH 63 DEGREES 34 MINUTES 00 SECONDS EAST, 94.04 FEET TO A POINT; THENCE ALONG A CURVE TO THE RIGHT, AN ARC DISTANCE OF 21.80 FEET, SAID CURVE HAVING A

RADIUS OF 225.07 FEET AND BEING SUBTENDED BY A CHORD OF 21.79 FEET, AT SOUTH 60 DEGREES 47 MINUTES 31 SECONDS EAST, TO A POINT; THENCE NORTH 31 DEGREES 58 MINUTES 59 SECONDS EAST, 160.94 FEET TO A POINT; THENCE SOUTH 52 DEGREES 24 MINUTES 00 SECONDS EAST, 78.13 FEET TO A POINT; THENCE NORTH 40 DEGREES 49 MINUTES 00 SECONDS EAST, 104.54 FEET TO A POINT; THENCE NORTH 50 DEGREES 00 MINUTES 00 SECONDS EAST, 129.74 FEET TO A POINT; THENCE NORTH 65 DEGREES 00 MINUTES 00 SECONDS EAST, 129.61 FEET TO A POINT; THENCE NORTH 71 DEGREES 31 MINUTES 07 SECONDS EAST, 132.99 FEET TO A POINT; THENCE NORTH 08 DEGREES 14 MINUTES 47 SECONDS EAST, 192.79 FEET TO A POINT; THENCE NORTH 35 DEGREES 38 MINUTES 20 SECONDS EAST, 232.71 FEET TO A POINT; THENCE SOUTH 72 DEGREES 12 MINUTES 40 SECONDS EAST, 307.56 FEET TO A POINT; THENCE SOUTH 07 DEGREES 53 MINUTES 54 SECONDS WEST, 226.42 FEET TO A POINT; THENCE SOUTH 19 DEGREES 00 MINUTES 00 SECONDS WEST, 190.03 FEET TO A POINT; THENCE NORTH 71 DEGREES 00 MINUTES 39 SECONDS EAST, 280.90 FEET TO A POINT; THENCE SOUTH 50 DEGREES 19 MINUTES 41 SECONDS EAST, 299.85 FEET TO A POINT; THENCE SOUTH 27 DEGREES 19 MINUTES 00 SECONDS WEST, 317.54 FEET TO A POINT; THENCE SOUTH 82 DEGREES 34 MINUTES 26 SECONDS EAST, 77.79 FEET TO A POINT; THENCE SOUTH 04 DEGREES 30 MINUTES 00 SECONDS EAST, 150.00 FEET TO A POINT; THENCE NORTH 85 DEGREES 30 MINUTES 00 SECONDS EAST, 318.35 FEET TO A POINT; THENCE ALONG A CURVE TO THE RIGHT, AN ARC DISTANCE OF 165.44 FEET, SAID CURVE HAVING A RADIUS OF 386.90 FEET AND BEING SUBTENDED BY A CHORD OF 164.18 FEET, AT SOUTH 82 DEGREES 15 MINUTES 00 SECONDS EAST, TO A POINT; THENCE ALONG A CURVE TO THE RIGHT, AN ARC DISTANCE OF 251.12 FEET, SAID CURVE HAVING A RADIUS OF 386.90 FEET AND BEING SUBTENDED BY A CHORD OF 246.73 FEET, AT SOUTH 51 DEGREES 24 MINUTES 22 SECONDS EAST, TO A POINT; THENCE SOUTH 74 DEGREES 00 MINUTES 00 SECONDS EAST, 45.54 FEET TO A POINT; THENCE ALONG A CURVE TO THE LEFT, AN ARC DISTANCE OF 69.50 FEET, SAID CURVE HAVING A RADIUS OF 220.00 FEET AND BEING SUBTENDED BY A CHORD OF 69.21 FEET, AT NORTH 56 DEGREES 57 MINUTES 01 SECONDS EAST, TO A POINT ON THE WESTERLY SIDE OF LAKE ARROWHEAD DRIVE (VARIABLE WIDTH EXISTING ASPHALT ROADWAY); THENCE CONTINUING ALONG SAID WESTERLY SIDE, ALONG A CURVE TO THE LEFT, AN ARC DISTANCE OF 83.36 FEET, SAID CURVE HAVING A RADIUS OF 551.20 FEET AND BEING SUBTENDED BY A CHORD OF 83.28 FEET, AT SOUTH 12 DEGREES 57 MINUTES 34 SECONDS WEST, TO A POINT; THENCE SOUTH 224 DEGREES 54 MINUTES 42 SECONDS WEST, 169.46 FEET TO A POINT; SAID POINT BEING THE POINT OF BEGINNING.

SAID TRACT OR PARCEL OF LAND CONTAINS 25.19 ACRES.

EXHIBIT "B"

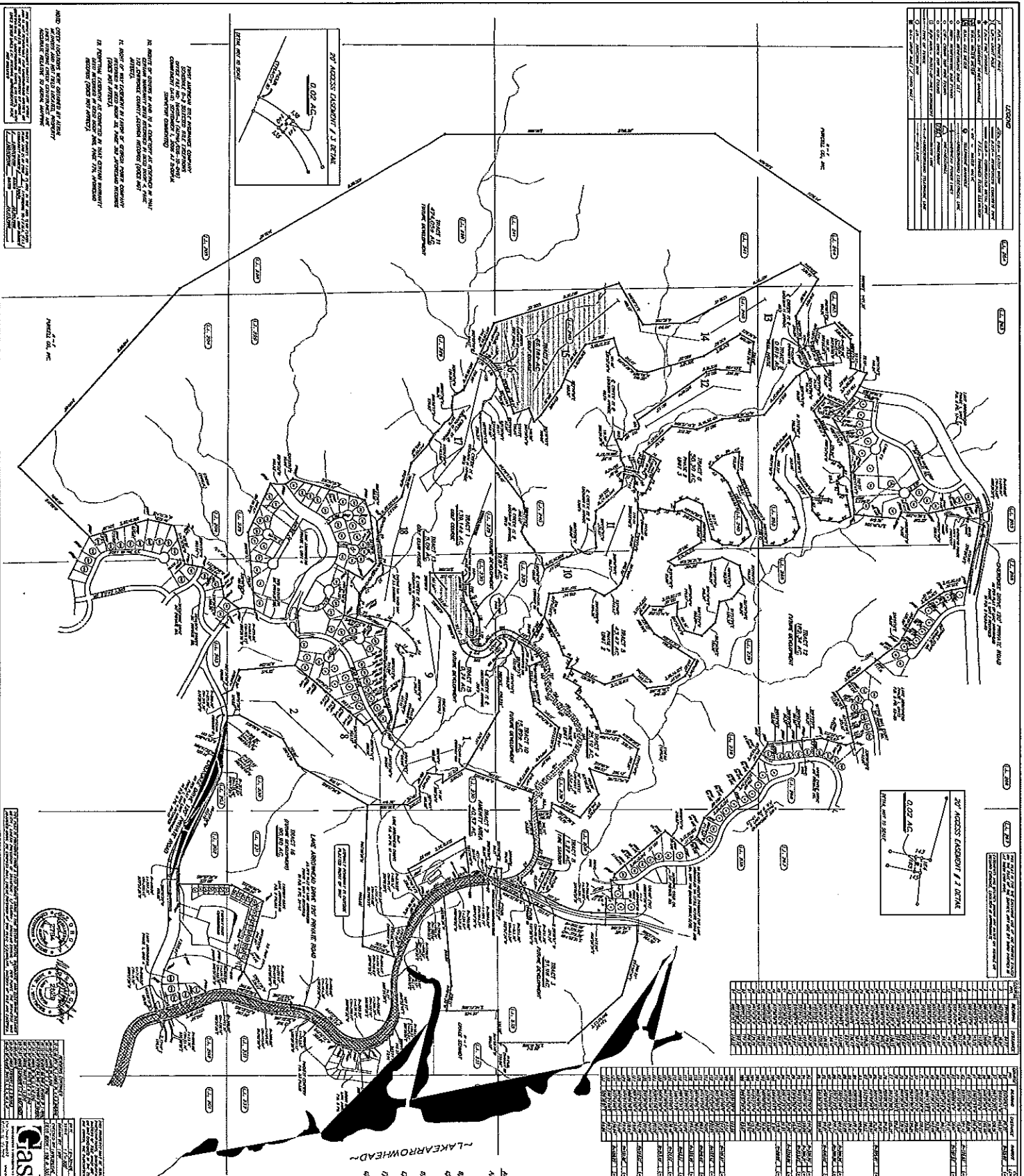
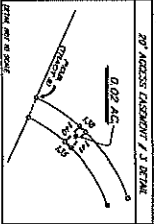
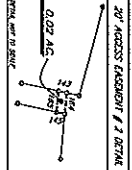
Land Subject to Annexation

All that tract or parcel of land situate, lying and being in Land Lots 202, 203, 204, 205, 228, 229, 230, 231, 238, 239, 240, 241, 264, 265 and 266 of the 22nd District of the 2nd Section of Cherokee County, Georgia, known and designated as Tracts 3, 6, 10 through 12, and 14 through 16 according to a plat of survey titled "Purcell, Co. Inc & Bank of Woodstock & First American Title Insurance Co." dated June 30, 2006, said survey by Christopher A. Evans, Registered Land Surveyor 2784 and by Mark A. Whitmore, Registered Land Surveyor No. 2529. Said survey is attached hereto and incorporated herein by this reference.

Note to Clerk and Title Examiners:

This Declaration is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner of the applicable property by filing a Supplemental Declaration in accordance with Article IX.

Tract No.	Area	Acres	Owner
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100



THIS MAP IS A REPRODUCTION OF THE ORIGINAL AS SHOWN ON THE ORIGINAL RECORDS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AND IS NOT A SURVEY. THE ORIGINAL RECORDS ARE ON FILE IN THE OFFICE OF THE COUNTY CLERK, LOS ANGELES, CALIFORNIA.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County at Los Angeles, California, this 1st day of January, 1942.

BY THE COUNTY CLERK, LOS ANGELES, CALIFORNIA.

THE COUNTY OF LOS ANGELES, CALIFORNIA, HAS HEREBY CAUSED THIS MAP TO BE REPRODUCED FROM THE ORIGINAL RECORDS ON FILE IN THE OFFICE OF THE COUNTY CLERK, LOS ANGELES, CALIFORNIA.

Gaskins

1507 1/2 BULL HORN BLVD. S.W. ALBUQUERQUE, N.M.

ALBUQUERQUE, N.M. 87102

TRACT NO.	ACRES	OWNER
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

TRACT NO.	ACRES	OWNER
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

ACCESS TO PARKWAY

APPROXIMATE ACCESS TO ROAD 12 IN THE NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

1) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

2) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

3) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

4) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

5) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

6) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

7) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

8) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

9) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

10) COMPROMISE ACCESS TO ROAD 12 IN NEARLY SQUARE C.S. MAP PREVIOUSLY IN RECORDED IN BOOK 14, PAGE 104-142.

TRACT NO.	ACRES	OWNER
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

EXHIBIT "C"

Initial Use Restrictions

The purpose of Design Guidelines and Use Restrictions is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities which fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Article IV, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not to enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Lot under one set of circumstances, the same thing may be disapproved for another Lot under a different set of circumstances. The exercise of discretion in approve or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it estop the Board from taking enforcement action in any appropriate circumstances.

Subject to the above, the following restrictions shall apply to all of the Community until such time as they are amended, modified, repealed or limited pursuant to Article III of the Declaration.

(a) General. When used in these Use Restrictions, the phrase "Visible from Neighboring Property" shall mean, with respect to any given object, that the object is or would be visible to a six-foot tall person standing at ground level on any part of the neighboring property at an elevation no greater than the elevation of the base of the object being viewed, except where the object is visible solely through a view fence and would not be visible if the view fence were a solid fence.

(b) Animals and Pets. No animal of any kind, including livestock and poultry, shall be raised, bred, or kept on any portion of the Community, except that for each Dwelling there shall be permitted a reasonable number of usual and common household pets, as determined in the Board's discretion. Pets which are permitted to roam free, or, in the Association's sole discretion, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to other Owners or residents of any portion of the Community shall be removed upon the Board's request at the Owners' expense. If the Owner fails to honor such request, the Board may cause the pet to be removed at the Owner's expense. No pets shall be kept, bred, or maintained for any commercial purpose. In addition, each Owner shall be required to remove and dispose of all fecal matter from his or her pet in all areas of the Community outside of an Owner's Lot. No Owner shall permit any pet to continue excessive barking or noise, which shall be barking continuously for more than 20 minutes at a time.

(c) Wildlife. Capturing, killing, or trapping wildlife is prohibited within the Community, except for trained professionals in circumstances imposing an imminent threat to the safety of Persons or pets.

(d) Firearms or Other Weapons. The carrying, use or discharge of firearms or other weapons within the Community is prohibited. The term "firearms or other weapons" includes, but is not limited to, "B-B" guns, pellet guns, knives, swords, cross-bows and other firearms or other weapons of all types, regardless of size.

(e) Nuisances. No Owner shall engage in any activity which materially disturbs or destroys the vegetation, wildlife or air quality within the Community or which results in unreasonable levels of sound or light pollution.

(f) Garages and Driveways. Garage doors shall remain closed at all times except to the limited extent reasonably necessary to permit the entry or exit of vehicles or persons. The interior of all

garages shall be maintained in a neat, clean and sightly condition. Garages shall be used only for parking vehicles and storage, and shall not be used or converted for living quarters or recreational activities.

(g) Storage of Goods. Storage (except in approved structures or containers) of furniture, fixtures, appliances, machinery, equipment, or other goods and chattels on the Common Area (except by the Association), or, if not, in active use, any portion of a Lot which is visible from outside the Lot is prohibited. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot or Parcel, except: (a) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction or modification) of a building, appurtenant structures of other Improvements; and (b) that which Declarant or Association may permit or require for the development, operation and maintenance of the Community.

(h) Prohibited Conditions. The following conditions, structures, or activities are prohibited on any Lot.

(i) Guest House (except as initially constructed by Declarant or approved by Declarant as part of the initial construction of a Dwelling on a Lot);

(ii) Dog runs and animals pens of any kind, if such structures are Visible from Neighboring Property;

(iii) Shacks or other structures of a temporary nature on any Lot except as may be authorized by Declarant during the initial construction of improvements within the Community. Temporary structures used during the construction or repair of a Dwelling or other improvements shall be removed immediately after the completion of construction or repair;

(iv) Permanent sport goals, basketball standards, backboards or similar structure or device which are or would be Visible from Neighboring Property; provided, portable sport goals may be used on a Lot without prior approval, but must be stored so as not to be Visible from Neighboring Property overnight or otherwise when not in use. No swingsets or other play structures shall be placed or constructed on any Lot without the prior approval of the Architectural Review Committee (including, without limitation, approval as to appearance and location);

(v) Freestanding flagpoles; provided, flags may be displayed using a bracket or other approved device mounted to the Dwelling so long as the size of the flag displayed does not exceed that of a standard United States flag (as determined in the Board's discretion and as may be set forth in a Board rule);

(vi) Statues, lawn ornaments and yard decorations of any size or type must be placed so as not to be Visible from Neighboring Property; and

(vii) Outside clotheslines or other outside facilities for drying or airing clothes.

In any event and notwithstanding the above list of prohibited conditions, as set forth in Article IV, any structure, improvement, or thing proposed for construction, erection, installation, or placement on a Lot requires prior Reviewer approval unless otherwise specifically exempt under the Design Guidelines.

(i) Quiet Enjoyment. Nothing shall be done or maintained on any part of a Lot which emits foul or obnoxious odors outside the Lot or creates noise or other conditions which tend to disturb the peace, quiet, safety, comfort, or serenity of the occupants and invitees of other Lots.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Community, which in the Board's reasonable determination tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants and invitees of other Lots.

(j) Holiday Decorations. Owners may display holiday decorations located or visible from outside their Dwelling if the decorations are of the kinds normally displayed in single family residential neighborhoods, are of reasonable size and scope, and do not disturb other Owners and residents by excessive light or sound emission or by causing an unreasonable amount of spectator traffic. Holiday decorations may be displayed in season only from November 1 to January 31 and, during other times of the year, from one week before to one week after any nationally recognized holiday.

(k) Antennas and Satellite Dishes. No antenna, satellite dish, or other device of the transmission or reception of television or radio (including amateur or ham radios) signals is permitted outside the Dwelling; except those devices whose installation and use is protected under federal law or regulations (generally, certain antennae under one meter in diameter). Notwithstanding such protection, an application for such an antenna or other device must be submitted to the Architectural Review Committee for approval and approval will be granted only if:

(i) First, the antenna or other device is designed for minimal visual intrusion (*i.e.*, is located in a manner that minimizes visibility from the street or an adjacent Lot and is consistent with the Community-Wide Standard); and

(ii) Second, the antenna or other device complies to the maximum extent feasible with the Design Guidelines within the confines of applicable federal regulations (*i.e.*, without precluding reception of a quality signal or unreasonably increasing the cost of the antenna or device).

(iii) One satellite dish antenna measuring one meter or less in diameter may be erected on any lot. Residents are encouraged to place any satellite dish antenna in the back yard, below the wall level, if reception is available at that location. If not, then placement should be on the back or side of the house below the roofline, if reception is available at that location. If an acceptable signal is not available in either of those locations, then placement may be above the roofline or in the front of the house. Any front of house or front yard installation should be screened from view. If the installation of a satellite dish antenna meets the foregoing requirements, no ARC approval is required. However, Residents are encouraged to obtain ARC approval before any installation, but to avoid undue delay, residents may request ARC approval within 10 (ten) days following an installation.

The Architectural Review Committee shall consider any such application on an expedited basis.

(l) Trash Containers and Collection. No garbage or trash, compost piles or containers shall be placed or kept on any Lot, except in covered containers of a type, size and style which are pre-approved by the ARC or specifically permitted under the Design Guidelines, or as required by the applicable governing jurisdiction. Such containers shall not be Visible from Neighboring Property except when they are being made available for collection and then only for the shortest time reasonably necessary to effect such collection. All rubbish, trash, or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot.

(m) Pool Equipment. All pool equipment stored on any Lot shall be screened so as to be neither Visible from Neighboring Property nor able to be seen through any view fence.

(n) Unsightly or Unkempt Conditions. All portions of a Lot outside enclosed structures shall be kept in a clean and tidy condition at all times. No rubbish or debris of any kind shall be placed or permitted to accumulate within, upon, or adjacent to any Lot so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other portion of The Community.

Woodpiles or other material shall be stored in a manner so as not to be Visible from Neighboring Property and shall be guarded from infestation by rodents, snakes, and other animals and to minimize the potential danger from fires. No nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other portion of the Community. No activities shall be conducted upon or adjacent to any Lot or within improvements constructed thereon which are or might be unsafe or hazardous to any Person or property. No open fires shall be lighted or permitted, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes or within a safe and well designed interior fireplace.

(o) Vehicles and Parking. The term "vehicles," as used in this Section, shall include, without limitation, automobiles, trucks, boats, trailers, motorcycles, campers, vans and recreational vehicles.

No vehicles may be left upon any portion of the Community except in a garage, driveway, or other area designated by the Board. No person shall park any recreational vehicles, mobile homes, trailers, campers, boats or other watercraft, stored vehicles, and unlicensed vehicles or inoperable vehicles within the Community other than in enclosed garages; provided, boats may be kept or stored on a Lot so long as they are not Visible from Neighboring Property. This Section shall not apply to emergency vehicle repairs.

Notwithstanding the above, for purposes of cleaning, loading, unloading and short term parking, recreational vehicles not to exceed 15 feet may be parked on the Lot's driveway for a period not exceeding 72 hours and no more frequently than every 30 days. Owners must obtain a recreational vehicle permit for such short term parking from the Association office.

(p) Wetlands, Lakes and Other Water Bodies. All wetlands, lakes, ponds, and streams within the Community, if any, shall be aesthetic amenities only, and no other active use of lakes, ponds, streams, or other bodies of water within the Community or within any golf course is permitted, except that the Club and its agents shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Community. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams, or other bodies of water within or adjacent to the Community.

(q) Solar Equipment. No solar heating equipment or device is permitted outside the Dwelling except such devices whose installation and use is protected by federal or Georgia law. Notwithstanding such protection, an application for such equipment or device must be submitted for approval under Article IV prior to installation and approval will be granted only if:

(i) First, such equipment or device is designed for minimal visual intrusion when installed (*i.e.* is located in a manner which minimizes visibility from the street or an adjacent Lot and is consistent with the Community-Wide Standard); and

(ii) Second, the equipment or device complies to the maximum extent feasible with the Design Guidelines within the confines of the applicable governmental regulations.

(r) Rooftop HVAC Equipment Prohibited. No heating, ventilating, air conditioning or evaporative cooling units or appurtenant equipment may be mounted, installed or maintained on the roof of any Dwelling or other building so as to be Visible From Neighboring Property.

(s) Tanks. No tanks of any kind (including tanks for the storage of fuel) shall be erected, placed or maintained on any Lot or Parcel unless such tanks are buried underground. Nothing herein shall be deemed to prohibit use or storage upon any Lot or Parcel of an aboveground propane or similar fuel tank with a capacity of 10 gallons or less used in connection with a normal residential gas barbecue, grill or fireplace or a spa or "hot tub," so long as any such tank either: (a) has a capacity of 10 gallons or less; or (b) is appropriately stored, used and/or screened, in accordance with the Design Guidelines or as to otherwise approved by the Architectural Review Committee, so as not to be Visible from Neighboring Property.