

After Recording Return To:
Lueder, Larkin & Hunter, LLC
5900 Windward Parkway, Suite 390
Alpharetta, Georgia 30005
ATTN: Joseph C. Larkin

Cross Reference:
Deed Book 8314, Page 119

STATE OF GEORGIA

COUNTY OF COBB

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
PACES LAKE SUBDIVISION

WHEREAS, Knight Davidson Companies, Inc., a Georgia corporation and Life Style Communities, Inc., a Georgia corporation (hereinafter collectively referred to as "Declarant") recorded a Declaration of Covenants, Conditions and Restrictions for Paces Lake Subidvision on June 16, 1994, in Deed Book 8314, Page 119, *et seq.*, Cobb County, Georgia Records (hereinafter referred to as the "Original Declaration");

WHEREAS, the Original Declaration was amended as follows:

Amendment	Recorded	Deed Bk	Page No.
First Amendment to Declaration of Covenants, Conditions and Restrictions for Paces Lake Subdivision	12/9/1994	8624	502

First Amendment to the Declaration of Covenants, 9/20/2013 15102 5345
Conditions and Restrictions for Paces Lake Subdivision

Second Amendment to the Declaration of Covenants, 9/21/2016 15376 4318
Conditions, and Restrictions for Paces Lake Subdivision

WHEREAS, Paces Lake Homeowners Association, Inc. (hereafter referred to as the “Association”) is the homeowners association identified in the Original Declaration and existing and operating in the Paces Lake subdivision;

WHEREAS, Article VII, Section 3 of the Original Declaration, as amended, provides for amendment of the Declaration upon the affirmative vote, written consent, or any combination thereof, of Owners holding at least two-thirds (2/3) of the eligible Association vote;

WHEREAS, the Bylaws of Paces Lake Homeowners Association, Inc. are the Bylaws of the Association (hereinafter the “Original Bylaws”);

WHEREAS, the Original Bylaws may be amended upon the affirmative vote, written consent, or any combination of affirmative vote and written consent of Members holding two thirds (2/3) of the votes cast or a majority of the voting power, whichever is less.;

WHEREAS, the required two-thirds (2/3) majority of the Association membership desire to amend the Declaration and Bylaws; and

NOW, THEREFORE, the Original Declaration and the Original Bylaws and all amendments thereto are hereby stricken in their entirety and the following is simultaneously substituted therefor:

AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
PACES LAKE SUBDIVISION



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**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR PACES LAKE SUBDIVISION**

ARTICLE I. GEORGIA PROPERTY OWNERS' ASSOCIATION ACT

Paces Lake is a residential property owners' development which hereby submits to the Georgia Property Owners' Association Act, O.C.G.A. Section 44-3-220, et seq., as may be amended or supplemented.

ARTICLE II. DEFINITIONS

2.1. Act means the Georgia Property Owners' Association Act, O.C.G.A. Section 44-3-220, et seq., as may be amended or supplemented.

2.2. Association means Paces Lake Homeowners Association, Inc., a Georgia nonprofit corporation, its successors or assigns.

2.3. Board or Board of Directors means the elected body responsible for the management and operation of the Association.

2.4. Bylaws mean the Amended and Restated Bylaws of Paces Lake Homeowners Association, Inc., attached to this Declaration as Exhibit "B" and incorporated herein by this reference.

2.5. Common Property means any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners. Common Property shall additionally mean any entrance monument and sign for the Community, as well as any associated improvements and landscaping.

2.6. Community or Paces Lake Subdivision means all property subjected and annexed to this Declaration and the Original Declaration and all amendments thereto.

2.7. Community-Wide Standard means the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board.

2.8. Declaration means this Amended and Restated Declaration of Covenants, Conditions and Restrictions for Paces Lake Subdivision.

2.9. Effective Date of this Declaration means date that this Amended and Restated Declaration of Covenants, Conditions and Restrictions for Paces Lake Subdivision is recorded in the Cobb County, Georgia land records.

2.10. Lot means a portion of the Community intended for ownership and use as a single-family dwelling site and as shown on the plats for the Community recorded in the Cobb County, Georgia land records.

2.11. Mortgage means any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation against a Lot.

2.12. Mortgagee or Mortgage Holder means the holder of any Mortgage.

2.13. Occupant means any Person occupying all or any portion of a dwelling or other property located within the Community for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

2.14. Original Declaration means the original Declaration of Covenants, Conditions and Restrictions for Paces Lake recorded on June 16, 1994, in Deed Book 8314, Page 119, *et. seq.* of the Cobb County, Georgia land records, which has been amended and restated by this Declaration.

2.15. Owner means the record title holder of a Lot, whether one or more Persons, but shall not include a Mortgage Holder.

2.16. Person means any individual, corporation, firm, association, partnership, trust, or other legal entity.

ARTICLE III. PROPERTY SUBJECT TO DECLARATION

The property subject to this Declaration is all that property subjected to the Original Declaration, and including all property subjected to such Original Declaration via a recorded amendment or supplemental declaration, and as further described in Exhibit "A" attached hereto and incorporated herein by this reference.

ARTICLE IV. ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

4.1. Membership. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, shall be a member of the Association. This is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot owned. In the event of multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

4.2. Voting. Members shall be entitled to one (1) equal vote for each Lot owned. When more than one (1) Person holds an ownership interest in any Lot, the vote for such Lot shall be exercised as those Owners determine among themselves. In the absence of such advice, the Lot's vote shall be suspended if more than one (1) Person seeks to exercise it. A member's right to vote shall automatically be suspended during any period in which a member is more than thirty (30) days delinquent on any assessment or charge, and the member shall be ineligible to vote on any matter until the member's account balance has been paid in full.

No member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, if that member is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association or if the member has had its voting rights suspended for any reason. If a member's voting rights have been suspended, that member shall not be counted as an eligible vote for purposes of establishing a quorum or for any other purpose.

4.3. Entity Members. In the event a member is a corporation, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary, or other designated agent of such trust, or manager of such other legal entity shall be eligible to represent such entity in the affairs of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity which is the member of the Lot. The membership rights of an Owner which is a corporation, partnership, or other legal entity shall be exercised by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

ARTICLE V. ASSOCIATION RIGHTS AND RESTRICTIONS.

5.1. Association Rights and Restrictions. The Association, acting through its Board of Directors, shall have the right and authority, in addition to and not in limitation of any other right it may have, to:

(a) make and to enforce reasonable rules and regulations governing the use of the Lots and of the Common Property;

(b) enforce the Declaration, Bylaws, and rules and regulations of the Association by imposing reasonable monetary fines and suspending use and voting privileges. These powers, however, shall not limit any other legal means of enforcing such documents or provisions by either the Association or, in an appropriate case, by an aggrieved Owner;

(c) grant permits, licenses, utility easements, and other easements, permits or licenses under, through or over the Common Property;

(d) convey all or a portion of the Common Property to any Person upon the written approval of at least two-thirds (2/3) of the total vote of the Association membership;

(e) control, manage, operate, maintain, replace and, in the Board's discretion, alter or improve all portions of the Community for which the Association is assigned maintenance responsibility under this Declaration;

(f) deal with the Common Property in the event of damage or destruction as a result of casualty loss, condemnation, or eminent domain, in accordance with the provisions of this Declaration; and

(g) represent the Owners in dealing with governmental entities on matters related to the Common Property.

ARTICLE VI. ASSESSMENTS

6.1. Purpose of Assessment. The Association shall have the power to levy assessments as provided herein. Assessments shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Association and the membership, and for expenses of the Association as provided within the Declaration, and as otherwise authorized by the Board.

6.2. Creation of the Lien and Personal Obligation For Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments and charges; (ii) special assessments pursuant to Section 6.7 of this Article; (iii) specific assessments pursuant to Section 6.3 of this Article; and (iv) capital contribution assessments pursuant to Section 6.8 of this Article.

All such assessments, together with charges, interest, costs, and reasonable attorney's fees actually incurred (including post-judgment attorney fees from any prior judgment, if any), shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each assessment is made. Such amounts shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the assessment fell due. Each Owner and the Owner's grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. Assessments shall be paid in such manner and on such dates as may be fixed by the Board. The Board of Directors may, but is not obligated to, permit assessments to be paid in monthly, quarterly, or semi-annual installments. No Owner may be exempted from liability, or otherwise withhold payment of assessments, for any reason whatsoever.

The lien provided for herein shall have priority as provided in the Act. The Association, in the Board's discretion, may, but shall not be obligated to, record a notice of such lien in the Cobb County, Georgia land records evidencing the lien created under the Act and this Declaration.

6.3. Uniform Rate of Assessment and Specific Assessments. Annual assessments and special assessments shall be fixed at a uniform rate for all Lots. Notwithstanding the above, the Board of Directors shall have the power to levy specific assessments against Lots pursuant to this

Section as, in its discretion, it shall deem appropriate. Failure of the Board of Directors to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. The Board of Directors shall have the power to levy specific assessments as follows:

(a) Except for expenses incurred for maintenance and repair of items which are the Association's maintenance responsibility hereunder, any common expenses benefiting less than all of the Lots or significantly disproportionately benefiting all Lots may be specifically specially assessed equitably among all of the Lots which are benefited according to the benefit received.

(b) Any common expenses occasioned by the conduct of less than all of those entitled to occupy all of the Lots or by the licensees or invitees of any Lot may be specifically specially assessed against such Lot; such common expenses shall include, but shall not be limited to, attorney's fees actually incurred by the Association in enforcing the Declaration, Bylaws or Association rules and regulations, regardless of whether or not an enforcement lawsuit has been filed.

(c) Fines imposed against an Owner or Occupant, or an Owner's Lot.

6.4. Computation of Operating Budget and Assessments. Prior to the beginning of each new fiscal year, the Board of Directors shall (1) prepare a budget covering the estimated expenses of the Association for the upcoming new fiscal year and shall fix in the budget the amount of the annual assessment for the upcoming new fiscal year, and (2) deliver a copy of the budget to each Owner at least sixty (60) days prior to the beginning of the new fiscal year. The budget shall not operate as a limitation on expenditures by the Board, but, rather, the budget is merely an estimate of expenses on which the Board may base the annual assessment. The Board may, but is not obligated to, permit the annual assessment to be paid in monthly, quarterly, or semi-annual installments. The budget and the assessment shall become effective unless disapproved by the majority of the total vote of the Association membership at a meeting of the membership held at least thirty (30) days prior to the beginning of the new fiscal year. Said meeting may be the annual meeting of the members if the annual meeting is held at least thirty (30) days prior to the beginning of the new fiscal year or may be at a special meeting requested in accordance with the Bylaws.

If either (1) the membership disapproves the budget at least thirty (30) days prior to the beginning of the new fiscal year as provided herein, or (2) the Board fails for any reason to either (a) prepare a budget and fix the amount of the annual assessment for the new fiscal year or (b) deliver the budget to the members, as provided herein, then the budget and annual assessment in effect for the current fiscal year shall continue for the upcoming new fiscal year.

6.5. Fiscal Year. The fiscal year of the Association may be set by Board resolution or, in the absence thereof, shall be the calendar year.

6.6. Reserve Budget and Reserve Account. The Board may prepare an annual or multi-year reserve budget which shall take into account the number and nature of replaceable assets, the expected life of such assets, and the expected repair or replacement costs of the assets. The Board may establish a reserve account for such expected repair or replacement costs, and may fund the reserve account from collected assessments. The reserve budget shall not operate as a limitation on the expenditures of funds in the reserve account, but, rather, the Board may spend funds in the reserve account as deemed reasonable by the Board.

6.7. Special Assessments. The Board may levy a special assessment against all Lots to pay the costs of any improvement or repair on the Common Property, or for any other purpose as determined by the Board; provided, however, prior to becoming effective, any special assessment which would cause the total of special assessments levied in one fiscal year to exceed two hundred, fifty dollars (\$250.00) must be approved by a majority of the Association members present in person or by proxy at a duly called meeting of the members of the Association at which a quorum is obtained. Special assessments may be required to be paid during the fiscal year, or alternatively, in the discretion of the Board of Directors, may be paid over a set number of years.

6.8. Capital Contribution Assessments (Initiation Fee). Upon the conveyance of ownership of a Lot, including all resales, a capital contribution assessment (an initiation fee) shall become due and payable to the Association by each new Owner. The amount of the capital contribution assessment shall be determined annually by the Board of Directors; provided, however, the capital contribution assessment shall not exceed one hundred and fifty percent (150%) of the amount of the annual assessment in effect for the fiscal year in which the conveyance of ownership occurs. By way of illustration, in the event the annual assessment in effect equals one hundred dollars (\$100.00), the Board may set the capital contribution assessment in an amount not to exceed one hundred fifty dollars (\$150.00). The capital contribution assessment shall not be deemed to be an advance payment of any assessment and may not be paid in lieu of any assessment. The capital contribution assessment shall be the personal obligation of the new Owner and shall constitute a lien against the Lot. Notwithstanding anything to the contrary herein, no capital contribution assessment shall be due as a result of a conveyance of a Lot to an Owner's spouse, child, or a corporation, partnership, company, or legal entity in which the Owner is a principal; no capital contribution assessment shall be due from any Person who takes title through foreclosure upon the lien of any first priority Mortgage covering the Lot or the lien of any secondary purchase money Mortgage covering the Lot; and no capital contribution assessment shall be due from any Owner who has owned a Lot in the Community and who obtains title to a different Lot in the Community.

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

(a) If any assessment, fine, or charge is not paid in full within thirty (30) days of the due date, a late charge equal to the greater of ten dollars (\$10.00) or ten percent (10%) of the amount not paid, or such higher amounts as may be authorized by the Act, may be imposed without further notice or warning to the delinquent Owner, and interest at the rate of ten percent (10%) per annum, or such higher rate as permitted by the Act, shall accrue from the due date.

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

(c) If an assessment, fine, or charge due from an Owner remains delinquent for more than sixty (60) days from the date due, and if the Board of Directors has permitted the assessment to be paid in monthly, quarterly, or semi-annual installments, then a notice of delinquency may be given to that Owner stating that if the unpaid assessment or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board may accelerate and declare immediately due all of that owner's unpaid installments of the assessment. If the Owner fails to pay all amounts currently due within ten (10) days of the date of the notice of delinquency, the Board may then accelerate and declare immediately due all installments of the assessment without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall thereby lose the privilege of paying the assessment in installments, unless reinstated in the Board's discretion. The notice of acceleration provided herein may be included in a collection litigation complaint filed against an owner for unpaid assessments and charges.

(d) If an assessment, fine, or charge remains unpaid more than ninety (90) days after the due date, the Association, acting through the Board, may institute suit to collect all amounts due pursuant to the provisions of the Act, the Declaration, the Bylaws, and Georgia law, including reasonable attorney's fees actually incurred (and including post-judgment attorney's fees from any prior judgment, if any).

(e) A member's right to vote shall automatically be suspended during any period in which a member is more than thirty (30) days delinquent on any assessment or charge, and the member shall be ineligible to vote on any matter until the member's account balance has been paid in full.

(f) If an assessment, fine, or charge remains unpaid more than thirty (30) days after the due date, the Association, acting through the Board, may suspend the right of an Owner to use the Common Property within the Community for any period during which any assessment against the Owner or the Owner's Lot remains unpaid.

6.10. Statement of Account. Any Owner, Mortgagee, or a Person having executed a contract for the purchase of a Lot, or a lender considering a loan to be secured by a Lot, shall be entitled, upon written request, to a statement from the Association setting forth the amount of

assessments due and unpaid, including any late charges, interest, fines, or other charges against such Lot. The Association shall respond in writing within ten (10) business days of receipt of the request for a statement; provided, however, the Association may require the payment of a fee as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Lot as of the date specified therein.

ARTICLE VII. ARCHITECTURAL CONTROLS

7.1. Architectural Standards. No Owner, Occupant, or any other Person may make any exterior change, alteration, modification (including exterior painting), landscaping, or construction on a Lot, nor erect, place or post any thing or object which may affect the appearance of a Lot (including, but not limited to, any fence, playground equipment, light (except for reasonable seasonal decorative lights displayed between October 1 and January 15)), nor place any object in any window which is visible from the exterior of a dwelling, without first obtaining the written approval of the Architectural Review Committee (“ARC”).

The standard for approval of all improvements hereunder shall include, but not be limited to: (1) aesthetic consideration; (2) materials to be used; (3) compliance with the Community-Wide Standard, this Declaration, or design standards which may be adopted by the ARC; (4) harmony with the external design of the existing dwellings, Lots and structures, and the location in relation to surrounding dwellings, structures and topography; and (5) any other matter deemed to be relevant or appropriate by the ARC.

Applications for approval of any such architectural modification shall be in writing and shall provide such information as the ARC may reasonably require. If the ARC fails to approve, conditionally approve, or to disapprove such application within forty-five (45) days after the application and such information as the ARC may reasonably require shall have been submitted, its approval will not be required and this Article shall be deemed complied with, unless such construction, modification or improvement otherwise is in violation of the Declaration, the Bylaws, the design standards, the Association’s rules and regulations, or applicable zoning ordinances.

The ARC shall be the sole arbiter of the application and may withhold approval for purely aesthetic considerations. The Association, acting through the Board, shall be entitled to stop any construction or modification which is not in conformance with approved plans. The ARC may publish design standards for exterior alterations or additions, and any request in compliance therewith shall be approved.

7.2. Architectural Review Committee. The Board of Directors shall appoint the members of the ARC. The ARC shall constitute a standing committee of the Association, and the ARC shall consist of the Board unless the Board delegates to other Persons the authority to serve on the ARC. The chairperson of the ARC shall be a Board member. The ARC shall have the authority to select and employ professional consultants to assist it in discharging its duties, the cost of such consultants to be paid by the Owner of any Lot for which an application has been submitted

for approval. The Owner of any such Lot shall be responsible for paying the full costs of each review, whether or not the submitted application is approved by the ARC, and the ARC may require payment of all such costs prior to approval of the application. The ARC also may charge reasonable fees and/or deposits to cover the cost of review or inspections performed hereunder or the ARC may establish a flat fee for reviewing a submitted application.

7.3. Appeal. In the event the ARC disapproves any application or part thereof, an Owner shall have the right to appeal the ARC's decision to the Board of Directors. Such appeal must be in writing, contain all information the Owner would like the Board to consider, and be mailed to the Association by certified mail, return receipt requested. The Board shall rule on the appeal within forty-five (45) days of receiving written notice requesting an appeal from the Owner. If the Board fails to render a decision on such appeal within forty-five (45) days after the appeal and such information as the Board may reasonably require shall have been received, the ARC's decision shall be deemed overturned and this Article shall be deemed complied with, unless such construction, modification or improvement otherwise is in violation of the Declaration, the Bylaws, the design standards, the Association's rules and regulations, or applicable zoning ordinances.

In ruling on the appeal, the Board shall consider all relevant materials presented to it by either the Owner or the ARC, the decision of the ARC, and the application of the Owner to the ARC. The Board of Directors shall have the final authority to approve, disapprove, or conditionally approve or disapprove the appeal of the Owner. If the Board does not receive written notice from the Owner by certified mail requesting an appeal within fourteen (14) days from the date of the ARC's notice to the Owner of its decision, the decision of the ARC shall become final and all rights of appeal shall terminate.

7.4. Limitation of Liability. Review and approval of any application pursuant to this Article may be made on any basis, including solely the basis of aesthetic considerations, and neither the Board nor the ARC shall bear any responsibility for ensuring the design, quality, structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, zoning regulations and other governmental requirements. Neither the Association, the Board, the ARC, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner, design, or quality of approved construction on or modifications to any Lot, nor may any action be brought against the Association, the Board, the ARC, or any member thereof, for any such injury, damage, or loss. Neither the Association, the Board, the ARC, nor any member thereof, shall be liable to any Person for any reason whatsoever for any injuries or damages whatsoever relating in any way to the approval, disapproval or conditional approval of any application submitted to it pursuant to the terms of this Article.

7.5. No Waiver of Future Approvals. Each Owner acknowledges that the members of the Board and the ARC will change from time to time and that interpretation, application, and enforcement of the architectural standards may vary accordingly. The approval of either the Board

or the ARC of any proposals, plans and specifications, drawings, or other matters for any work done or proposed, or in connection with any other matter requiring the approval of the Board or the ARC, shall not constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

7.6. Enforcement. Any construction, alteration, or other work done in violation of this Article, the Declaration, the Bylaws, the design standards or any applicable zoning regulations shall be deemed to be nonconforming. Upon written request from the Board, a violating Owner shall, at the Owner's sole cost and expense, remove such nonconforming construction, alteration, or other work and restore the property to substantially the same condition as existed prior to such construction, alteration or other work. Should the Owner fail to do so, the Board or its designees shall have the right, in addition to all other available remedies, to enter the property, remove the violation and restore the property, or obtain a court order compelling the violating Owner to do so. All costs thereof, including reasonable attorney's fees actually incurred, may be assessed against such Lot, regardless of whether or not litigation is filed.

In addition to the above, the Board shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce the provisions of this Article and its decisions or those of the ARC. All costs of any such action, including reasonable attorney's fees, may be assessed against such Lot. Furthermore, the Board shall have the authority to record in the Cobb County, Georgia land records notices of violation of the provisions of this Article. The Board may also pursue any other enforcement option set forth in this Declaration.

7.7. Commencement and Completion of Construction. All improvements approved by the ARC hereunder must be commenced within sixty (60) days from the date of approval. If not commenced within such time, then such approval shall be deemed revoked by the ARC, unless the ARC gives a written extension for commencing the work. Additionally, except with written ARC approval otherwise, and except for delays caused by strikes, fires, national emergencies, critical materials shortages or other intervening forces beyond the control of the Owner, all work approved by the ARC hereunder shall be completed within ninety (90) of commencement; provided, however, the ARC may increase or decrease such time for completion based upon the scope of work to be completed.

ARTICLE VIII. USE RESTRICTIONS

Each Owner of a Lot shall be responsible for ensuring that the Owner's family, guests, tenants, and Occupants comply with all provisions of this Declaration, the Bylaws, and the rules and regulations of the Association. Furthermore, each Owner and Occupant shall always endeavor to observe and promote the cooperative purposes for which the Association was established. In addition to any rights the Association may have against the Owner's family, guests, tenants, or Occupants, the Association may take action under this Declaration against the Owner as if the

Owner committed the violation in conjunction with the Owner's family, guests, tenants, or Occupants.

8.1. Residential Use. Each Lot shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from a Lot or any part of the Community, including business uses ancillary to a primary residential use, except that the Owner or Occupant residing in a dwelling on a Lot may conduct such ancillary business activities within that dwelling so long as: (1) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the dwelling; (2) the business activity does not involve visitation of the Lot by employees, clients, customers, suppliers, or other business invitees; provided, however, this provision shall not preclude delivery of materials or items by United States Postal delivery or by other customary parcel delivery services (U.P.S., Federal Express, etc.); (3) the business activity conforms to all zoning requirements for the Community; (4) the business activity does not increase traffic in the Community; (5) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the ability of the Association to obtain insurance coverage; and (6) 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 other residents of the Community, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings, 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 provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Short-term rentals, transient tenants, and any other service utilized to temporarily rent Lots and/or dwellings as accommodations to guests or tenants (for example, Airbnb, HomeAway, VRBO, or other similar services) are expressly prohibited. Such rental arrangements shall be considered a business activity regardless if the Owner resides at the Lot.

8.2. Number of Occupants.

(a) The maximum number of occupants in a dwelling on a Lot shall be limited to two (2) people per bedroom in the dwelling as originally constructed. "Occupancy," for purposes hereof, shall be defined as staying overnight in a dwelling for a total of more than thirty (30) days, either consecutive or nonconsecutive, in any calendar year. Upon written application, the Board shall grant variances to this restriction to comply with provisions of the Fair Housing Amendments Act of 1988 or any amendments thereto.

(b) If an Owner of a Lot is a corporation, partnership, trust or other legal entity not being a natural person, the entity shall designate in writing to the Board the name(s) of the natural person(s) who will occupy the dwelling on the Lot who must have a significant relationship with the entity; provided, however, in the event the corporation, partnership, trust or other legal entity not being a natural person, or any officer, director, member, employee, trustee, beneficiary,

partner or agent of such legal entity, receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument from or on behalf of the designated person(s), then such arrangement shall be considered leasing for purposes of this Declaration and the Owner shall be required to comply with Article IX of this Declaration. The designated person(s) to occupy the dwelling may not be changed, added to, or modified more frequently than once every two (2) years without the written approval of the Board of Directors, who may deny such request in its sole discretion.

8.3. Vehicles and Parking. No Owner or Occupant may keep more than a reasonable number of vehicles per Lot at any time as determined by the Board of Directors. The Board may adopt reasonable rules limiting the number of vehicles which may be parked on a Lot. Vehicles may only be parked in garages, driveways or other areas authorized in writing by the Board. Vehicles shall not be parked on any lawn, yard, or overnight in the street. The Board is authorized to adopt rules and regulations permitting temporary parking of vehicles on the street.

Garage doors shall remain closed at all times, except for necessary use, ingress, and egress. Each garage should be maintained in such a manner that parking for the maximum number of motor vehicles for which it was originally designed to hold is allowed and possible. Owners and Occupants shall first utilize the garage for parking of vehicles. Once all of the garage spaces are used for the parking of a vehicle, Owners and Occupants may park their vehicles in the driveway.

Disabled and stored vehicles are prohibited from being parked in the Community except in garages. For purposes of this Section, a vehicle shall be considered "disabled" if it does not have a current license tag or is inoperable. A vehicle shall be considered "stored" if it remains in a location, other than in a garage, without prior written Board permission, for fourteen (14) consecutive days or longer or if it is covered for more than two (2) consecutive days with a car cover or tarp.

Boats, trailers, trucks with a load capacity of one (1) ton or more, full-size vans (excluding mini-vans or utility vehicles used as passenger vehicles), recreational vehicles (RV's and motor homes), vehicles used primarily for commercial purposes and containing visible evidence of commercial use (such as tool boxes or tool racks), and vehicles with commercial writings on their exteriors are prohibited from being parked in the Community, except in garages or other areas designated by the Board as parking areas for particular types of vehicles. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily on a Lot or the Common Property during normal business hours for the purpose of serving the Lot or the Common Property; provided, that, without the written consent of the Board, no such vehicle shall be authorized to remain on a Lot or the Common Property overnight or for any purpose except serving a Lot or the Common Property.

If any vehicle is parked on any portion of the Community in violation of this Section or in violation of the Association's rules and regulations, the Board may send a notice to the vehicle owner or user, or place a notice on the vehicle, specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed or booted. The notice shall include the

name and telephone number of a person to contact regarding the alleged violation and shall include the name and telephone number of the person or entity which will do the towing or booting. In addition, the notice shall include the cost of recovery and information as to the form of payment. If twenty-four (24) hours after such notice is placed on the vehicle, or three (3) days after the notice has been sent to the owner, the violation continues or thereafter occurs again within six (6) months of such notice, the vehicle may be towed or booted in accordance with the notice, without further notice to the vehicle owner or user.

If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's or Occupant's Lot or dwelling, is obstructing the flow of traffic, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed or booted in accordance with this Section, neither the Association nor any director, officer or agent of the Association shall be liable to any person for any claim of damage as a result of the towing or booting activity. The Association's right to tow or boot is in addition to, and not in limitation of all other rights of the Association, including the right to assess fines. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot.

8.4. Animals. No Owner or Occupant may keep any animals other than a reasonable number of generally recognized household pets on any portion of the Community. No Owner or Occupant may keep, breed or maintain any animal for any commercial purpose. Dogs must be kept on a leash and be under the physical control of a responsible person at all times while outdoors in unfenced areas. Dogs may not be left unattended while leashed or tethered to any post, tree, or object. No structure for the care, housing, or confinement of any pet shall be constructed or maintained on a Lot without prior written ARC approval.

Feces left by any animal on the Common Property, on any Lot, or in any dwelling, including the pet owner's Lot or dwelling, or anywhere in the Community must be removed promptly by the owner of the animal or the person responsible for the animal. Fines may be imposed to enforce this provision.

No potbellied pigs, chickens, livestock and other traditional farm animals may be brought into or kept in the Community at any time. No dog determined in the sole discretion of the Board to be a dangerous dog may be brought into or kept in the Community at any time by any Lot Owner, Occupant, or guest of an Owner or Occupant. Any animal that endangers the health of any Owner or Occupant of any Lot or that creates a nuisance or unreasonable disturbance, as may be determined in the Board's sole discretion, must be permanently removed from the Community upon seven (7) days written notice by the Board. If the Owner or Occupant fails to comply with such notice, the Board may remove the animal and/or obtain a court order requiring the Owner or Occupant to do so. Any animal which, in the Board's sole discretion, presents an immediate danger to the health, safety or property of any member of the community may be removed by the Board without prior notice to the animal's owner. All costs, including reasonable attorney's fees, associated with the removal of any animal which endangers the health of any Owner or Occupant

of any Lot or which creates a nuisance or unreasonable disturbance or presents an immediate danger to the health, safety or property of any member of the Community, as may be determined in the Board's sole discretion, may be assessed against the Owner or Occupant as provided in Article VI, Section 6.3 of this Declaration.

Any Owner or Occupant who keeps or maintains any animal on any portion of the Community shall be deemed to have indemnified and agreed to hold the Association, its directors, officers, and agents free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Community.

8.5. Fences. No chain link fence or cyclone fences may be placed in the Community. All fences, except those installed by the Association, must first be approved by the ARC before the commencement of any installation of the fence. No fence on a Lot may be placed farther forward toward the street on which a dwelling on the Lot fronts than the rear-most portion of the dwelling. Fences shall not exceed six (6) feet in height. This height limitation also applies to the fence posts and ornaments on top of the fence.

8.6. Window Treatments. Unless otherwise approved in writing by the Board, all windows in a dwelling that face toward the street, except foyer or architectural windows, shall have window treatments, and any portion of any window treatment in a dwelling that is visible from outside of the dwelling shall be white or off-white in color. The ARC is authorized to adopt guidelines for additional permissible window treatments, including, but not limited to, window treatments made of wood. Sheets, blankets, towels, flags, and other such items shall not be placed in any window or in any way used as window treatments.

8.7. Antennas and Satellite Dishes. No transmission antenna of any kind may be erected anywhere in the Community without written approval of the ARC. No satellite dish, direct broadcast satellite (DBS) antenna, or multi-channel multi-point distribution service (MMDS) larger than one meter in diameter shall be placed, allowed, or maintained upon any portion of the Community, including a Lot. Satellite dishes and DBS and MMDS antennas one meter or less in diameter and television broadcast service antennas may only be installed in accordance with Federal Communication Commission (FCC) rules and the rules and regulations of the Association authorized by the FCC, both as may be amended from time to time. Such items shall be installed in the least conspicuous location available on the Lot which permits reception of an acceptable signal. Except as provided by this Section, no antenna or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained outdoors on any portion of the Community, whether attached to a home or structure or otherwise.

8.8. Abandoned Personal Property. Personal property is prohibited from being stored, kept, or allowed to remain for a period of more than twenty-four (24) hours upon any portion of the Common Property without prior written Board permission. Neither the Association nor any director, officer or agent thereof shall be liable to any Person for any claim of damage resulting from the removal and/or discard of the personal property after such twenty-four (24) hour period.

8.9. Use of Common Property. There shall be no obstruction of the Common Property, nor shall any vehicle or anything else be kept, parked overnight or stored on any part of the Common Property without prior approval of the Board.

With prior written Board approval, and subject to any restrictions imposed by the Board, an Owner or Owners may reserve portions of the Common Property for use for a period of time as set by the Board. Any such Owner or Owners who reserve a portion of the Common Property hereunder shall assume, on behalf of himself/herself/themselves and his/her/their guests, Occupants and family, all risks associated with the use of the Common Property and all liability for any damage or injury to any person or thing as a result of such use. The Association shall not be liable for any damage or injury resulting from such use, unless such damage or injury is caused solely by the willful acts or gross negligence of the Association, its agents or employees.

8.10. Prohibition of Nuisance and Noise. Noxious, destructive, offensive, or unsanitary activity shall not be carried on within the Community. No Lot Owner or Occupant may use or allow the use of the Lot or any portion of the Community at any time, in any way, which may endanger the health or property of other Occupants, unreasonably annoy, disturb or cause embarrassment or discomfort to other Owners or Occupants, or, in the Board's discretion, constitute a nuisance. The intention of this provision is to grant the Association and aggrieved Owners and Occupants a right of redress for actions, activities or conduct which unreasonably disturbs or impairs the peaceful and safe enjoyment of the Community. In this regard, specific unauthorized and unreasonable annoyances or disturbances shall include, but not be limited to, the following:

(a) Any fighting, raucous behavior, or insobriety if such conduct can be heard in a dwelling on any other Lot;

(b) The use of any alarm (except security, fire, or carbon monoxide detection), equipment, television, or device which produces excessively loud sound if such sound can be heard in a dwelling on any other Lot;

(c) Any threatening or intimidating conduct towards any resident, guest, or pet in the Community;

(d) Any consistent dog barking that can be heard in a dwelling on any other Lot;

(e) Any conduct which creates any noxious or offensive odor at any time if such odor can be detected in a dwelling on any other Lot;

(f) The burning of any debris, including but not limited to yard waste, outside of a dwelling within the Community; or

(g) Any construction or similar activities which can be heard in a dwelling on any other Lot between the hours of 7:00 p.m. and 7:00 a.m.

Nothing herein shall be construed to affect the rights of an aggrieved Owner or Occupant to proceed individually against a violator of this Section. The Board may, in its discretion, require any aggrieved Owner or Occupant to seek redress personally against the violator before the Association intervenes and commences enforcement action hereunder; provided, further, due to the general nature of violations of this Section, the Board may, in its discretion, elect that the Association not intervene or enforce this Section. No claim for any loss, damage or otherwise, and no defense of selective, arbitrary, or capricious enforcement, shall exist for any Person as a result of any decision by the Board not to enforce this Section.

8.11. Signs. Except as may be required by legal proceedings, no signs, advertising posters or billboards of any kind, including political and campaign signs, shall be erected, placed, or permitted to remain in the Community without the prior approval of the Board, except that two (2) professional security signs not to exceed ten inches (10”) by ten inches (10”) each in size may be displayed on a Lot or from within a dwelling on a Lot and one (1) professionally lettered “For Sale” sign that conforms to ARC guidelines may be displayed in the front yard of a Lot. In addition, one (1) political sign not to exceed two feet (2’) by two feet (2’) may be displayed on a Lot thirty (30) days prior to an election that the political sign pertains and must be removed the day after the election that the political sign pertains occurs. The Board shall have the right to erect reasonable and appropriate signs on the Common Property on behalf of the Association. The Board also shall have the authority to adopt regulations permitting temporary signs on Lots announcing open houses, births, birthdays or other events for limited periods of time. No “For Sale” signs or directional signs shall be permitted on any portion of the Community other than the Owner’s Lot without the written approval of the Board.

8.12. Rubbish, Trash, and Garbage. Rubbish, trash, recycling and garbage shall be disposed of in appropriate sealed bags and placed in proper receptacles/trash cans and landscape bags which shall be screened from view or kept in the garage unless on pick-up or trash collection days. They shall be regularly removed from the Lot and shall not be allowed to accumulate on a Lot or in a dwelling. Woodpiles should not be visible from the street and should be neatly stacked. No organic material shall be buried anywhere in the Community. The Board may establish rules and regulations regarding the storage location of trash bags, trash cans, and receptacles and the placement of same for pick-up.

8.13. Unightly or Unkempt Conditions. The pursuit of hobbies or other activities, including, but not limited to, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community, except in a dwelling or garage with the garage door shut. Clothing, bedding, rugs, mops, appliances, indoor furniture, and other household items shall not be placed or stored outside the dwelling. Only appropriate outdoor items, such as

neatly stacked firewood, patio furniture, grills, and similar items may be kept outside of a dwelling in accordance with the rules and regulations of the Association.

8.14. Impairment of Dwellings and Easements. An Owner shall not undertake any act or work that will impair the structural soundness or integrity of another dwelling or impair any easement, nor do any act nor allow any condition to exist which will adversely affect other Lots or their Owners or Occupants.

8.15. Erosion Control. No activity which may create erosion or siltation problems anywhere in the Community shall be undertaken.

8.16. Subdivision of Lots. No Lot may be subdivided into a smaller Lot.

8.17. Garage Sales. No garage sale, yard sale, or similar activity shall be conducted in the Community without prior approval of the Board. The Board may additionally permit Community garage sale or yard sale days.

8.18. Tree Removal. No tree of any kind shall be removed without prior approval of the ARC. Further, all tree removal must comply with all state, county, city and municipal laws and ordinances.

8.19. Delivery Receptacles and Property Identification Markers. The ARC shall have the right to approve the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similarly delivered materials, and of name signs for such receptacles as well as property identification markers.

8.20. Clotheslines. No outside clothesline shall be permitted.

8.21. Recreational Equipment. Recreational and playground equipment, including, but not limited to, tree houses, shall only be installed with prior, written ARC approval and must comply with all architectural design standards and the rules and regulations of the Association; provided, however, any such equipment installed pursuant to ARC approval as of the Effective Date of this Declaration, may remain in its current location.

8.22. Window Air Conditioners. No air conditioner shall be installed in any window of any dwelling.

ARTICLE IX. LEASING

In order to protect the equity of the individual Owners within the Community, to carry out the purpose for which the Community was formed by preserving the character of the Community as a residential property of predominantly owner occupied homes, to prevent the Community from assuming the character of a renter occupied complex, and to comply with any eligibility criteria for mortgages, including mortgages on the secondary mortgage market, insofar as such criteria

provide that the Community be substantially owner occupied, leasing of Lots shall be governed by the restrictions imposed by this Article.

9.1. Prohibition. Except as provided herein, the leasing of Lots is hereby prohibited. Notwithstanding anything to the contrary herein, short-term rentals, transient tenants, and any other service utilized to temporarily rent Lots as accommodations to guests or tenants (for example, Airbnb, VRBO, or other similar services) are expressly prohibited.

9.2. Definition. “Leasing,” for purposes of the Declaration, is defined as the regular, exclusive occupancy of a Lot by any person or persons other than the Owner; provided, however, leasing shall not include occupancy by the spouse, child or parent of an Owner and shall not include the occupancy by a roommate of an Owner who occupies the Lot as such Owner’s primary residence.

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

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

9.3. General. Any Owner who desires to lease such Owner’s Lot may do so only if the Owner has applied for and received from the Board of Directors either a “Leasing Permit” or a “Hardship Leasing Permit.” Such a permit, upon its issuance, will allow an Owner to lease his or her Lot provided that such leasing is in strict accordance with the terms of the permit and this Article. The Board of Directors shall have the authority to establish conditions as to the duration and use of such permits. All permits shall be valid only as to a specific Lot Owner and Lot and shall not be transferable between either Lots or Lot Owners. In order to be eligible for a Leasing Permit or Hardship Leasing Permit, an Owner shall not be delinquent in the payment of any assessments, fine or other charge levied by the Association pursuant to the provisions of the Declaration and/or shall not be in violation of the Declaration or rules and regulations of the Association (“Eligible Owner”).

9.4. Leasing Permits. An Eligible Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than ten percent (10%) of the total number of Lots. A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (1) the sale or transfer of the Lot to a third party (excluding sales or transfers to an Owner's spouse or a person cohabitating with the Owner, or a corporation, partnership, company, or legal entity in which the Owner is a principal); (2) the failure of a Lot Owner to lease his or her Lot pursuant to an approved lease within three (3) months of the Leasing Permit having been issued; (3) the failure of a Lot Owner to have his or her Lot leased pursuant to an approved lease for any consecutive three (3) month period thereafter; or (4) the occurrence of the date referenced in a written notification by the Owner to the Association that the Owner will, as of said date, no longer need the Leasing Permit. Further, a Leasing Permit may be revoked if an Eligible Owner becomes delinquent in the payment of any assessments, fine or other charge levied by the Association pursuant to the provisions of the Declaration and/or is in violation of the Declaration or rules and regulations of the Association; provided, however, the Board shall first provide the Owner thirty (30) days notice of the Board's intention to revoke the Leasing Permit and provide the Owner with an opportunity to restore Eligible Owner status. All costs associated with restoring an Owner to Eligible Owner status, including reasonable attorney's fees actually incurred, shall be assessed against the Owner, Occupant and/or Unit, and Eligible Owner status shall not be required to be restored until all amounts are paid in full.

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

9.5. Hardship Leasing Permits. If the failure to lease will result in a hardship, an Eligible Owner may seek to lease on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit. The Board of Directors shall have the sole authority to issue or deny requests for Hardship Leasing Permits in its discretion. In making such a determination, the Board may take any factor into account, including: (1) the nature, degree, and likely duration of the hardship, (2) the number of Hardship Leasing Permits which have been issued to other Owners, (3) the Owner's ability to cure the hardship, and (4) whether previous Hardship Leasing Permits have been issued to the Owner. Hardship Leasing Permits shall be valid for a term not to exceed one year. Owners may apply for additional Hardship Leasing Permits. Further, a Hardship Leasing Permit may be revoked if an Eligible Owner becomes delinquent in the payment of any assessments, fine or other charge levied by the Association pursuant to the provisions of the Declaration and/or is in violation of the Declaration or rules and regulations of the Association; provided, however, the Board shall first provide the Owner thirty (30) days notice of the Board's

intention to revoke the Hardship Leasing Permit and provide the Owner with an opportunity to restore Eligible Owner status. All costs associated with restoring an Owner to Eligible Owner status, including reasonable attorney's fees actually incurred, shall be assessed against the Owner, Occupant and/or Unit, and Eligible Owner status shall not be required to be restored until all amounts are paid in full.

9.6. Leasing Provisions. Leasing of Lots shall be governed by the following provisions:

(a) Notice. At least seven (7) days prior to entering into the lease of a Lot, the Owner shall provide the Board of Directors with a copy of the proposed lease and such other information as the Board may reasonably require. The Board may approve or disapprove the form of said lease. The Board may maintain an approved, standard lease form. In the event a lease form is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease form into compliance with the Declaration, any rules and regulations adopted pursuant thereto, and any criteria determined by the Board. Within ten (10) days from the execution of the lease by both parties, the Owner shall provide the Board with a copy of the executed lease and the names and phone number of the lessees. Nothing contained in this Section shall permit the Board to approve or deny a lessee.

(b) General. Lots may be leased only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Lots or assignment of leases unless approved in writing by the Board. All leases shall be for a period of at least one (1) year unless otherwise approved in writing by the Board. Short-term and transient tenancy is specifically prohibited. The Lot Owner must provide the lessee copies of the Declaration, Bylaws, and Association rules and regulations.

(c) Lease Administration Fee. The leasing of Lots in Paces Lake creates administrative burdens for the Association, including, but not limited to, updating the Association's records, issuing access control devices, if any, to the Common Property. Pursuant to this Declaration and the Act, the Association is authorized to assess individual Owners certain fees and expenses occasioned by and benefiting just those Owners. In accordance with those provisions, and in addition to annual assessments, special assessments, and other charges provided for in this Declaration and the Act, any Owner who leases a Lot will be required to pay the Association an annual Lease Administration Fee. The initial Lease Administration Fee shall be three hundred dollars (\$300.00) for the first calendar year in which the Lease Administration Fee goes into effect. Thereafter, the Board of Directors, in its sole discretion, and from time to time, may increase the annual Lease Administration Fee. The Lease Administration Fee shall constitute a specific assessment as described in this Declaration.

(d) Liability for Assessments and Compliance with Declaration, Bylaws, and Rules and Regulations. Any lease of a Lot shall be deemed to contain the following provisions, whether or not expressly therein stated, and each Owner covenants and agrees that any lease of a Lot shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into a lease by existence of this covenant on the

Lot. Any lessee, by occupancy of a Lot, agrees to the applicability of this covenant and incorporation of the following language into the lease.

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

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

(ii) Compliance with Declaration, Bylaws, and Rules and Regulations. Lessee shall abide by and comply with all provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto and shall control the conduct of all other occupants and guests in order to insure compliance with the foregoing. Lessee acknowledges that the violation by lessee or any occupant living with lessee of any provision of the Declaration, Bylaws, or rules and regulations adopted thereunder shall constitute a default under this lease. Owner shall cause all occupants of his or her Lot to comply with the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, and is responsible for all violations and losses caused by such occupants, notwithstanding the fact that such occupants of the Lot are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto. If the lessee, or a person living with the lessee, violates the Declaration, Bylaws, or a rule and regulation for which a fine is imposed, such fine may be assessed against the lessee and/or the Owner; provided, however, if a fine is not paid by the lessee within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Board of the lessee's failure to do so. Unpaid fines shall constitute a lien against the Lot. Any lessee charged with a violation of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto is entitled to the same procedure to which an Owner is entitled prior to the imposition of a fine or other sanction.

Any violation of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto by lessee, any occupant, or any person living with lessee is deemed to be a violation of the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Georgia law. The Owner hereby delegates and assigns to the Association, acting through the Board, the irrevocable power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws, and the rules and regulations adopted pursuant thereto, including the irrevocable power and authority to evict the lessee on behalf and for the benefit of the Owner, in accordance with the terms hereof, or to require the Owner to do so. In the event the Association proceeds to evict the tenant, any costs, including attorney's fees and court costs, associated with the eviction shall be specially assessed against the Lot and the Owner thereof, such being deemed hereby as an expense which benefits the leased Lot and the Owner thereof.

(iii) Use of Common Property. Except with written Board approval, the Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Property, including, but not limited to, the use of any and all recreational facilities and other amenities.

9.7. Applicability of this Section (Grandfathered Owners). Except as provided herein, any Owner who is an Owner of a Lot on the Effective Date of this Declaration and is leasing the Lot on such date may continue to lease his or her Lot without being required to demonstrate an undue hardship; provided, however, upon the conveyance of ownership of the Lot, all leasing restrictions of this Article shall apply. The expressed purpose of this grandfathering provision is to allow Owners who own, and who are leasing, Lots as of the date this Amendment is recorded in the Cobb County, Georgia land records to continue to lease their Lots, but to thereafter restrict leasing upon conveyance of ownership of the Lots (e.g., resales).

Any assignment, extension, renewal, or modification of any lease agreement entered into prior to the Effective Date of this Declaration, including, but not limited to, changes in the terms or duration of occupancy, shall be considered a termination of the old lease and commencement of a new lease which shall comply with Section 9.6 of this Article.

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

(1) within sixty (60) days of the Effective Date of this Declaration, the Owner must provide written notice to the Board of Directors that the Owner is leasing the Owner's Lot and must provide the Board a written copy of the lease (failure to provide such notice and copy of the lease to the Board within such sixty (60) day period shall disqualify the Owner from this grandfathering provision); and

(2) the Owner has no period of six consecutive months in which the Owner's Lot is not leased (failure to have the Owner's Lot leased for any consecutive six month period shall result in the termination of this grandfathering provision as to such Owner).

ARTICLE X. MAINTENANCE RESPONSIBILITY

10.1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and replacement of all landscaping, grass areas, paving and other improvements situated on the Common Property. The Association shall also maintain and keep in good repair all water and sewer pipes or facilities which serve the Common Property and the entry features that serve the Community. Such maintenance shall be performed consistent with this Declaration and the Community-Wide Standard established pursuant hereto.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed by an Owner or Occupant on or to the Common Property or any other area within the Community which is the Association's responsibility hereunder shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance or repair. Additionally, in the event an Owner or Occupant performs such maintenance or repair, the Association may require the Owner or Occupant to restore such property to substantially the same condition as it existed prior to such maintenance or repair or may fine the Owner or Occupant in accordance with the terms of this Declaration.

The Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner of any Lot, or any other Person, or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the Community or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder. The Association shall not be liable to the Owner of any Lot or such Owner's Occupant, guest, or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of portion of the Community. The Association shall not be liable to any Owner, or any Owner's Occupant, guest or family for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Article where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

If the Board determines that the need for maintenance or repair is in the Common Property or any other area within the Community which is the Association's responsibility hereunder, and

is caused through the actions or inactions of any Owner or Occupant, or his or her family, guests, lessees or invitees, then the Association may assess the cost of any such work against the Owner's Lot.

10.2. Owner's Responsibility. Except as may be provided in Section 10.1 above, each Owner shall maintain and keep the Owner's Lot and dwelling in good repair, condition, and order, including, but not limited to, exterior painting, repairs, mowing, edging, weeding, trimming, and keeping planting beds in good condition and free of weeds. In addition, each Owner shall maintain any right of way located between the Owner's Lot and the curb of the street(s) bordering such Lot. Such maintenance shall be performed consistent with this Declaration and the Community-Wide Standard established pursuant hereto. Each Owner shall perform the Owner's responsibility hereunder in such manner so as not to unreasonably disturb other Lot Owners. In performance of such maintenance responsibilities hereunder, the Owner shall comply with all other provisions of this Declaration, including, but not limited to, Article VII of this Declaration. Each Owner shall also have the obligation to promptly report to the Association or its agent any defect or need for repairs, for which the Association is responsible to maintain, repair, and/or replace.

10.3. Failure to Maintain. If the Board determines that any Owner has failed or refused to discharge properly the Owner's obligation with regard to the maintenance as provided in this Article, then, except in the case of an emergency as determined in the sole discretion of the Board, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense.

The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Board. Unless the Board determines that an emergency exists, the Owner shall have ten (10) days within which to complete the maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days and diligently pursue completion of such repair or replacement. If the Board determines that: (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as herein provided, then the Association may provide any such maintenance, repair, or replacement at the Owner's sole cost and expense, and such costs shall be an assessment and lien against the Owner and the Lot.

If, during the course of performing such maintenance, the Association discovers that maintenance, repair, or replacement is required of an item which is the Owner's responsibility, and such maintenance, repair, or replacement must be performed for the Association to properly complete its maintenance project, then the Association may perform such work on behalf of the Owner and at the Owner's expense without prior notice to the Owner.

In the event the Board exercises such self-help as provided herein, and in the event further self-help based upon the same or a substantially similar violation is deemed necessary by the Board

within the following six (6) months, the Board may exercise such self-help without further notice to the Owner, and all costs shall be an assessment and lien against the Owner and the Lot.

The Board may alternatively enforce this Article through monetary fines against the Owner or Occupant of the Lot, and each day the maintenance, repair, or replacement is not completed shall constitute a separate violation for which fines may be assessed on a daily basis.

10.4. Maintenance Standards and Interpretation. The Board of Directors, in its discretion, may determine schedules of maintenance and repair for the Common Property and any other property within the Community which the Association is responsible to maintain hereunder, and may do so based on the availability of funds for performance of such projects. The Board shall attempt to determine and prioritize schedules based on its opinion of severity of damage and need for corrective work or maintenance. Maintenance and repairs which are part of the Association's responsibility need not be made upon Owner request if, in the Board's discretion, an emergency condition does not exist and such maintenance or repair is included or is to be included within the Board's schedule of maintenance or repairs.

The maintenance standards and the enforcement thereof and the interpretation of maintenance obligations under this Declaration may vary from one term of the Board to another. These variances shall not constitute a waiver by the Board of the right to adopt and enforce maintenance standards under this Article. No decision or interpretation by the Board shall constitute a binding precedent with respect to subsequent decisions or interpretations of the Board.

ARTICLE XI. EASEMENTS

11.1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots due to trees or the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Property or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point. Any improvement constructed, reconstructed or altered in violation of this Declaration shall not have a reciprocal appurtenant easement for encroachment and overhang.

11.2. Easements for Use and Enjoyment. Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to the Owner's Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property, to limit the number of guests of Lot Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of

specific portions thereof at certain designated times by an Owner, the Owner's family, tenants, guests, and invitees;

(b) the right of the Board of Directors to make and to enforce reasonable rules and regulations governing the use of the Common Property;

(c) the right of the Association to suspend the right of an Owner to use the Common Property in the Community for any period during which any assessment against the Owner or Owner's Lot which is provided for herein remains unpaid and for a reasonable period of time for an infraction of the Declaration, Bylaws, or rules and regulations;

(d) the right of the Association to borrow money as may be set forth in the Bylaws; provided, however, the lien and encumbrance of any such mortgage given by the Association against the Common Property shall be subject and subordinate to any rights, interests, options, easements, and privileges herein reserved or established for any Lot or Lot Owner;

(e) the right of the Association to grant permits, licenses, or easements across the Common Property; and

(f) the right of the Board of Directors to convey all or a portion of the Common Property to any Person upon the written approval of at least two-thirds (2/3) of the total vote of the Association membership.

Any Lot Owner may delegate the Owner's right of use and enjoyment in and to the Common Property and facilities located thereon to the members of the Owner's family, or to the Owner's tenants and guests.

11.3. Easement for Entry. The Association shall have an easement to enter onto any Lot for emergency, security, safety, and for other purposes reasonably necessary for the proper maintenance and operation of the Community, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after notice to the Owner or Occupant; provided, however, the Association shall not be obligated to provide notice to the Owner or Occupant in situations where the Association is performing any maintenance or repair for which the Association is obligated to perform under the terms of this Declaration. This right of entry shall include the right of the Association to enter a Lot to cure any violation of the Declaration, Bylaws, or rules and regulations of the Association and any condition which may increase the possibility of a fire or other hazard in the event that an Owner fails or refuses to cure the condition upon request by the Board. No entry into a dwelling shall be permitted without the expressed consent of the Owner.

11.4. Easement for Entrance Sign and Landscaping. The Association shall have an easement over any portion of a Lot on which any entrance feature, including, but not limited to,

any perimeter wall, fence and/or landscaping, and the Community sign and landscaping, are located. The Association shall be solely liable for the maintenance, repair and replacement of the entrance features, landscaping, and annual flowers, if any. Any and all entrance features and landscaping shall remain the personal property of the Association and shall not be realty. The Association shall additionally have an easement for the installation and maintenance of utility and water lines across the Lot to the entrance features.

ARTICLE XII. SALE OF LOTS

12.1. Grantor's Obligation for Notice. A Lot Owner intending to make a transfer or sale of a Lot or any interest in a Lot shall give the Board written notice of such intention within seven (7) days after execution of the transfer or sales documents. The Owner shall furnish the Board, as part of the notice, the name and address of the intended grantee and such other information as the Board may reasonably require. This Article shall not be construed to create a right of first refusal in the Association or in any third party.

12.2. Grantee's Obligation for Notice. Within seven (7) days after receiving title to a Lot, the grantee of the Lot shall give the Board written notice of such ownership of the Lot. Upon failure of a Owner to give the required notice within the seven (7) day period provided herein, the Board may levy a fine against the Lot and Owner thereof, and assess the Owner for all costs incurred by the Association in determining the Owner's identity.

ARTICLE XIII. INSURANCE

13.1. Hazard Insurance on Common Property. The Association's Board or its duly authorized agent shall have the authority to and shall obtain insurance for all insurable improvements on the Common Property. The insurance shall include fire and extended coverage, including coverage for vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

13.2. Association Liability and Directors' and Officers' Liability Insurance. The Board shall obtain a public liability policy applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents in their capacities as such, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least one million (\$1,000,000.00) dollars.

13.3. Premiums and Deductible on Association Policies. Premiums for all insurance obtained by the Association shall be a common expense of the Association. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

13.4. Policy Terms. All such insurance coverage obtained by the Board shall be written in the name of the Association. Such insurance shall be governed by the following provisions:

(a) All policies shall be written with a company licensed to do business in Georgia.

(b) All policies on the Common Property shall be for the benefit of the Association and its members.

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(e) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies should be reviewed annually by one or more qualified persons.

(f) The Board shall use reasonable effort to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Board, the Association's manager, if any, the Owners and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash; and

(iii) that no policy may be canceled or substantially modified or subjected to nonrenewal without at least thirty (30) days prior written notice to the Association.

13.5. Individual Lot Owner Insurance. Each Owner shall carry blanket all-risk casualty insurance, if reasonably available, or if not reasonably available, fire and extended coverage, on the Owner's Lot and structures constructed thereon meeting the same requirements as set forth in this Article for insurance on the Common Property.

ARTICLE XIV. REPAIR AND RECONSTRUCTION

14.1. Common Property. In the event of damage to or destruction of all or any part of the Common Property insured by the Association as a result of fire or other casualty, unless eighty

percent (80%) of the Lot Owners vote not to proceed with the reconstruction and repair of the structure, the Board or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the damaged part of the Common Property.

14.2. Cost Estimates. Immediately after a fire or other casualty causing damage to the Common Property, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged Lot) to substantially the condition which existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Such costs may also include professional fees and premiums for such bonds as the Board determines to be necessary.

14.3. Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, a special assessment shall be made against all of the Lot Owners without the necessity of a vote of the members or compliance with Article VI, Section 6.7 above. If, after repair and reconstruction is completed, there is a surplus of funds, such funds shall be common funds of the Association to be used as directed by the Board.

14.4. Damage to or Destruction of Dwellings on Lots. In the event of damage to or destruction of structures on a Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article VII above. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds.

ARTICLE XV. MORTGAGEE'S RIGHTS

15.1. Foreclosure. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Lot obtains title pursuant to judicial or nonjudicial foreclosure of the first priority Mortgage, it shall not be liable for assessments or charges by the Association chargeable to such Lot which became due prior to such acquisition of title. Such acquirer shall be responsible for all charges accruing subsequent to the passage of title.

15.2. Eligible Mortgage Holder. A Mortgage Holder shall become an Eligible Mortgage Holder if the Mortgage Holder provides to the Association in writing its name, address, and phone number, as well as the address of the Lot and name of the Lot Owner to which it holds a Mortgage; provided, however, a settlement statement from a closing shall not be sufficient information to enable a Mortgage Holder to become an Eligible Mortgage Holder. Upon becoming an Eligible Mortgage Holder, an Eligible Mortgage Holder shall be entitled to timely written notice of the following:

(a) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to a first Mortgage held by such Eligible Mortgage Holder which remains unsatisfied for a period of sixty (60) days, and any default in the performance by an individual Owner of any other obligation under this Declaration which is not cured within sixty (60) days; or

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

15.3. Financial Statement. Any holder of a first Mortgage shall be entitled, upon written request, to receive within a reasonable time after request, a copy of the financial statement of the Association for the immediately preceding fiscal year, free of charge to the Mortgagee so requesting.

15.4. Non-Impairment. Notwithstanding anything to the contrary herein contained, the provisions of this Declaration governing sales and leases shall not apply to impair the right of any first Mortgagee to: (i) foreclose or take title to a Lot pursuant to remedies contained in its Mortgage; (ii) take a deed or assignment in lieu of foreclosure; or (iii) sell, lease, or otherwise dispose of a Lot acquired by the Mortgagee.

ARTICLE XVI. AMENDMENTS

This Declaration may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent, of the Association members holding at least two-thirds (2/3) of the total vote of the Association. Notice of a meeting, if any, at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment. No amendment shall be effective until certified by the President and Secretary of the Association and filed in Cobb County, Georgia land records.

Notwithstanding the foregoing, the Board of Directors, without the necessity of a vote from the owners, may amend the Declaration to comply with any applicable state, city or federal law, including but not limited to, compliance with applicable guidelines of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA").

Any action to challenge the validity of this Declaration or an amendment adopted under this Article must be brought within one (1) year of the recording of same in the Cobb County, Georgia land records. No action to challenge this Declaration or any such amendment may be brought after such time.

ARTICLE XVII. GENERAL PROVISIONS

17.1. Enforcement. In addition to any other enforcement right set forth within the Declaration or Bylaws, the Association, acting through the Board of Directors, shall have the right to enforce any violation of the Declaration, Bylaws or rules and regulations of the Association by a proceeding at law or in equity, or as otherwise provided herein. Owners may enforce the Declaration against other Owners by a proceeding at law or in equity.

(a) Fines and Suspensions of Use. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Owner's Lot, for any violation of the Declaration, Bylaws, or any Association rules and regulations. The Board shall further have the power to suspend the use of any Common Property for any violation of the Declaration, Bylaws, or any Association rules and regulations. In the event an Owner's right to use the Common Property is suspended for any reason, such Owner, and his or her guests, family members, licensees, and invitees shall not be authorized to access the Common Property as a guest of another Owner or Occupant. If any Occupant violates the Declaration, Bylaws or Association rules and regulations and a fine is imposed, the fine may be imposed against the Owner and/or Occupant. The Board may establish and promulgate a fining schedule. The Board shall not impose a fine or suspend the right to use the Common Property, unless and until the Board has sent or delivered written notice to the Owner or Occupant as provided herein; provided, however, an Owner's right to use the recreational facilities shall automatically be suspended without notice during any period in which an Owner is more than thirty (30) days delinquent on any assessment or charge, and the Owner shall be ineligible to use the recreational facilities until the Owner's account balance has been paid in full.

(i) Notice. If any provision of the Declaration or Bylaws or any Association rule or regulation is violated, the Board shall send the violating Owner or Occupant written notice identifying the violation and fine and/or suspension being imposed and advising the Owner or Occupant of the right to request a hearing before the Board to contest the violation or the fine and/or suspension or to request reconsideration of the fine and/or suspension. Fines and suspensions may be effective or commence upon the sending of such notice or such later date specified in such notice, notwithstanding the Owner or Occupant's right to request a hearing before the Board to challenge the fine and/or suspension. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per diem basis without further notice to the Owner or Occupant. In the event an Owner or Occupant violates the same provision of the Declaration or Bylaws or any Association rule and regulation within six (6) months from the date of the notice, the Board may impose the fines and/or other sanction provided in the notice without further notice to the Owner or Occupant.

(ii) Hearing. If a written request for a hearing is received from the Owner or Occupant within ten (10) days of the date of the violation notice provided above, then the Board shall schedule and hold in executive session a hearing affording the Owner or Occupant a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. The Board may establish rules of conduct for such hearing, which may include limits on time and on the number of participants who may be present at one time. Failure to request a timely hearing as provided herein shall result in loss of the right to challenge and request reconsideration of the fines or suspension. The Board of Directors may, but shall not be required to, suspend the fines and/or suspension until the date of the hearing.

(b) Suspension of Voting. A member's right to vote shall automatically be suspended during any period in which a member is more than thirty (30) days delinquent on any

assessment. The Association shall not be required to provide any notice to such member that the member's voting rights have been automatically suspended.

(c) Abatement and Self-Help. The Board or its designee may enter upon a Lot to exercise self-help in order to remove or abate any violation thereon of the Declaration; provided, however, the Board shall first provide the Owner of the Lot ten (10) days notice of the Board's intention to enter the Owner's Lot and provide the Owner with an opportunity to remove or abate the violation, provided further, such notice shall not be required if the Board determines that an emergency exists. All costs of self-help or of otherwise enforcing the Declaration, Bylaws or Association rules, including reasonable attorney's fees actually incurred, shall be assessed against the Owner, Occupant and/or Lot subject to the violation.

(d) Notice of Violation. The Association shall have the authority to record in the Cobb County, Georgia land records a notice of violation identifying an uncured violation of the Declaration, Bylaws, or rules and regulations regarding a Lot.

(e) Enforcement Costs. The Owner or Occupant responsible for a violation shall be liable for all costs incurred in enforcement, including reasonable attorney's fees actually incurred, whether or not a legal proceeding in law or equity is filed in connection with the violation. In the event an Occupant is responsible for the violation, the Owner shall also be liable for all costs incurred in enforcement against such Occupant, including reasonable attorney's fees actually incurred, whether or not a legal proceeding in law or equity is filed in connection with the violation. All such costs shall be considered a specific assessment and shall become a lien against the Owner's Lot.

(f) Waiver. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter. Neither the the Association, its Board of Directors, any duly created committee, any member of any of the foregoing, the Association's officers, nor agents shall have any liability of any kind as a result of any failure to enforce any provision contained in this Declaration, the Bylaws, or the rules and regulations of the Association. Each Owner acknowledges and agrees that the Association has the discretion to pursue covenant violations based on the gravity of the violation, the strength of the Association's legal and factual position, and the Association's financial position. The Association's decision regarding any specific covenant violation shall not affect the rights of other Owners with respect to that violation.

17.2. Duration. The covenants, conditions, restrictions, and easements within the Declaration shall run with and bind the property subject to this Declaration perpetually or as otherwise provided by Georgia law.

17.3. Security. The Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety in the Community; however, each Owner, for itself, himself or herself and its, his or her tenants, guests, licensees, and invitees, acknowledges and agrees that the Association is not a provider of security and shall have

no duty to provide security in the Community. It shall be the responsibility of each Owner to protect its, his or her person and property and all responsibility to provide security shall lie solely with each Lot Owner. The Association shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

17.4. Dispute Resolution. Any Lot Owner or Occupant must give written notice to the Board requesting a hearing with the Board and attend such hearing to discuss amicable resolution of any dispute against the Association before that Owner or Occupant files any lawsuit against the Association, the Board, or any officer or director, or any agent of same. The Owner or Occupant shall, in such notice and at the hearing, make a good faith effort to explain the grievance and resolve the dispute in an amicable fashion, and shall give the Association a reasonable opportunity to address the Owner's or Occupant's grievance before filing suit. Upon receiving a request for a hearing, the Association shall give notice of the date, time, and place of the hearing to the Person requesting the hearing. The Association shall schedule the hearing for a date not less than seven (7) nor more than twenty-one (21) days from the date of receipt of the notice of hearing from the Person requesting the hearing. Alternatively, the Board may notify the Owner or Occupant that it is waiving the requirement of the Owner or Occupant to request and attend the hearing with the Board.

17.5. No Discrimination. No action shall be taken by the Association or the Board of Directors which would discriminate against any person on the basis of race, creed, color, national origin, religion, sex, familial status, or handicap.

17.6. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors 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 by them, in good faith, on behalf of the Association, and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

17.7. Eminent Domain. If all or any part of the Common Property shall be taken or conveyed in lieu of or under threat of condemnation by any authority having power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. If the taking involves a portion of the Common Property on which improvements have been constructed, then, unless within one hundred and eighty (180) days after such taking at least seventy-five percent

(75%) of the total number of Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining Common Property to the extent land is available therefor.

17.8. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

17.9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstances or affect any other provision, which shall remain in full force and effect.

17.10. Conflicts. The duties, powers, and obligations of the Association, including the members, directors, and officers, shall be those set forth in the Georgia Property Owners' Association, the Georgia Nonprofit Corporation Code, the Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations of the Association. If there are conflicts or inconsistencies between such, then the provisions of the Georgia Property Owners' Association, the Georgia Nonprofit Corporation Code, the Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations of the Association, in that order, shall prevail; and each Owner of a Lot, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.

17.11. Preparer. This Declaration was prepared by Joseph C. Larkin, Lueder, Larkin & Hunter, LLC, 5900 Windward Parkway, Suite 390, Alpharetta, Georgia 30005.

IN WITNESS WHEREOF, the undersigned hereby certify that the agreement of the required parties was lawfully obtained.

This _____ day of _____, 20__.

PACES LAKE HOMEOWNERS
ASSOCIATION, INC.

Signature of President

Print Name: _____

Sworn to and subscribed before me
this ____ day of _____, 20__.

Witness: _____

Notary Public

Signature of Secretary
Print Name: _____

Sworn to and subscribed before me
this ____ day of _____, 20__.

Witness: _____

Notary Public