

Notice to residents:

Notice to residents: These proposed amendments are being voted on individually. Amendment 3 will incorporate all of the articles that pass the neighborhood vote. In order for any Article Change, and henceforth the Amendment, to pass a “Yea” vote of 2/3 the community must be recorded in accordance with Article VII of the Paces Lake CCRs. The first meeting held to vote on these amendments was December 13th, 2020 at 1:00 PM EST. A ballot vote has been initiated and, if necessary, a door-to-door campaign and second meeting in an attempt to secure a quorum is forthcoming. The summaries are not part of the language, just simply providing a highlight of the intent and goals of the Article changes.

The only changes that may be made from the articles will be to make uniform the titling of the sections, but no language or intent of the changes will be made. Please e-mail paceslakehoa@gmail.com with any questions or comments.

Article I Summary:

- Define “Act” as outlined in Section VIII of the CCR’s.
- Define “Architectural Committee” in Section V of the CCR’s

Article I of the Declaration titled “Definitions” is hereby amended to include the following:

“Section 8. “Act” means the Georgia Property Owners’ Association Act, O.C.G.A. Section 44-3-220, et seq., as may be amended or supplemented.”

“Section 9. “Architectural Committee” means three (3) or more representatives appointed by the Board and will also be referred to as “ARC.”

Article IV Summary:

- Gives the HOA more clearly defined levy/lein powers for assessments and fines
- Establishes an “Initiation fee” not to exceed the amount of current year’s dues for new homeowners (paid at closing with letter fee)
- Changes interest for late assessments from 9% to 10% per annum or minimum of \$10.00
- Allows HOA to collect dues as needed and at board’s discretion on a payment schedule. If member is allowed a payment schedule and is late for any payment, the entire amount becomes due immediately and if not paid in 30 days, normal interest will then apply.
- Establishes greater transparency into statement of account for the board and sets SLA for providing requested financial docs.

Under “Article IV -- Covenant for Maintenance Assessments” of the “Declaration of covenants, conditions and restrictions for Paces Lake subdivision” the following are changed:

Article IV is deleted in its entirety and is replaced with the following:

Section 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.

Section 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 7 of this Article; (iii) specific assessments pursuant to Section 3 of this Article; and (iv) capital contribution assessments pursuant to Section 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.

Section 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.

Section 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 thirty (30) 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.

Section 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.

Section 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.

Section 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.

Section 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 percent (100%) 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 dollars (\$100.00). 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.

Section 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.

Section 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 V Change Summary:

- Establishes, in the covenants and not just on the arc request form and communications, a limit of liability for the association for approved architectural projects. Current CCR's do not disclose this liability and if an unfavorable judgment was ever made against the board, the entire community would share in paying any judgment against the HOA for a homeowner's dissatisfaction with work done to their singular property.
- Allows the board to impose fines and seek remedy for lots that do not get approval to changes and make changes that are detrimental or not in line with the neighborhood aesthetic
- Establishes 60 or 90 day timeline for work to commence after approval obtained. Timeline will be extended as circumstances warrant it. (Example: This will prevent someone getting approval for paint and waiting 2 years to do the work.)

Under "Article V – Architectural Control" of the "Declaration of covenants, conditions and restrictions for Paces Lake subdivision" the following are changed:

The language of the originating document is preserved and is hereby titled "Section 1" and subsequent additions will follow this naming convention.

The following is added to "Article V – Architectural control" following Section 1:

Section 2. 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.

Section 3. 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.

Section 4. 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.

Section 5. 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 VI Summary:

- Defines residential use for lots and establishes protections for working from home or managing a business from home so long as the business does not drive foot traffic or cause a nuisance to the community.
- Prohibits use of Lots for 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.)
- Adds more definition to maintaining lots and keeping appearance tidy to paragraph (j)
- Establishes occupancy rules for Lots to be no more than 2 people per listed bedroom of a Lot unless all members are part of a singular family unit.

Under “Article VI – Covenants and Restrictions” of the “Declaration of covenants, conditions and restrictions for Paces Lake subdivision” the following are changed:

The paragraph titled (a) is deleted entirely and is replaced with the following:

(a) 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.); (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.

The following is added to paragraph (j):

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. Clothing, bedding, rugs, mops, appliances, indoor furniture, and other household items shall not be stored outside the dwelling in view of the street. 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.

The following addendum (fg) is declared:

(fg) Number of Occupants.

(1) 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 or, if more people reside at the residence, must be part of the same family unit. “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.

(2) 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.

Article VIII Summary:

- Creates covenants and guidelines around leasing of which there are currently none
- Establishes a non-hardship rental cap of 10% for the community
 - Allows grandfathering for all existing rentals above the cap should they provide leases and follow directions of 8.7 within 60 days of going into effect
- Hardships or temporary leases (due to temporary job relocation, medical issues, etc.) are not subject to the cap and hardship leasing permits will be granted in event of hardship.
- Notifies lessees and lessors that all other covenants and neighborhood rules are applicable and that Owner is responsible for the property and the conduct of their tenants.
- Prohibits leasing for short term-rentals, transient tenants, or temporary lease agreements (works in conjunction with Article IV changes)
- Establishes that Lot owners that fail to maintain their property and fall behind on fines or liens, fail to pay yearly dues, or do not provide proper care to the Lot or accountability of the tenants may lose their leasing permit.
- Requires Lot owners to furnish updated contact info for themselves, their tenants, and to have opportunity to review lease to ensure the agreement is in line with occupancy and building use guidelines in the community.
- Establishes a yearly lease administration fee of \$150.00 in addition to annual dues. The HOA spends a disproportionate amount of time and resources with leased homes and that cost is currently absorbed by all owners. This puts the cost back on the leasing Lot owners with the intent of reducing yearly dues for all Lot Owners.

Article VIII of the Declaration is hereby declared:

“ARTICLE VIII. 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.

8.1. 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.

8.2. 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.

8.3. 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").

8.4. 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.

8.5. 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.

8.6. 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 one hundred fifty dollars (\$150.00) 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.
 - (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.

8.7. 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 8.6 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).