

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
ORCHARD LAKE**

After recording, please return to:

**HENDERSON LEGAL LLC
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Atlanta, Georgia 30309**

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

FOR

ORCHARD LAKE

THIS DECLARATION is made this ____ day of September, 2014, by REO Funding Solutions III, LLC, a Georgia limited liability company, and Almont Homes NE, Inc., a Georgia corporation (each a “Declarant” and collectively the “Declarants”), their respective successors and assigns.

WHEREAS, the Declarants are the owners of certain real property in Land Lots 11, 12 and 13 of the 14th District, 1st Section, Forsyth County, Georgia, and Land Lots 397 and 468 of the 3rd District, 1st Section, Forsyth County, Georgia, being more particularly described on Exhibit A attached hereto and made a part hereof by reference (the “Property”); and

WHEREAS, Declarants desire to subject the Property to the provisions of this Declaration to create a residential community of fee simple detached houses known as Orchard Lake (the “Community”).

NOW, THEREFORE, the Property and any improvements which may be (but are not required to be) constructed thereon, are hereby subjected to the provisions of this Declaration.

**ARTICLE I
DEFINITIONS**

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article, such definitions being cumulative of those set forth in the recitals and elsewhere in this Declaration.

(1) “Additional Property” shall mean any and all real property lying and being within five (5) miles of the Property

(2) “Annual Assessment” shall have the meaning specified in the Article V, Section 1, and shall constitute the assessments which, pursuant to the provisions of such Article, shall be levied by the Association against the Lots each year for the purpose of raising the funds necessary to pay those expenses specified in Article V, Section 4.

(3) “Annual Meeting” shall refer to the annual meeting of the Members described in Article II, Section of the Bylaws.

(4) “Architectural Review Committee” or “ARC” shall mean those individuals appointed to have jurisdiction over construction on or within any portion of the Property and responsibility for administration of design guidelines, as more fully described in Article VII, Section 3 hereof.

(5) “Area of Common Responsibility” shall mean the Common Areas, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any other Person becomes the responsibility of the Association.

(6) “Articles of Incorporation” or “Articles” shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

(7) "Association" shall mean the Orchard Lake Community Association, Inc., a Georgia nonprofit corporation.

(8) "Board of Directors" or "Board" shall mean the body responsible for the administration of the Association, as provided in the Bylaws.

(9) "Builder" shall mean a Person who is in the business of construction or real estate investment and who purchases an Unimproved Lot, with the intent to either construct a Residence thereon and resell it to a Residential Owner or resell the Lot in its vacant condition. Such Person shall cease to be a Builder with regards to a particular Lot upon the occupation of a Residence on that Lot.

(10) "Bylaws" shall mean the Bylaws of the Association, as amended from time to time, and attached hereto as Exhibit B.

(11) "Common Area" shall mean, singularly or collectively, as applicable, all land, improvements and other properties or property interests which shall be owned by the Declarants or the Association for the common use and enjoyment of the Owners and which is not herein classified as a Lot nor dedicated for public use.

(12) "Community" shall have the meaning given to it in the second recital paragraph of this Declaration.

(13) "Community Wide Standards" shall mean the standard of conduct, maintenance or other activity generally prevailing throughout the Property. Such standard shall initially be established by the Declarants and may be more specifically determined by the Architectural Review Committee.

(14) "County Clerk" shall mean the Clerk of the Superior Court of Forsyth County, Georgia.

(15) "Declarants" shall mean both of the parties named above as Declarants and any successor or assign who is transferred Declarant rights in accordance with Article XII, Section 18 of this Declaration; provided that if one but not both of the said parties has ceased to be Declarant and has not transferred its rights as Declarant to any other party, then and thereafter, the term "Declarants" as used herein and in the Bylaws shall mean and refer solely to the remaining Declarant.

(16) "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions and Easements for Orchard Lake, as the same may be hereafter amended from time to time in accordance with Article XII, Section 4 of this Declaration.

(17) "Development Period" shall mean the period of time during which a Declarant owns any Property that is subject to this Declaration or has the unilateral right to subject Additional Property to this Declaration under Article IV, Section 1 of this Declaration. A Declarant may, but shall not be obligated to, unilaterally relinquish its rights under this Declaration by recording a written instrument with the County Clerk, provided the Development Period shall not be terminated unless both Declarants have relinquished their rights or have both otherwise ceased to be Declarant.

(18) "Director" shall mean a director on the Board of Directors.

(19) "Improved Lot" shall mean a Lot (i) upon which a Residence has been constructed, and (ii) which has been sold to a Person who is not a Declarant or a Builder, and (iii) which is not being used as a Model Home.

(20) "Lot" shall mean any plot of land within the Community, whether or not a Residence has been constructed on that land, which constitutes or will constitute, after the construction of improvements, a home dwelling site as shown on the Plats or the Subdivision Plat.

(21) "Member" shall mean a Person subject to membership in the Association pursuant to Article II, Section 1 of this Declaration.

(22) "Model Home" shall mean a structure used by a Declarant or a Builder to show a prospective buyer what a similar housing type will look like when constructed on a Lot.

(23) "Mortgage" shall mean a deed or other document by means of which title to any Lot is conveyed or encumbered to secure a debt of first priority.

(24) "Mortgagee" shall mean the beneficiary or holder of a Mortgage.

(25) "Occupant" shall mean any person other than an Owner who occupies all or any portion of a Lot or other property located within the Community for any period of time.

(26) "Owner" shall mean any Person who is a record owner by purchase, transfer, assignment or foreclosure of a fee or undivided fee interest in a Lot; provided, however, that any Person who holds such interest merely as security for the performance of an obligation shall not be an Owner.

(27) "Person" shall mean a natural person, corporation, limited liability company, partnership, trust or any other legal entity.

(28) "Plats" shall mean all plats for any portion of the Property that are recorded in the Superior Court of Forsyth County, Georgia, that may be permitted at any time and from time to time, together with all amendments thereto, and any and all other plats, and amendments thereto, that are hereafter recorded in the County Clerk's plat book records for the purpose of subjecting any of the Additional Property to this Declaration.

(29) "Property" shall have the meaning given to it in the first recital paragraph of this Declaration.

(30) "Residence" shall mean a single family home for which a certificate of occupancy has been issued by the appropriate government agency.

(31) "Residential Owner" shall mean an Owner of an Improved Lot who is not a Declarant or a Builder.

(32) "Subdivision Plat" shall mean the Final Plat for "Orchard Lakes S/D" recorded in Plat Book 99, Pages 224, Forsyth County, Georgia real estate records.

(33) "Supplemental Declaration" shall mean an instrument filed with the County Clerk which imposes additional restrictions and/or obligations on the land described in such instrument.

(34) "Unimproved Lot" shall mean a Lot which is not an Improved Lot.

ARTICLE II
PROPERTY SUBMITTED TO DECLARATION

The Property including any improvements which may be (but are not required to be) constructed thereon, shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens contained herein. This Declaration shall be binding on all persons having any right, title, or interest in all or any portion of the Property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns, and shall inure to the benefit of each and every owner of all or any portion thereof.

Every portion of the Property which is not dedicated for public use shall be classified as either a Lot or as Common Area. Ownership of each Lot shall include, and there shall pass with each Lot, as an appurtenance thereto, whether or not separately described, all of the right, title and interest of any Owner in the Common Area and membership in the Association.

ARTICLE III ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

Section 1. Homeowners Association. The Community shall be administered by the Association, which shall be governed by the Bylaws attached hereto as Exhibit B. Every Owner shall be a Member of the Association upon the closing of the purchase of a Lot, and shall automatically cease to be a Member upon such Owner's transfer or sale of such Lot, whether by sale, gift, death or incompetency, foreclosure or otherwise.

Section 2. Voting and Control. There shall be only one (1) membership and vote per Lot. If a Lot is owned by more than one person or by a corporate entity, partnership or the like, then the voting rights 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. The rights and privileges of membership, including the right to vote, to serve on the Board, and to hold office, may be exercised by a Member or the Member's spouse, but in no event shall more than (1) one vote be cast nor office held for each Lot owned. In the event more than one (1) vote is cast for a Lot, the Association shall disregard all votes on behalf of that Lot.

Notwithstanding the above paragraph, for so long as a Declarant owns at least one Lot, such Declarant shall have three (3) votes per Lot.

ARTICLE IV ANNEXATION AND CONVEYANCE OF PROPERTY

Section 1. Annexation of Additional Property. For a period of fifteen (15) years after recordation hereof, a Declarant may annex the Additional Property to the provisions of this Declaration by filing a Supplemental Declaration. Any such Supplemental Declaration shall be signed by such Declarant, and any such annexation shall be effective upon the filing of record of such Supplemental Declaration, unless otherwise provided therein. In addition, subject to the consent of the owner thereof (and, until Declarants no longer have the authority to appoint the directors of the Association, with the consent of the Declarants), upon the affirmative vote or written consent of Members representing two-thirds (2/3) of the total Association vote, the Association may annex any portion of the Additional Property to the provisions of this Declaration by filing of record a Supplemental Declaration describing the property being annexed. Any such Supplemental Declaration shall be signed by the president and the secretary of the Association, the Owner of the property being annexed and, if applicable, the Declarants. Any such annexation shall be effective upon the filing of record of such Supplemental Declaration, unless otherwise provided therein.

Section 2. Conveyance of Property by Declarants to Association. For a period of fifteen (15) years after recordation hereof, a Declarant may convey to the Association personal property, improved or unimproved real property, leasehold interests, easements, or other property interests located within or adjacent to the Community or to any right-of-way adjacent to the Community. Any such conveyance shall be accepted by the Association, and the property shall thereafter be Common Area to be maintained by the Association for the benefit of all or a part of its Members. No Declarant shall be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Article.

ARTICLE V ASSESSMENTS

Section 1. Annual Assessments. Annual assessments shall be levied equally against all Lots, except as provided in Section 10 below, and shall be paid in such manner and on such dates as may be fixed by the Board. The Board may allow annual assessments to be paid through periodic payments, and the Board shall have the right to accelerate any unpaid annual installments in the event an Owner is delinquent. All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

Section 2. Special Assessments. In addition to the other assessments authorized by this Declaration, the Board may levy special assessments from time to time, provided no special assessment upon any Lot may exceed forty percent (40%) of that Lot's annual assessment for the year in which the same is assessed. Special assessments in excess of forty percent (40%) must be approved at a meeting by a majority of the Members. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed. Special assessments shall be levied upon all Lots equally, subject to Section 10 below.

Section 3. Specific Assessment. The Board may assess Owners for unbudgeted expenses that benefit less than all of the Lots, which may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received, and for expenses incurred to bring any Lot into compliance with the Community-Wide Standard, or costs incurred as a consequence of the conduct of the Owner or Occupants of such Lot, such as the levy of a fine or cost to repair damage caused to the Common Area.

Section 4. Purpose of Assessment. The assessments provided in this Declaration shall be used for the common benefit and enjoyment of the Owners and Occupants of Lots, as may be authorized from time to time by the Board. The Association is hereby authorized to levy assessments for expenses incurred or anticipated to be incurred by the Association in performing its responsibilities and exercising its rights and powers under this Declaration, the Association's Articles of Incorporation and the Bylaws, specifically including, but not limited to, the following:

- (i) expenses of maintaining, repairing, replacing, improving, and operating the Common Area and other areas within the Community, if any, for which the Association has responsibility pursuant to this Declaration, the Subdivision Plat, Plats, and any other applicable covenants, contracts, or agreements;
- (ii) amounts due to third parties who perform such tasks on behalf of the Association, and the costs of labor, equipment, materials, management, and supervision thereof;
- (iii) the cost of utilities provided by the Association to its membership;
- (iv) taxes, if any, imposed on the Association or the Common Area;

- (v) the costs of insurance;
- (vi) expenses of monitoring and enforcing compliance with the provisions of the Declaration;
- (vii) expenses arising out of the Association's indemnification obligations;
- (viii) expenses of the Architectural Review Committee;
- (ix) expenses of managing the Association, including compensation of management personnel, maintaining books and records, handling Association funds, providing financial reports, and corresponding with Members;
- (x) administrative expenses such as postage, copying expense, office supplies and equipment;
- (xi) legal, accounting, and other professional fees; and
- (xii) such other expenses as the Board deems necessary or desirable to keep the Community in good, clean and attractive condition and to maintain and enhance property values and the marketability of Lots.

Section 5. Late Charges. Any assessments or other charges not paid within ten (10) days of when due shall subject the delinquent Owner to a late charge of Ten Dollars (\$10.00) or Ten Percent (10%) of the amount due, whichever is greater. In addition, if any Owner becomes more than thirty (30) days delinquent in the payment of assessments, then the amount of such delinquent assessments shall incur interest at the rate of One and One-Half Percent (1.5%) per month for each month, or portion thereof, during which the same remain unpaid. In addition, and not to the exclusion of any other remedies available at law or equity, the Association may pursue any one or more of the following remedies upon ten (10) days written notice to such Owner: (i) institute legal action against the Owner in any court of competent jurisdiction; (ii) revoke the Owner's right to pay annual assessments in periodic installments and demand that the unpaid amount of that year's annual assessments be paid in full immediately; (iii) suspend the Owner's right to vote on matters requiring a vote of the membership of the Association; and (iv) suspend the Owner's privileges to use any or all of the Common Area (unless the Owner's rights of ingress or egress would be restricted thereby).

Section 6. Personal Liability and Lien for Assessments. Each Owner shall be personally liable for the portion of each assessment coming due while the Owner of a Lot, and each grantee of an Owner shall be jointly and severally liable for the assessments which are due at the time of conveyance; provided, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings. In addition, all sums assessed against any Lot, Owner, or Member pursuant to this Declaration shall be secured by a lien on such Lot in favor of the Association upon filing a claim of lien in the Office of the County Clerk. The lien shall set forth the name and address of the Association, the name of the Owner of the Lot, a description of the Lot, and cover all assessments then due or which come due until the lien is canceled of record, and any other amounts provided in this Declaration or permitted by law. The lien of the Association shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; (b) liens for all sums unpaid on a Mortgage or Deed to Secure Debt which predates the Association's lien; (c) liens arising by virtue of any mortgage in favor of the Federal Home Loan Bank; and (d) any lien arising by virtue of any mortgage in favor of a Declarant which is duly recorded in the land records of Forsyth County, Georgia. All other persons acquiring liens or encumbrances on any Lot after this Declaration is duly recorded shall be deemed

to acknowledge that their liens are inferior to the lien of the Association for assessments in existence at that time or which arise in the future.

Section 7. Certificate of Payment. The Association, within ten (10) business days after receiving a written request, shall furnish a certificate signed by an officer or authorized agent of the Association setting forth whether the assessments, other charges, and fines on a specified Lot have been paid. A properly executed certificate shall be binding upon the Association, the Board, and the Owner as of the date of issuance. The Board shall have the right to impose a reasonable charge for providing this certificate.

Section 8. Computation of Annual Assessments. Prior to the Annual Meeting, the Board shall prepare a proposed budget and assessment covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve. Unless disapproved by a majority of the Members at the Annual Meeting, the proposed budget and assessment shall become effective. The Board shall cause the proposed budget and assessment to be mailed or delivered to each Owner along with the notice described in Article II, Section 4 of the Bylaws. In the event the membership disapproves the proposed budget and assessment, or the Board fails to establish a budget for the succeeding year, the budget in effect for the then current year shall continue for the succeeding year until changed by the Board. In the event the Board's budget is disallowed, the Board shall have the right to make a new budget retroactive to the start of the fiscal year.

Notwithstanding the above, prior to the expiration of Declarants' right to appoint and remove officers and directors of the Association, as set forth in the Bylaws, the Declarants shall prepare a budget on an annual or more frequent basis and present the same to the Board for approval. Any budget so prepared by Declarants and approved by the Board shall be the budget for the Association, notwithstanding any attempt at disapproval by the membership, until such time as a new budget is approved pursuant hereto.

Section 9. No Setoff or Deduction. No Owner may waive or otherwise exempt himself from liability for the assessments provided for in this Declaration. No setoff, diminution, or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action, 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. The obligation to pay assessments is a separate and independent covenant on the part of each Owner and is not subject to setoff.

Section 10. Date of Commencement of Assessments. Assessments on each Lot shall commence on the date of the acquisition of such Lot by a Residential Owner. Notwithstanding anything to the contrary contained herein, neither Declarant nor any Builder shall be obligated to pay assessments for any Lot until and unless a Residence on the Lot being assessed is occupied for residential purposes. Assessments shall be adjusted according to the number of days then remaining in that fiscal year.

Section 11. Budget Deficits During Declarant Control. For so long as the Declarants have the authority to appoint the directors and officers of the Association, Declarants may (but shall not be required to) do any or all of the following to address deficits in the Association budget:

- (i) Advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association and the sum of the annual, special, and specific assessments collected by the Association in any fiscal year. Such advances shall, upon request of the Declarant making the same, be evidenced by a promissory note from the Association in favor

of such Declarant. The failure of a Declarant to obtain a promissory note shall not invalidate the debt; or

(ii) Cause the Association to borrow money from a third party at the then prevailing rates for such a loan in the local area of the Community.

(iii) Acquire property for, or provide services to, the Association or the Common Area. Declarants shall designate the value of the property or the services provided and such amounts, at the request of the Declarants, may be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Article.

Section 12. Capital Contribution Due at Acquisition. Upon acquisition of record title to a Lot by each Owner other than a Declarant or a Builder, a non-refundable contribution to the capital of the Association ("Capital Contribution") shall be collected from the purchaser of the Lot by the Association at closing. The capital contribution shall be in the amount of \$____.____ and shall not be prorated. The Capital Contribution shall be collectible in the same manner as assessments if not paid. The Capital Contribution shall be deposited into the reserve account of the Association and used to help defray the cost of capital repairs and maintenance of the Common Area and Lots as required of the Association by this Declaration.

ARTICLE VI MAINTENANCE OF COMMON AREA & CONVEYANCE TO ASSOCIATION

Section 1. Association Responsibility for Area of Common Responsibility. The Association shall maintain in good repair the Area of Common Responsibility, including (without limitation) operation, maintenance, repair, and replacement of entry features and landscaped areas located on the Area of Common Responsibility; rights-of-way and street lights, if not maintained and operated by a governmental entity; detention ponds located on the Area of Common Responsibility to the extent such facilities are not maintained by a governmental entity; any other landscaping or improvements installed by the Declarants or the Association on the Area of Common Responsibility; and all other property outside of Lots which was installed and maintained by Declarants or subsequently by the Association.

Section 2. Association Responsibility for Lots. All maintenance of each Lot and residence constructed thereon shall be the responsibility of the Owner thereof. However, the Association may, but shall not be required to, assume responsibility for maintenance of yards and landscaping located on the Lots, which may include cutting of grass, trimming and replacement of trees, shrubs, hedges, bushes, flowers, and other plantings, and clean-up and removal of cuttings, trimmings, and dead plantings, as reasonably necessary or appropriate as determined in the Board's sole discretion. In such event, Owners of Lots shall not alter landscaping installed by the Declarants or the Association and shall not interfere with the Association's landscaping activities.

Section 3. Owner Responsibility for Lots. Except as provided in Sections 1 and 2 above, all other maintenance of each Lot and all dwellings and other improvements thereon shall be the responsibility of the Owner thereof, including but not limited to all plants, trees and landscaping features installed by the Owner on his or her Lot or to the exterior of the dwelling located thereon (subject to the approval of the Board), and any portions of such Owner's Lot which may be subject to easements or rights-of-way in favor of the Association, adjacent property owners, any governmental entity or other third party.

Section 4. Discretionary Repair and Maintenance of Lots by Association. If the Board determines any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible, the Association may perform such maintenance, repair or replacement for the Owner at the expense of the

Owner. Except in an emergency or where the circumstances otherwise prevent it, the Association shall give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair or replacement, or in the event that such maintenance, repair or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair or replacement at such Owner's sole cost and expense and all costs shall be deemed to be a Specific Assessment, as defined in Article V, Section 3 of this Declaration, against such Owner's Lot and shall be collectible as provided elsewhere herein.

ARTICLE VII USE RESTRICTIONS AND RULES

Section 1. General. This Article sets out certain use restrictions which must be complied with by all Owners and Occupants, guests, invitees and family members. These use restrictions may only be amended as provided in this Declaration. In addition, the Board may, from time to time, without consent of the Members, adopt, modify, or delete other use restrictions and rules and regulations applicable to the Community. Such use restrictions and rules shall be consistent in all respects with this Declaration, shall be distributed to all Owners and Occupants prior to the date that they are to become effective, and shall thereafter be binding upon all Owners and their Occupants, guests, invitees and family members until overruled, canceled, or modified by the Board.

Section 2. Residential Use. All Lots shall be used for residential purposes exclusively. No business or business activity shall be carried on in or upon any Lot at any time except with the written approval of the Board, or as may be allowed pursuant to the zoning ordinances then in effect and governing the Community, other than home office use without employees, clients or other visitors. Leasing of a Lot shall not be considered a business or business activity. The Board may issue rules regarding permitted business activities. Notwithstanding the foregoing, each Declarant shall have the right to operate sales offices, construction offices and model homes from one or more Lots within the Community for so long as such Declarant owns any Lot.

Section 3. Architectural Standards. No exterior construction, alteration, addition or enhancement of any nature whatsoever shall be commenced or placed upon any part of the Community, except such as is installed by a Declarant, or as is approved in accordance with this Article, or as is otherwise expressly permitted herein. Except as provided above, no exterior construction, addition, alteration or enhancement of any kind or nature shall be made to a Lot unless and until plans and specifications showing at least the nature, kind, shape, height, color, materials and location shall have been submitted in writing to and approved in writing by the Board, or by an Architectural Review Committee (ARC) if the same is established by the Board from time to time. At any time when such a committee is in existence, the authority and duties of the Board as set forth in this Section 3 and in Section 4, Section 10 and Sections 14 through 28 below shall be exercised by the ARC.

The Board may employ architects, engineers or other persons as it deems necessary to perform its review and may, from time to time, delegate any of its rights or responsibilities hereunder to one or more of such persons, who shall have full authority to act on behalf of the Board for all matters so delegated. Written design guidelines and procedures may be adopted for the exercise of this review, which guidelines may provide for a review fee. If the Board fails to approve or to disapprove submitted plans and specifications within sixty (60) days after the plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. The Board shall be

the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions.

Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not an Owner or Occupant is in compliance with the provisions of this Article, and these persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Article, the Board may, as provided in this Declaration, record in the appropriate land records a notice of violation naming the violating Owner.

Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Board, the members thereof, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications. Neither Declarants, the Association, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that such person or Owner will not bring any action or suit against Declarants, the Association, the Board, or the officers, directors, members, employees, and agents of any of them to recover any damages and hereby releases, remises, quitclaims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgments, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

Section 4. Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the Board. Notwithstanding the foregoing, the Board and the Declarants shall have the right to erect reasonable and appropriate signs. "For Sale" signs and security signs consistent with the Community Wide Standards, and any signs required by legal proceedings may be erected upon any Lot. The provisions of this Article shall not apply to Declarants Builders, or any Mortgagee who becomes the Owner of any Lot as purchaser at a judicial or foreclosure sale conducted with respect to a first mortgage or as transferee pursuant to any proceeding in lieu thereof.

Section 5. Vehicles. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, scooters, go-carts, trucks, campers, buses, vans and automobiles. Vehicles shall not be parked on any streets within the Community. Vehicles shall not be parked on the Common Areas (except in designated parking areas) or on any portion of a Lot other than the driveway and the garage. Unless and except to the extent that the Owner or Occupants of a Lot shall have more vehicles than the number of garage parking spaces serving their Lot, all vehicles shall be parked within such garage parking spaces. Vehicles may be parked in the driveway on a Lot only after all of the garage parking spaces serving such Lot have vehicles parked in them. All parking shall be subject to such rules and regulations as the Board may adopt. All Residences shall contain a garage; carports shall not be permitted. Garage doors shall be kept closed at all times, except during times of ingress and egress from the garage. No tower vehicle, boat, boat trailer, recreational vehicle, motor home, mobile home, bus, truck with camper top, commercial vehicle, truck over one ton capacity, trailer, motorcycle minibike, scooter, go-cart or similar recreational vehicle shall be permitted on any Lot (or in a Common Area parking lot), except if kept in an enclosed garage, for periods longer than forty-eight (48) consecutive hours (the intent of this provision is that the aforementioned vehicles may not be stored on a Lot or the Common Area so as to break the continuity of the forty-eight (48) consecutive hours, and doing so shall not be sufficient to establish compliance with this restriction). Owners or Occupants may not use the Common Area for parking, except in designated parking

spaces for periods less than twelve (12) consecutive hours, unless given written permission by the Board of Directors. Any such vehicle shall be considered a nuisance and may be removed from the Community. Trucks with mounted campers which are an Owner's or Occupant's primary means of transportation shall not be subject to the restrictions contained in this paragraph provided such vehicles are used on a regular basis for transportation and the camper is stored out of public view upon removal from the vehicle. No vehicle may be left upon any portion of the Community, except in a garage, if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways. Any such vehicle shall be considered a nuisance and may be removed from the Community. No motorized vehicles shall be permitted on pathways or unpaved Common Areas except from public safety vehicles and vehicles authorized by the Board. This Section 5 shall not apply to Declarants or any Builder.

Section 6. Garbage and Trash Removal. No trash, garbage, debris or other waste matter of any kind may be burned within the Community unless approved by Forsyth County or other applicable authority. All rubbish, trash, and garbage shall be regularly removed from each Lot and shall not be allowed to accumulate therein. Each Owner and Occupant shall be responsible for ensuring that his or her garbage is disposed of properly, on a regular basis, that trash receptacles are used properly and do not remain at the curb on trash collection days for longer than twelve (12) hours at a time. Nothing herein shall restrict Declarants from dumping and burying rocks and soils on any Common Area or Lot owned by Declarants within the Community as needed for efficient construction.

Section 7. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, with the exception of common household pets in reasonable number, as determined by the Board. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs which are household pets shall be fenced or kept on a leash when outside of an Owner or Occupant's Residence. All pets shall be registered, licensed, and vaccinated as required by law. Pets which endanger health, make objectionable noise, or constitute a nuisance or inconvenience to other Owners or Occupants must be removed by their owner upon request of the Board in its exclusive and sole discretion. All Owners, Occupants and other Persons subject to this Declaration agree to hold harmless and waive any claim they may have against the Association, the Board members, or the Declarants from any injury resulting from the Board's failure to remove a dog or other pet from the Community. Feces left upon the Common Areas must be immediately removed by the Owner, Occupant or other person responsible for the pet.

Section 8. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within the Community, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any property within the Community. This Section shall not apply to any Lots undergoing development or construction by the Declarants or a Builder.

Section 9. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including, without limitation, the assembly and disassembly of motor vehicles and other such hobbies, audible or visible from outside of a residence, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community.

Section 10. Antennas. The installation of antennas, satellite dishes and other similar or related equipment or apparatus for the transmission and/or reception of television or radio or other signals shall be subject to such rules and regulations adopted from time to time by the Board. Such rules and regulations

shall be enforceable as if fully set forth herein. Satellite dishes measuring greater than one (1) meter in diameter or other signal receiving or transmitting antennas and devices attached to a roof extending more than six (6) feet above the highest part of the roof of any residence are expressly prohibited. Antennas may only be installed or attached to any portion of the Common Area by the Board.

Section 11. Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may alter, obstruct, or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains, the right to alter same being expressly reserved to Declarants.

Section 12. Subdivision/Merger of Lot. No existing Lots shall be merged nor shall any Lot be subdivided or its boundary lines changed except with the prior written approval of the Board. Declarants, however, hereby expressly reserve the right to merge multiple Lots, subdivide any existing Lot, or otherwise replat any Lots owned by them. Any such merger, division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations. Declarants' right to merge, subdivide, change the boundary line of, or otherwise replat any Lot shall include the right to change the configuration of streets and otherwise make changes on the final Subdivision Plat for the Community as to how streets and common areas in the Community are laid out.

Section 13. Weapons. The use of firearms and other weapons in the Community is prohibited. The term "firearms" includes, without limitation, rifles, pistols, BB guns, pellet guns and small firearms of all types, and the term "weapons" includes, without limitation, bows and arrows, crossbows, and slingshots using metal projectiles.

Section 14. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed or maintained upon any Lot without the prior written consent of the Board or the Declarants. Fences shall not be allowed under any circumstances which extend beyond the rear corners of any dwelling constructed upon a Lot, or which are constructed of chain link, wire mesh, barbed wire, razor wire or other like materials. The Declarants shall be specifically exempt from this provision. In addition, the Declarants and the Board shall have the right to erect fencing upon the Common Area, of any type considered appropriate or desirable.

Section 15. Air Conditioning Units. No window air conditioning units visible from outside of a dwelling (whether on the front, sides or back thereof) may be installed by any Owner or Occupant.

Section 16. Lighting. Except as may be permitted by the Board, exterior lighting visible from the street shall not be permitted except for (a) approved lighting as originally installed on a Lot, (b) one decorative post light per Lot, and (c) seasonal decorative lights illuminated for a reasonable period of time before and after the holiday for which such lights are normally intended.

Section 17. Landscaping, Vegetation, Exterior Sculpture and Similar Items. No substantial changes to the landscaping on any Lot shall be undertaken by any Owner other than the Declarants or a Builder without the prior written approval of the Board. No artificial vegetation shall be permitted on the exterior of any property. Exterior sculpture, fountains, free-standing flags and similar items must be approved by the Board. All Lots located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight obstruction.

Section 18. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other such equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Board.

Section 19. Swimming Pools. No in-ground swimming pools, hot tubs or portable spas shall be constructed, erected or maintained upon any Lot without the prior written consent of the Board, and then only if enclosed by an approved fence. Under no circumstances shall above-ground pools be permitted in the Community.

Section 20. Clotheslines and Play Equipment. No exterior clotheslines of any type shall be permitted upon any Lot. No play equipment (including, without limitation, basketball goals) shall be erected, maintained or left outside while not in use on any Lot or the Common Area without the prior written consent of the Board.

Section 21. Mailboxes. All mailboxes located on Lots shall be identical to those installed by the Declarants, unless otherwise approved by the Board. Replacement mailboxes which are not identical may be installed after the type has been approved in writing by the Board.

Section 22. Exteriors. Any change to the exterior color of any dwelling or other improvement located on a Lot must be approved in advance, in writing, by the Board.

Section 23. Exterior Security Devices. No exterior security devices, including, without limitation, window bars, shall be permitted on any residence or Lot. Signs less than 6" by 6" placed on the Lot or the exterior of the residence stating that such residence is protected by a security system shall not be deemed to constitute an exterior security device.

Section 24. Storage Sheds and Detached Structures. Construction, installation or placement of a storage shed, play house or other detached structure upon any Lot or Common Area is not permitted without prior written consent of the Board.

Section 25. Tree Removal. No tree with a diameter larger than three inches (3") may be removed from any portion of the Community without the prior written consent of the Board except for (i) trees that are located within ten (10) feet of a drainage area, a section field, a sidewalk, a residence or a driveway, (ii) diseased or dead trees, (iii) trees removed by Declarants, and (iv) trees removed by order of any government agency with appropriate jurisdiction.

Section 26. Utility Lines. Except as may be permitted by the Board, no overhead utility lines, including lines for cable television, shall be permitted within the Community, except for temporary lines as required during construction and lines installed by or at the request of Declarants.

Section 27. Entry Features. No Owner or Occupant shall alter, remove or add improvements to any entry features constructed by Declarants or the Association upon any Lot, or any part of any easement area associated therewith, without prior written consent of the Board.

Section 28. Wetlands, Lakes, Ponds and Streams. Land-disturbing activities shall not be conducted within twenty-five (25) feet of the banks of any stream within the Community, as measured from the point where vegetation has been wrested by normal stream flow, except with prior written approval under this Article VII and compliance with Georgia law, including without limitation, the Erosion and Sedimentation Act of 1975, O.C.G.A. §12-7-1, *et. seq.*, as amended from time to time.

Except as herein provided, all wetlands, lakes, ponds and streams within the Community, if any, shall be aesthetic amenities used for storm water drainage only. Neither the Association nor Declarants shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of the wetlands, lakes, ponds or streams within the Community. No Owner shall have

any right to place rocks, stones, trash, garbage, sewage, waste, water, rubbish, debris, ashes or other refuse in any wetlands or streams within the Community. Applicable governmental agencies, the Association and Declarants shall have the sole right to control the water level of any body of water located within the Community, if any, and to control the growth and eradication of plants, fowl, reptiles, animals, fish and fungi in and around any wetlands and streams within the Community. Owners shall have no riparian or littoral rights with respect to the waters in any stream within the Community and shall not be permitted to withdraw water from any wetland, lake, pond or stream as may exist in the Community without the prior written consent of the Board of Directors.

Section 29. Occupants Bound. All provisions of this Declaration and the Bylaws, and any rules and regulations, use restrictions or design guidelines adopted pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even if Occupants are not specifically mentioned. Fines may be levied against Owners and Occupants alike. If a fine is first levied against an Occupant and is not timely paid, the fine may then be levied against the Owner.

ARTICLE VIII INSURANCE AND CASUALTY LOSSES

Section 1. Insurance on Common Area. Upon the Declarants' turnover of control of the Board to the Owners, the Board or a duly authorized agent of the Association shall obtain insurance for all insurable improvements, if any, whether or not located on the Common Area, which the Association is obligated to maintain. If applicable, this insurance shall provide, at a minimum, fire and extended coverage and, if the Board so agrees, 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 (excluding improvements and betterments by Owners).

Section 2. Liability Insurance. Upon Declarants' turnover of control of the Board of Directors to the Owners, the Board shall obtain a general commercial liability policy applicable to the Common Area covering the Association and its Members for all damage or injury caused by the negligence of the Association, any of its Members or agents, and if reasonably available, directors and officers liability insurance. The public liability policy shall have a combined single limit of at least \$1,000,000.

Section 3. Premiums. Premiums for all insurance shall be common expenses of the Association. The policies may contain reasonable deductibles as determined by the Board, 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.

Section 4. Other Requirements. All such insurance coverage obtained by the Board shall be written in the name of the Association, as trustee for the respective benefited parties, as further identified below. The Board shall use its best efforts to comply with these provisions:

- (i) All policies shall be with companies authorized to do business in Georgia.
- (ii) Exclusive authority to settle 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.

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

(iv) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies shall be reviewed annually.

(v) All insurance policies shall provide for (1) a waiver of subrogation by the insurer as to any claims against the Board, its manager, the Owners and their respective servants, agents and guests; (2) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash; (3) that no policy may be canceled, invalidated or suspended on account of any one or more individual Owners; (4) that no policy may be canceled, subjected to nonrenewal, invalidated, or suspended on account of any defect or the conduct of any director, officer or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect or cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee; (5) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and (6) that no policy may be canceled, subjected to nonrenewal or substantially modified without at least thirty (30) days prior written notice to the Association.

Section 5. Other Policies and Bonds. In addition to the other insurance required by this Article, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirements of applicable laws, and a fidelity bond or bonds on directors, officers, employees and other persons handling or responsible for the Association's funds, if reasonably available. If obtained, the amount of fidelity coverage shall be determined in the three (3) months' assessments plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled, subjected to nonrenewal, or substantially modified without at least thirty (30) days prior written notice to the Association. The Association shall also obtain construction code endorsements, steam boiler coverage, and flood insurance, if and to the extent necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the U.S. Department of Veterans Affairs or the U.S. Department of Housing and Urban Development.

Section 6. Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner acknowledges that the Association only provides the types and amounts of insurance provided herein and required by law. Each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket "all-risk" casualty insurance on the Lot and all structures constructed thereon as a liability policy covering damage or injury occurring on a Lot not covered by insurance obtained by the Association. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an "all-risk" policy, if reasonably available, including 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. If all-risk coverage is not reasonably available, Owners shall obtain, at a minimum, fire and extended coverage. The policies required hereunder shall be in effect at all times. Authority to adjust losses under policies obtained by an Owner shall be vested in the Owner. The losses under policies obtained by an Owner shall be vested in the Owner. The Association shall have the right, but not the obligation, at the expense of the Owner, to acquire the insurance required to be maintained by the Owner if the Owner fails to provide a valid policy to the Association with a prepaid receipt within ten (10) days after receipt by the Owner of a written request from the Association. If the Association acquires insurance on behalf of any Owner, the cost thereof shall be assessed against the Owner and the Lot as a specific assessment.

Section 7. Damage and Destruction -- Insured by Association

(i) Immediately after damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Article, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(ii) Any damage or destruction to property covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the total Association vote otherwise agrees. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

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

(iv) In the event the Association determines that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Community by the Association in a neat and attractive condition.

Section 8. Damage and Destruction -- Insured by Owners. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Lot and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of noncompliance with this provision, the Board shall have all enforcement powers specified in this Declaration.

Section 9. Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall in the event of damage or destruction, be allocated among the persons who are responsible hereunder, or under any declaration or contract requiring the Association to obtain such insurance, for maintenance of the damaged or destroyed property.

**ARTICLE IX
CONDEMNATION**

Upon a taking by eminent domain of any portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy-five percent (75%) of the total Association vote shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor. The provisions of this Declaration applicable to Common Area improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE X MORTGAGEE PROVISIONS

The following provisions are for the benefit of Mortgagees. The provisions of this Article apply to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an “eligible holder”), will be entitled to timely written notice of:

(i) any condemnation loss or casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(ii) any delinquency in the payment of assessments or charges owed by any Owner of a Lot subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the owner of the encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days; and

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

Section 2. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the Mortgagee of any Lot in the case of distribution to such owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 3. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.

Section 4. VA/HUD Approval. As long as the Declarants have the right to appoint and remove the Directors and so long as the project is approved by the U.S. Department of Housing and Urban Development (“HUD”), or the U.S. Department of Veterans Affairs (“VA”), for insuring or guaranteeing any mortgage in the Community, the following actions shall require the prior approval of the VA or HUD as applicable: annexation of additional property to the Community, except for annexation by Declarants in accordance with and pursuant to a plan of annexation previously approved by the VA or HUD as applicable; dedication of Common Areas to any public entity; mergers and consolidations; dissolution of the Association; and material amendment of the Declaration, Bylaws or Articles of Incorporation.

Section 5. Applicability of Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws or Georgia law for any of the acts set out in this Article.

Section 6. Amendments by Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD or VA subsequently delete any of their respective requirements which necessitate the provisions of this Article, or make any such requirements less stringent, the Board or the Declarants, without approval of the Owners, may record an amendment to this Declaration reflecting the same.

ARTICLE XI EASEMENTS

Section 1. Easements for Drainage. Declarants hereby reserves a perpetual blanket easement across the Community for the purpose of altering drainage and water flow across the Community. This right shall include, but is not limited to, altering swales, installing drains, drainage ditches, pipes, inlets, headwalls, and altering channeling, or piping waterflow across any Lot or any other property in the Community. No easements created hereby shall apply to any portion of a Lot upon which is constructed the foundation of any dwelling. Rights exercised pursuant to this reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the party causing the damage at its sole expense.

Section 2. Easements for Use and Enjoyment. Owners and Occupants of Lots and their guests and invitees shall have a right and easement of ingress, egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to each Lot. These easement rights shall be subject to the right of the Association to dedicate or grant licenses, permits or easements over, under and through the Common Area to governmental entities for public purposes. These easement rights shall be subject also to the right of the Association to borrow money for the purpose of improving the Common Area, or any portion thereof, or for construction, repairing, or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or any portion of the Common Area; provided, however, the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any rights, easements and privileges herein reserved or established for the benefit of Declarants, or any Lot or Owner, or the holder of any mortgage, irrespective of when executed, given by Declarants or any Owner encumbering any Lot or other property located within the Community. Any such mortgage on the Common Area shall be subject to approval by at least two-thirds (2/3) of the total Association vote (excluding votes held by the Declarants). Any provision in this Declaration or in any such mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarants, or any Lot or Owner, or the holder of any mortgage, irrespective of when executed, given by Declarants or any Owner encumbering any Lot or other property located within the Community.

Section 3. Easements for Utilities. There is hereby reserved to the Declarants and the Association blanket easements upon, across, above and under all property within the Community, including all Lots, for access, ingress, egress, installation, repairing, replacing and maintaining all utilities serving the Community or any portion thereof. This easement shall include, without limitation, gas, water, sanitary sewer, telephone, electricity, cable television, security, as well as storm drainage and any other service or system which the Declarants or the Association might decide to have installed to service the Community. It shall be expressly permissible for the Declarants, the Association or the designee of either, as the case may be, to install, repair, replace and maintain or to authorize the installation, repairing, replacing and maintaining of such wires, conduits, pipes, cables and other equipment related to the providing of any such

utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Declarants or the Board, as the case may be, shall have the right to grant such easement.

Section 4. Easement for Entry. In addition to the other rights reserved to Declarants and the Association, the Declarants or the Association shall have the right (but not the obligation) to enter upon any property or Lot within the Community for emergency security and safety reasons. This right may be exercised by either Declarant or its designee, any officer of the Board and all governmental employees, policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Any other entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard or condition in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 5. Easement for Maintenance. Declarants hereby expressly reserve a perpetual easement for the benefit of Declarants or the Association across such portions of the Community, determined in the sole discretion of the Declarants and the Association, as are necessary to allow for the maintenance required by this Declaration. Without limiting the generality of the foregoing, the easements described herein shall include, but not be limited to, easements across Lots 33, 34 and 35 for the purpose of access to any and all detention ponds, retention ponds, stormwater management facilities or any other facilities requiring maintenance now or hereafter located upon the Common Area, for the benefit of the Declarants, the Association, or any other public or private entity responsible for operation and maintenance of the same. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Owners' property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the party causing the damage at its sole expense.

Section 6. Construction and Sale Period Easement. Notwithstanding any provisions contained in the Declaration, the Bylaws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, so long as Declarants own any property in the Community for development or sale, Declarants reserve an easement across the Community for Declarants and any Builder approved by Declarants to maintain and carry on development activities, upon such portion of the Community as Declarants may reasonably deem necessary. This easement shall include, without limitation, (i) the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on, or in any portion of the Community as well as any Lot in the Community; (ii) the right to tie into any portion of the Community with driveways, parking areas and walkways; (iii) the right to tie into or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services; (iv) the right to carry on sales and promotional activities in the Community; (v) the right to place direction and marketing signs on any portion of the Community, including any Lot or Common Area; (vi) the right to construct and operate business offices, signs, construction trailers, model residences and sales offices incidental to the construction, development and sales activities; and (vii) the right to use any Lot owned by such Declarant or Builder as model residences and sales offices. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property. Any damage shall be repaired by the party causing the damage at its sole expense. This Article shall not be amended without the Declarants' express written consent until the Declarants' rights hereunder have terminated as provided in this Declaration.

Section 7. Common Fence Easements.

(i) *Definitions.* For purposes of this Section, capitalized terms not otherwise defined herein shall have the following meanings:

(1) “Common Boundary” is the side lot line, as shown on the Plat, forming the common boundary line between any two adjoining Lots.

(2) “Dominant Estate” shall mean, as between two adjoining Lots, the Lot for which a fence is built using an existing fence located on an adjoining Lot as part of its enclosure.

(3) “Servient Estate” shall mean, as between two adjoining Lots, the Lot on which an existing fence provides an additional boundary for a fence constructed on an adjoining lot.

(4) “Fence Easement Area” shall mean that area on the Servient Estate which lies between the Common Boundary and a line formed by extending the plane of the fence on the Servient Estate to its intersection with the front and rear lot lines of the Servient Estate.

(ii) *Use of Fence Easement Area.* A perpetual non-exclusive easement on, over, and across the Fence Easement Area of the adjoining Servient Estate is hereby granted to each Dominant Estate for ingress, egress, use, and enjoyment of the Fence Easement Area by the Owner and occupants of the Dominant Estate and their guests, for construction, encroachment, maintenance and use of one or more fences serving the Dominant Estate, and for installation and maintenance of landscaping within such Fence Easement Area, subject to the architectural controls set forth in the Declaration.

Nothing shall be done or permitted within any Fence Easement Area which would constitute a threat or hazard to the health and safety of the individuals occupying the Servient Estate dwelling, nor shall anything be done or permitted within the Fence Easement Area which defaces the dwelling or other improvements upon the Servient Estate or which adversely affects the integrity, structure, or strength of the dwelling or other improvements on the Servient Estate.

The uses permitted within each Fence Easement Area by virtue of this Section shall be nonexclusive to the extent the same are subject to any utility, access, and drainage easements, as well as any minor encroachments, overhangs, and the like attributable to the dwelling constructed upon the Servient Estate and pertaining to all or any portion of the Fence Easement Area. In addition, the permitted uses of the Fence Easement Area are subject to any easements granted elsewhere in this Declaration, as the same may be amended from time to time.

(iii) *Rights of Entry.* The Owners of Dominant and Servient Estates shall have the following rights of entry on the Fence Easement Areas:

(1) The Owner of each Servient Estate (and the authorized agents, representatives, and contractors of such Owner) shall have a reasonable and temporary right of entry, access, ingress, egress, and regress upon the Fence Easement Area and that portion of the Dominant Estate reasonably necessary to perform and complete, in a prompt, efficient, and good and workmanlike manner, any construction or other work (whether original, remodeling, or repair) which has been previously approved by the ARC;

(2) The Owner of each Servient Estate (and the authorized agents, representatives and contractors of such Owner) shall have a reasonable and temporary right of entry, access, ingress, egress, and regress upon the Fence Easement Area and that portion of the Dominant Estate reasonably necessary to perform any maintenance and to make bona fide repairs to the dwelling, improvements, and other structures located on the Servient Estate; provided, unless otherwise warranted by then-existing circumstances or otherwise agreed by the Owner of the Dominant Estate, such entry shall occur during daylight hours only and shall be limited to a reasonable number of days in each calendar year.

The ARC is specifically authorized to adopt ad hoc rules and guidelines pertaining to any particular construction or repair work likely to require the exercise of the right of entry described above so that the respective best interests of the adjoining Owners are, to the extent reasonably possible, harmonized, and preserved.

(iv) *Maintenance, Damage and Destruction.* Notwithstanding anything to the contrary set forth in the Declaration, the Owner of the Dominant Estate shall be responsible for maintaining the landscaping, the fence, and any other improvements within the Fence Easement Area (except overhangs and other portions of the dwelling on the Servient Estate) in a neat and attractive condition. In addition, and notwithstanding anything to the contrary set forth in the Declaration, the Owner of the Dominant Estate shall have an insurable interest in and shall be responsible for maintaining property insurance policies on any insurable improvements located within the Fence Easement Area and benefiting the Dominant Estate (excluding overhangs and other portions of the dwelling on the Servient Estate), and shall be entitled to all insurance proceeds paid under such policy on account of any insured loss. If a fence is damaged or destroyed by fire or other casualty, the Owner of the Dominant Estate shall proceed promptly to repair or restore the fence in the manner consistent with its original construction, unless otherwise approved by the ARC.

(v) *Arbitration.* In the event of any dispute, disagreement, or controversy between or among any Owners pertaining to the Fence Easement Area, then upon the written demand of any such Owner, the dispute, disagreement, or controversy shall be fully and finally resolved by arbitration before the Board, and, if necessary, judgment upon their decision may be entered in any court having jurisdiction thereof.

Section 8. Adjacent Owner's Easement. Each Owner of a Lot shall have a nonexclusive access and maintenance easement over adjacent Lots and any Common Area to the extent reasonably necessary to perform maintenance and repair of that Owner's Lot and all trees, improvements and other structures located thereon. Exercise of this easement shall be done after reasonable notice and in an expeditious manner. Upon completion of the work the easement holder shall restore the easement property to its prior condition to the extent reasonably practicable. Damage resulting the exercise of this easement or right of entry shall promptly be repaired by, and at the expense of, the party exercising the easement right.

Section 9. Easement to Inspect and Right to Correct. Declarants reserve for themselves and such other Persons as they may designate, perpetual non-exclusive easements throughout the Community to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning or correcting any portion thereof, including Lots, Common Area and all improvements and other structures located thereon. Declarants shall have the right to redesign or correct any part thereof. Damage resulting from the exercise of this easement or right of entry shall promptly be repaired by, and at the expense of, the party exercising the easement right.

Section 10. Other Declarant Easements. Declarants hereby reserve an easement across any Lot for the purpose of access to any water facility, detention pond or retention pond, and for the purpose of erecting any fence which is either included in or required by the subdivision development and construction plans or governmental regulation, rule, ordinance, or plan approval requirement. Damage resulting from the exercise of this easement or right of entry shall promptly be repaired by, and at the expense of, the party exercising the easement right.

ARTICLE XII GENERAL PROVISIONS

Section 1. Enforcement. Each Owner and Occupant shall comply strictly with the Bylaws, the rules and regulations and the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and any such restrictions which may be placed in the deed to such Owner's Lot, if any. In the event of a conflict between the provisions of this Declaration and the Bylaws, or this Declaration and any deed covenants, this Declaration shall prevail. The Board may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or in a proper case, by an aggrieved Owner. To determine fines and sanctions against Owners or Occupants a hearing shall be held before the Board. The Owner or Occupant shall be given notice of the charge, an opportunity to be heard and to present evidence, and a notice of decision by the Board. Such fines shall be collectible in the same manner as assessments levied hereunder. If a fine or sanction is imposed it may continue without further hearing until the violation is cured. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of violation of the Declaration, Bylaws or the rules and regulations and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon any Lot or any other portion of the Community to remedy any violation of any applicable federal, state or local law or ordinance, this Declaration, the Bylaws, the rules and regulations or the use restrictions or otherwise abate or remove, using such force as may be reasonably necessary as allowed by law, any structure, thing or condition which violates any federal, state or local law or ordinance, this Declaration, the Bylaws, the rules and regulations or the use restrictions or to cutoff or read water/sewer meters serving the Community. Unless an emergency situation exists, the Board shall give the violating Owner or Occupant ten (10) days written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees, shall be assessed against the violating Owner or Occupant and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by either Declarant, the Association or any Owner, their respective legal representatives, heirs, successors and assigns, for successive periods of twenty (20) years as provided in Section 44-5-60(d)(1) of the Georgia Code, unless and until the same are terminated as provided therein.

Section 4. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarants as follows, provided that no such amendment shall adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent in writing:

(i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith;

(ii) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration;

(iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, the Department of Housing and Urban Development, the Veterans Administration, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; or

(iv) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee mortgage loans on the Lots subject to this Declaration

This Declaration may also be the affirmative vote or written consent, or any combination thereof, of Owners of at least two-thirds (2/3) of the Lots; provided that, during the Development Period, the Declarants must give their affirmative written consent in order for such amendment to become effective. If the Development Period has expired, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least two-thirds (2/3) of the Lots.

Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in the Superior Court of Forsyth County, Georgia, within one (1) year of the date of recordation of such amendment in the Forsyth County, Georgia real estate records. No action to challenge any amendment may be brought after such time.

Section 5. Partition. The Common Area shall remain undivided, and no Owner nor any other person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community and without the written consent of all holders of all mortgages encumbering any portion of the property, including, but not necessarily limited to, the Lots located within the Community.

Section 6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 7. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end, the provisions of this Declaration are declared to be severable.

Section 8. Captions. The captions are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or section to which they refer.

Section 9. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then

such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10. Indemnification. To the fullest extent allowed by applicable law, the Association shall indemnify every officer of the Association and director of the Association 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 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 (except to the extent that such officers or directors may also be members 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. This indemnification shall also include attorneys fees and expenses incurred in enforcing this indemnification. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

Section 11. Books and Records. This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by the duly appointed representative of any member and by the holders, insurers, or guarantors of first mortgages, at any reasonable time and for a purpose reasonably related to such party's interest as a member or holder, insurer, or guarantor of a first mortgage, at the office of the Association or at such other reasonable place as the Board shall prescribe. The Board shall establish reasonable rules with respect to (1) the notice to be given to the custodian of the records; (2) the hours and days of the work when such an inspection may be made; and (3) the payment of the cost of reproducing copies of such documents. In addition, every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 12. Financial Review. A review of the books and records of the Association shall be made annually in the manner as the Board may decide; provided, however, after having received the Board's financial statements at their annual meeting, by a majority of the total Association vote, the Owners may require that the accounts of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements within ninety (90) days of the date of the request.

Section 13. Notice of Sale or Acquisition. In the event an Owner sells such Owner's Lot, the Owner shall give to the Association, in writing, prior to the effective date of such sale, the name of the purchaser of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require.

Section 14. Agreements. Subject to the prior approval of Declarants during the Development Period, all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal

representatives, successors, assigns and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 15. Implied Rights. The Association may exercise any right or privilege given to it expressly by the Declaration, the Bylaws, the Association's Articles of Incorporation, any use restrictions or rule 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.

Section 16. Variances. Notwithstanding anything to the contrary contained herein, the Declarants and the Board or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws, and any rule, regulation or use restriction adopted pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

Section 17. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the total Association vote. This Article shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in this Declaration; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings against it. This Article shall not be amended during the Development Period unless such amendment is made by or consented to by the Declarants.

Section 18. Declarant Rights. Either Declarant may transfer or assign its rights and obligations as a Declarant to the Association or to other persons or entities, provided that no such transfer or assignment shall reduce any such obligation nor enlarge any such right beyond that which is provided hereunder. If a Declarant transfers or assigns its rights to another Person, other than the Association, then such transfer and assignment shall only be valid if the transferee or assignee (1) acquires, from the predecessor Declarant, all or any portion of the real property described on Exhibit A hereof, and (2) is designated as "Declarant" in the deed of transfer by which such successor-in-title shall so acquire its interest in such real property, or by written assignment of Declarant rights in an instrument recorded in the Forsyth County real estate records. Upon any transfer or assignment of Declarant rights to the Association or any other Person, the predecessor Declarant shall be automatically released from any and all liability arising with respect to such transferred rights and obligations.

Section 19. Leasing. There shall be no prohibition on the leasing of any Lot by an Owner; provided, however, that no Lease shall be for a period less than six (6) months. After the initial six (6) month term of a lease, an Owner may enter into a successive lease term with the same tenant for a period which is less than six (6) months.

In the event an Owner desires to lease such Owner's Lot, that Owner shall place a provision in the lease notifying the tenant that they are bound by the provisions of this Declaration, the Community Wide Standards and any other rules or regulations adopted by the Association or the Declarants. Prior to tenant taking possession of the Lot, the Owner agrees to provide written notice to the Board that the Lot will be leased. Within three (3) days of the tenant taking possession of the Lot, the Owner agrees to provide the Association with a copy of the executed Lease. Failure of the Owner, Occupant or tenant of the Owner's Lot to abide by any provision of this Declaration, the Community Wide Standards or any other rule or regulation adopted by the Association or the Declarants shall permit the Association, in its sole discretion, to cancel the Lease and evict the tenant.

IN WITNESS WHEREOF, the Declarants hereby execute this instrument under seal the day and year first above written.

REO FUNDING SOLUTIONS III, LLC
a Georgia limited liability company

By: _____ (SEAL)
Name: _____
Its: _____

Signed, sealed and delivered in
the presence of:

Unofficial Witness

Notary Public
My Commission Expires:

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ALMONT HOMES NE, INC.,
a Georgia corporation

By: _____
Name:
Its:

[CORPORATE SEAL]

Signed, sealed and delivered in
the presence of:

Unofficial Witness

Notary Public
My Commission Expires:

EXHIBIT "A"
PROPERTY SUBJECT TO DECLARATION

All that tract or parcel of land lying and being in land lots 379 and 468 of the 3rd District, 1st Section, and land lots 11, 12 and 13 of the 14th District, 1st Section, Forsyth County, Georgia, and being more particularly described as follows:

Beginning a point on the intersection of the centerline of Tallant Road and the northeasterly right-of-way line of Georgia Highway 9, also known as Dahlonega Highway, said point being the Point of Beginning.

Thence continuing along said right-of-way line and running North 18 degrees 21 minutes 22 seconds West for a distance of 156.27 feet to a point at the beginning of an curve; thence along a curve to the left, having a Radius of 921.47 feet for a distance of 494.01 feet, said arc being subtended by a chord bearing and distance of North 33 degrees 42 minutes 53 seconds West, 488.12 feet, thence North 49 degrees 04 minutes 24 seconds West for a distance of 346.58 feet to a point, thence continuing along said right-of-way line and running North 35 degrees 21 minutes 55 seconds East for a distance of 25.12 feet to a point at the beginning of a curve; thence continuing along said right-of-way line and running along a curve to the right having a Radius of 1080.92 feet and a distance of 485.67 feet, said arc being subtended by a chord bearing and distance of North 41 degrees 45 minutes 47 seconds West, 481.59 feet, thence, leaving said right-of-way line and continuing North 85 degrees 47 minutes 37 seconds East for a distance of 270.72 feet to a point, thence North 18 degrees 07 minutes 23 seconds West for a distance of 199.75 feet to a point, thence North 8 degrees 31 minutes 06 seconds East for a distance of 120.42 feet to a point, thence North 26 degrees 13 minutes 12 seconds East for a distance of 117.82 feet to a point, thence North 0 degree 15 minutes 57 seconds East for a distance of 193.74

[LEGAL DESCRIPTION CONTINUED ON NEXT PAGE]

to a point on the centerline of Settingdown Creek; thence, along said centerline, South 89 degrees 08 minutes 35 seconds East for a distance of 20.71 feet to a point; thence North 67 degrees 44 minutes 02 seconds East for a distance of 14.63 feet to a point on the line dividing land lots 397 of the 3rd District and Land Lot 11 of the 14th District, thence leaving said centerline and along said land lot line, South 1 degree 53 minutes 02 seconds East for a distance of 84.33 feet to a point on the corner common to land lots 11 and 12 of the 14th District, thence, along the North line of land lot 12 North 89 degrees 35 minutes 17 seconds East for a distance of 629.81 feet to a 30" poplar tree; thence North 02 degrees 11 minutes 15 seconds West for a distance of 168.44 feet to a point on the centerline of Settingdown Creek, this point being point 'A',* thence, along the centerline of Settingdown Creek and following the meanderings thereof for an approximate distance of 759 feet to a point on the intersection of this centerline and the line dividing land lots 11 and 108, this point being point 'B',* the bearing and distance from point 'A' to point 'B' being North 74 degrees 24 minutes 32 seconds East 753.63 feet, thence, along said land lot line, South 1 degree 09 minutes 08 seconds West for a distance of 365.83 feet to a point on the corner common to land lots 11, 12, 107 and 108, thence, along the land lot line between land lots 12 and 107, South 0 degree 58 minutes 52 seconds West for a distance of 1399.31 feet to a point, thence, leaving said land lot line, North 90 degrees 00 minutes 00 seconds West for a distance of 253.41 feet to a point; thence South 0 degree 58 minutes 52 seconds West for a distance of 332.32 feet to a point on the centerline of Tallant Road, thence, along said centerline, North 84 degrees 47 minutes 54 seconds West for a distance of 76.15 feet to a point; thence North 81 degrees 04 minutes 24 seconds West for a distance of 147.60 feet to a point; thence North 81 degrees 38 minutes 52 seconds West for a distance of 119.53 feet to a point, thence South 80 degrees 39 minutes 08 seconds West for a distance of 103.47 feet to a point, thence South 66 degrees 53 minutes 51 seconds West for a distance of 48.14 feet to a point, said point being the Point of Beginning.

said property

contains 2,211,380 Square Feet or 50.77 Acres more or less.

*Points "A" and "B" are shown on the plat of subject property from which this description was obtained prepared by Q-B Engineering, Inc. RLS No. 2810 dated January 15, 2004, which plat is incorporated herein be reference.

EXHIBIT "B"

BYLAWS

OF

ORCHARD LAKE COMMUNITY ASSOCIATION, INC.

BYLAWS

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BYLAWS
OF
ORCHARD LAKE COMMUNITY ASSOCIATION, INC.

ARTICLE I - MEMBERSHIP

Section 1. Name. The name of the nonprofit corporation governed hereby shall be Orchard Lake Community Association, Inc. (the "Association").

Section 2. Membership. The Members of the Association shall be those persons who are determined to be members in accordance with Article II, Section 1 of the Declaration of Covenants, Conditions, Restrictions and Easements for Orchard Lake (the "Declaration") for the residential community known as Orchard Lake in Forsyth County, Georgia (the "Community"), and to be filed for record in the Office of the Clerk of the Superior Court of Forsyth County, Georgia, as such Declaration may be amended from time to time. All capitalized terms used in these Bylaws shall have the same meaning as set forth in the Declaration unless otherwise defined herein.

ARTICLE II - MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur no later than sixty (60) days after the close of the Association's fiscal year.

Section 3. Special Meetings. The President may call a special meeting of the Association upon his or her own initiative. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by at least fifteen percent (15%) of the total eligible Association vote (the consent of the Declarants shall not be required). The notice of any special meeting shall state the date, time, and place of such meeting and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Lot (as shown in the records of the Association) a notice of each annual or special meeting of the Association, stating the time and place where it is to be held, and if a special meeting, the purpose or purposes of the meeting. If an Owner wishes notice to be given at an address other than the address for his or her Lot, the Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served by first-class mail not less than ten (10) nor more than sixty (60) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot to be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Articles of Incorporation and the Declaration, and such voting rights are specifically incorporated herein.

Section 8. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot, or upon receipt of notice by the Secretary of the death or judicially-declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of twenty-five percent (25%) of the total eligible Association vote shall constitute a quorum at all meetings of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 10. Action Without a Formal Meeting. Any action that may be taken at a meeting of the Members may be taken without a meeting by written consent, provided that (a) each consent sets forth with specificity the action so taken, (b) signed consents are received by Members who collectively hold the voting power which would be required to pass such action if a meeting were held on the signature date of the last required consent, and (c) such action is consented to by the Declarants, if required. Such action shall be effective upon receipt by the Association of a sufficient number of consents executed by current Members unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, each director must reside in the Community and must be an Owner or the spouse or cohabitant of an Owner; provided, however, that no person may serve on the Board concurrently with any other person who is the Owner, or the spouse or cohabitant of the Owner, of the same Lot as that person. For purposes of this Article III, the "cohabitant" of an Owner shall mean someone who occupies that Owner's Lot as his or her primary residence on an indefinite basis.

Section 2. Directors Appointed by Declarants. The Declarants shall have the right to appoint and remove directors and officers of the Association until such time as the first of the following events shall occur: (a) the expiration of fifteen (15) years after the date of recording of the Declaration; (b) after ninety (90%) percent of the Lots shall have been conveyed to persons who are not Declarants or Builders; or (c) the surrender by Declarants in writing of the authority to appoint and remove directors and officers of the Association. The directors and officers selected by the Declarants need not be Owners or residents in the Community.

Section 3. Number of Directors. During the period of Declarant control of the Board, as set forth in Section 2 above, the Board shall be composed of two (2) directors selected by the Declarants. Thereafter, the Board shall be composed of three (3) directors.

Section 4. Nomination of Directors. Elected directors shall be nominated from the floor, or by a nominating committee if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualification to the Members and to solicit votes.

Section 5. Election and Term of Office. Directors selected by Declarants shall hold office until removed by the Declarants or the selection of new directors by the Members after expiration of the period set forth in Section 2 above. Directors other than those selected by Declarants shall be elected and hold office as follows:

(a) After the Declarants' right to appoint directors and officers terminates, the Association shall call a special meeting to be held at which Members shall elect a Board. Thereafter, directors shall be elected at each annual meeting of the Association. All eligible Members of the Association shall vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected.

(b) Initially, the term of two directors shall be fixed at one (1) year and the term of the third director shall be fixed at two (2) years. At the expiration of the initial term of office of each respective director, a successor shall be elected to serve for a term of two (2) years. Each director shall hold office until his or her successor shall have been elected by the Association.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any director may be removed, with or without cause, by a majority of the total eligible Association vote and a successor may then and there be elected to fill the vacancy thus created. A director whose removal has been proposed by the Members shall be given at least ten (10) days notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive absences from Board meetings or who is delinquent in the payment of an assessment for more than thirty (30) days may be removed by the remaining directors at a meeting. This Section shall not apply to directors appointed by Declarants.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a director pursuant to Section 6 above, shall be filled by the remaining directors at any meeting of the Board. Each person so selected shall serve the unexpired portion of the term of his or her predecessor.

Section 8. Committees. Committees may be formed by the Board of Directors to perform such tasks and to serve for such periods as may be designated by the Board or as required by the Declaration. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board designating the committee or other rules adopted by the Board.

Section 9. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, the Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to and be responsible for the following, by way of explanation but not limitation:

(a) Preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

- (b) Making assessments to defray the common expenses, establishing the means and methods of collecting such assessments;
- (c) Providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;
- (d) Designing, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) Collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) Making and amending use restrictions and rules and regulations;
- (g) Opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) Enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Members concerning the Association;
- (i) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (j) Paying the cost of all services rendered to the Association or its Members which are not directly chargeable to Owners;
- (k) Borrowing money, without the approval of the Members of the Association, in furtherance of its duties hereunder;
- (l) Keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and
- (m) Contracting with any person for the performance of various duties and functions.

ARTICLE IV - MEETINGS OF THE BOARD

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President or any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; or (c) by commercial delivery service to such director's home or office. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notices sent by first class mail or commercial delivery shall be sent at least four (4) days before the time

set for the meeting. Notices given by personal delivery shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 3. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 4. Quorum of Board of Directors. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, provided that the votes of a majority of the directors, present or absent, shall be required to approve a decision of the Board.

Section 5. Compensation. No director or officer shall receive any compensation from the Association for acting as such.

Section 6. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. However, the Board may adjourn a meeting and reconvene in private to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and order of business of a similar nature. The nature of any and all business to be considered in private shall first be announced in open session.

Section 7. Action Without a Formal Meeting. Any action that may be taken at a meeting of the directors may be taken without a meeting if one or more consents, in writing, setting forth the action so taken, shall be signed by a majority of the directors and delivered to the Association for inclusion in the minutes for filing in the corporate records.

Section 8. Telephonic Participation. One or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time and those directors so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

ARTICLE V - OFFICERS

Section 1. Officers. The officers of the Association shall be a President, Secretary, and Treasurer. No offices may be held by the same person except during the period of Declarants' control of the Board, as set forth in Article III, Section 2 above. The officers shall be elected from among the members of the Board. The Board may appoint such other officers, including one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers, as it shall deem desirable.

Section 2. Election, Term of Office, and Vacancies. Except during the period in which the Declarants have the right to appoint the officers of the Association under Article III, Section 2 of these Bylaws, the officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board whenever, in their judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Georgia Nonprofit Corporation Code.

Section 5. Vice President. The Vice President, if any, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under the Georgia Nonprofit Corporation Code. In addition, if the Association has no Vice President, the Secretary shall act in the President's absence and shall have all powers, duties and responsibilities provided for the President when so acting.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VI - INDEMNIFICATION

Section 1. General. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director, officer, committee member, employee or agent of the Association, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in a manner reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Derivative Actions. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, committee member, employee or agent of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication

of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. Authorization. Any indemnification under Sections 1 or 2 above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that the indemnification of the director, officer, or committee member is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 1 or 2 above, as applicable. Such determination shall be made: (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such actions, suit or proceeding; or (b) if such a quorum is not obtainable, if a quorum of disinterested directors is so directed by independent legal counsel in a written opinion; or (c) by the affirmative vote of a majority of the Members entitled to vote.

Section 4. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding if authorized by the Board of Directors in the specific case. In any case where the Board authorizes advance payment, it shall obtain an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that such person or entity is entitled to be indemnified by the Association as authorized in this Article VI.

Section 5. Non-Exclusive Remedy. The indemnification and advancement of expenses provided for hereunder shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, resolution or agreement, either specifically or in general terms, approved by the affirmative vote of the Members entitled to vote thereon taken at a meeting, the notice of which specified that such bylaw, resolution or agreement would be placed before the Members, both as to action by a director, officer or committee member in his or her official capacity, and as to action in another capacity while holding such office or position. The indemnification and advancement of expenses provided or granted pursuant to this Section 5 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer or committee member of the Association, against any liability asserted against him or her, and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 7. Notice. If any expenses or other amounts are paid by way of indemnification, otherwise than by court order or action by the Members or by an insurance carrier pursuant to insurance maintained by the Association, the Association shall, not later than the next annual meeting of Members, unless such meeting is held within three (3) months from the date of such payment and, in any event, within fifteen (15) months from the date of such payment, send by first class mail to its Members at the time entitled to vote for the election of directors, a statement specifying the persons paid, the amount paid and the nature and status at the time of such payment of the litigation or threatened litigation.

Section 8. Miscellaneous. The Association and the Board of Directors shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of any Member arising out of any contract made by or other acts of the directors, Board, officers, or members of such committees, or out of the aforesaid indemnity in favor of the directors, Board, officers, or members of such committees, shall be limited to such proportion of the total liability thereunder as is determined by dividing the total liability by the then existing number of Members. Every agreement made by the directors, Board, officers, or members of such committees, or by the managing agent, on behalf of the Members, shall provide that the directors, Board, officers, members

of such committees, or the managing agent, as the case may be, are acting only as agent for the Members and shall have no personal liability thereunder (except as Members), and that each Member's liability thereunder shall be limited to such proportion of the total liability thereunder as set forth in this Section 8. The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of Members of the Association or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a director, an officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, personal representatives, successors and assigns of such person or entity.

ARTICLE VII - MISCELLANEOUS

Section 1. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Georgia law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by resolution of the Board.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Georgia law, the Articles, the Declaration, and these Bylaws, then provisions of Georgia law, the Declaration, the Articles and these Bylaws (in that order) shall prevail.

Section 4. Amendment. These Bylaws may be amended by the Board of Directors (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation of judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to any Lot or Lots; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on improved Lots; or (d) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee mortgage loans on improved Lots. In addition, these Bylaws may be unilaterally amended by the Board of Directors, by majority vote with a proper quorum, for any reason for so long as the Declarants have the right to appoint and remove the directors of the Association pursuant to Article III, Section 2 of these Bylaws.

In addition, these Bylaws may be amended upon the affirmative vote or written consent, or any combination thereof, of at least two-thirds (2/3) of the total eligible Association vote; provided, however, that for so long as the Declarants have the right to appoint and remove the directors of the Association pursuant to Article III, Section 2 of these Bylaws, then the Board of Directors, by majority vote with a proper quorum, shall have the right to veto such amendment.