

(revised 3/8/00)

WHEREAS, members holding at least seventy five percent (75%) of the vote in the Association have approved this amendment as demonstrated by their written consents attached to this amendment;

NOW, THEREFORE, from and after the date of recording of this Amendment to the Declaration, the property as described in the Declaration shall henceforth be subject and governed by the provisions of the Georgia Property Owners' Association Act, except as provided herein.

FURTHER, the Declaration is hereby amended as follows:

1.

Article I, Section 1 "Architectural Control Committee" is modified to read as follows:

Section 1. "Architectural Control Committee" shall mean that committee appointed by the Board of Directors or selected by the Lot Owners as provided in this Declaration to serve the functions defined by this Declaration, or in the absence of such designation, the Board of Directors shall function as the Architectural Control Committee (the "New Architectural Control Committee"), except as herein provided. Until a residence is constructed on an individual Lot and occupied as a residence, for that Lot, the Lot Owner may elect to have Architectural Control Committee mean that committee (the "Old Architectural Control Committee") which functioned under the original Declaration prior to the effective date of this Amendment, provided the Old Architectural Control Committee has not been terminated by the Developer. From the time a residence is constructed and occupied on a Lot, the New Architectural Control Committee as defined in this Amendment shall have authority with regard to such Lot. The Old Architectural Control Committee shall operate in the manner and under the provisions set forth in the original Declaration without regard to changes in the architectural control provisions under any provision of this Amendment; provided, however, that failure of the Old Architectural Control Committee to respond in forty five (45) days, as provided in section 4, Article II of the original Declaration, shall not be deemed approval of plans and specification unless copies of the plans and specifications are submitted to the New Architectural Control Committee for approval. The New Architectural Control Committee shall have until the end of the original forty five (45) day period or until ten (10) days after submission of those plans and specifications, whichever occurs later, within which to take action regarding the plans. If no action is taken by the New Architectural Control Committee within the time allowed herein, and no action is taken by the Old Architectural Control Committee within the forty five days allowed the Old Architectural Control Committee, the plans and specifications submitted shall be deemed approved. The existence of the Old Architectural Control Committee may be terminated by the Developer at any time by a written notice of termination filed in the Deed Records of Cobb County.

2.

The following definitions are added to Article I, "Definitions":

Section 1A. "Association" shall mean and refer to Highland Ridge Homeowners Association, Inc., a Georgia non-profit corporation, its successors and assigns.

Section 1B. "Board" or "Board of Directors" shall mean the board of directors of Highland Ridge Homeowners Association, Inc.

Section 1C. "Common Area" shall mean (a) all portions of the Property (including the improvements thereto), other than the Lots, which is owned by the Association, and (b) any easements in favor of the Association, for the benefit of all Owners, and burdening any of the Lots.



Section 3A. "First Mortgage Holder" or "First Mortgagee" shall mean the holder of any first priority mortgage.

Section 3B. "Georgia Property Owners' Association Act" or "the POA Act" shall mean and refer to Official Code of Georgia Annotated §§ 44-3-220 through 235, as said POA Act may be amended from time to time.

Section 4A. "Mortgage" shall refer to any mortgage, deed to secure debt, deed of trust or other transfer or conveyance for the purpose of securing the performance of an obligation, including but not limited to a transfer or conveyance for such purpose of fee title.

3.

The definition of "Developer" provided in Article I, section 3, is amended by the addition of the following:

Notwithstanding the foregoing, the Developer may not transfer its rights in connection with the Old Architectural Control Committee, nor may Developer transfer its rights to approve amendments under Article VI, section 7 of the Declaration unless such transfers are made to the same party and at the same time all remaining property as shown on the Plat which is owned by Developer is conveyed to the transferee. If all remaining property as shown on the Plat which is owned by Developer is purchased at a foreclosure sale as a single parcel, the purchaser at foreclosure shall have the rights of Developer; if individual lots owned by Developer are purchased at a foreclosure sale, the rights of Developer as to those individual Lots shall terminate.

4.

Article I, section 5 "Owner", is amended so that the underlined word "Owner" is changed to: "Lot Owner" or "Owner".

5.

Article I, section 7 "Plat", is amended to read as follows:

Section 7. "Plat" shall refer to that certain Plat of Survey prepared by Dixon's Land Surveying, Inc., dated October 10, 1996, and recorded at Plat Book 169, Page 87, Cobb County records, and any revision or supplemental plats thereof recorded in the aforesaid records.

6.

A new Article IA. "Association: Powers & Duties" is added as follows:

ARTICLE I-A

ASSOCIATION: POWERS & DUTIES

Section 1. Purposes, General Powers and Duties of the Association. The Association shall be formed as a non-profit civic organization for the sole purpose of performing certain functions for the common good and general welfare of the Owners. The Association shall have no power or duty to do or perform any act or thing other than those acts and things which will promote in some way the common good and general welfare of the Owners. To the extent necessary to carry out such purposes, the Association (i) shall have all of the powers of a corporation organized under the

Georgia Non-Profit Corporation Code, and (ii) shall have the power and duty to exercise all of the rights, powers and privileges and to perform all of the duties and obligations of the Association as set forth in this Declaration. The Association shall not be liable for injury to person or property, whether occurring on the Common Area or not, caused by the conduct of any Lot Owner or such Lot Owner's family, tenant, invitee, or licensee.

Section 2. The Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon, and shall keep the same in good, clean, attractive and sanitary condition, order and repair. The Association shall not be liable for injury to person or property caused by the elements or by a leak or flow of water from any utility conduit or rain, snow, or ice, whether or not any such flow or leak originates from the Common Area. The Association shall not be liable for loss or damage to any property, by theft or otherwise, which is placed or stored anywhere on the Common Area. The Association shall have the right to establish and collect reasonable admission and other fees for the use of the recreational portions of the Common Area. The Association shall have the right to establish procedures to allow the use of the recreational portions of the Common Area by persons who are not Owners of Lots within the Property, and the Association shall have the right to collect fees established by the Association for that use by such non-Owners.

Section 3. Lots. Maintenance of utility lines and conduits from the point such line is tapped into a main line or conduit shall be the responsibility of the benefitted Lot owners. Except as herein provided, each Owner shall have the sole responsibility for maintaining and repairing such Owner's Lot and the improvements located thereon and shall keep the Lot and structure and all landscaping located thereon in a neat, clean, attractive and sanitary condition.

Section 4. Services. The Association may obtain and pay for the services of any person or entity to manage its affairs, or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Property, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Property or the enforcement of this Declaration. The Association may also maintain on the Common Area such sign or signs as may be deemed necessary to identify the Property.

Section 5. Rules, Regulations and Fines. The Association, through the Board of Directors or at any meetings of the members regularly called, may make reasonable Rules and Regulations governing the use of the Lots and of the Common Area, which Rules and Regulations shall be consistent with the rights and duties established by this Declaration. Any such Rules and Regulations shall be effective upon passage by the Board of Directors and upon passage of thirty (30) days from the date of distribution of the rules and regulations to the members of the Association, and shall remain effective until changed by the Board or unless disapproved by a majority of the members of the Association. The Association may impose such reasonable fines (not in excess of \$50 per day per violation) for violation of the Rules and Regulations as are determined by the Board of Directors of the Association. Any such fine shall be deemed a special assessment under Article VII of this Declaration and shall be added to and become a part of the assessment to which the Lot is subject. Further, the Association may suspend, temporarily, voting rights, the right of use of the Common Area (except that an Owner's ingress and egress from the Owner's Lot may not be impaired), and services paid for as a common expense to enforce compliance.

Section 6. Failure to Maintain Lot. In the event an owner of any Lot in the Property shall fail to maintain such Owner's Lot in the manner required by this Declaration, then the Association, after notice to the Lot Owner and an opportunity to cure the maintenance problem, and upon

approval by a two-thirds vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to perform any maintenance, restoration, or repairs necessary to meet the standards and requirements imposed by this Declaration. The cost of such repair, maintenance, or restoration shall be added to and become a part of the assessment to which such Lot is subject.

Section 7. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably to be implied from the existence of any right, privilege, or duty created herein or reasonably necessary to effectuate any such right, privilege, or duty.

Section 8. Limitation of Powers. Notwithstanding anything in this Declaration to the contrary, the Association shall not have the power to convey any interest in the Common Area whether by deed, easement (other than general utility easements not materially affecting the use of the Common Area or any Lot), license, mortgage, deed to secure debt, lease or otherwise, except for such limited purposes as may be set out elsewhere in this Declaration, without the advance written consent of two-thirds (2/3) of all owners and the advance written consent of two-thirds (2/3) of all first mortgagees of the individual Lots.

Section 9. Indemnification. The Association shall indemnify every officer and director against any and all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (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. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

7.

A new Article I-B, "Association: Membership and Voting Rights" is added as follows:

ARTICLE I-B

ASSOCIATION: MEMBERSHIP & VOTING RIGHTS

Section 1. Membership. Every Owner, including Developer, shall be a member of the Association by virtue of ownership of a Lot which has been subjected to the POA Act; membership rights shall not attach to the Owner of any Lot who has delayed application of the POA Act until such date as the POA Act becomes effective as to that Lot. If title to a Lot is held by more than one person, each of such persons shall be members. Each such membership shall be appurtenant to the Lot upon which it is based and shall be transferred automatically by conveyance of that Lot. No person or entity other than an Owner or Developer may be a member of the Association, and a membership in the Association may not be transferred except in connection with the transfer of title to a Lot; provided, however, that the rights of voting may, if required by a mortgagee, be assigned by



an Owner to such mortgagee as further security for a loan secured by a Lot. All Owners, including the Developer, shall be entitled to one vote for each Lot owned, subject to the rights of the Association to suspend and Owner's voting rights as set forth in the Association bylaws. If more than one person holds an interest in any Lot, then the vote for such Lot shall be exercised as such persons among themselves determine, but in no event shall more than one vote be cast with respect to such Lot. If the co-Owners of any Lot cannot agree as to how a vote on a particular issue is to be cast, then no vote for such Lot on that particular issue shall be counted; there can be no split vote. Notwithstanding the foregoing, any co-Owner of a Lot who purports to cast a vote for such Lot shall be conclusively deemed to be casting such vote on behalf of and with the approval of all other co-Owners of such Lot unless another co-Owner objects before the final vote tally.

Section 2. Amplification. The provisions of this Article are to be amplified by the Articles of Incorporation of the Association and by the Bylaws of the Association; provided, however, that no such amplification shall substantially alter or amend any of the rights or obligations of the Owners set forth herein. In the event of any conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration shall control.

8.

The text of Article II, "Architectural Control Committee" is hereby deleted, and the following is substituted in its place:

A. PURPOSE:

The purpose of the Architectural Control Committee is to assure that the installation, construction, or alteration of any Structure on any Lot is in accordance with the standard determined by the Architectural Control Committee and to fulfill the other responsibilities set forth in this Article. To the extent necessary to carry out such purpose, the Committee shall have the powers and authority as set forth in this Declaration.

B. PROCEDURES:

Section 1. Approval Procedure. No buildings or improvements, exterior additions or alterations to any building on the Property, additional awnings, additional fences, additional outbuildings or other structures, changes in existing fences, hedges, walls, walkways and other structures, or any encroachment onto the Common Area shall be commenced, erected or maintained until the plans and specifications showing the nature, kind, shape, height, materials, location, color and time of completion of same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding buildings located on the Property by the Architectural Control Committee or by a representative or representatives designated by the Committee; provided, however, that additional approval shall not be required for any structures or alterations that have been installed or are under construction on the effective date of this section or which are being installed in connection with the initial construction of the buildings on the Property, and which were approved pursuant to the architectural control procedures in effect prior to the effective date of this section. No alterations may be made in approved plans or specifications without further approval by the Committee. The minimum standards to be applied to all residential Lots shall be as set forth in Article V or elsewhere in this Declaration or any recorded plat of the Property.

In the event the Architectural Control Committee or its designated representatives fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval will be deemed to have been given. If no application has been made to the Architectural Control Committee or their representatives, or if an

Owner proceeds contrary to any approvals given by the Architectural Control Committee, suit to enjoin or remove such additions, alterations or changes may be instituted at any time by the Association or by any Lot Owner, and all costs thereof, including reasonable attorney's fees, shall be the responsibility of the Lot Owner in violation of this Article.

In order to provide Owners and the Association with an economical and more rapid review of any adverse decision by the Architectural Control Committee, the denial of approval of plans submitted in compliance with this section to the Architectural Control Committee shall be final and binding unless the Owner first submits a request to the Board of Directors, filed within fifteen (15) business days of the date notice of the denial of the Owner's request to the Committee, appealing the decision of the Committee and requesting a review by the Board of Directors. Denials of approval due to the failure of the Lot Owner to submit the plans, drawings, and other materials reasonably requested by the Committee shall not be appealable. In the event of a permitted appeal to the Board of Directors, the Owner shall provide to the Board a written statement of their grievance with the Architectural Control Committee's decision. The Board shall then review the grievance and the materials submitted to the Committee and shall, within thirty (30) days of the delivery of the written notice, either (a) issue a decision approving, modifying, or reversing the decision of the Committee, or (b) hold a further hearing at which the aggrieved Lot Owner and a representative of the Architectural Control Committee shall be entitled to present their positions. In the event such a hearing is held, the Board shall issue a decision on the grievance within five (5) business days following the date of the hearing.

Neither the members of the Architectural Control Committee nor its designated representatives shall be entitled to compensation to themselves for services performed pursuant to this paragraph, but compensation may be allowed to independent professional advisors retained by the Board of Directors to assist the Architectural Control Committee. The costs of such permitted compensation shall be the responsibility of the Lot Owner making the application, the amount shall be payable upon demand, and payment shall be a condition precedent to any approval of submitted plans.

All plans, submissions or grievances which are to be submitted to the Committee or to the Association shall be delivered to the post office box maintained by the Association, and the time limits on any such submissions, plans or grievances shall run from the posting of said items, first class mail, with proper postage affixed. Additional copies may be delivered in person, but the time limits for response shall be measured by the United States postmark date on the mailed submission.

Section 2. Architectural Control Committee. The Architectural Control Committee shall constitute a standing committee of the Association. The Committee shall consist of the Board of Directors unless the Board delegates to other Lot Owners the authority to serve on the Committee. The Board may delegate such authority to individual Lot Owners by resolution, or the Board may call for a special election by the Association to select the Lot Owners to whom the authority shall be delegated.

Section 3. Limitation of Liability. Review and approval of any application pursuant to this Paragraph is made on the basis of aesthetic considerations only and neither the Board of Directors nor the Architectural Control Committee shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Association, the Board of Directors, the Architectural Control Committee, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Lot.



Section 4. No Waiver of Future Approvals. Each Owner acknowledges that the members of the Board of Directors and the Architectural Control Committee will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly. The approval of either the Board of Directors or the Architectural Control Committee of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Board of Directors or the Architectural Control Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

Section 5. Procedures, Standards and Rules of the Committee. The Architectural Control Committee may, from time to time, publish procedures, standards and rules relating to applications and the operations of the Committee and the approval process. Said rules shall be distributed to the Lot Owners, and shall be applicable unless modified by the Committee or disapproved by a majority vote of either the Board of Directors or the members of the Association.

Section 6. Pre-existing conditions. All architectural changes approved or installed in accord with the architectural controls existing prior to the approval of this section shall not be deemed in violation or non-conformance with the declaration; provided, however, that any changes or modifications, or any substantial reconstruction of existing architectural features that would require committee approval if newly installed shall require approval according to the procedures established by this Article.

9.

Article III "Maintenance" is hereby amended by substituting "the Association" in each place where the Article uses the term "the Architectural Control Committee". This change shall not restrict the Association from delegating responsibilities to the Architectural Control Committee nor shall it limit the duties of the Architectural Control Committee set forth elsewhere in this Declaration.

10.

Article IV "Easements" is hereby amended to substitute a new section 1 and to add the following easements in sections 3 and 4 to those set forth in the original declaration, and the following easements are herein agreed to by the Association and the individual owners who are signatories hereto:

Section 1. Easement for Maintenance by the Association and the Architectural Control Committee. There is hereby granted to the Association, the Architectural Control Committee, and their designated representatives an easement for access to each Lot for the purpose of exercising the maintenance responsibilities of the Association and the Architectural Control Committee on the Lot and adjacent Lots.

Section 3. Easement for Encroachment. All of the Lots and the Common Area shall be subject to easements for encroachments created by construction, reconstruction, repair, settling, and overhang for all structures located upon the Property as designed or constructed. In the event that any portion of an encroaching structure on any Lot is partially or totally destroyed, an easement for encroachment upon the adjacent Lots and upon the Common Area resulting from repair and restoration of such structure as it existed prior to such repair or reconstruction shall and does exist. The foregoing notwithstanding, in no event shall an easement for encroachment exist if such encroachment occurred due to the willful conduct of an Owner, a tenant or agent of an owner, or the Association. In addition, each Lot shall be subject to an easement for encroachment in favor of

adjacent Lot Owners to allow use by the adjacent Lot Owner of any driveway or parking area constructed and designed by Developer intended for the use of the adjacent Lot Owner.

Section 4. Easements for Entry and Support. Each Owner shall have and is hereby granted an easement for lateral support of his Lot, and such rights shall be appurtenant to and pass with the title to each Lot. Each Lot shall also be subject to any easements as shown on the plat. Furthermore, each Lot shall be subject to an easement for reconstruction and repair in favor of the Association and of adjacent Lots to permit the Association and/or the Owners of such adjacent Lots to make reasonable entry upon such Lot for the purpose of effecting any necessary maintenance, repair, or reconstruction upon the Common Area or other Lots. Any such entry shall be reasonable, shall be made in such a way as to minimize disturbance and inconvenience to the Owner of such Lot, and shall, except in the case of an actual emergency, be made only upon at least twenty-four hours' advance notice the Owner of such Lot. Any damage caused to any Lot or to any property located thereon shall be the responsibility the party entering the Lot to effect such maintenance, repair, or reconstruction.

11.

Article V, Section 1 "Residential Use", is modified to read as follows:

Section 1. Residential Use. Subject to applicable zoning ordinances, all Lots shall be and are restricted to residential, studio, and/or home office purposes consistent with the residential character of Highland Ridge and their use shall not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other lot owners, as may be determined in the sole discretion of the Board. For purposes of this Declaration, "studio" and "home office" shall not include any use which entails employees not living in the home located on the Lot, or other members of the general public visiting a Unit on a regular basis. No sale of products or materials shall be conducted from any lot which involves pickup or delivery of such products or materials from the Lot on a regular basis. Permitted "studio" uses, whether for music lessons, tutoring, or other studio uses, shall include only those uses where no more than one client or client family members are present at the Lot at any one time. Permitted "studio" or "home office" uses shall not include such uses as require on street parking of vehicles; however, this shall not prevent occasional gatherings such as music recitals.

12.

Article V, Section 6 "Signs", is modified by renumbering subsection (iii) as subsection (iv), and by adding the following new subsection (iii):

(iii) not more than one sign in the front of any Lot identifying any security system installed in the residence located on the Lot; and

13.

Article V, Section 7 "Fences", is modified to read as follows:

Section 7. Fences. No fence, hedge, shrub planting, wall or other dividing instrumentality shall be constructed or maintained on any Lot except as Developer may construct or maintain such dividing instrumentality in accordance with its architectural plans or except as approved by the Association or the Architectural Control Committee in writing. In addition, no chain link fence shall be erected on any part of the property without obtaining permission from the Architectural Control Committee, which permission may be withheld. No such dividing instrumentality shall be placed or permitted to remain in any location which obstructs sign lines at elevations between 2 and 6 feet



above the roadway at any street intersection or at the intersection of any driveway with any street. These provisions shall not require removal of any fencing installed as of the effective date of this amended Section 7, but shall apply to any fencing installed, constructed or replaced after the effective date hereof.

14.

Article V, Section 9 "Antennae", is modified by addition of the following:

The prior provisions shall be applied in a manner consistent with federal law governing the installation of antenna or other device for the transmission or reception of television signals, radio signals, or any form of electromagnetic radiation upon Lots. Upon written application by a Lot Owner, the Association shall permit no more than one satellite dish antenna to be installed and maintained by the Lot Owner within the Lot boundaries, subject to reasonable standards concerning placement of the satellite dish and visual appearance guidelines that do not unreasonably interfere with reception and do not materially increase the cost of installation. Requests for such installations shall be expedited and shall be acted upon as quickly as feasible.

15.

Article V, Section 11 "Recreational Vehicles and Trailers" is modified and expanded to read as follows:

Section 11. Parking, Motor Vehicles, Trailers, Boats, etc. Owners shall at all times maintain off street parking on their Lot for at least two (2) vehicles. The Board of Directors of the Association, upon recommendation by the Architectural Control Committee, may prohibit mobile homes, motor homes, truck campers, trucks, trailers of any kind, boats, motorcycles, motorized bicycles, motorized go-carts and other such contrivances, or any of them, from being kept, placed, stored, maintained or operated for any period exceeding 48 consecutive hours upon any portion of the Property other than a Lot Owner's closed garage if, in the opinion of the Board of Directors, such prohibition shall be in the best interests of the planned community. The Architectural Control Committee may approve plans for enclosures or screening erected in accordance with plans and specifications submitted to and approved by the Committee within or behind which such vehicles, trailers, boats, etc., may be parked. Except for purposes of pick-up or delivery, no truck exceeding 3/4 ton pickup style shall be permitted on the Property.

The foregoing modification of Section 11 shall not be interpreted to modify the right to place temporary construction trailers as specified and in conformity with the original Section 14 of Article V.

16.

Article V, Section 13 "Animals", is modified to read as follows:

Section 13. Pets. No animals or birds, other than a reasonable number of generally recognized house pets, shall be kept or maintained on any portion of the Property intended for residential uses or which is Common Property, and then only if they are kept or maintained solely as domestic pets and not for commercial purposes. No animal or bird shall be allowed to make an unreasonable amount of noise, or to endanger the health or any owner or occupant of a Lot, or to become a nuisance. No structure for the care, housing or confinement of any animal or bird shall be constructed or maintained on the Property unless the plans for said structure have been approved in advance by the Architectural Control Committee, which approval may be reasonably withheld. No dog runs shall be permitted on any Lot; however, a leash line fixed to a solid foundation on the Lot which does not permit a dog to roam beyond the boundaries of the Lot shall not be considered a

17.

18.

19.

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The term of this Declaration shall be perpetual. In the event the POA Act is amended to remove the right of perpetual duration, the term of this Declaration shall be the longer of the maximum term permitted by the POA Act or twenty (20) years from the date on which the Declaration is filed for record in the Office of the Clerk of the Superior Court of Cobb County, Georgia, unless sooner terminated, and shall remain in effect and shall inure to the benefit of and be enforceable by any Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns. If perpetual duration is not provided by the POA Act if hereafter amended, upon the expiration of said twenty (20) year term, this Declaration shall be automatically extended, as permitted by the laws of the State of Georgia, for successive renewal periods of ten (10) years each, unless terminated as hereinafter provided. This Declaration may be terminated, renewed or extended, in whole or in part, if any agreement for termination, renewal or extension is signed by all Owners and first mortgage holders and filed for record in the Office aforesaid.

20.

Article VI, section 6, "Notices" is amended by addition of the following sentence:

Notices to the Association or the Architectural Control Committee (in such instances as said term shall not refer to the Developer or the Old Architectural Control Committee) shall be sent to P.O. Box _____, _____, GA 30____, or such other address as is provided to the members of the Association.

21.

Article VI, section 8, "Amendment" is amended by addition of the following sentence:

Developer's rights to unilaterally make amendments to this Declaration or to unilaterally withhold approval of any amendment shall terminate when all property owned by Developer has been made subject to the POA Act.

22.

A new Article VI, section 9, "Application of the POA Act" is added as follows:

Section 9. Application of the POA Act and the Amended Declaration. The POA Act shall be applicable upon recording of this Declaration to all Lots whose Owners execute a consent to this amended Declaration which is recorded in the Deed Records of Cobb County, Georgia, unless the consent provides for delayed application. Any Lot Owner may sign a consent to this amended Declaration which provides that the POA Act and mandatory membership in the Association does not become effective as to that Lot until the sooner of the date on which (a) the Lot contains a residential structure occupied as a residence, or (b) the Lot Owner signs and records a new consent to the Amended Declaration waiving any further delay in application of the amended Declaration. Except as expressly provided in this Amendment for delayed application of certain amended provisions, both the unrestricted consent and the consent with delayed application shall be deemed and considered approval by the signing Owner of this Amendment.

23.

A new Article VI, section 10, "Restatement of Declaration" is added as follows:

Section 10. Restatement of Amended Declaration. Simultaneously with the approval of this Amendment, a similar amendment is being considered by lot owners subject to the provisions of a Declaration of Covenants, Conditions, Restrictions and Easements for Highland Ridge Subdivision,

Unit 1, recorded in Deed Book 8706, page 363, aforesaid records, as amended. That proposed amendment would result in adoption of an Amended Declaration for said Unit 1 that is identical to this Amended Declaration for Unit 2 of Highland Ridge, except for the references to the different Unit number and different recording information. All recreational facilities for the benefit of both Units 1 and 2 are already shared by the lot owners of both units. Should such an identical amendment be adopted also naming Highland Ridge Homeowners Association, Inc., as the Association, the board of directors is hereby authorized, without further vote of the members, to record a restated declaration for both Units 1 and 2 so that a single document would cover both units from that point forward. Should said restated declaration be recorded, it shall make no substantive changes in the two Amended Declarations except those necessary to restate the two documents as a single document. Should said Restated Declaration be recorded, amendment of the restated declaration will then require approval of 75% of the Owners of Lots in Units 1 and 2 combined rather than 75% approval of each Unit separately.

24.

A new Article VII, "Assessments" is added as follows:

ARTICLE VII

ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

Each Owner of any Lot subject to the POA Act shall pay the following sums to the Association: (i) annual assessments or charges; (ii) special assessments against all of the Lots for the purposes hereinafter described, such assessments to be established and collected as hereinafter provided; and (iii) special assessments against any particular Lot or Lots which are authorized and established pursuant to the terms of this Declaration. All such assessments, together with interest, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees actually incurred, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessment and the lien against the Lot shall pass to said Owner's successors in title to such Lot unless otherwise provided in this Article. Every Owner of a Lot subject to the POA Act, by acceptance of a deed therefor, is deemed to covenant and agree to pay assessments as set forth in this Section 1, whether or not such covenant and agreement be expressed in such deed.

Section 2. Purpose and Categories of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property, to pay the cost of the improvement and maintenance of the Common Area and, to the extent of the Association's liability therefor, of the Lots situated upon the Property, including management fees to others, to make such repairs as the Association may deem necessary, to pay ad valorem taxes, to pay gas, electric and water charges assessed against the Common Area and to pay insurance premiums as contemplated by Article VIII hereof, and for such other related purposes as the Board may determine.

Section 3. Annual Assessment. The annual assessments to be levied by the Association shall be determined as follows:

(a) The initial annual assessments shall be established by the Board of Directors no later than thirty (30) days after the recording of this Amendment to the Declaration.



(b) Within thirty (30) days prior to the date of each annual meeting of the Association, the Board shall cause to be prepared a budget for the maintenance and operation of the Property for the succeeding fiscal year. The budget shall include compensation of any entity which is employed by the Board to perform the duties imposed upon the Association hereunder. Such budget shall be based upon reasonable, good-faith estimates of the actual expenses of the Association for such year and shall include reasonable reserves for periodic maintenance, repair, and replacement which is the Association's responsibility. Based on this budget, the Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner. Unless the Board shall otherwise determine, the annual assessments shall be payable in one annual installment on the first day of each fiscal year. The Association shall, upon request, and for a reasonable charge (not to exceed \$10), furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

(c) If the annual budget established hereunder proves inadequate for such fiscal year, then the Board may, at any time within said fiscal year, levy a special assessment for the purpose of meeting the expenses of the Association. Such assessment shall not take effect until the assessment has been presented at a meeting of the members, and provided that the members do not vote to disapprove the special assessment by a vote of one-half (1/2) of the votes of members of the Association who are eligible to vote in person or by proxy at the meeting duly called for presentation of such special assessment.

(d) If the budget established hereunder for any fiscal year results in a surplus for such year, then the Board may credit such surplus to a reserve fund for maintenance and improvement of the Property or make such other disposition of such surplus as the Board deems consistent with the obligations imposed on the Association hereunder. The Board shall take into consideration the existence and amount of such reserve fund when establishing the amount of assessments for succeeding fiscal years.

(e) The budget and the assessment shall become effective unless disapproved at the annual meeting by a vote of a majority of the total association membership. Notwithstanding the foregoing, however, in the event that the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget and the assessment in effect for the current year shall continue for the succeeding year.

Section 4. Special Assessments Against Specific Lots. Any expenses incurred by the Association which are occasioned by the conduct of a Lot Owner, his family, tenants, invitees or licensees, including reasonable attorneys' fees actually incurred in enforcing this Declaration, shall be specially assessed against such Lot; provided, however, that no such assessment may be made against any Lot after such Lot Owner has conveyed the Lot to a bona fide purchaser or after such Lot has been transferred in a manner which would, under Section 10 hereof, extinguish the lien for any outstanding assessments. Any expenses incurred by the Association benefiting fewer than all of the Lots or significantly disproportionately benefiting the Lots shall be assessed equitably among the Lots so benefitted; provided, however, that no such special or disproportionate allocation may be made by the Association for common expenses intended to be covered by any established reserve fund for periodic maintenance, repair and replacement of common elements for the primary reason that such maintenance repair or replacement of the common elements of one building or Lot is required at a different time from similar work on common elements of any other building or Lot on the Property. The special assessments provided for in this section shall be levied by the Board of Directors, and the amount and due date(s) of such special assessments so levied shall be as specified by the Board.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment in excess of one hundred dollars (\$100) per lot in any fiscal year shall have the assent of seventy five percent (75%) of the votes of voting members of the Association who are voting in person or by proxy at a meeting duly called for this purpose, together with the vote of the Developer should the Developer be the original owner of any Lots at that time. The Board of Directors may make such special assessment payable in installments.

Section 6. Association Approval of Special Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Section 3(c) or Section 5 shall be sent to all members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. At any such meeting called, the presence of members, either in person or by proxy, entitled to cast more than twenty five percent (25%) of all the votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

Section 7. Payment of Annual Assessments. Except as otherwise provided in this Article, both annual and special assessments shall be equally assessed against all Lots and common profits shall be allocated equally among all Lots. Notwithstanding the foregoing, this requirement of equal assessment shall not prevent disproportionate assessments against one or more of the Lots pursuant to specific provisions of this Declaration. Common profits shall be allocated in the same manner as assessments. Except as hereinafter set forth, the assessments provided for herein shall commence as to all Lots within the Development and subject to this Declaration on the date thirty (30) days after notice is sent by the Association to the Owner of each lot at the Lot address or such other address as furnished by the Owner to the Association; such notice may be addressed to "Owner" at the Lot address unless the Owner has provided to the Association a written notice of the name of the Owner. Failure of proper notice to any Owner shall not postpone the commencement of assessments for any other Owner.

Section 8. Lien for Assessments. All sums assessed to any Lot pursuant to this Article together with late charges and interest as provided herein shall be secured by a lien on such Lot in favor of the Association as provided by the POA Act. As permitted by the POA Act, such lien shall be superior to all other liens and encumbrances on such Lot, except only for:

- (a) Liens of ad valorem taxes;
- (b) the lien for all sums unpaid on any first mortgage covering the Lot or any mortgage recorded prior to the recording of this amendment to the Declaration; and
- (c) the lien of any secondary purchase money mortgage covering the lot, provided that neither the grantee nor any successor grantee on the mortgage is the seller of the Lot.

All other persons acquiring liens or encumbrances on any Lot after this Amendment to the Declaration shall have been recorded shall take subject to the lien of the Association.

As provided in the POA Act, no further recording of any notice of lien shall be required for said lien to be effective. The Association may, however, prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner

of the Lot and a description of the Lot. Such a notice shall be signed by an appropriate officer or agent of the Association and may be recorded in the public records of Cobb County, Georgia.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. If any assessment, or portion thereof, is not paid within five (5) days after the due date, then a late charge, not in excess of the greater of Ten Dollars (\$10.00) or ten percent (10%) of the amount of each delinquent assessment or installment shall also be included in the lien and shall be due and payable to the Association. The lien for assessments shall also include interest at a rate of ten percent (10%) per annum (or such higher amount as may be permitted by the POA Act from time to time) on any assessment, installment, delinquency or late charge from the date such sum was first due and payable. The lien for assessments shall further secure costs of collection, including court costs, the expenses of sale, any expenses required for the protection and preservation of the Unit, and reasonable attorney's fees actually incurred. The lien for assessments shall also include the fair rental value of the Lot from the time of the institution of suit until the sale of the Lot at foreclosure or until the judgment rendered in such suit is otherwise satisfied. If any delinquent assessment or portion thereof is not paid within ten (10) days after written notice is given to the Lot Owner to make such payment, the entire unpaid balance of the assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full, and foreclosure proceedings may be instituted to enforce such lien. Such notice shall be sent by certified mail, return receipt requested, to the Lot Owner both at the address of the Lot and at any other address or addresses the Lot Owner may have designated to the Association in writing, specifying the amount of the assessments then due and payable, together with authorized late charges and interest accrued thereon. All actions for the collection of such assessments by suit, judgment and foreclosure of the aforesaid lien shall be brought in the same manner as other liens for the improvement of real property. The Board of Directors, acting on behalf of the Association, shall have the power to bid in the Lot at any foreclosure sale and to acquire, hold, lease, encumber and convey the same. The lien for assessments shall lapse and be of no further effect as to assessments or installments thereof, together with late charges and interest applicable thereto, first becoming due and payable more than three (3) years prior to the date upon which the notice contemplated herein is given or more than three (3) years prior to the institution of suit therefor, if suit is not instituted within ninety (90) days after the giving of such notice.

Section 10. Extinguishment of Lien. Except as hereinafter provided, sale or transfer of a Lot shall not affect the lien for unpaid assessments. The enforcement of any lien which is superior to the lien for assessments, as provided in Section 8 hereof, whether by sale under power or judicial sale or foreclosure, or the enforcement of any first mortgage or secondary purchase money mortgage by transfer in lieu of foreclosure, shall extinguish the lien for any special assessments and any installments of annual assessments which are inferior to such lien and which fell due prior to the date of such sale under power, foreclosure, or transfer.

25.

A new Article VIII, "Insurance", is added as follows:

ARTICLE VIII

INSURANCE

Section 1. Scope of Insurance. The Board of Directors of the Association or its duly authorized agent shall obtain and maintain fire and extended coverage insurance for all insurable improvements located in the Common Area in an amount sufficient to cover the full replacement cost of such improvements in the event of damage or destruction from any insured peril. Unless a higher amount is approved by a majority of the Association membership at a special meeting duly called for such purpose, the deductible amount on such policy shall not exceed \$1,000 per occurrence or, if such

a deductible is unavailable, the lowest available deductible amount in excess of \$1,000 per occurrence. The Board of Directors shall also obtain such public liability and property damage insurance in such amounts and in such forms as shall be determined by the Board of Directors of the Association, but not in amounts less than a combined single limit of \$1,000,000 covering the Association, all agents and employees of the Association, all Lot Owners and other persons entitled to occupy any Lot or other portion of the Properties, and, to the extent obtainable, the Board of Directors and officers of the Association. The Board of Directors shall obtain and maintain such worker's compensation insurance as may be required by law and such other insurance as the Board may from time to time deem appropriate. Premiums for all such insurance shall be an expense of the Association. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association. Such insurance shall be governed by the provisions contained in the Bylaws of the Association.

Section 2. Mortgagees. In the event of substantial damage to or destruction of any part of the Common Areas, the holder of any first mortgage or secondary purchase money mortgagee on the Common Area shall be entitled to timely written notice of any such damage or destruction, and no provision of this Declaration or of any document governing the Property or the Association shall entitle the Lot Owner or any other party to priority over such holder with respect to the distribution of any insurance proceeds with respect to such Common Area.

Section 3. Other Insurance. Each Lot Owner shall obtain insurance for fire and extended coverage covering improvements on the Lot at the Owner's own expense.

Section 4. Fidelity Bond. The Association shall obtain, maintain and pay, as a common expense, the premiums on a blanket fidelity bond for all officers, directors and employees of the Association and all other persons handling or responsible for funds of or administered by the Association in amounts and on such terms as may be specified from time to time by the Federal National Mortgage Association ("FNMA") for projects of the type and size of Highland Ridge which are eligible for FNMA loans on the individual Lots. The amount of the fidelity bond coverage shall be determined in the Board of Directors' best business judgment, considering both the amounts of coverage reasonably available and the financial controls imposed by the Association in handling and maintaining its funds.

The members of the Association not having approved any further amendments to the Declaration, except as expressly modified herein, the Declaration shall continue in full force and effect.

IN WITNESS WHEREOF the undersigned officers of Highland Ridge Homeowners Association, Inc., hereby certify that the above amendment to the Declaration was duly adopted by the required majority of the Association and its membership.

This 2nd day of NOVEMBER, 2000.

Signed, sealed, and delivered
this 2nd day of NOVEMBER,
2000 in the presence of:

Dina B. Shale
Witness

John L. [Signature]
NOTARY PUBLIC

HIGHLAND RIDGE HOMEOWNERS
ASSOCIATION, INC.

By: Ann D. Hoyle (SEAL)
President

Attest: [Signature] (SEAL)
Secretary



Notary Public, Cobb County, Georgia
My Commission Expires August 20, 2001

