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**BYLAWS
OF
HIGHLAND RIDGE HOMEOWNERS ASSOCIATION**

ARTICLE I.

NAME, LOCATION, APPLICABILITY

Section 1.01 Name. The name of this Association shall be Highland Ridge Homeowners Association, Inc. (hereinafter referred to as the "Association"), a Georgia nonprofit corporation.

Section 1.02 Registered Office and Agent. The Association shall maintain a registered office and shall have a registered agent whose business office is identical with such registered office. The Association may have offices at such place or places within reasonable proximity to the Development as the Board of Directors may from time to time designate.

Section 1.03 Applicability. These Bylaws provide for the self-government of the Association in accordance with and subject to the provisions of the Articles of Incorporation and the Georgia Nonprofit Corporation Code.

Section 1.04 Definitions. Unless the context otherwise requires, the terms used in these Bylaws, the Declaration and the Articles of Incorporation shall have the following meanings:

- (a) "Association" shall mean Highland Ridge Homeowners Association, Inc. and its successors.
- (b) "Board or Board of Directors" shall mean the governing body of the Association.
- (c) "Development" shall mean all that property located in Highland Ridge Subdivision, Unit I and Unit II, relating to certain real property located in Land Lots 103 and 114 in the 16th District, 2nd Section of Cobb County, Georgia.
- (d) "Lot" shall mean any portion of the development intended for individual ownership and use, together with all improvements erected thereon, as such Lots are shown on any site plan of the Development filed with the Clerk of the Superior Court of Cobb County, Georgia.

- (e) "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.
- (f) "Person" shall mean any individual, corporation, firm association, partnership or other legal entity.

Other terms shall have their natural meanings or the meanings given in the Georgia Nonprofit Corporation Code.

ARTICLE II.

PURPOSE

Section 2.01 Purpose. The Association shall have as its purpose the promotion of the welfare of its members and the residents of the Highland Ridge Subdivision and the community of which they are a part. More specifically, the Association shall manage such facilities for recreation and social activities of the membership as are provided for the use of the members and their guests. The Association will be responsible for enforcing the restrictions referred to in the protective covenants and any subsequent regulation made by the Association. It is expressly provided that it is not the purpose or object of the Association to realize a profit on its operations.

ARTICLE III.

MEMBERSHIP, DUES, AND VOTING RIGHTS

Section 3.01 Membership Eligibility. Every person who is the record owner of a fee or undivided fee interest in any Lot shall be eligible to be a member of the Association, excluding persons who hold such interest under a mortgage.

Section 3.02 Voting Procedures. If a Lot is owned by more than one person and if only one of those persons is present at a meeting of the Association, that person shall be entitled to cast the vote appertaining to that Lot; provided, however, if more than one of those persons is present, the vote appertaining thereto shall be cast only in accordance with their unanimous agreement and such consent shall be conclusively presumed if any one of them purports to cast the vote appertaining to that Lot without protest being made by any of the others to the person presiding over the meeting.

Section 3.03 Voting Rights. The Association shall have one class of voting membership. Members shall be entitled to one vote per Lot owned. The vote attributable to a Lot shall be exercised as a whole. When more than one person or a person other than a natural person owns such interest in any Lot, the vote therefore shall be exercised in accordance with the provisions of Section 3.02 of these bylaws. The vote of any Member not a natural person or persons shall be cast pursuant to a proxy or proxies duly executed by or on behalf of the Member.

Section 3.04 Suspension of Voting Rights. During any period in which a Member shall be in default for more than thirty (30) days in the payment of any fees or dues to the Association, after at least ten (10) days prior written notice to such Member of such default, the voting rights of such Member may be suspended by the Board of Directors until such fees have been paid. Such rights may also be suspended for a reasonable period for a violation of any provisions of these Bylaws or any of the published rules and regulations of the Association.

Section 3.05 Membership Election. The Board of Directors shall establish the procedures whereby any individual who owns a lot in Highland Ridge but has not previously been a Member shall become a Member of the Association and the record date by which any eligible individual must be a Member of the Association in order to vote at any membership meeting. Such procedures may provide for initiation or other membership fees as a condition of membership. No procedures adopted by the Board of Directors shall discriminate against any individual or lot owner eligible for membership as provided in Section 3.01 of these Bylaws.

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Section 3.06 Membership Approval of Rules. Any rules or regulations adopted by the Board of Directors shall be submitted to a special meeting of the Members for consideration and approval. Copies of the rules or regulations to be considered shall be distributed to the Members with the notice for a special meeting distributed at least fifteen (15) days prior to the date of that meeting. A majority vote of those present, in person or by proxy, at the special meeting where a quorum has been established shall be required to approve any proposed rules and regulations adopted by the Board of Directors. If a quorum of the Members is not present at the special meeting called for approval of rules or regulations, the rules shall take effect without further vote of the Members but only after notice in the manner provided in the Declaration.

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ARTICLE IV.

MEETINGS, VOTING, PROXIES

Section 4.01 Place of Meeting. Membership meetings of the Association shall be held at the Development or at such other suitable place convenient to the members as may be designated in the notice thereof by the Board of Directors.

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Section 4.02 Annual Meeting. Annual meetings of the membership of the Association may be held within the thirty (30) days prior to the beginning of the fiscal year (November 1st) on such date as the Board shall determine to be in the best interests of the Association. At the annual meeting, comprehensive reports of the affairs, finances and budget projections of the Association shall be made to the Members.

Section 4.03 Special Meetings. The Secretary of the Association shall be required to call a special meeting of the members as directed by the President of the Association, or upon the resolution of a majority of the Board of Directors, or upon presentation to the Secretary of the Association of a petition signed by Members entitled to cast at least twenty-five percent (25%) of the votes of the Association.

Section 4.04 Notice of Meetings. It shall be the duty of the Secretary of the Association to mail a notice of each annual or special membership meeting, stating the purpose thereof as well as the date, time, and place where it is to be held. Such notice shall be delivered personally or sent by United States Mail, postage prepaid, to all Members at such address or addresses as any of them may have designated, or if no address has been so designated, at the address of their respective Lots. Except as may be otherwise required by law, notice shall be given to each Member at least twenty-one (21) days in advance of any annual or regularly scheduled meeting, and at least seven (7) days in advance of any other meeting. The mailing of a notice in the manner provided in this Section 4.04 shall be considered notice given. Any member may waive the notice of the meeting by doing so in writing before or after the meeting. Attendance at a meeting, either in person or by proxy, shall of itself constitute a waiver of notice and waiver of any and all objections to the place or time of the meeting or the manner in which it has been called or convened, unless a member or other person entitled to notice attends such meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote. A recitation in the minutes of any membership meeting that notice of such meeting was properly given shall be prima facie evidence that such notice was so given.

Section 4.05 Order of Business. The order of business at all annual membership meetings shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers, if any.
- e. Reports of committees, if any.
- f. Election or appointment of inspectors of election.
- g. Election of directors.
- h. Unfinished business.
- i. New business.

Section 4.06 Quorum. At all membership meetings, annual or special, a quorum shall be deemed present throughout any meeting until adjourned if Members entitled to cast one third of the votes of the Association are present in person or by proxy. No Member whose voting rights have been suspended pursuant to Section 4.03 of these Bylaws shall be counted for a quorum. #?

Section 4.07 Adjourned Meetings. Any meeting of the membership which cannot be organized because a quorum has not attended may be adjourned from time to time by the vote of a majority of the Members present in person or represented by proxy. When any membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 4.08 Proxy. The vote of any Member may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Member delivered to the Secretary of the Association. No such proxy shall be revocable except by written notice delivered to the Secretary of the Association by the Member or by any such persons. Any proxy shall be void if it is not dated or if it purports to be revocable without notice. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. The transfer of title to any Lot shall void any outstanding proxy pertaining to the voting rights appurtenant to that Lot. The presence of any Member at the meeting for which a proxy is given shall automatically revoke the proxy.

Section 4.09 Action Taken by Association. Except as otherwise provided by these Bylaws, any action taken at any meeting of members shall be effective and valid if taken or authorized by not less than a majority of all the votes taken thereon to which all of the members present in person or by proxy at a duly constituted meeting shall be entitled. In the event of any tie vote at any regular, special, or adjourned meeting of the Association, the President, or the Vice President in the absence of the President, shall cast a separate vote to break the tie, unless otherwise provided in these Bylaws.

Section 4.10 Action by Association Without Meeting. Any action which may be taken at a meeting of the members may be taken without a meeting if written approval and consent, setting forth the action authorized, shall be signed by each of the members entitled to vote on the date on which the last such member signs approval and consent and upon the filing of such approval and consent with the Secretary of the Association. Such approval and consent so filed shall have the same effect as the unanimous vote of the members at a special meeting called for the purpose of considering the action authorized.

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ARTICLE V.

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

Section 5.01 Number. The affairs of the Association shall be governed by a Board of Directors composed of from five (5) to nine (9) persons as determined from time to time by resolution of the Board of Directors. At all times, an odd number of board members shall be maintained. Except as otherwise provided herein, each Director shall serve for a term of two (2) years. Directors must be Members or spouses of Members at all times during their service as Directors; provided, however, that only one person per Lot may serve on the Board at the same time; provided, further, that the term "Member", for purposes of this Section 5.01 and Section 6.01 hereof, shall be deemed to include, without limitation, any shareholder, director, officer, partner in, or trustee of any person which is, either alone or in conjunction with any other person or persons, a Member. Any individual who would not be eligible to serve as a member of the Board of Directors were he not a shareholder, director, officer, partner in, or trustee of such a person, shall be deemed to have disqualified himself from continuing in office if he ceases to have any such affiliation with that person.

Section 5.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary to administer the affairs of the Association, including, but not necessarily limited to, those powers and duties specifically assigned to the Board of Directors in the Articles of Incorporation and these Bylaws. Duties of the Board include, but are not limited to, the following:

- a. Maintenance, repair, renovation, restoration, replacement, care, upkeep and surveillance of the entrances to the Highland Ridge Subdivision, common areas and facilities, and other portions of the Development to be maintained by the Association;
- b. Levy and collection of assessments or dues levied by the Association in accordance with the annual budget;
- c. Designation and dismissal of the personnel necessary for the maintenance and operation of the common elements and facilities;
- d. Publishing and enforcing rules and regulations for the use and enjoyment of the recreational facilities and common areas, or rules governing the enforcement of provisions of the Declaration of Covenants covering the Development;
- e. Authorizing the payment of bills, obligations and indebtedness of the Association as provided by the annual budget.

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Section 5.03 Limitation on Borrowing Authority. The Board of Directors shall not have the power to pay bills, obligations or debts of the Association if such payment will exceed 10% of the total budget for expenses in excess of those established in the annual budget without the approval of the majority of members present, in person or by proxy, and eligible to vote at any regular or special meeting of the membership called to present the proposed excess expenditures; provided, however, that this limitation shall not apply to unforeseen emergency operational expenditures. Any emergency operational expenditures in excess of 10% of the total budget shall be reported to the membership by written notice within thirty (30) days of the expenditure. Further, in no event shall the Board be empowered or authorized to execute, sign, or deliver on behalf of the Association any contract of indebtedness, guaranty, surety, deed, mortgage, bond for title, deed to secure debt or deed of trust without the approval of two-thirds (2/3) of the membership.

X Section 5.04 Preparation of the Annual Budget. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated costs of operating the common areas during the coming fiscal year, capital improvements, and a reasonable reserve for operating funds, repairs, contingencies, capital expenditures, and other appropriate purposes including those defined in the Article of Declaration. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least fifteen (15) days prior to the meeting. 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 in effect for the current year shall continue for the succeeding year.

Section 5.05 Election of Directors and Term of Office. The members shall elect, in accordance with the procedures hereinafter set forth in Section 5.06 of these Bylaws, Directors to succeed to the office of all Directors whose terms have expired at the time of such meeting for a term of two (2) years each. Except in the case of death, resignation, disqualification, or removal, each Director elected by the members shall serve until the annual meeting at which his term expires and until his successor has been duly chosen and qualified.

Section 5.06 Procedure for Election. Persons may be nominated for election to the Board of Directors by a nominating committee appointed by the incumbent Board of Directors prior to the annual meeting and by nominations made from the floor at the meeting for such election. Election to the Board of Directors shall be by secret written ballot, unless dispensed by unanimous consent. At such election members or their proxies may cast their votes with respect to each vacancy; cumulative voting shall not apply. At the meeting of the Association at which Directors are to be elected, nominations shall be accepted for not less than the number of positions to be filled by the Board of Directors.

Upon the closing of such nominations, each Member entitled to vote shall cast a ballot by listing thereon the names of nominees only for the number of positions to be filled. The persons receiving the greatest number of votes shall be elected to fill the vacancies on the Board of Directors. In the event of a tie vote as to any one or more positions, one or more subsequent votes shall be taken in similar manner but only with respect to the position or positions to be filled and the nominees therefor who, on the preceding ballot received such tie vote. In the event that the number of persons nominated equals the number of vacancies on the Board of Directors, such persons shall be elected by acclamation. Notwithstanding the foregoing, at the first meeting at which Directors are elected, the two persons receiving the greatest number of votes shall be elected to two year terms, and the person receiving the next greatest number of votes shall be elected to a one year term. If the Directors are elected by acclamation, each Member entitled to vote shall cast a ballot only by writing thereon the names of the persons thus elected whom such person wishes to serve for a term of two years; the ballots shall then be collected and tallied whereupon the two persons receiving the greatest number of votes shall serve two year terms, and the one person receiving the next greatest number of votes shall serve a one year term. In the event the Board expands or contracts the number of members of the Board, the terms of said directors shall be set so that, as nearly as possible, one-half of all directors terms expire in any one year.

Section 5.07 Removal or Resignation. At any regular or special membership meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by a majority vote of the total authorized vote of the Members. The Board shall establish a time for a meeting for the purpose of holding an election by the Members to fill the vacancy or vacancies created by the removal. Any Director whose removal has been proposed by any Member or Members shall be given an opportunity to be heard at the meeting. Any Director may resign at any time by giving written notice to the members of the Board of Directors. Such resignation shall take effect on the date of the receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective. The sale of a Lot by a Director or termination of his interest in a Lot shall automatically terminate his directorship. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall serve until a successor is elected and qualified at the next annual meeting of the Members.

Section 5.08 Fees and Compensation. No fee or compensation shall be paid by the Association to Directors for their service as Directors unless such fee or compensation is first fixed by a resolution adopted by a two thirds (2/3) majority vote of the total authorized vote of the Members.

Section 5.09 Organizational Meeting. The first and organizational meeting of each Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the meeting of the Members at which such Board of Directors or certain members of the Board of Directors have been elected. The purpose of this organizational meeting is defined in Section 6.02 of these Bylaws.

Section 5.10 Regular Meetings. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings, in addition to the organizational meeting, without notice other than such resolution. The Board of Directors shall keep minutes of its meetings and full account of its transactions.

Section 5.11 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board on three (3) days notice to each Director, given personally or by mail or telephone. The notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors may also be called by the Secretary of the Association in like manner and on like notice on the written request of at least a majority of the Directors.

Section 5.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice of such meeting and waiver of any and all objections to the place or time of the meeting or the manner in which it has been called or convened, except when a Director states, at the beginning of the meeting any such objection or objections to the transaction of business.

Section 5.13 Entry of Notice. Whenever any Director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given such Director, as required by law and the Bylaws of the Association.

Section 5.14 Board of Directors Quorum. At all meetings of the Board of Directors, a majority of the Directors then in office shall constitute a quorum for the transaction of business.

Section 5.15 Action Taken by Directors. Except as otherwise provided in these Bylaws or by law, every act or decision by a majority of the Directors present in person at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Any Director may participate in a meeting through any means of communication by which all directors participating can simultaneously hear each other during the meeting and shall be deemed in attendance at such meeting. In the event of any tie vote, the President, or Vice President in the absence of the President, shall cast a separate vote to break the tie.

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Section 5.16 Action Without Formal Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any Committee appointed by the Board of Directors may be taken without a meeting if written consent, setting forth the action so taken, shall be signed by all members of the Board of Directors or of such Committee, as the case may be and such written consent is filed with the minutes of the proceedings of the Board or Committee. Such consent shall have the same force and effect as a unanimous vote by the Board of Directors or by such Committee, as may be applicable.

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Section 5.17 Committees. There shall be such committees as the Board shall determine with the powers and duties that the Board shall authorize. When creating the committee, the Board shall determine by resolution whether or not the chairperson of the committee shall be a member of the Board. *ie: voting member*

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Section 5.18 Architectural Control Committee. The ACC 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, in a manner specified in Section 4.03 of these bylaws to select the Lot owners to whom the authority may be delegated.

ARTICLE VI.

OFFICERS

Section 6.01 Enumeration of Officers. The officers of the Association shall be a President and Vice President, who shall be members of the Board of Directors, a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create. Each officer must be eligible to be a Director as established in Section 5.01 of these Bylaws.

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Section 6.02 Election. The President/Chairman of the Board and Vice President/Vice Chairman shall be elected by the members of the Association at the annual meeting. Such election shall take place after the election of members of the Board, as provided in Section 5.06, and said officers shall be elected for one year terms from among those individuals who shall serve on the board for the ensuing year. The Board of Directors shall elect the remaining officers of the Association at each organizational meeting thereof. The Board of Directors at any time and from time to time may appoint such other officers, in addition to those named in these Bylaws, as it shall deem necessary who shall hold their offices for such terms as shall be determined by the Board of Directors and shall exercise such powers and perform such duties as are specified by these

Bylaws or as shall be determined from time to time by the Board of Directors. No person may hold more than one officer's position at any time.

Section 6.03 Compensation. No fee or compensation shall be paid by the Association to any officer for his services as an officer unless such fee or compensation is first fixed by a resolution adopted by a two thirds (2/3) majority vote of the total authorized vote of the Members.

Officers
Section 6.04 Term. The President and Vice President shall be elected at each annual meeting of the members, and each other officer of this Association shall be elected at the time of each organizational meeting of the Board of Directors, and each shall hold office until the next organizational meeting of the Board and until his successor is duly elected and qualified, or until his earlier resignation, death, removal or other disqualification. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. The sale of his Lot by an officer or a termination of his interest in a Lot shall automatically terminate his term as an officer.

Section 6.05 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term; provided, however, that a vacancy in the office of President shall be filled by the Vice President until the next annual meeting of the members.

Section 6.06 President. The President shall be a Director and shall be Chairman of the Board of Directors. The President shall be the chief executive officer of the Association and, subject to the control of the Board of Directors, shall in general manage, supervise, and control all of the business and affairs of the Association and perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall, when present, preside at all membership meetings. The President may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any contracts, deeds, notes, mortgages, bonds, policies of insurance, checks, or other instruments which the Board of Directors has authorized to be executed, except in cases where signing or execution thereof shall be expressly delegated by the Declaration or these Bylaws or by the Board of Directors to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

Section 6.07 Vice President. In the absence of the President, or in the event of his death or inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may perform such duties as shall from time to time be assigned to him by the Board of Directors.

Section 6.08 Secretary. The Secretary shall: (a) attend and keep the minutes of meetings of the Members, and of the Board of Directors; (b) maintain files of all minutes of all committees having any of the authority of the Board of Directors; (c) see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; (d) be custodian of the Association records; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 6.09 Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association, receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall from time to time be selected by the Board of Directors; (b) authorize vouchers and sign checks for all monies due and payable by the Association; (c) promptly render to the President and to the Board of Directors an account of the financial condition of the Association whenever requested; and (d) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

ARTICLE VII.

FISCAL MATTERS, BOOKS AND RECORDS

Section 7.01 Fidelity Bonds. The Board of Directors may require that any contractor or employee of the Association handling or responsible for Association funds shall furnish an adequate fidelity bond. The premium for any such bond shall be paid by the Association from the common expense fund.

Section 7.02 Books and Records Kept by Association. The Association shall keep detailed, complete, and accurate financial records, including itemized records of all receipts and disbursements; shall keep detailed minutes of the proceedings of all meetings of the members and of the Board of Directors, and committees having any of the authority of the Board of Directors; and shall keep such other books and records as may be required by law or necessary to reflect accurately the affairs and activities of the Association. The Association shall keep at the office of the Association a record giving the names and addresses of the Directors, and of all members of the Association.

Section 7.03 Inspection. The books, records, and papers of the Association, subject to such restrictions consistent with the Georgia Non-Profit Corporation Code as are adopted by the Association, shall at all times, during reasonable business hours, be subject to inspection by any member or his agent or attorney for any proper purpose. True and correct copies of the Articles of Incorporation of the Association, these Bylaws,

and all rules and regulations of the Association with all amendments thereto, shall be maintained at the principal and the registered offices of the Association, and copies thereof shall be furnished to any Member on request on payment of a reasonable charge.

Section 7.04 Contracts. The Board of Directors may authorize any officer or officers, or agent or agents of the Association, in addition to the officers so authorized by the Declaration and these Bylaws, to enter into any contract or execute and deliver any instrument in the name of, or on behalf of, the Association, and such authority may be general or confined to specific instances.

● Section 7.05 Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by the Treasurer and countersigned by the President or Vice President of the Association. In special circumstances, an officer or officers, or agent or agents of the Association, as shall from time to time be determined by resolution of the Board of Directors, may sign such instruments.

Section 7.06 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 7.07 Gifts. The Board of Directors may accept, on behalf of the Association, any contribution, gift, or bequest or devise for the general purposes, or for any special purpose, of the Association.

● Section 7.08 Fiscal Year. The fiscal year of the Association shall begin November 1st and end October 31st.

● Section 7.09 Annual Statements. Not later than three (3) months after the close of each fiscal year, the Board of Directors shall prepare or cause to be prepared (a) a balance sheet showing in reasonable detail the financial condition of the Association as of the close of its fiscal year and (b) an income and expense statement showing the results of its operations during its fiscal year. Such statements may, in the discretion of the Board, be audited statements. The Treasurer promptly shall mail to each member copies of the balance sheet and income and expense statement. At any time during the fiscal year, upon written request, the Treasurer shall mail to any members copies of the most recent balance sheet and income and expense statement.

● Section 7.10 Audits. The Membership of the Association may call for an audit by a certified public accountant of any Association financial records. Such audit at the members initiative shall be performed only by the affirmative approval of a majority of the membership present, in person or by proxy, and eligible to vote at any annual or special meeting. The Board of Directors, by a 2/3 vote of the members present at any regular or special meeting of the Board, may also call for such an audit. The audits initiated by the

members of the Association shall occur no more frequently than once a year. The certified public accountant shall be selected by the Board of Directors.

● Section 7.11 Notices. Each Member shall be obligated to furnish to the Secretary of the Association, the address, if other than the Member's Lot, to which any notice or demand to the Member under these Bylaws, is to be given. If no address other than such Lot has been designated, all such notices and demands shall be mailed or delivered to such Lot.

Section 7.12 Payment of Taxes on Common Areas and Insurance Premiums. The Board shall cause payment to be made, in a timely manner, of all taxes assessed against the common areas or Association property and of all insurance premiums. The Board shall have the authority to enter into agreements with institutional holders of first mortgages on individual lots to permit said holders to pay past due taxes or insurance premiums owed by the Association subject to an immediate right of said holders to reimbursement by the Association.

ARTICLE VIII.

INSURANCE

Section 8.01 Types of Coverage. The Association shall maintain in effect at all times as a common expense the types of insurance coverage required by law, and such other insurance as the Board may from time to time deem appropriate. The Board shall review the amount and terms of such insurance annually.

Section 8.02 Policy Provisions. The Board shall consider and endeavor to obtain insurance on the following terms and conditions if the Board considers them advisable:

- (a) The insurer shall waive its rights of subrogation against the Association, the Board of Directors, any directors or officers of the Association, any managing agent or other agent or employees of the Association, all Lot Owners, and all other persons entitled to occupying the Lot or other portions of the Development.
- (b) The policy shall not be canceled, invalidated, or suspended on account of the conduct of any person listed in item (a) above without a prior demand in writing delivered to the Association to cure the defect and the allowance of reasonable time thereafter within which to cure such defect.
- (c) Any "no other insurance" provision in the policy shall expressly exclude the individual owners' policies from its operation.

- (d) The policy shall include a mortgagee's clause for the benefit of all mortgagees of lots.
- (e) The policy shall not be canceled or materially altered with respect to any mortgagee for the nonpayment of premium or otherwise until the mortgagee has given thirty (30) days prior written notice of such cancellation or material alteration.
- (f) The policy shall include a waiver of any co-insurance provisions.
- (g) The policy shall include an agreed value endorsement.
- (h) The policy shall include a waiver of the insurer's right to repair or reconstruct instead of paying cash.
- (i) The policy shall include a deductible amount per occurrence not in excess of \$1,000, unless a higher deductible shall first be approved by a majority vote of the Association.
- (j) The insurer shall provide appropriate certificates to each Lot Owner and each mortgagee, together with duplicate originals of the policies and proof of payment of the premiums.
- (k) The insurer shall be financially sound and responsible and qualified to do business in the State of Georgia.
- (l) Any other provisions as the Board may deem appropriate from time to time.

Section 8.03 Repair and Restoration of Common Areas. In the event of any damage to or destruction of the common areas or on any Lots required to be insured by the Association, the structures shall be repaired or restored unless, within thirty (30) days of the occurrence of the damage or destruction, two-thirds (2/3) of all lot owners agree not to repair or restore the damaged or destroyed structure. If the cost of repairing or restoring any damage exceeds the insurance proceeds available for such purposes, then any excess funds required shall be a common expense shared by all the Lot Owners and the Board shall have the power to determine if a special assessment of the Members is required.

ARTICLE IX.

MISCELLANEOUS

Section 9.01 Parliamentary Rules. Unless waived by majority vote of the Members in attendance, in person or by proxy, at any duly called membership meeting, or unless waived by a majority of the Directors present at any duly called meeting of the Board of Directors, Roberts' Rules of Order (latest edition) shall govern the conduct of the proceedings of such meeting when not in conflict with Georgia law or these Bylaws.

Section 9.02 Conflicts. If there are any conflicts or inconsistencies between the provisions of Georgia law and these Bylaws, the provisions of Georgia law shall prevail.

Section 9.03 Amendment. The Articles of Incorporation and these Bylaws may be amended, at a regular or special meeting of the members of the Association duly called and held for such purpose, pursuant to a resolution proposing the amendment adopted by the Board of Directors or proposed by twenty five percent (25%) of the members of the Association.. Such resolution must be approved by at least two-thirds (2/3) of the members of the Association entitled to cast votes. Notwithstanding the foregoing, any amendment to these Bylaws which would alter, modify or rescind any right or privilege herein expressly granted to the holder of any mortgage affecting any Lot shall require the prior written approval of such holder. Any amendment to these Bylaws shall at no time contain any provisions inconsistent with Georgia law or the Articles of Incorporation.

Section 9.04 Indemnification. Each Director and officer of the Association who was, or is, a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, by reason of the fact that he is or was a Director or officer of the Association, shall be indemnified by the Association against those expenses and costs which are allowed by the laws of the State of Georgia and which are actually and reasonably incurred by him in connection with such action, suit, or proceeding. Such indemnification shall be made only in accordance with the laws of the State of Georgia and subject to the conditions prescribed therein. To the extent obtainable, the Association shall maintain insurance on behalf of Directors and officers of the Association against all liabilities asserted against, and incurred by, any such person in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify such Directors and officers against such liabilities under the laws of the State of Georgia.

Section 9.05 Agreements. All agreements and determinations lawfully authorized by the Board of Directors of the Association shall be binding upon all Members, their heirs, legal representatives, successors, assigns or others having an interest in the Development. In performing its responsibilities hereunder, the Association, through the Board of Directors, shall have the authority to delegate to such persons of its choice, such duties of the Association as may be determined by the Board of Directors.

Section 9.06 Severability. Invalidation of any covenant, condition, restriction, provision, sentence, clause, phrase or word of these Bylaws, or the application thereof in any circumstances, shall not affect the validity of the remaining portions thereof and of the application thereof, which shall remain in full force and effect.

Section 9.07 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 9.08 Headings and Captions. The articles, section headings, and captions are for convenience and reference only and in no way define or limit the scope and content of these Bylaws or in any way affect the provisions hereof.

Thompson
Real Estate
Development

35-2R

FILED AND RECORDED
95 JAN 31 PM 3:1

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
HIGHLAND RIDGE SUBDIVISION, UNIT 1

Jay C. Stephenson
COBB SUPERIOR COURT CLERK

THIS DECLARATION, made this 31st day of January, 1995, by Thompson Real Estate Development, Ltd., a Georgia Limited Partnership, (hereinafter the "Developer").

W I T N E S S E T H:

GEORGIA, OFFICE OF COBB SUPERIOR COURT
FILED AND RECORDED 2/1/95 3:30 PM
JAY C. STEPHENSON, CLERK

WHEREAS, Developer is the owner of certain real property lying and being in Land Lots 103 and 114 of the 16th District, 2nd Section, Cobb County, Georgia, which real property is more particularly described in Exhibit A attached hereto and by reference made a part hereof; and

WHEREAS, Developer desires to provide for the preservation and enhancement of the property values in Highland Ridge and for the maintenance of the property and improvements thereon, and to this end desires to subject the real property described in Exhibit A to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof;

NOW, THEREFORE, Developer declares that the real property described in Exhibit A is and shall be held, transferred, sold, mortgaged, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I
DEFINITIONS

AMENDED

Section 1. "Architectural Control Committee" shall mean and refer to the Developer, or such other individuals as Developer may appoint, or such entity to which the Architectural Control Committee may assign its duties, until all Lots in the Subdivision shall have been fully developed and permanent improvements constructed thereon and sold to permanent residents. At such time as all of the Lots in the Subdivision have been fully developed, permanent improvements constructed thereon, and sold to permanent residents, the Developer shall notify the Owners of Lots in the Subdivision to that effect, and, thereupon, the Developer's rights and obligations as the Architectural Control Committee shall forthwith terminate. Notice to the Owners by Developer under this provision shall be in writing and shall be deemed given if delivered to the Owner's residence constructed on each Lot. After receipt of the said notice from the Developer, the Owners of a majority of the Lots in the Subdivision shall have the right, power and authority, through a duly recorded written instrument, to establish and elect a successor Architectural Control Committee which shall consist of not less than three (3) Owners of Lots.

*Re-Recorded Land Lot Corrected.

BK8709PG0501

BK8706PG0363

Definitions
added

Rules and regulations pursuant to which such Architectural Control Committee shall act shall be proposed by the initial successor Architectural Control Committee and shall be enacted upon the approval of a majority of the Owners of Lots in the Subdivision. Notwithstanding the foregoing, the Developer may, in its sole discretion, relinquish control over the Architectural Control Committee at any time prior to completion and sale of all improvements in the Subdivision by notifying the Owners of Lots in the Subdivision to that effect.

Section 2. "Declaration" shall mean the covenants, conditions, restrictions and easements and all other provisions herein set forth in this entire document, as may from time to time be amended.

AMENDED Section 3. "Developer" shall mean and refer to Thompson Real Estate Development, Ltd., a Georgia Limited Partnership, or any successor-in-title or any successor-in-interest to Thompson Real Estate Development, Ltd., to all or any portion of the Property then subject to this Declaration, provided in the instrument of conveyance to any such successor-in-title or interest, such successor-in-title is expressly designated as the "Developer" hereunder by the grantor of such conveyance, which grantor shall be the Developer hereunder at the time of such conveyance.

Section 4. "Lot" or "Lots" shall mean and refer to Lots 35 through 82, 95 through 114, and 123 through 134, and 140 and 141, inclusive, as shown on the Plat, individually or collectively, as the case may be, and shall mean and include any additional lots created or lots relocated on any amendment to or revision of the Plat which is recorded in the Records of the Clerk of the Superior Court of Cobb County, Georgia.

AMENDED Section 5. "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Lot which is a part of the Property, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Person" shall mean and refer to a natural person, corporation, partnership, association, trust or other legal entity, or any combination thereof.

AMENDED Section 7. "Plat" shall mean and refer to that certain final subdivision plat for the Subdivision prepared by Dixon's Land Surveying, Inc., and recorded in Plat Book 154, Page 44, in the Office of the Clerk of Superior Court of Cobb County, Georgia, as the same may be amended or revised from time to time.

Article
1-A & 1-B
added

Section 8. "Property" shall mean and refer to that certain real property described in Exhibit A attached hereto and incorporated herein by reference.

Section 9. "Structure" shall mean and refer to: (i) any thing or object, the placement of which upon any Lot may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof, garage, porch, gazebo, shed, greenhouse or bathhouse, coop or cage, covered or uncovered patio, swimming pool, tennis court, fence, curbing, paving, wall, tree, shrub, sign, signboard, mailbox, driveway, temporary or permanent living quarters (including any house trailer) or any other temporary or permanent improvement to such Lot; (ii) any excavation, grading, fill ditch, diversion dam or other thing, object or device which affects or alters the natural flow of surface waters from, upon or across any Lot, or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash or drainage channel from, upon or across any Lot; and (iii) any change in grade at any point on a Lot of more than six (6) inches, whether or not subsection (ii) of this Section 9 applies to such change.

Section 10. "Subdivision" shall mean and refer to Highland Ridge, Unit 1.

ARTICLE II
ARCHITECTURAL CONTROL COMMITTEE

Deleted See Amendment *- See Amendment*

Section 1. Purpose, Powers and Duties of the Architectural Control Committee. The purpose of the Architectural Control Committee is to assure that the installation, construction and alteration of any Structure on any Lot is in conformity and harmony of external design and general quality with the existing standards of the neighborhood and with the standards of the development of the Property and that the location of Structures on the Lots is compatible and harmonious with topography of the Property as developed by Developer and with the finished ground elevation of the Subdivision and surrounding Structures. To the extent necessary to carry out such purpose, the Architectural Control Committee shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in connection with or incidental to, the accomplishment of such purpose, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction or alteration of any Structure on any Lot.

Section 2. Submission of Plans and Specifications. No Structure shall be commenced, erected, placed, moved onto or permitted to remain on any Lot, nor shall any existing Structure upon any Lot be altered in any way which materially changes the

exterior appearance of the Structure or Lot, unless plans and specifications therefor shall have been first submitted to and approved in writing by the Architectural Control Committee. Such plans and specifications shall be in such form and shall contain such information as may be reasonably required by the Architectural Control Committee, including, without being limited to:

(a) a site plan showing the location of all proposed and existing Structures on the Lot, including building setbacks, open space, driveways, walkways and parking spaces including the number thereof;

(b) foundation plans;

(c) floor plans;

(d) wall sections;

(e) exterior elevations of all proposed Structures and alterations to existing Structures, as such Structures will appear after all back-filling and landscaping are completed;

(f) specifications showing the nature, kind, shape, height, materials, basic exterior finishes and colors of all proposed Structures and alterations to existing Structures, and also showing front, side and rear elevations thereof;

(g) roof materials and color; and

(h) plans for landscaping and grading.

Section 3. Approval and Disapproval of Plans and Specifications. (a) The Architectural Control Committee shall have the right to approve or disapprove any plans and specifications submitted to it in its sole and untrammelled discretion, which approval or disapproval may be based upon any grounds, including purely aesthetic considerations which shall be deemed sufficient.

(b) Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Architectural Control Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval of any plans and specifications for use in connection with any Lot or Structure shall not be deemed a waiver of the Architectural Control Committee's right, in its sole discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any

other Lot or Structure. Approval of any such plans and specifications relating to any Lot or Structure, however, shall be final as to that Lot or Structure, and such approval may not be revoked or rescinded thereafter, provided that there has been adherence to, and compliance with, such plan and specifications, as approved, and any conditions attached to any such approval.

(c) Neither Developer nor any member of the Architectural Control Committee shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architectural Control Committee, nor for any structural defects in any work done according to such plans and specifications approved by the Architectural Control Committee. Further, approval of plans and specifications by the Architectural Control Committee shall not be deemed to represent or warrant to any Person the quality, function or operation of the Structure or of any construction, workmanship, engineering, materials or equipment. Neither Developer nor any member of the Architectural Control Committee shall be liable in damages or in any other respect to anyone submitting plans or specifications for approval under this Article, or to any Owner, or to any other Person having an interest in any of the Property by reason of mistake in judgment, negligence, misfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans and specifications. By submission of such plans and specifications to the Architectural Control Committee, every Owner of any Lot releases and agrees to hold harmless and to defend Developer and any member of the Architectural Control Committee from any such alleged liability, claim and/or damage.

Section 4. Obligation to Act. The Architectural Control Committee shall take action on any plan and specifications submitted as herein provided within forty-five (45) days after receipt thereof. Approval by the Architectural Control Committee, if granted, together with any conditions imposed by the Architectural Control Committee, shall be placed in writing on the plans and specifications and shall be returned to the applicant. Failure by the Architectural Control Committee to take action within forty-five (45) days of the receipt of plans and specifications submitted for approval shall be deemed approval of such plans and specifications.

Section 5. Right of Inspection. The Architectural Control Committee, its agents and representatives, shall have the right during reasonable hours to enter upon and inspect any Lot and Structure thereon for the purpose of ascertaining whether the installation, construction, alteration or maintenance of any Structure or the use of any Lot or Structure is in compliance with the provisions of this Declaration; and the Architectural Control Committee shall not be deemed to have committed a trespass or wrongful act solely by reason of such entry or inspection.

Section 6. Violations. If any Structure shall be erected, placed, maintained or altered upon any Lot, otherwise than in accordance with the plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article, such erection, placement, maintenance or alteration shall be deemed to have been undertaken in violation of this Article and without the approval required herein. If in the opinion of the Architectural Control Committee such violation shall have occurred, the Architectural Control Committee shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action within fifteen (15) days after the mailing of the aforesaid notice of violation, then the Architectural Control Committee, its agents and representatives, shall be entitled and empowered to enjoin such construction, or enter such Lot at reasonable times to remove such construction, all without being deemed to have committed a trespass or wrongful act by reason of such entry and such actions. Any costs and expenses incurred by the Architectural Control Committee in enjoining and/or removing any construction or improvements shall be assessed against the Owner of such Lot and shall be due and payable to the Architectural Control Committee on demand, it being understood, acknowledged and agreed that such Owner shall be personally liable to the Architectural Control Committee for such costs and expenses. The liability for such costs and expenses shall be a permanent charge and lien upon such Lot enforceable by the Architectural Control Committee in the same manner as other liens for the improvement of real property or by any other appropriate proceeding in law or in equity.

Section 7. Fees. The Architectural Control Committee may impose and collect a reasonable and appropriate fee to cover the cost of inspections performed pursuant to Section 5 hereof. The fee shall be established from time to time by the Architectural Control Committee and shall be due and payable to the Architectural Control Committee by the Owner of the Lot inspected, on demand.

ARTICLE III.
MAINTENANCE

AMENDED

Each Owner of a Lot, whether vacant or occupied, shall keep and maintain his Lot and the exterior of any and all improvements located thereon in a neat, attractive and safe condition. Such maintenance shall include, but shall not be limited to, painting, repairing, replacing and care for roofs, gutters, downspouts, building surfaces, lighting, trees, shrubs, grass, walks and other exterior improvements. Should any Owner of a Lot fail to maintain his Lot or the improvements thereon as set forth hereinabove, the Architectural Control Committee, its agents

and representatives, may, after thirty (30) days written notice to the Owner of such Lot, enter upon his Lot for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, or other unsightly growth, for removing garbage or trash, or for performing such exterior maintenance as the Architectural Control Committee, in the exercise of its sole discretion, deems necessary or advisable, all without being deemed to have committed a trespass or wrongful act by reason of such entry and such actions. Such Owner shall be personally liable to the Architectural Control Committee for the direct and indirect cost of such maintenance. The liability for such costs and expenses shall be a permanent charge and lien upon such Lot enforceable by the Architectural Control Committee in the same manner as other liens for the improvement of real property or by any other appropriate proceeding in law or in equity. Although notice given as herein provided shall be sufficient to give the Architectural Control Committee, its agents and representatives, the right to enter upon such Lot and perform such maintenance, entry for such purpose shall be only between the hours of 9:00 a.m. and 5:00 p.m. on any day except Sunday. The provisions hereof shall not be construed, however, as an obligation on the part of the Architectural Control Committee to mow, clear, cut or prune any Lot, to provide garbage or trash removal service, or to perform such exterior maintenance.

ARTICLE IV.
EASEMENTS

AMENDED
Section 1. Easements for Architectural Control Committee. There is hereby created in favor of the Architectural Control Committee, its members, agents, employees and representatives, an easement to enter in or to cross over the Lots to inspect and to perform the duties of maintenance and repair of the Lots, as provided for herein.

Section 2. Easements for Developer. Developer hereby reserves for itself, its successors and assigns, the following easements and rights-of-way in, on, over, under and through any part of the Property owned by Developer for so long as Developer owns any Lot primarily for the purpose of sale:

(a) For the erection, installation, construction and maintenance of wires, lines and conduits, and necessary or proper attachments in connection with the transmission of electricity, gas, water, telephone, community antenna, television cables and other utilities;

(b) For the construction of improvements on the Lots;

(c) For the installation, construction and maintenance of storm-water drains, public and private sewers, and for any other public or quasi-public utility facility;

(d) For the use of any sales offices, model units designated by Developer to include a mobile office, and parking spaces in connection with its efforts to market Lots; and

(e) For the maintenance of such other facilities and equipment as in the sole discretion of Developer may be reasonably required, convenient or incidental to the completion, improvement and sale of Lots.

ARTICLE V.
GENERAL COVENANTS AND RESTRICTIONS

The following covenants and restrictions shall apply to all Lots and to all Structures erected or placed thereon:

Section 1. Residential Use. ^{AMENDED} All Lots shall be restricted exclusively to single-family residential use. No Lot, or any portion thereof, shall at any time be used for any commercial, business or professional purpose; provided, however, that nothing in this Declaration shall be construed to prohibit or prevent Developer from constructing or placing on any Lot or other portion of the Property a sales office (which may include a mobile or temporary structure), or a model home or residence for the purpose of marketing the Lots, or to prohibit or prevent Developer, its agents and designees, from using any Lot owned by Developer for the purpose of carrying on business related to the development, improvement and sale of Lots in the Subdivision.

Section 2. Nuisances. (a) No unlawful, noxious or offensive activities shall be carried on in any Lot, nor shall anything be done therein or thereon which constitutes a nuisance, causes unreasonable noise or disturbance to others or unreasonably interferes with other Owners' use of their Lots.

(b) No rubbish, debris or any other form of waste of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Property or of a Lot. For rubbish, garbage or any other form of solid waste to be disposed of by being collected on a regular and recurring basis, containers may be placed on each Owner's Lot on any day that a pick-up is to be made. At all other times, such containers shall be screened or enclosed so as not to be visible from any street or any other Lot. No person shall burn rubbish, garbage, or any other form of waste on any Lot except during construction of a Structure, provided that such activity is in full compliance with all applicable laws and ordinances. Except for building materials employed during the course of construction of any Structure approved by the Architectural Control Committee, no lumber, metals, bulk materials or solid waste of any kind shall be kept, stored, or allowed to accumulate on any Lot.

(c) No nuisance shall be permitted to exist upon any portion of the Property. Without limiting the generality of any of the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on the Property or any portion thereof.

Section 3. Resubdivision of Property. No Lot may be split, divided or subdivided for sale, resale, gift, transfer or otherwise without the prior written approval of the Architectural Control Committee of plans and specifications for such split, division or subdivision. Not more than one (1) single-family residence shall be constructed on a Lot.

Section 4. Landscaping. No construction or alteration of any Structure shall take place without the prior written approval by the Architectural Control Committee of plans and specifications for the landscaping to accompany such construction or alteration.

Section 5. Temporary Buildings. No temporary building, trailer, garage or building under construction shall be used, temporarily or permanently, as a residence on any Lot except as temporary sleeping or living quarters required or desirable for security purposes in accordance with plans and specifications therefor approved by the Architectural Control Committee. No Owner shall erect or allow to be erected on any Lot any temporary building or shed for use in connection with construction on such Lot without the prior written consent of the Architectural Control Committee. Notwithstanding the above, this Section shall not be construed to prohibit or prevent Developer from using sheds or other temporary structures during development of the Property.

Section 6. Signs.

AMENDED

(a) No signs whatsoever (including but not limited to commercial and similar signs) shall, without the Architectural Control Committee's prior written approval of plans and specifications therefor and location thereof, be installed, altered or maintained on any Lot, or on any portion of a Structure visible from the exterior thereof, except:

(i) such signs as may be required by legal proceedings;

(ii) not more than one "For Sale" or "For Rent" sign; provided, however, that in no such event shall any such sign be larger than four (4) square feet in area.

new ill added

Notwithstanding the foregoing, during construction of any Structure on a Lot, Developer, its agents and designees, may erect professionally prepared signs larger than four (4) square feet in area which are related to such construction and which are used primarily for identification of the builder or contractor constructing such Structure or of the institution or other entity providing financing for such construction, or both; and

renumbered by 14 (iii) ~~directional~~ signs for vehicular or pedestrian safety.

(b) Following the consummation of the sale of any Lot, the sign or signs located thereon shall be removed immediately.

AMENDED
Section 7. Fences. No fence, wall or barrier of any kind shall be erected, maintained, or altered on any Lot without the prior written approval of the Architectural Control Committee of plans and specifications for such fence, wall or barrier.

Section 8. Driveways. All driveways shall be constructed with a hard finished substance aesthetically compatible and in harmony with the architectural integrity of the Subdivision.

AMENDED
Section 9. Antennae. No antenna, satellite dish or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained on any Lot or the exterior of any Structure without the prior written approval of the Architectural Control Committee. In no event shall freestanding transmission or receiving towers be permitted.

Section 10. Clotheslines, etc. All clotheslines, related equipment, garbage cans and woodpiles shall be screened by adequate foliage or fencing from view by adjoining Lots and adjacent streets.

AMENDED
Section 11. Recreational Vehicles and Trailers. No house trailer, mobile home, motor home, recreational vehicle, camper, truck with camper top, boat or boat trailer or similar vehicle shall be permitted on any Lot in excess of seven (7) days if parked in a manner that is visible from any street. *48 hours*

Section 12. Recreational Equipment. All recreational and playground equipment shall be placed, installed, constructed and maintained only in the rear yard of a Lot, with the exception of basketball goals which may be placed in the side yard of a Lot or along the driveway located on a Lot, provided the location and

installation of same is first approved in writing by the Architectural Control Committee. In the event that the rear yard of any Lot is adjacent to a street, the Owner of such Lot shall provide adequate screening of such equipment by foliage or fencing.

Section 13. Animals. ^{AMENDED} No animals, including birds, insect and reptiles, may be kept on any Lot unless kept thereon solely as household pets and not for commercial purposes. No animal shall be allowed to become a nuisance. No Structure for the care, housing or confinement of any animal shall be placed, installed, constructed or maintained on any Lot without the prior written approval of the Architectural Control Committee of plans and specifications for such Structure. All such Structures shall be located only in the rear yard of a Lot.

Section 14. Water Supply. No individual water supply system shall be permitted on any Lot without the prior written approval of the Architectural Control Committee. If such approval is given, such system must be located, constructed and equipped in accordance with the requirements, standards and recommendations of federal, state and local public health authorities, and all necessary approvals of such system as installed shall be obtained from such authorities at the sole cost and expense of the Owner of the Lot to be served by such system.

Section 15. Setback and Building Lines. Each residence which shall be constructed on a Lot shall be situated on such Lot in accordance with the building and setback lines shown on the Plat. In no event shall any residence be constructed and located on a Lot in a manner which violates or encroaches upon the building and setback lines shown on the Plat unless a variance is obtained from the Architectural Control Committee and from the appropriate governmental authorities having jurisdiction thereover.

Sec. 16 - Added

ARTICLE VI.
GENERAL PROVISIONS

Section 1. Enforcement. ^{AMENDED} The Architectural Control Committee, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, charges and liens now or hereafter imposed by the provisions of this Declaration. Failure by the Architectural Control Committee or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. If any provision of this Declaration, or any paragraph, subparagraph, article, section, sentence, clause, phrase, word or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration and the application of any such provision, paragraph, subparagraph, article, section, sentence, clause, phrase or word in any other circumstances shall not be affected thereby and the remainder of this Declaration shall be construed as if such invalid part was never included therein.

Section 3. Headings. The headings of articles and sections in this Declaration are for convenience of reference only and shall not in any way limit or define the content or substance of such articles and sections.

Section 4. Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a period of twenty (20) years from the date this Declaration is recorded, at the end of which period such covenants and restrictions shall be automatically extended for successive periods of ten (10) years each unless at least two-thirds (2/3) of the Owners at the time of the expiration of the initial period, or of any extension period, shall sign an instrument in which said covenants and restrictions are modified in whole or in part, which instrument is filed of record in the Office of the Clerk of the Superior Court of Cobb County, Georgia. AMENDED

Section 5. Rights and Obligations. Each grantee of the Developer, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, easements, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All rights, benefits and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in the Property or any portion thereof, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

Section 6. Notices. AMENDED Except as otherwise provided in this Declaration, notices shall be in writing and shall be addressed to an Owner at his Lot or at such other address as hereinafter provided. For so long as the Architectural Control Committee shall mean and refer to the Developer, notices to the Architectural Control Committee shall be in writing and shall be addressed to Thompson Real Estate Development, Ltd., Post Office Box 670833, Marietta, Georgia 30066. Any Owner may designate a different address for notices to such Owner by giving written

notice to the Architectural Control Committee. Notices addressed as above shall be deemed delivered upon mailing by United States registered or certified mail, return receipt requested, postage prepaid, or when delivered in person.

Amended
Section 7. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Developer (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 reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (iii) if such amendment is required to obtain the approval of this Declaration by an institutional lender, such as a bank, savings and loan association or life insurance company, or by a governmental lender or purchaser of mortgage loans, such as the Federal National Mortgage Association 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, such as the Veterans Administration, or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration. Further, so long as Developer is the owner of any real property subject to this Declaration, Developer may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Owners hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Owner. This Declaration may be amended at any time and from time to time by an agreement signed by at least seventy-five percent (75%) of the Owners of Lots; provided, however, such amendment by the Owners shall not be effective unless also signed by Developer, if Developer is the owner of any real property then subject to this Declaration. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record in the Office of the Clerk of the Superior Court of Cobb County, Georgia. Every purchaser or grantee of any interest in any real property made subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that this Declaration may be amended as provided in this Section.

Section 8. No Liability. ~~Amended~~ Developer has used its best efforts and acted with due diligence in connection with the preparation and recording of this Declaration to ensure that each Owner has the right and power to enforce the terms and provisions hereof against every other Owner. In the event this Declaration is

Sec 9 & 10 added
Article VII - Assessments Added
Article VIII - Insurance - Added
-13-

unenforceable by an Owner or any other person for any reason whatsoever, Developer shall have no liability of any kind as a result of such unenforceability, and each Owner, by acceptance of a deed conveying a Lot, acknowledges and agrees that Developer shall have no such liability.

IN WITNESS WHEREOF, Thompson Real Estate Development, Ltd. has caused this declaration to be executed under seal on the day and year first above written.

Signed, sealed and delivered in the presence of:

THOMPSON REAL ESTATE DEVELOPMENT, Ltd., a Georgia Limited Partnership
By: Thompson Real Estate Investments, Inc., General Partner

Rudy G. Bristow
Witness

By: Mary A. Thompson
Mary A. Thompson, Secretary

Judy A. Morgan
Notary Public



[CORPORATE SEAL]

Commission Expiration Date:

[NOTARIAL SEAL]



CONSENT AND APPROVAL

Bank South Mortgage, Inc., being the owner and holder of that certain Deed to Secure Debt and Security Agreement dated June 14, 1994, by and between Thompson Real Estate Development, Ltd., a Georgia Limited Partnership, and Bank South Mortgage, Inc., recorded in Deed Book 8305, Page 0164, Cobb County, Georgia Records (hereinafter referred to as the "Security Deed"), does herein and hereby expressly consent to and approve of that certain Declaration of Covenants, Conditions, Restrictions and Easements for Highland Ridge Subdivision, Unit 1, (hereinafter referred to as the "Declaration"), with respect to the property described on Exhibit "A" to said Declaration. Notwithstanding this Consent and Approval it is expressly understood and agreed that in the event of foreclosure of all or any remaining lots that the Architectural Control Committee shall be Bank South Mortgage, Inc. Except as set forth herein, this Consent does not waive any of the terms and provisions of the Security Deed, which Security Deed shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, by and through its duly authorized and appointed officers, has signed, sealed and delivered this Consent and Approval, this 31 day of January, 1995.

BANK SOUTH MORTGAGE, INC.

By: Rudy A. Britton - Clerk
Title

By: _____
Title

CORPORATE
SEAL

Signed, sealed and delivered
in the presence of:

Mark Henry
WITNESS

Judy A. Moya
NOTARY



BK8709PG0515

BK8706PG0377

EXHIBIT "A"

All that tract or parcel of land lying and being in Land Lots 103 and 114 of the 16th District, 2nd Section of Cobb County, Georgia, and being Lots 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 140, and 141 of Highland Ridge, Unit 1, as more particularly shown on that certain plat of survey prepared by Dixon's Land Surveying, Inc. recorded in Plat Book 154, Page 44, Cobb County, Georgia, Records, which plat is incorporated herein by reference.

PP8700PC0516

BK8706PC0378

*Amended Filed 2000
When Assoc went
mandatory*

Prepared by and return to:
RANDALL M. LIPSHUTZ
LIPSHUTZ, GREENBLATT & KING
2300 Harris Tower
233 Peachtree Street, N.E.
Atlanta, Georgia 30303
(404) 688-2300

Cross Reference: Declaration
Recorded at Deed Book 10003,
Page 13, Cobb County,
Georgia Records

AMENDMENT TO THE DECLARATION
OF COVENANTS, CONDITIONS, RESTRICTIONS
AND EASEMENTS FOR HIGHLAND RIDGE SUBDIVISION UNIT 2

This Amendment is made and entered into as of the ____ day of _____, 2000, by Highland Ridge Homeowners Association, Inc., and the members thereof whose written consents have been recorded with this Amendment.

WHEREAS, the Developer submitted certain property to that Declaration of Covenants, Conditions, Restrictions and Easements and for Highland Ridge Subdivision, Unit 2 relating to certain real property located in Land Lots 103 and 114 of the 16th District, 2nd Section of Cobb County, Georgia, which Declaration is recorded in Deed Book 10003, page 13, Records of the Clerk of the Superior Court, Cobb County, Georgia (the "Declaration"); and

WHEREAS, the Georgia Property Owners' Association Act, O.C.G.A. §§ 44-3-220, et. seq., (the "POA Act") has been enacted to provide for the governance and operation of property owners associations in Georgia; and

WHEREAS, the Association deems it desirable for the efficient operation of Highland Ridge Homeowners Association, Inc., that the Association become a mandatory membership association and the property be submitted to and the Declaration be amended to take advantage of the provisions of the Georgia Property Owners' Association Act; and

WHEREAS, the Association desires to amend the Declaration for other purposes; and

WHEREAS, in accordance with Article VI, §7 of the Declaration, the Declaration may be amended by written consent of members holding seventy five percent (75%) of the vote in the Association; and

WHEREAS, all members of the Association consenting to this amendment have agreed to cause the Association to become a mandatory membership association; and

WHEREAS, Thompson Real Estate Development, Ltd., the "Developer" under the original Declaration has consented to these amendments subject to certain understandings and agreements with the Association as set forth herein; and

(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.

Deletes the # of members needed in the

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 mortgages of the individual Lots.

GL & DAD
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

Approval/
Denial
30 days

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.

Appeal Process

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.

BOD or Committee

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.

700
President

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.

Permit
Changes
not specific
in document
8-B-1

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

Grandfather
Clause

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

prohibited structure. Pets shall be under leash when walked or exercised on any unfenced area. Feces left upon the Common Area by dogs must be removed by the owner of the dog or the person responsible for the dog. Upon the written request of any Lot Owner, the Board of Directors of the Association shall conclusively determine whether, in its sole and absolute discretion, for the purposes of this section, a particular animal or bird is a generally recognized house pet, is a nuisance, constitutes a threat to the health of any Owner or occupant of a Lot, or whether the number of animals or birds in any Lot is unreasonable; provided, however, that no such determination shall be made by the Board unless the Owner of the bird or animal in question shall have first been given an opportunity to appear before the Board for a hearing after reasonable notice of such hearing. If a bird or an animal is found to be in violation, the Board may require the permanent removal from the Property of the bird or animal upon seven (7) days written notice.

17.

The following additional provision is added to Article V, "General Covenants and Restrictions", and said additional provision shall control in the event of any conflict with other provisions of said Article:

Section 16. Use of Common Area. There shall be no obstruction of the Common Area, nor shall anything be kept, parked or stored on any part of the Common Area without the prior written consent of the Association, except as specifically provided herein. Nothing shall be altered on, constructed in, or removed from the Common Area except upon the prior written consent of the Association.

18.

Article VI, Section 1 "Enforcement", is amended to read as follows:

(a) The Association or any owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, charges and liens now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

(b) The Architectural Control Committee may request that the Board of the Association exercise the right of abatement in all cases where an Owner of a Lot shall fail to take reasonable steps to remedy a violation or breach of any restriction contained in this Declaration within twenty (20) days after the mailing of written notice of such violation or breach. 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 or should the Architectural Control Committee request the Board to exercise its right of abatement, then the Association, after 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 abate any violation or to perform any maintenance, restoration, or repairs necessary to meet the standards and requirements imposed by this Declaration. The cost of such abatement, repair, maintenance, or restoration shall be added to and become a part of the assessment to which such Lot is subject.

19.

Article VI, Section 4 "Duration", is amended to read as follows:

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.

Need
Address
now

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.

typo.

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,

same document
Covers both
Phase 1 & 2

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.

Part of Covenants
Annual dues

(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.

reserve fund

(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 ____ day of _____, 2000.

Signed, sealed, and delivered
this ____ day of _____,
2000 in the presence of:

Witness

NOTARY PUBLIC

HIGHLAND RIDGE HOMEOWNERS
ASSOCIATION, INC.

By: _____ (SEAL)
President

Attest: _____ (SEAL)
Secretary