

24.8± ACRES
OFFERED AS A WHOLE,
DIVIDED IN 5 TRACTS,
OR IN COMBINATION ONLINE BIDDING **ENDS SEPT 16TH** AT NOON (EDT) Selling in Association with Seven HHills **7HAUCTIONS.COM**

LAND

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JEFF CUSSON, CCIM Saunders Land Jeff@SaundersRealEstate.com 772-332-9070 (O) 772-473-8497 (C) Dear Prospective Bidders,

Seven Hills Auctions in association with Saunders Land is pleased to offer a prime commercial development opportunity in Perry, Georgia within the established Houston Springs Development. This C-2 zoned property totaling 24.873± acres is offered in five tracts ranging from 4 to 6.697 acres each, available individually, in combination, or as a complete package. Located one mile from Interstate 75 with direct access to the new Jack's Link manufacturing plant adding 800 jobs across the street. The property benefits from proximity to Robins Air Force Base, Georgia's largest single-site employer with over 22,000 personnel and \$2.7 billion annual economic impact. This represents a rare opportunity to acquire prime commercial acreage with an immediate job creation catalyst and superior interstate accessibility in Houston County's expanding market.

The information contained in this package has been prepared to assist you in your pre-auction due diligence. Please review this information carefully before bidding. We certainly appreciate your interest in this auction. It's our goal to make the auction process simple and easy for you. Should you have any questions, please do not hesitate to contact us at 800.742.9165. Our staff of auction professionals are ready to answer any questions you may have.

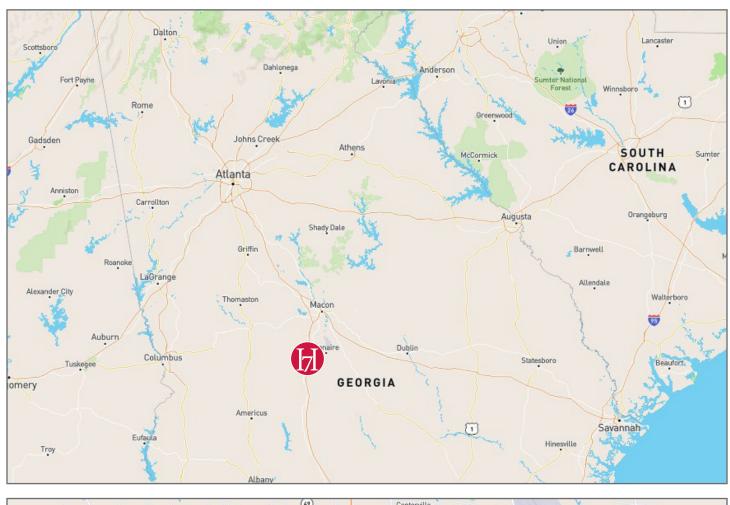
Good luck!

Sincerely,

Buddy Lee, CAI Founder / President

DISCLAIMER

All information provided by the Auctioneer is deemed to have been obtained from reliable sources; however, the Auctioneer makes no representations or warranties to its accuracy. It is the Bidder's responsibility to conduct his/her own due diligence, inspect, review and/or analyze each property prior to placing a bid. All sales are pursuant to the property being sold on an "as-is, where-is" basis, with no representations or warranties of any kind, expressed or implied by the Seller and/or Auctioneer.







Property Type: Commercial Land

Seller Type: Private Equity Group

Total Land Area: 24.873± Acres

Tract 1: 6.697± Acres

Tract 2: 4.0± Acres

Tract 3: 4.0± Acres

Tract 4: 4.0± Acres

Tract 5: 6.176± Acres

Subdivision Name: Houston Springs

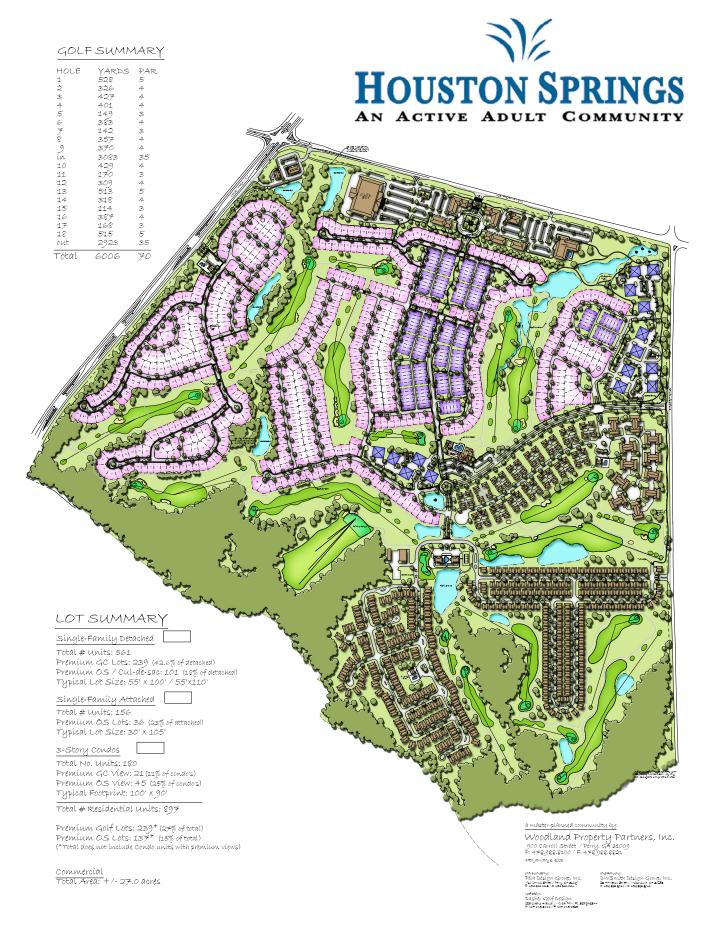
Address: S/S of Sam Nunn Blvd

Perry, GA 31069

County: Houston

Lat/Lon: 32.482767, -83.769661

Tax Identification Number: Part of 0P0530010000









PROPERTY PHOTOS



PROPERTY PHOTOS















Where Georgia comes together.

Department of Community Development

June 3, 2022

Re: Houston Springs Planned Unit Development, Perry, GA 31069

Ladies and Gentlemen:

The Houston Springs development is zoned PUD, Planned Unit Development #2, in the city limits of Perry, Georgia. The PUD standards (dated August 27, 2007) and PUD plan (dated July 2007) were adopted by City Council on October 16, 2007 and are still in effect.

Copies of approved plan and standards are attached. The total number of single-family detached units (594), single-family attached units (156), and condominium units (180) identified on the PUD plan are approved to be developed on lands located above the red line I hand-drew on the plan.

Residential properties located below the red line are not included in the totals above. There may be additional lots available for development in this area. The total number of units below the red line must not exceed those shown on the plan.

Please let me know if you need clarification or have questions.

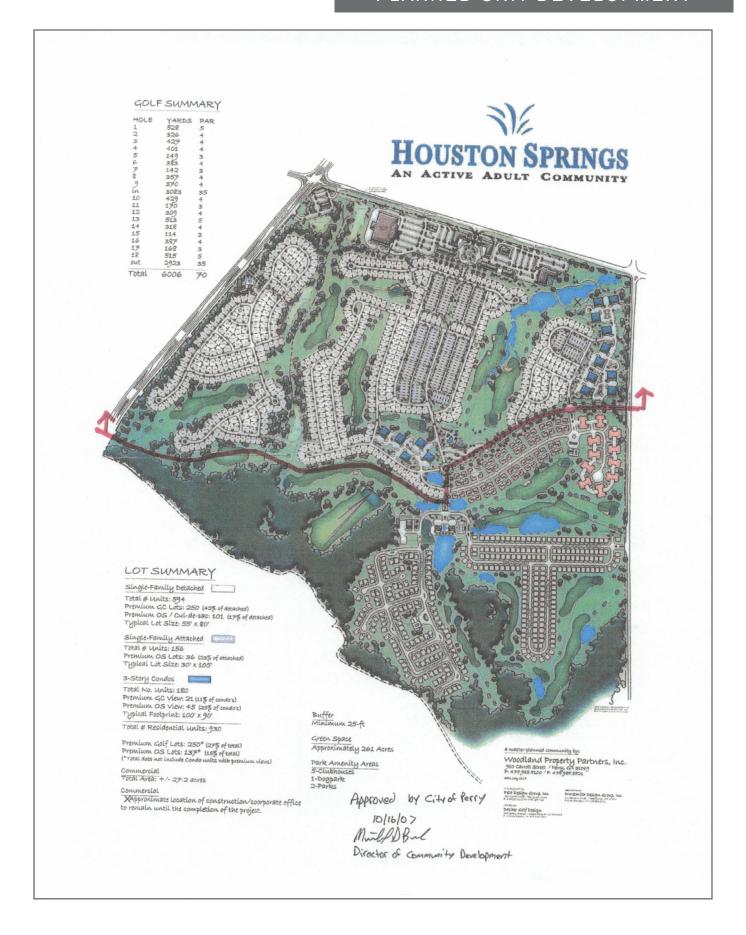
Sincerely,

Bryan Wood, AICP

Director of Community Development

bryan.wood@perry-ga.gov

P.O. Box 2030 | Perry, Georgia 31069-6030 478-988-2720 | Facsimile 478-988-2725 http://www.perry-ga.gov/community-development/



HOUSTON SPRINGS

Planned Unit Development - #2 August 27, 2007

Residential Areas

- 1. Permitted Uses Condominium (Ranch and mid rise), Single Family attached and detached dwellings
- Setbacks Front 10' for front porch only, 20' for remainder of dwelling Sides – 0' if attached home otherwise 5' on all unattached sides Rear – 0' for attached and 9' for detached Patio Homes – 0' and 10' side setbacks
- 3. Minimum Lot Size Detached Homes 4,000 square feet
 Patio Homes 3,800 square feet
 Attached Homes 3,150 square feet
 Condominiums 2,000 square feet
- Minimum Lot Width Detached Homes 50'
 Patio Homes 50'
 Attached Homes 30'
 Condominiums 20'
- Maximum Lot Coverage Detached Homes 65%
 Attached Homes 65%
 Condominiums 65%
- 6. Density The density of the detached and attached single family dwelling residential area shall not exceed 10 dwellings per acre.
- 7. Density The density of the condominium residential area is 6 per acre for ranch condominiums and 30 per acre for mid rise condominiums.
- 8. Density The overall density of the development shall not exceed 4 units per acre.
- 9. All other development standards shall be the same as the R-1 District.

Recreational Uses

- 1. Permitted Uses Golf, swimming, tennis, country clubs, community clubs or associations, parks, and recreational areas.
- 2. Setbacks Front 20' Sides – 20'

Rear - 20'

Setbacks would only apply to structures with heated space. Tennis courts, picnic areas, etc. have no setback requirements.

3. All other development standards shall be the same as the C-2 District.

Town Square Commercial Area

- 1. Permitted Uses Same as the C-2 District
- 2. Development and Parking Standards Same as the C-3 District

The Houston Springs Development is zoned Planned Unit Development #2 (PUD). Permitted Uses within the PUD Commercial Area shall be the same as the C-2 District and the Development and Parking Standards shall be the same as the C-3 District. Below is an overview of each district. A complete copy of the City of Perry Code of Ordinances can be found at the following link:

https://library.municode.com/ga/perry/codes/code of ordinances

For specific zoning and use questions please contact the City of Perry.

Zoning District Overview From the City of Perry Code of Ordinances

- (4) C-2, general commercial district. The C-2 district is intended to provide a commercial district designed to serve the automobile, its passengers, and highway users and to provide community shopping facilities consisting of a wide variety of sales and service facilities and locations that will be accessible to all shoppers and highway users or both.
- (5) C-3, central business district (CBD). The C-3 district is intended to preserve downtown Perry as the city's center accommodating a unique mix of retail, entertainment, office, service, cultural, government, civic, and residential uses. The intent of the district is to preserve and encourage pedestrian-oriented development, including specialty and neighborhood-oriented retail and higher density residential options. District uses and standards are also intended to encourage future development in a manner compatible with the traditional character of the downtown and with nearby residential areas.
- (2) PUD, planned unit development district. The PUD planned unit development district is intended to allow for unique and integrated mixed-use developments which are suitable in location and character, and which cannot be achieved in other base zoning districts established in this ordinance. The PUD district is not intended to be used as an alternative to obtaining variance(s) for developments unable to comply with other development standards required by this ordinance.



RECORDED CHARTER



Upon recording, please return to:

Geiger & Geiger, P.C. 1007 Jernigan Street P. O. Box 888 Perry, GA 31069-0888 TF# 8235 Due

COMMUNITY CHARTER

FOR

HOUSTON SPRINGS

HYATT & STUBBLEFIELD, P.C.
Attorneys and Counselors
1200 Peachtree Center South Tower
225 Peachtree Street, N.E.
Atlanta, Georgia 30303

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COMMUNITY CHARTER FOR HOUSTON SPRINGS

PREAMBLE

This Community Charter for Houston Springs ("Charter") establishes a governance structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of Houston Springs as a master planned community. Houston Springs is intended to be a single-family residential community for active adults. An integral part of the development plan is the formation of Houston Springs Community Association, Inc., a Georgia nonprofit corporation (the "Association"), to lease, own, operate, and/or maintain various common areas and community inprovements and to administer and enforce this Charter and the other Governing Documents referenced in this Charter.

DECLARATION OF COVENANT

Woodland Property Partners, Inc., a Georgia corporation, its successors and assigns (the "Founder"), by executing and recording this Charter, declares that the property described in Exhibit "A" and any additional property made subject to this Charter in the future by amendment or supplement, shall constitute the "Community" of Houston Springs referred to in this Charter. This Charter shall run with the title to such property, shall govern the development and use of such property, and shall be binding upon the Founder and the future owners of any portion of the property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of such property. This Charter shall also be binding upon the Association.

PART ONE: INTRODUCTION TO THE COMMUNITY

To accomplish great things, we must not only act, but also dream; not only plan, but also believe.

Anatole France

Chapter 1

Governing Documents

A community is guided and governed by certain principles that each owner and resident, by choosing to own property or reside in the community, agree to uphold. Those principles are set forth in the community's governing documents, which serve as a tie that binds the community together, give it structure, and provide guidance to all who participate in its growth and evolution.

1.1. Scope and Applicability

Houston Springs has been established and is administered pursuant to various documents that have a legal and binding effect on all owners and occupants of property in the Community, as well as on anyone else that may now or in the future have an interest in any portion of the property comprising the Community. Such

GOVERNING DOCUMENTS		
Charter: (recorded)	this Community Charter for Houston Springs which creates obliga- tions that are binding upon the Association and all present and future owners of property in Houston Springs	
Supplement: (recorded)	a recorded Supplement to this Charter, which may submit additional property to this Charter, create easements over the property &scribed in the Supplement, impose additional obligations or restrictions on such property, designate special areas as described in Chapter 3, or any of the foregoing	
Articles of Incorporation:	the Articles of Incorporation of the Association, as they may be amended, which establish it as a Georgia nonprofit corporation	
By-Laws: (attached as Exhibit "D")	the By-Laws of the Association adopted by its Board, as they may be amended, which govern its internal affairs, such as voting, elections, meetings, etc. A copy of the By-Laws is attached as Exhibit "D."	
Design Guidelines: (Founder adopts)	the design standards and architectural and aesthetics guidelines adopted pursuant to Chapter 5, as they may be amended, which gov- ern new construction and modifications to Units, including structures, landscaping, and other items on Units	
Rules: (attached as Exhibit "C")	the rules of the Association adopted pursuant to Chapter 7, which regulate use of property, activities, and conduct within Houston Springs	
Board Resolutions: (Board adopts)	the resolutions which the Board adopts to establish rules, policies, and procedures for internal governance and Association activities and to regulate the operation and use of property which the Association owns or controls	
Recreational Covenant : (recorded)	the Declaration of Recreational Covenant for Houston Springs which sets forth specific rights and obligations of the Owners with respect to the Houston Springs County Club	

Table 1.1 - Governing Documents

documents, referred to in this Charter as the "Governing Documents," include this Charter and the other documents described in Table 1.1, as they may be amended. All owners and occupants, as well as their tenants, guests, and invitees, are required to comply with the Governing Documents.

1.2. Additional Covenants

The owner of any property within the Community may impose additional covenants on its property with such approval as may be required pursuant to Chapter 18. If the provisions of any such additional covenants are more restrictive than the provisions of this Charter, the more restrictive provisions control. The Association shall have standing and the power, but not the obligation, to enforce any such additional covenants.

1.3. Conflicts

If there are conflicts between any of the Governing Documents and Georgia law, Georgia law shall control. If there are conflicts between or among any of the Governing Documents, then the Charter, the Articles, and the By-Laws (in that order) shall control. If there is a conflict between the Governing Documents and any additional covenants recorded on any property within the Community (or the rules or policies adopted pursuant to any such additional covenants), the Governing Documents shall control.

The Governing Documents use diagrams, tables, and keynotes (text set apart in boxes with "key" icons) to illustrate concepts and assist the reader. If there is a conflict between any diagram and the text of the Governing Documents, the text shall control.

Space has been set aside throughout this Charter to allow the reader to make notes. Any such notes are not part of this Charter and have no legal or binding effect.

If any court determines that any provision of this Charter is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

1.4. Definitions

Capitalized terms used in the Governing Documents have the meaning described in the paragraph where they first appear in bold print. An index to defined terms may be found following the Table of Contents. All other terms used in the Governing Documents have their natural, commonly accepted definitions.

1.5. Interpretation of Certain References

Consent or Approval. All references in the Governing Documents to "consent" or "approval" shall refer to permission or approval, which unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

Discretion and Determination. All references in the Governing Documents to "discretion" or to the right to "determine" any matter shall refer to the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Governing Documents or by law, any one authorized in the Governing Documents to exercise its discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Person. References in the Governing Documents to a "Person" or "Persons" shall refer to an individual, a corporation, a partner-ship, a limited liability company, or any other legal entity.

Recording. All references in the Governing Documents to a "recorded" legal instrument,

Governing Documents

or to recordation or the recording of a legal instrument, shall refer to an instrument filed or the filing of a legal instrument in the official records of Houston County, Georgia or such other place designated as the official location for filing documents affecting title to real estate in Houston County in order to make them a matter of public record.

Community-Wide Standard. Where the Governing Documents require compliance with the "Community-Wide Standard," the standard to be applied is the highest of: (a) the standard of use, conduct, architecture, landscaping, or aesthetic matters generally prevailing in the Community, or (b) the minimum standards described in this Charter, the Design Guidelines, the Rules, and Board resolutions. The Community-Wide Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Chapter 5). The Community-Wide Standard may or may not be set out in writing. The Founder initially shall establish such standard; however, the Community-Wide Standard may evolve as development progresses and as Houston Springs matures.

Maintenance. All references in this Charter to "maintenance" shall refer to maintenance, repair, and replacement.

NOTES

Chapter 2

Community Administration

Vibrant communities depend upon all of their stakeholders working together to uphold community standards and achieve the vision and goals for the community. The Founder, the Association, the owners, and others have a role in the functioning of the community and in helping to fulfill that vision. This chapter identifies these stakeholders and describes their roles in administering Houston Springs.

2.1. The Founder

The Founder has established the vision for the Community and, through the Governing Documents, has set forth the founding principles that will guide the Community during the initial period of development and sale and thereafter. The Founder's proposed plan for development of the Community is described in the land use plan(s) for Houston Springs approved by Houston County, Georgia as it may be supplemented and amended, which encompasses all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B" (the "Master Plan"). However, the Founder is not obligated to submit property shown on the Master Plan to this Charter. In addition, the Founder may submit property to this Charter that is not shown on the Master Plan.

The Founder has reserved various rights in the Governing Documents with respect to development and administration of the Community. The Founder may exercise certain of these rights throughout the "Development and Sale Period," which is the period of time during which the Founder owns real property in the Community or has an unexpired option to expand the Community pursuant to Chapter 17.

The Founder has reserved other rights that may be exercised only during the "Founder Control Period," which is the period of time that the Founder is entitled to appoint a major-

ity of the members of the Association's board of directors ("Board"). The Founder Control Period begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

- (a) when 80% of the total number of Units permitted by applicable zoning for the property described in the Master Plan have certificates of occupancy issued thereon and have been conveyed to persons other than Builders holding title for purposes of construction and resale;
 - (b) December 31, 2028; or
- (c) when, in its discretion, the Founder so determines and declares in a recorded instrument.

The Founder has certain approval rights for a limited period as provided in the By-Laws after the termination of the Founder Control Period.

The Founder may assign its status and rights as the Founder under the Governing Documents to any person who takes title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or sale. Such assignment shall be made only in a recorded instrument signed by both parties.

2.2. The Association

The Founder has established the Association as the primary entity responsible for administering Houston Springs in accordance with the Governing Documents. The Association may exercise all rights and powers that the Governing Documents and Georgia law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Governing Documents. It may also take any action reasonably necessary to effectuate any such right or privilege.

Community Administration

BOOK 2985 PAGE 96

2.3. The Board

On most matters, the Association acts through the Board. However, in some instances the Governing Documents or applicable law limit the Board's ability to act without the approval of the Association's members. Unless the Governing Documents or Georgia law specifically provide otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, as defined in Section 3.1, enforcement of the Governing Documents, or any other civil claim or action. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or in the name of the Association or its members.

In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances), and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in the By-Laws.

2.4. The Owners

Each Person that holds record title to a Unit, as defined in Section 3.1, is referred to in the Governing Documents as an "Owner." However, a Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner." If a Unit is sold under a recorded contract of sale, and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Unit has more than one Owner, all Co-Owners are

jointly and severally obligated to perform the responsibilities of the Owner under the Governing Documents.

Every Owner has a responsibility to comply with the Governing Documents and uphold the community standards described in Part Two of this Charter. Each Owner also has an opportunity to participate in the administration of the Community through membership in the Association and through service to the Community in various committee and leadership roles, as described in Chapters 3 and 4 and in the By-Laws.

2.5. Builders

Those Persons who purchase one or more unimproved lots or parcels of land within Houston Springs for further development and resale in the ordinary course of their business and are designated as such by Founder are referred to as "Builders." The Builders have the same privileges and responsibilities as Owners during the time that they own Units for construction and resale, including the privileges of membership in the Association. In addition, the Founder may extend any of the rights it has reserved under the Governing Documents with respect to development, marketing, and sale of property in the Community to such Builders as it may designate.

2.6. Neighborhood Associations

Portions of the Community may have special requirements that lead the Founder to establish a separate homeowners association to administer additional covenants applicable to that particular area ("Neighborhood Association"). However, nothing in this Charter requires the creation of a Neighborhood Association, and the jurisdiction of any Neighborhood Association shall be subordinate to that of the Association.

Any Neighborhood Association shall be responsible for (a) administering the additional covenants applicable to the property within its jurisdiction; and (b) for maintaining, in accor-

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dance with the Community-Wide Standard, any property it owns or which its covenants designate as being for the common benefit of its members.

2.7. Mortgagees

If a Unit is made subject to a mortgage or other form of security instrument affecting title to a Unit ("Mortgage"), then the holder or beneficiary of that Mortgage ("Mortgagee") also has an interest in the administration of the Community. The Governing Documents contain various provisions for the protection of Mortgagees, including those set forth in Chapter

2.8. Woodland Property Partners, Inc.

Woodland Property Partners, Inc., a Georgia corporation, or its successors and assigns ("Woodland Property Partners, Inc."), in its capacity as a company and not the Founder has recorded that certain Declaration of Recreational Covenant for Houston Springs ("Recreational Covenant") for the use, operation, and maintenance of the real and personal property set forth therein. Under the Recreational Covenant, Woodland Property Partners, Inc., is owner of the Houston Springs Country Club ("Club"). Woodland Property Partners, Inc., has granted specific rights throughout the Recreational Covenant for Owners to use certain recreational facilities of the Club, provided such Owners pay mandatory membership dues associated with the membership category for which the Owner belongs. Woodland Property Partners, Inc., may transfer or assign the rights set forth in this Charter with respect to the Club in its sole and absolute discretion.

Chapter 3

Community Structure and Organization

Houston Springs consists of parcels of property, referred to as Units, which are intended for the exclusive use of the Owner and other occupants of such parcel, as well as property that is intended for common use. Units are grouped into Neighborhoods to facilitate voting on Association matters. Units are assigned to Service Areas to permit the Association to provide special services and benefits to particular areas of the Community.

3.1. Designations of Properties Comprising the Community

Units. The Governing Documents refer to the homes and home sites in Houston Springs as A Unit is a portion of Houston "Units." Springs depicted as a separately identified lot or parcel on a recorded subdivision plat or survey that may be independently owned and conveyed and is zoned or otherwise intended for development, use, and occupancy as a residence for a single family. The term "Unit" refers to the land, if any, which is part of the Unit, as well as to any structures or other improvements on the Unit. In the case of a structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. A parcel of land is considered a single Unit until a subdivision plat or survey is recorded subdividing it into more than one Unit. The term does not include Common Areas, as defined below, common property of any Neighborhood Association, or property dedicated to the public.

Common Area. Any property and facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Unit is referred to as "Common Area." The Common Area also includes any property that the Association may lease or hold an easement in favor of the Association.

Limited Common Area. Certain portions of the Common Area may be designated as "Limited Common Area" and assigned for the exclusive use or primary benefit of less than all Units. Limited Common Areas might include such things as entry features landscaped medians and cul-de-sacs, among other things.

The Founder may designate property as Limited Common Area and assign it to particular Units on the recorded plat depicting such property, in the deed conveying such property to the Association, or in the Supplement by which the property is submitted to the terms of this Charter. At any time during the Development and Sale Period, the Founder may assign use of the same Limited Common Area to additional Units

Area of Common Responsibility. All of the properties and facilities for which the Association has responsibility under the Governing Documents, or for which the Association otherwise agrees to assume responsibility, are collectively referred to in the Governing Documents as the "Area of Common Responsibility," regardless of who owns them. The Area of Common Responsibility includes all of the Common Area and may also include Units or portions of Units and property dedicated to the public, such as public rights-of-way. The initial Area of Common Responsibility is described in Chapter 9.

3.2. Neighborhoods

Units are grouped into "Neighborhoods" to facilitate a system of representative voting on matters as to which the Governing Documents require approval of the Association's membership. A Neighborhood may be comprised of any number of Units and may include Units of more than one housing type, as well as Units that are

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not contiguous to one another. Each Neighborhood will elect one "Voting Delegate" to cast the votes allocated to Units in that Neighborhood on matters requiring a vote of the Owners, as described in Chapter 4.

The Founder initially will assign Units to a specific Neighborhood (by name or other identifying designation) either in Exhibit "A" or in a Supplement. During the Development and Sale Period, the Founder may unilaterally record a Supplement, or an amendment to this Charter or any previously recorded Supplement, to designate or change Neighborhood boundaries. Thereafter, the Board may amend this Charter or any Supplement to re-designate Neighborhood boundaries; however, the Board may not combine two or more existing Neighborhoods without the consent of Owners of a majority of the Units in the affected Neighborhoods.

3.3. Service Areas

Units may also be part of one or more "Service Areas" in which the Units share Limited Common Areas or receive special benefits or services from the Association that it does not provide to all Units within the Community. A Unit may be assigned to more than one Service Area, depending on the number and types of special benefits or services it receives. A Service Area may be comprised of Units of more than one housing type and may include Units that are not contiguous.

The Founder may initially designate Service Areas (by name or other identifying designation) and assign Units to a particular Service Area either in Exhibit "A" or in a Supplement. During the Development and Sale Period, the Founder may unilaterally amend this Charter or any Supplement to change Service Area boundaries.

In addition, the Board may, by resolution, designate Service Areas and assign Units to them upon petition of Owners of at least 67% of the Units affected by the proposed designation pursuant to Section 10.2.

The Owners of Units within each Service Area may elect a "Service Area Committee" in accordance with the By-Laws to represent and act on behalf of the Owners with respect to the services and benefits that the Association provides to the Service Area. References to Service Areas in the Governing Documents shall also refer to such Service Area Committees, if appropriate from the context.

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Chapter 4

Association Membership and Voting Rights

The Association is an entity through which each Owner can participate in the governance and administration of Houston Springs. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to participate in administration of the Community and influence the outcome of major decisions.

4.1. Membership

The Association initially has two classes of membership: the Owner membership, which is comprised of all Owners, and the Founder membership, which consists solely of the Founder.

- (a) Owner Membership. Every Owner is automatically a member of the Association. However, there shall be only one membership per Unit. Thus, if a Unit has more than one Owner, all co-Owners of the Unit shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth below and in the By-Laws. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a writing to the Association's Secretary, except that only the individuals residing in the Unit shall be entitled to use any Common Area recreational facilities available for use by Owners.
- (b) Founder Membership. The Founder holds the sole Founder membership. The Founder membership shall terminate two years after expiration of the Founder Control Period, or on such earlier date as the Founder determines and declares in a recorded instrument.

The Founder may, by Supplement, create additional classes of membership comprised of the owners of Units within any portion of the additional property submitted to this Charter. The Founder shall specify in any such Supplement the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

4.2. Voting

Each Unit is assigned one equal vote, subject to the limitations on voting set forth in this Charter and the other Governing Documents. No vote shall be exercised for any property exempt from assessment under Section 12.8. Further, during such time as there is a Founder membership, no vote shall be exercised for Units that the Founder owns; rather, the Founder's consent shall be required for various actions of the Board, the membership, and committees, as specifically provided elsewhere in the Governing Documents.

Due to the number of Units that may be developed in Houston Springs, the Governing Documents provide for a representative system of voting. The Owners of Units in each Neighborhood elect a "Voting Delegate" and an alternative Voting Delegate, in the manner provided in the By-Laws, to cast the votes of all Units in the Neighborhood on matters requiring a vote of the membership, except where the governing documents specifically require a vote of the Owners. However, until such time as the Board first calls for election of a Voting Delegate for a particular Neighborhood, each Owner of a Unit in such Neighborhood shall be considered a "Voting Delegate" and may personally cast the vote allocated to such Owner's Unit on any issue requiring a vote of the Voting Delegates under the Governing Documents.

Association Membership and Voting Rights

The Voting Delegate or, in his or her absence, the alternative Voting Delegate, attends Association meetings and casts all votes allocated to Units in the Neighborhood that he or she represents on any matters as to which such Voting Delegate is entitled to vote under the Governing Documents. A Voting Delegate may vote all votes it is entitled to cast in its discretion and may, but need not, poll the Owners of Units in the Neighborhood which he or she represents prior to voting. On any matter, other than election of directors, for which a Voting Delegate is entitled to cast more than one vote, the Voting Delegate may cast all such votes as a block or split them but shall not be entitled to fractionalize any single vote.

Voting Delegates are subordinate to the Board, and their responsibility and authority does not extend to policymaking, supervising, or otherwise being involved in Association governance beyond voting on matters put to a vote of the membership.

In any situation in which an Owner is entitled personally to exercise the vote for his or her Unit, if there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners holding a majority of the ownership interest in the Unit determine among themselves. Any co-Owner may cast the vote for the Unit and majority agreement shall be conclusively presumed unless another co-Owner of the Unit protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken outside of a meeting. In the absence of majority agreement, the Unit's vote shall be suspended if two or more co-Owners seek to exercise it independently.

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PARTTWO: COMMUNITY STANDARDS

The price of greatness is responsibility.

Winston Churchill

Chapter 5

Architecture, Landscaping, and Aesthetic Standards

Houston Springs derives its unique character from a mix of compatible architectural styles and from the cooperation of the Owners in upholding minimum design, landscaping, and aesthetic standards. This chapter explains how those standards are established and how they are applied and maintained through a process requiring prior approval for construction on and exterior modifications to improvements on Units.

5.1. General

All site work, landscaping, structures, improvements, and other items placed on a Unit in a manner or location visible from outside of any existing structures on the Unit ("Improvements") are subject to standards for design, landscaping, and aesthetics adopted pursuant to this chapter ("Design Guidelines") and the approval procedures set forth in this chapter, except as this chapter or the Design Guidelines may otherwise specify.

No prior approval is necessary to repaint the exterior of existing structures using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures. Generally, no approval is required for work done to the interior of a structure; however, modifications to the interior of screened porches, patios, and any other portions of a structure visible from outside of the structure do require prior approval.

Any dwelling constructed on a Unit shall be designed by and built in accordance with the plans and specifications of a licensed architect unless the Founder or its designee in its sole discretion otherwise approves.

Approval under this chapter is not a substitute for any approvals or reviews required by Houston County, the City of Perry, Georgia, or any municipality or governmental agency or entity having jurisdiction over architectural or construction matters.

This chapter shall not apply to the Founder's design and construction activities or to the Association's activities during the Founder Control Period.

5.2. Design Review Authority

(a) Founder. The Founder shall have exclusive authority to review and act upon all applications for review of proposed Improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Units planned for the property described in Exhibits "A" and "B" have been improved with dwellings for which a certificate of occupancy has been issued. The Founder may designate one or more persons to act on its behalf in reviewing any application. In reviewing and acting upon any request for approval, the Founder and its designee act solely in the Founder's interest and owe no duty to any other Person.

From time to time, the Founder may delegate any or all of its rights under this chapter to other Persons or committees, including the committee appointed pursuant to Section 5.2(b). Any such delegation shall be in writing, shall specify the scope of responsibilities delegated, and shall be subject to (i) the Founder's right to revoke such delegation at any time and reassume its prior control, and (ii) the Founder's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable. So long as the Founder has any rights under this chapter, the jurisdiction of others shall be limited to such matters as the Founder specifically delegates.

(b) Design Review Committee. Upon the Founder's delegation of authority pursuant to

Section 5.2(a), or upon expiration or termination of the Founder's rights under this chapter, the Board shall appoint a Design Review Committee ("Design Review Committee" or "DRC") to assume jurisdiction over matters within the scope of the delegated authority or this chapter, respectively. The DRC shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. DRC members need not be Owners or representatives of Owners. The DRC may, but need not, include architects, engineers, or similar professionals. The Association may compensate DRC members in such manner and amount, if any, as the Board may determine appropriate.

Until expiration of the Founder's rights under this chapter, the DRC shall notify the Founder in writing within three business days of any action (i.e., approval, partial approval, or disapproval) it takes under this chapter. A copy of the application and any additional information the Founder may require shall accompany the notice. The Founder shall have 10 business days after receipt of such notice to veto any such action, in its discretion, by written notice to the DRC.

Unless and until such time as the Founder delegates all or a portion of its reserved rights to the DRC or the Founder's rights under this chapter terminate, the Association shall have no jurisdiction over architectural matters.

- (c) Reviewer. For purposes of this chapter, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer."
- (d) Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application. The Board may include the compensation of such persons in the Association's annual operating budget.

5.3. Guidelines and Procedures

(a) Design Guidelines. The Founder may prepare the initial Design Guidelines, which may contain general provisions applicable to all of Houston Springs as well as specific provisions that vary among housing types, uses, or locations within the Community. The Design Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval.

The Founder shall have sole and full authority to amend the Design Guidelines for so long as it has review authority under Section 5.2(a). The Founder's right to amend the Design Guidelines shall continue even if it delegates reviewing authority to the DRC, unless the Founder also delegates the power to amend to the DRC. Upon termination or delegation of the Founder's right to amend, the DRC may amend the Design Guidelines with the Board's consent.

Amendments to the Design Guidelines shall apply prospectively only. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Design Guidelines as amended. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and their contractors upon request. In the Founder's discretion, such Design Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the

Design Guidelines was in effect at any particular time.

(b) Procedures. Unless the Design Guidelines provide otherwise, no activities within the scope of this chapter (as described in Section 5.1) may begin on any property within Houston Springs until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Design Guidelines require. The Reviewer will establish a monthly deadline for submitting applications and will consider and act upon all applications submitted by such deadline within two weeks thereafter.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements.

The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to the procedures in Chapter 19 or judicial review so long as they are made in good faith and in accordance with required procedures.

The Reviewer shall make a determination on each application after receipt of a completed application with all required information. The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may (i) approve the application with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application within five business days after taking action on such application, except that with respect to any DRC determination subject to the Founder's veto right under Section 5.2(b), the Reviewer shall notify the applicant of the final determination within 15 business days after taking action on such application. Notice shall be deemed given at the time the envelope containing the response is deposited in the U.S. mail. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant.

The Reviewer recommends that Owners submit applications several months in advance of the time that they intend to commence work in order to allow sufficient time to obtain the necessary approval.

If the Reviewer fails to respond in a timely manner, approval shall be deemed given. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 5.5.

Construction shall commence within six months after the date of approval, or the approval shall expire and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

The Reviewer may exempt certain activities from the application and approval requirements of this chapter if such activities are undertaken in compliance with the Design Guidelines and the Community-Wide Standard.

(c) Appeals Process. After the Board's appointment of the DRC, an applicant may appeal any disapproval of its application to the Board. To request an appeal, the applicant must submit to the Association's Secretary, no later than 15 days after the delivery of the notification of disapproval, a copy of the original application, the notification of disapproval, and a letter requesting review of the decision. The appeal request shall also contain a response to any specific concerns or reasons for disapproval listed in the notification of disapproval. The Board may (i) affirm the DRC's decision, (ii) affirm a portion and overturn a portion of the DRC's decision, or (iii) overturn the DRC's entire decision. The Board shall consider such appeal at its next regular meeting following receipt of the request for appeal and all required information and shall notify the applicant and the DRC in writing of its decision within 10 days thereafter. If the Board overturns the DRC's decision, the Board's decision shall include a description of its reasons for overturning the DRC's decision. During the appeal process the Owner shall not commence any work requiring approval hereunder.

5.4. No Waiver of Future Approvals

The people reviewing applications under this chapter will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances

The Reviewer may authorize variances from compliance with any of the Design Guidelines

and any procedures when it determines that circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations justify a variance. No variance shall (a) be effective unless in writing; (b) be contrary to this Charter; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Founder's written consent during the Development and Sale Period and, thereafter, requires the Board's written consent.

When unusual circumstances exist that make it difficult or impossible to comply with a particular requirement of the Design Guidelines, the Owner may file a request for a variance with the Reviewer to be excused from complying with such requirement. The Reviewer has the discretion to determine when a variance is appropriate.

5.6. Limitation of Liability

This chapter establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of Houston Springs; they do not create any duty to any Person. Review and approval of any application pursuant to this chapter may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value, size, or design or are aesthetically pleasing or otherwise acceptable to other Owners.

The Founder, the Association, its officers, the Board, any committee, and any member of any of the foregoing shall not be liable for (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents,

whether or not the Founder has approved or featured such contractor as a Builder; or (d) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all matters, the Association shall defend and indemnify the Board, the DRC, and the members of each, as provided in the By-Laws.

5.7. Certificate of Compliance

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this chapter or the Design Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

Chapter 6

Maintenance, Repair, and Replacement

One of the benefits of owning property in a planned community is the commitment among neighbors to maintain their property in a neat, attractive, and well-landscaped condition to enhance the overall beauty and aesthetic appeal of the community. This chapter describes the Owners' responsibilities for maintenance and repair of their Units and for insuring their Units against property damage so that funds will be available for repair and restoration, if needed.

6.1. Maintenance of Units by Owners

Each Owner shall maintain his or her Unit, including all structures, any landscaping installed by the Owner and not installed as part of the initial construction of a Unit, the irrigation of all landscaping whether or not installed as part of the initial construction of a Unit, and other improvements comprising the Unit, in a manner consistent with the Governing Documents and the Community-Wide Standard, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood Association pursuant to this Charter, any Supplement, or by law.

6.2. Maintenance of Units by Association

The Association shall maintain, or cause to be maintained, on behalf of the Owners of Units, all landscaping on the Units, except as set forth in Section 6.1. Such maintenance shall include mowing, cutting, and pruning to such extent and to such level as the Board determines; provided, such maintenance shall be done in accordance with the Community-Wide Standard. However, if an Owner desires to have maintenance performed on his or her Unit above such standard or desires to have maintenance performed on any landscaping installed by the Owner, the Owner shall be responsible for such maintenance, and any such maintenance shall be

charged to Owner as a Specific Assessment as set forth in Section 12.4.

The Association shall be responsible for maintaining and irrigating the landscaping, if any, lying between any Unit boundary and any wall, fence, or curb located on the Common Area or public right-of-way within 20 feet of any Unit boundary.

The Association shall also be responsible for the operation, maintenance, repair, and replacement, as necessary, of any irrigation equipment installed as part of the initial construction of the Units (including, without limitation, sprinklers, pumps, wells, water lines, and time clocks, wherever located) serving the Units and property adjacent to the Units for which the Owners of the Units would otherwise be responsible under Section 6.1, except that the Association shall have no responsibility for any sprinklers or other irrigation equipment installed by the Owner or occupant of any Unit. Any irrigation system installed by the Owner or occupant of the Unit shall be independent of and not be connected in any way to the irrigation equipment installed as part of the initial construction of the Unit.

6.3. Maintenance by Neighborhood Associations

A Neighborhood Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants.

Any Neighborhood Association shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or any right-of-way lying be-

Maintenance, Repair, and Replacement

tween the boundary of its common property and any wall, fence, or curb located on the Common Area or any right-of-way within 20 feet of its boundary. A Neighborhood Association shall not remove trees, shrubs, or similar vegetation from this area without prior approval pursuant to Chapter 5.

The Association may assume maintenance responsibility for property in any Neighborhood Association, either upon designation of the Neighborhood Association as a Service Area pursuant to Section 3.4 or upon the Board's determination, pursuant to Chapter 8, that the level and quality of maintenance then being provided is not consistent with the Community-Wide Standard. The Association need not treat all similarly situated Neighborhood Associations the same.

6.4. Responsibility for Repair and Replacement

Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either a Neighborhood Association (if any) or the Association carries such insurance (which they may but are not obligated to do hereunder). If the Association assumes responsibility for insuring a Unit, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Within 90 days after any damage to or destruction of a structure on a Unit, the Owner shall promptly repair or reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved pursuant to Chapter 5 unless the Board, in its discretion, agrees to extend such period. Alternatively, the Owner shall clear the Unit of debris and maintain it in a neat and attractive landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs that insurance proceeds do not cover.

Additional recorded covenants applicable to any Neighborhood Association or Service Area may establish additional insurance requirements and more stringent standards for rebuilding or reconstructing structures on Units and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

This section shall apply to a Neighborhood Association with respect to common property of the Neighborhood Association in the same manner as if the Neighborhood Association was an Owner and the common property was a Unit.

6.5. Maintenance and Repair of Party Walls and Similar Structures

Except as may otherwise be provided by Georgia law, a written agreement between Owners, this Charter, or other recorded documents applicable to the affected Units, each wall, fence, or similar structure built as part of the original construction on the Units that serves and/or separates any two adjoining Units shall be considered a party structure. Unless the Association is responsible for maintenance and repair of the structure pursuant to this Charter or any applicable Supplement:

- (a) The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who use the party structure.
- (b) If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use

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the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

- (c) The right to and the obligation of contribution for party walls and similar structures between Owners, as provided in this section, shall be appurtenant to the land and shall pass to such Owner's successor-in-title.
- (d) To the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to any party structure. Any dispute concerning a party structure shall be subject to the provisions of Chapter 19.

Chapter 7

Use and Conduct

In order to maintain a residential environment that encourages respect for and courtesy among neighbors and minimizes the potential for disputes, this chapter sets forth basic standards regarding use, occupancy, and transfer of interests in Units. In addition, it provides a procedure by which the Board and the membership can adopt and change rules regulating use, conduct, and activities within the Community to address particular needs and desires of the Community over time.

7.1. Use, Occupancy, and Transfer of Interests in Units

(a) Occupancy of Units.

(i) General. The Units within the Community are intended for the housing of persons 55 years of age or older; however, younger persons over the age of 25 are not restricted from occupying a Unit along with a person 55 years of age or older, so long as such cooccupancy is in compliance with this Section. In addition, certain exceptions may be made pursuant to Section 7.1(a)(ii)(D). The provisions of this Section are intended to be consistent with, and are set forth in order to comply with, the Fair Housing Act, 42 U.S.C. Sec. 3601, et seq., and the Georgia Fair Housing Law, O.C.G.A. § 8-3-200 et. seq., as such laws are amended from time to time (collectively, the "Fair Housing Acts"), regarding discrimination based on familial status. The Founder, until termination of the Founder Control Period, or the Association, acting through its Board, shall have the power to amend this Section 7.1(a), without the consent of the Members or any other Person, except the Founder during the Development and Sale Period, for the purpose of making this section consistent with the Fair Housing Acts, the regulations adopted pursuant thereto, and any judicial decisions arising thereunder or otherwise relating thereto, in order to maintain the intent and enforceability of this section.

(ii) Restrictions on Unit Occupancy.

- (A) Except as may otherwise be permitted pursuant to Section 7.1(a)(ii)(D), each occupied Unit shall at all times have as a permanent occupant at least one person who is 55 years of age or older (the "Qualifying Occupant"), except that in the event of the death or incapacity of a person who was the sole Qualifying Occupant of a Unit, the spouse of such Qualifying Occupant may continue to cecupy the Unit provided that the provisions of the Fair Housing Acts and the regulations adopted thereunder are not violated by such occupancy. In addition, so long as the spouse of such Qualifying Occupant occupies the Unit, an individual between the ages of 25 and 55 shall be allowed to reside with such spouse. However, at the death or incapacity of such surviving spouse, the occupancy of the Unit shall be subject to the occupancy requirements set forth herein. For purposes of this Section 7.1(a)(ii), an occupant shall not be considered a "permanent occupant" unless such occupant considers the Unit to be his or her legal residence and actually resides in the Unit for at least six months during every calendar year or such shorter period as the Unit is actually occupied by any person.
- (B) No Unit shall be occupied by any person under the age of 25, except that one person under the age of 25 may occupy a Unit if the Board reasonably determines that such occupancy is necessary to provide reasonable accommodation for the health care needs of a parent or grandparent who would be unable to continue to reside in the Unit without such person's care. For purposes of this Section 7.1(a)(ii), a Unit shall be deemed to be "occupied" by any person who stays overnight in the Unit more

than 10 successive days in any six-month period or more than 20 days in any 12-month period.

In addition, children and grandchildren of an occupant that are under the age of 25 may occupy the Unit provided they do not occupy the Unit for more than 10 days in any six-moth period or more than 20 days in any 12-month period.

- (C) Nothing in this Section 7.1(a) is intended to restrict the ownership of or transfer of title to any Unit; however, no Owner may occupy the Unit unless the requirements of this Section 7.1(a) are met, nor shall any Owner permit occupancy of the Unit in violation of this Section 7.1(a). Owners shall be responsible for (1) including a statement that the Units within the Community are intended for the housing of persons 55 years of age or older, as set forth in Section 7.1(a)(i), in conspicuous type in any lease or other occupancy agreement or contract of sale relating to such Owner's Unit, which agreements or contracts shall be in writing and signed by the tenant or purchaser, and (2) clearly disclosing such intent to any prospective tenant, purchaser, or other potential occupant of the Unit. Every lease of a Unit shall provide that failure to comply with the requirements and restrictions of this Section 7.1(a) shall constitute a default under the lease.
- (D) Any Owner, in writing, may request that the Board of Directors make an exception to the requirements of this Section 7.1(a)(ii) with respect to his or her Unit. The Board of Directors may, but shall not be obligated to, grant exceptions in its sole discretion, provided that the requirements for exemption from the Fair Housing Acts would still be met.
- (iii) Change in Occupancy; Notification. In the event of any change in occupancy of any Unit as a result of a transfer of title, a lease or sublease, a birth or death, change in marital status, vacancy, change in location of permanent residence, or otherwise, the Owner of the Unit shall immediately notify the Board in writing

and provide to the Board the names and ages of all current occupants of the Unit and such other information as the Board may reasonably require to verify the age of each occupant. In the event that an Owner fails to notify the Board and provide all required information within 10 days after a change in occupancy occurs, the Association shall be authorized to levy monetary fines against the Owner and the Unit for each day after the change in occupancy occurs until the Association receives the required notice and information, regardless of whether the occupants continue to meet the requirements of this Section 7.1(a), in addition to all other remedies available to the Association under this Charter and Georgia law. This requirement shall apply in addition to the requirement for notification of a change in ownership under Section 7.1(d).

(iv) Monitoring Compliance; Appointment of Attorney-in-Fact.

- (A) The Association shall maintain age records on all occupants of Units. The Board shall adopt and publish policies, procedures, and rules to monitor and maintain compliance with this Section 7.1(a), including policies regarding visitors, updating of age records, the granting of exemptions pursuant to Section 7.1(a)(ii)(D), and enforcement. The Association shall periodically distribute such policies, procedures, and rules to Owners and make copies available to Owners, their tenants, and Mortgagees upon reasonable request.
- (B) The Association shall have the power and authority to enforce this Section 7.1(a) in any legal manner available, as the Board deems appropriate, including, without limitation, conducting a census of the occupants of the Units, requiring copies of birth certificates or other proof of age for each occupant of the Unit to be provided to the Board on a periodic basis, and taking action to evict the occupants of any Unit which is not in compliance with the requirements and restrictions of this Section 7.1(a). Each Owner hereby appoints the Association as its attorney-in-

fact for the purpose of taking legal action to dispossess, evict, or otherwise remove the occupants of his or her Unit as necessary to enforce compliance with this Section 7.1(a). Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Unit that, in the judgment of the Board, are reasonably necessary to monitor compliance with this Section 7.1(a).

- (C) Each Owner shall be responsible for ensuring compliance of its Unit with the requirements and restrictions of this Section and the rules of the Association adopted hereunder by itself and by its tenants and other occupants of its Unit. Each Owner, by acceptance of title to a Unit, agrees to indemnify, defend, and hold the Association harmless from any and all claims, losses, damages, and causes of action that may arise from failure of such Owner's Unit to so comply.
- (b) Residential and Related Uses. Units may be used only for residential and related purposes, except as the Founder may otherwise authorize with respect to construction, marketing, and sale activities of the Founder and its designees, and no business activity, including any "family day care home" shall be permitted, except that a business activity shall be considered "related" to a residential use and thus permitted under this section only if conducted by a person or persons residing in the Unit and only if the business activity:
- (i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;
- (ii) complies with applicable zoning requirements;
- (iii) does not involve regular visitation of the Unit by employees who do not reside in the Unit, clients, customers, suppliers, or other

business invitees or door-to-door solicitation within the Community; and

(iv) is consistent with Houston Springs's residential character and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others, as the Board determines in its discretion.

"Business activity" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing a Unit for residential purposes shall not be considered a "business" within the meaning of this subsection, provided that the Owner and any other Owners with whom such Owner is affiliated do not collectively lease or offer for lease more than one Unit at any time. This provision shall not preclude an institutional lender from leasing a Unit upon taking title following foreclosure of its security interest in the Unit or upon acceptance of a deed in lieu of foreclosure.

(c) Leasing. For purposes of this Charter, the terms "Lease" and "Leasing" shall refer to the regular, exclusive occupancy of a Unit by any Person other than the Owner, for which the Owner receives any consideration or benefit. Any Unit that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a dwelling may not be separately leased, except with the Board's prior written approval. This is not intended to preclude a Person occupying a Unit in compliance with Section 7.1(a) from having a roommate who is 25 years of age or older occupying the Unit at the same time and paying rent.

All leases shall have an initial term of at least 12 months. All leases shall be in writing, in a form which the Board has approved, and shall disclose that the tenants and all occupants of the leased Unit are bound by and obligated to comply with the Governing Documents and that the Association has the right to terminate the lease for failure to comply. However, the Governing Documents shall apply regardless of whether such a provision is specifically set forth in the lease.

Within 10 days of a lease being signed or renewed, the Owner of the leased Unit shall motify the Board or the Association's managing agent of the lease and provide any additional information the Board may reasonably require. The Owner must give the tenant copies of the Governing Documents. In addition to, but consistent with this subsection, the Association or the Board may adopt Rules governing leasing and subleasing.

The Owner of a leased Unit and the tenant shall be jointly and severally liable to the Association for any loss or damages which the Association incurs as a result of personal injury or damage to persons or property caused by the tenant's acts or omissions.

(d) Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The Person transferring title shall continue to be jointly and severally responsible with the Person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Board receives such notice, notwithstanding the transfer of title. In addition, the Owner shall notify the Association of any change in occupancy as required by Section 7.1(a)(iii).

- (e) Subdivision and Combination of Units. No Person other than the Founder may subdivide or change the boundary lines of any Unit or combine Units without the Board's prior written approval. Any such action that the Board approves shall be effective only upon recording of a plat or other legal instrument reflecting the subdivision or new boundaries of the affected Unit(s). In the absence of such recorded instrument, adjacent Units owned by the same Owner shall continue to be treated as separate Units for purposes of voting and assessment, even though such Units may be improved with a single dwelling.
- (f) Timesharing. No Unit shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, unless such program is established by the Founder or with the Founder's prior written approval.

7.2. Rulemaking Authority and Procedures

The Governing Documents establish a framework of covenants and conditions that govern the Community. The initial Rules attached as Exhibit "C" are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Community. Therefore, the Board and the Voting Delegates are authorized to change the Rules in accordance with the following procedures, subject to the limitations set forth in Section 7.3.

(a) Board Authority. Subject to the notice requirements in Section 7.2(c) and the Board's duty to exercise judgment and reasonableness on behalf of the Association and its members, the Board may adopt new Rules and modify or rescind existing Rules by majority vote of the directors at any Board meeting.

- (b) Membership Authority. Subject to the notice requirements in Section 7.2(c), the Voting Delegates representing a majority of the votes in the Association may also adopt new Rules and modify or rescind existing Rules at any Association meeting duly called for such purpose, regardless of the manner in which the original Rule was adopted. However, as long as the Founder membership exists, any such action shall also be subject to the Founder's approval.
- (c) Notice. The Board shall send notice to all Voting Delegates concerning any proposed Rule change at least five business days prior to the meeting of the Board or the Voting Delegates at which such action is to be considered. At any such meeting, Voting Delegates shall have a reasonable opportunity to be heard before the proposed action is put to a vote.

This notice requirement does not apply to administrative and operating policies that the Board may adopt relating to the Common Areas, such as hours of operation of a recreational facility, speed limits on private roads, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times, notwithstanding that such policies may be published as part of the Rules.

(d) Effective Date. A Rules change adopted under this section shall take effect 30 days after the date on which written notice of the Rules change is given to the Owners.

Since it is impossible to foresee all potential situations and problems that may arise within the Community, the Board and the Voting Delegates have the authority to adopt and modify rules as needed to address new or changing circumstances.

(e) Conflicts. No action taken under this section shall have the effect of modifying or repealing the Design Guidelines or any provision of this Charter other than the Rules. In the event of a conflict between the Design Guide-

lines and the Rules, the Design Guidelines shall control. In the event of a conflict between the Rules and any provision of this Charter (exclusive of the Rules), the Charter shall control.

7.3. Protection of Owners and Others

Except as may be set forth in this Charter (either initially or by amendment) or in the initial Rules set forth in Exhibit "C," all Rules shall comply with the following provisions:

- (a) Similar Treatment. Similarly situated Units shall be treated similarly; however, the Rules may vary by housing type or Neighborhood.
- (b) Displays. No Rule shall abridge an Owner's right to display political, religious, or holiday symbols and decorations inside dwellings on their Unit of the kinds normally displayed in single-family residential neighborhoods so bng as not visible from outside the Unit. Owners may also display on the exterior of their dwellings and on their Unit seasonal, religious, or holiday signs, symbols, and decorations normally displayed in single-family residential neighborhoods, that are consistent with the Community-Wide Standard, are of reasonable size and scope, and do not disturb other Owners and residents by excessive light or sound emission. Permitted decorations may be displayed for such periods as are normal and customary for comparable single-family residential neighborhoods, as determined in the Board's sole discretion. Signs, including "for sale" or "for lease" signs, banners, posters, placards, billboards, advertisements, bulletins, announcements, symbols, displays, or any other manifestation of a message, slogan, or symbol of any kind shall not by displayed upon or visible from the outside of a Unit or placed or displayed anywhere within Houston Springs; provided, those signs installed during the initial construction of the Community by Founder, those signs required by Georgia law, and those signs permitted in accordance with Section 18.2 during the Development and Sale Period shall be permitted.

- (c) Activities Within Dwellings. No Rule shall interfere with the activities carried on within a dwelling, except that the Association may prohibit activities not normally associated with residential property. It may also restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise or traffic, that create unsightly conditions visible from outside the dwelling, or that are an unreasonable source of annoyance.
- (d) Allocation of Burdens and Benefits. No Rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Chapter 12.
- (e) Leasing and Transfer of Units. No Rule shall prohibit leasing or transfer of any Unit or require approval prior to leasing or transferring a Unit so long as the proposed occupants of the Unit pursuant to the lease could occupy in compliance with Section 7.1(a). The Rules may also require that Owners use Boardapproved lease forms (or include specific lease terms), and may impose a reasonable review or administrative fee in connection with the Board's review of a lease.
- (f) Abridging Existing Rights. No Rule shall require that an Owner or occupant dispose of personal property kept in or on a Unit in compliance with the Rules in effect at the time such personal property was brought onto the Unit. This exemption shall apply only during the period of such Owner's ownership or such

occupant's occupancy of the Unit and shall not apply to subsequent Owners who take title to the Unit after adoption of the Rule or other occupants who take occupancy after adoption of the Rule.

This provision protects the existing personal property of Owners. It is intended to prevent a situation in which an Owner is forced to get rid of an item that was allowed prior to a change in the Rules. However, the Rule may be enforced to prevent other Owners and occupants from bringing the restricted items into the Community.

- (g) Reasonable Rights to Develop. No Rule may unreasonably interfere with the Founder's ability to develop, market, and sell property in Houston Springs.
- (h) Interference with Easements. No Rule may unreasonably interfere with the exercise of any easement.

7.4. Owners' Acknowledgment and Notice to Purchasers

By accepting a deed, each Owner acknowledges and agrees that the use, enjoyment, and marketability of his or her Unit is limited and affected by the Rules, which may change from time to time. All Unit purchasers are hereby notified that the Association may have adopted changes to the Rules and that such changes may not be set forth in a recorded document. A copy of the current Rules and all administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

7.5. Use of Bodies of Water Within Houston Springs

There shall be no fishing, swimming, boating, use of personal flotation devices, or other

Use and Conduct

active use of lakes, ponds, or other bodies of water within Houston Springs except in strict compliance with rules the Founder or the Association adopt. The Founder, any of its officers, directors, or partners or any officer or director of any partner, and the Association shall not be responsible for any loss, damage, injury, or death to any Person or property arising out of the authorized or unauthorized use of such bodies of water within Houston Springs.

Chapter 8

Compliance and Enforcement

The covenants, standards, and rules set forth in the Governing Documents are for the benefit of all Owners and occupants of Houston Springs. However, if they are to have any real meaning, there must be a commitment by the stakeholders in the Community to comply with them and there must be a mechanism in place to enforce that compliance in the event that someone fails or refuses to do so. This chapter æts forth the obligation to comply and the remedies available to the Association for noncompliance.

8.1. Compliance

Every Owner, occupant, and visitor to a Unit must comply with the Governing Documents and shall be subject to sanctions for violations as described in this chapter. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Governing Documents by the occupants, tenants, guests, or invitees to their Units and for any damage to the Area of Common Responsibility that such Persons may cause.

All Owners and occupants of Units, as well as their tenants, guests, and other visitors, must abide by the Governing Documents. If any of them fail or refuse to comply with the Governing Documents, they may be subject to various penalties, including fines and the loss of the right to use the Common Areas.

8.2. Remedies for Non-Compliance

The Association, the Founder and every affected Owner shall have the right to file suit at law or in equity to enforce the Governing Documents. In addition, the Board may impose sanctions for violation of the Governing Documents, including those sanctions listed below and any others described elsewhere in the Governing Documents.

- (a) Sanctions Requiring Prior Notice and Hearing. After written notice and an opportunity for a hearing in accordance with the By-Laws, the Board may:
- (i) impose reasonable monetary fines, which shall constitute a lien upon the violator's Unit. In the event that any occupant, tenant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board);
- (ii) suspend an Owner's right to vote (except that no hearing is required if the Owner is more than 60 days delinquent in paying any Base or Special Assessment);
- (iii) suspend any Person's right to use any Common Area facilities (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation (except that no hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed the Association); provided, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;
- (iv) suspend services the Association provides (except that no hearing is required if the Owner is more than 60 days delinquent in paying any assessment or other charge owed to the Association);
- (v) exercise self-help or take action to abate any violation of the Governing Documents in a non-emergency situation (including remov-

ing personal property that violates the Governing Documents);

- (vi) without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Chapter 5, including the Design Guidelines, from continuing or performing any further activities in Houston Springs;
- (vii) levy Specific Assessments to cover costs the Association incurs in bringing a Unit into compliance with the Community-Wide Standard or other requirements under the Governing Documents; and
- (viii) record a notice of violation with respect to any Unit on which a violation exists.
- (b) Other Sanctions. The Board may take the following actions to obtain compliance with the Governing Documents without prior notice or a hearing:
- (i) exercise self-help or take action to abate a violation on a Unit in any situation that requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);
- (ii) exercise self-help or take action to abate a violation on the Common Area under any circumstances;
- (iii) require an Owner or a Neighborhood Association, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Unit or on the Neighborhood Association's property, respectively, that is in violation of the Community-Wide Standard or other requirements under the Governing Documents and to restore the property to its previous condition;

- (iv) enter the property and exercise self-help to remove or cure a violating condition if an Owner or Neighborhood Association fails to take action as required pursuant to Section 8.2(iii) above within 10 days after receipt of written notice to do so, and any such entry shall not be deemed a trespass; or
- (v) bring suit at law for monetary damages or in equity to stop or prevent any violation, or both.
- (c) Additional Powers Relating to Neighborhood Associations. The Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities under this Charter, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that certain expenditures be made.

A Neighborhood Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

8.3. Board Decision to Pursue Enforcement Action

The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

(a) the Association's position is not strong enough to justify taking any or further action;

Compliance and Enforcement

- (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;
- (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or
- (d) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

8.4. Attorneys Fees and Costs

In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

8.5. Enforcement of Ordinances

The Association, by contract or other agreement, may enforce applicable county ordinances. In addition, Houston County and the City of Perry may enforce ordinances within Houston Springs.

8.6. Enforcement Rights of Woodland Property Partners, Inc.

So long as Woodland Property Partners, Inc. owns any property identified on the Master Plan or owns any Private Amenity adjacent or near any boundary of Houston Springs, Woodland Property Partners, Inc. may enforce the provisions of the Governing Documents at law or in equity. Woodland Property Partners, Inc. may exercise self-help to cure any violation of the Governing Documents.

Woodland Property Partners, Inc., or its assigns and successors, may also levy fines for failure to comply with the Governing Documents. Woodland Property Partners, Inc. shall have a lien against each Unit to secure payment of such fine. In addition, Woodland Property Partners, Inc., or its successors or assigns, as set forth in the Recreational Covenant, has a lien against each Unit to secure the obligation of each Unit to pay any and all membership dues as set forth in the Recreational Covenant.

Such liens shall also secure the interest on any unpaid fine or membership dues (computed from its due date at a rate of 18% per annum, subject to the limitations of Georgia law) and any costs of collection (including attorneys fees). Such lien shall be superior to all other liens except those held by the Association, and such liens any recorded Mortgage made in good faith and for value having first priority over any other Mortgages on the Unit.

Woodland Property Partners, Inc. may enforce its lien by suit, judgment, and judicial or non-judicial foreclosure in the same manner as the Association under Chapter 12. In addition, the payment of such fine shall be secured by the Association's lien for assessments under Section 12.7.

Woodland Property Partners, Inc. may not exercise such remedies until it has given written notice to the Association and the violating Owner setting forth the violation and the requisite cure and the Association and/or the Owner has been given the opportunity to effectuate such cure, which shall be undertaken no more than seven days after such written notice has been received by the Association and the Owner.

In the event that neither the Association nor the Owner cure the violation and Woodland Property Partners, Inc. exercises its right of self-help, Woodland Property Partners, Inc. shall be entitled to recover from the Association all costs expended in curing the violation. The

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Association shall promptly reimburse Woodland Property Partners, Inc. for all such costs and such amounts shall be a Specific Assessment levied against the Unit of the Owner violating the Governing Documents in accordance with Chapter 12.

In the event Woodland Property Partner, Inc. conveys the ownership of any Private Amenity adjacent or near any boundary of Houston Springs, or assigns its rights under the Recreational Covenant, Woodland Property Partners, Inc. may, but shall not be obligated to, assign the rights set forth in this Section to the transferee of the Private Amenity.

People need to be reminded more often than they need to be instructed. Samuel Johnson

PARTTHREE: ASSOCIATION OPERATIONS

Do what you can, with what you have, where you are.

Theodore Roosevelt

Chapter 9

Property Management

One of the Association's primary functions is maintaining and operating property and facilities for the common benefit of the Owners and residents of Houston Springs. This chapter establishes the Association's obligation for property that the Founder designates and leases as Common Area or Limited Common Area and to maintain, operate, and insure it, along with certain other properties, for the benefit of Houston Springs.

9.1. Acceptance and Control of Association Property

(a) Transfers and Conveyances by Founder. The Founder and its designees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Community, and the Association shall accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, 1censes, or other real or personal property interests. All such property shall be accepted by the Association "AS IS" without any representation or warranty, express or implied, in fact or by law, with respect thereto, or with respect to any improvements thereon or thereto, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion, or the future economic performance or operations of, or the materials which has been or will be used in such property or repairs.

Upon the Founder's written request, the Association shall reconvey to the Founder any unimproved real property that the Founder originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make minor adjustments in property

lines or accommodate changes in the development plan.

(b) Management and Control. The Association is responsible for management, operation, and control of the Common Area, subject to any covenants set forth in the deed or any other instrument transferring property to the Association. The Association may enter into leases, icenses, or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate. The Association may permit use of Common Area facilities by persons other than Owners and occupants of Units and may charge use fees, in such amount as the Board may establish, for such use.

9.2. Maintenance of Area of Common Responsibility

The Association shall maintain the Area of Common Responsibility in accordance with the Community-Wide Standard. The Area of Common Responsibility includes, but is not limited to:

- (a) the Common Area including, but not limited to, entry features and any streets within Houston Springs;
- (b) landscaping within any rights-of-way within or abutting Houston Springs to the extent that responsible governmental authorities do not maintain it to the Community-Wide Standard;
- (c) sidewalks and street lights along streets within Houston Springs, if any;
 - (d) community entry features;
- (e) such portions of any additional property as may be dictated by the Founder, this Charter, any Supplement, or any covenant or agreement

for maintenance entered into by, or otherwise binding on the Association; and

(f) any property and facilities that the Founder owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. The Founder shall identify any such property and facilities by written notice to the Association, and they shall remain part of the Area of Common Responsibility until the Founder revokes such privilege of use and enjoyment by written notice to the Association.

The Association shall also be responsible for proper functioning of the stormwater drainage system serving Houston Springs, including maintenance, repair and replacement, as needed, of pipes, culverts, and other structures and equipment comprising the system. It shall have no responsibility for landscaping or other maintenance of Units burdened by stormwater drainage easements unless otherwise specifically set forth in a Supplement or in a recorded agreement or plat.

The Association may maintain other property it does not own or lease, including, without limitation, Units, property dedicated to the public, or property owned or maintained by a Neighborhood Association if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property it does not own except to the extent that it has been negligent in performing its maintenance responsibilities.

The Association, may, but shall not be required to, provide insect, pest, and aquatic control to the extent that it is necessary or desirable to supplement any such control provided by the state or local governmental body. The Association shall have a perpetual easement over the Community for the purpose of dispensing pesticides and to take other actions if necessary or desirable to control insects or vermin.

9.3. Discontinuation of Operation

The Association shall maintain the Common Area facilities in continuous operation unless the Founder, during the Development and Sale Period, Voting Delegates representing 75% of the total votes in the Association, and Woodland Property Partners, Inc., so long as it owns the Club, consent in writing to discontinue such operation. If the property is Limited Common Area, any discontinuation shall also require the approval in writing of at least 75% (or such higher percentage as a Supplement may require) of the Owners to whom such Limited Common Area is assigned. This section shall not apply to restrict the Board's ability to establish reasonable operating hours, which may vary by season, nor to preclude temporary closures or interruptions in operation as the Board may determine appropriate to perform maintenance or repairs.

9.4. Restoring Damaged Improvements

In the event of damage to or destruction of portions of the Area of Common Responsibility for which the Association has insurance responsibility, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area improvements unless the Founder, during the Development and Sale Period, Voting Delegates representing at least 75% of the total votes in the Association, and Woodland Property Partners, Inc., so long as it owns the Club, decide within 60 days after the loss not to repair or reconstruct. If the damage is to Limited Common Area or Units within a Service Area, any decision not to restore the damaged improvements shall also require the approval of at least 75% of the Owners of Units in the affected Service Area. If either the insurance proceeds or estimates of the loss, or both,

are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed.

This provision ensures that desirable Common Area improvements will be replaced if destroyed, but it also makes it possible not to repair or rebuild if the Founder, Owners who benefit from the Common Area, and Woodland Property Partners, Inc., the owner of the Club, prefer not to rebuild.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

The Association shall retain and place in a capital improvements account for the benefit of all Owners, or the Owners of Units within the affected Service Area, as appropriate, any insurance proceeds remaining after paying the costs of repair or reconstruction or after such settlement as is necessary and appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Delegates, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 11.4.

9.5. Relationships with Other Properties

The Association may contract with the owner of any neighboring property to provide for sharing of costs associated with (a) maintenance and operation of mutually beneficial properties or facilities, or (b) provision of mutually beneficial services.

Chapter 10

Provision of Services

In addition to its property management role, the Association is a vehicle for providing a variety of services for the benefit of the Community at large and individual Units. This chapter describes some of the services the Association may provide and the mechanism by which it may provide varying levels and types of services to different areas of Houston Springs.

10.1. Provision of Services to Units

The Association may, but shall not be obligated to, arrange for or provide services to Owners and their Units, directly or through contracts with the Founder or other third parties. The Association may enter into bulk service agreements by which a particular service is provided to all Units, or it may offer various services at the option of each Owner, or both. By way of example and not limitation, such services might include such things as cable television, utilities, fire protection, security, trash collection, landscape maintenance, pest control, caretaker services, and technology services.

Any Association contract for services may require individual Owners or occupants to execute separate agreements directly with the Persons providing components or services in order to gain access to or obtain specified services. Such contracts and agreements may contain terms and conditions that, if violated by the Owner or occupant of a Unit, may result in termination of services provided to such Unit. Any such termination shall not relieve the Owner of the continuing obligation to pay assessments for any portion of the charges for such service that are assessed against the Unit as a Common Expense or Service Area Expense pursuant to Chapter 12.

In its discretion, the Board may discontinue offering particular services and may modify or cancel existing contracts for services subject to the contract terms and any provision that may exist elsewhere in the Governing Documents requiring the Association to provide such services.

The Association may also provide conciergetype services to assist Owners in arranging for services, supplies, or activities with third-party providers. In doing so, the Association assumes no liability for the quality of services or products provided; the value or pricing of such services, products, or activities; any acts or omissions of such third-parties; or failure of any third party to provide products, services, or activities. Each Owner, by using such concierge services, assumes all risks of dealing with such third parties and acknowledges and agrees that the Association shall have no liability for such matters and that the Association is not in any way recommending any of the third party providers or their services, supplies, or activities.

10.2. Provision of Services to Service

- (a) Service Areas Designated by Founder. The Association shall provide services to Units within any Service Area designated by the Founder pursuant to Section 3.3 as required by the terms of this Charter or any Supplement applicable to the Service Area.
- (b) Service Areas Designated by Board. In addition to Service Areas which the Founder may designate pursuant to Section 3.3, any group of Owners may petition the Board to designate their Units as a Service Area for the purpose of receiving from the Association (i) special benefits or services which are not provided to all Units, or (ii) a higher level of service than the Association otherwise provides. Any such petition shall be signed by Owners of a majority of the Units within the proposed Service Area.

Upon receipt of such petition, the Board shall investigate the terms upon which the requested benefits or services might be provided and mitify the Owners in the proposed Service Area of such terms and the initial fees for providing the requested service, which may include a reasonable administrative charge. If Owners of at least 67% of the Units within the proposed Service Area approve the proposal in writing, the Board shall designate the Units as a Service Area and include the fees for such service as a line item in the Service Area budget pursuant to Section 12.2(c).

10.3. Community Technology

- (a) Community Systems. Without limiting the generality of Sections 10.1 and 10.2, the Association is specifically authorized to provide, or to enter into contracts with other Persons to provide, central telecommunication receiving and distribution systems (e.g., cable television, high speed data/Internet/intranet services, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve the Community ("Community Systems"). Any such contracts may provide for installation, operation, management, maintenance and upgrades or modifications to the Community Systems as the Board determines appropriate. The Association shall have no obligation to utilize any particular provider(s).
- (b) Opportunities for Community Interaction. The Association may make use of computers, the Internet, and expanding technology to facilitate community interaction and encourage participation in Association activities. For example, the Association may sponsor a community cable television channel, create and maintain a community intranet or Internet home page, maintain an "online" newsletter or bulletin board, and offer other technology-related services and opportunities for Owners and residents to interact and participate in Association-sponsored activities. To the extent Georgia law permits, and unless otherwise spe-

cifically prohibited in the Governing Documents, the Association may send notices by electronic means, hold Board or Association meetings and permit attendance and voting by electronic means, and send and collect assessment and other invoices by electronic means.

Chapter 11

Association Insurance

The Association is responsible for insuring against various types of risks, including property damage, personal injury, and liability. This chapter describes the minimum types and amounts of coverage that the Association must obtain, the specific requirements for such policies, and the handling of deductibles and premiums for such insurance.

11.1. Required Coverages

The Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

- (a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on
 - (i) the Common Area;
- (ii) other portions of the Area of Common Responsibility, to the extent that the Association has responsibility for repair or replacement in the event of a casualty; and
- (iii) any Service Area, to the extent specified or authorized by any applicable Supplement.

If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The limits of Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes.

In addition, if a Supplement so specifies, the Association shall obtain and maintain property insurance on the insurable improvements within

- a Service Area, which insurance shall comply with the above requirements.
- (b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage shall have a limit of at least \$2,000,000 per occurrence with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;
- (c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;
- (d) Directors and officers liability coverage; and
- (e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-fourth of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation.

The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Houston County area.

In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits than this section requires.

11.2. Deductibles

The Association's policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 11.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Service Area Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

The Board may hold any Persons who cause damage to insured improvements responsible for the insurance deductible Payable on any insurance claim related to such damage.

11.3. Policy Requirements

All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Owner.

To the extent available at reasonable cost and terms, all Association insurance shall:

- (a) be written with a company authorized to do business in Georgia that satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;
- (b) be written in the name of the Association as trustee for the benefited parties. All policies shall be for the benefit of the Associa-

tion and its members, except that policies on Limited Common Area shall be for the benefit of the Owners of Units within the Service Area to which the Limited Common Area is assigned and their Mortgagees, as their interests may appear;

- (c) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;
 - (d) contain an inflation guard endorsement;
- (e) include an agreed amount endorsement, if the policy contains a co-insurance clause;
- (f) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the Association:
- (g) provide a waiver of subrogation against any Owner or household member of an Owner; and
- (h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of one or more Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation.

Subrogation is a legal concept by which one person is substituted in the place of another with respect to a lawful claim or right. For example, once they have paid a claim by an insured party, insurance companies generally have the right to step into the shoes of the insured party and sue any one that the insured party could have sued.

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners and the Founder as additional insureds and provide:

Association Insurance

- (a) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;
- (b) a waiver of the insurer's right to repair and reconstruct instead of paying cash;
- (c) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;
- (d) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;
 - (e) a cross liability provision; and
- (f) a provision vesting in the Board exclusive authority to adjust losses. However, Mortgagees having an interest in such losses may not be precluded from participating in the settlement negotiations, if any, related to the loss.

11.4. Insurance Premiums

Premiums for all Association insurance shall be a Common Expense, except that premiums for property insurance on Units within, or Limited Common Areas assigned to, a particular Service Area shall be a Service Area Expense, unless the Board reasonably determines that other treatment of the premiums is more appropriate.

Chapter 12

Association Finances

This chapter provides for various types of funding to cover expenses that the Association incurs or expects to incur in exercising its authority and performing its responsibilities under the Governing Documents. The primary source of funding is the assessments that this chapter authorizes the Association to levy against the Units and collect from the Owner of each Unit. Assessments are secured by a lien on each Unit as described in this chapter.

12.1. Association Expenses

(a) Common Expenses. Except as the Governing Documents otherwise specifically provide, all of the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance, and operation of the Area of Common Responsibility, and otherwise for the general benefit of the Owners, are considered "Common Expenses." Common Expenses include such operating reserves and such repair and replacement reserves for capital items within the Area of Common Responsibility as the Board finds necessary or appropriate.

Common Expenses shall not include any expenses incurred during the Founder Control Period for initial development or original construction costs unless Voting Delegates (other than Founder appointees) representing a majority of the total vote in the Association approve such expenditure.

The characterization of a particular expense as a "Common Expense" shall not preclude the Association from seeking reimbursement for, or a contribution toward, such expenses from other Persons who may be responsible for the expenses incurred or for sharing such expenses pursuant to this Charter, any Supplement, or any other recorded covenants or agreements.

(b) Service Area Expenses. All expenses that the Association incurs or expects to incur in connection with the ownership, maintenance, and operation of Limited Common Areas, or in providing other benefits and services to a Service Area, including any operating reserve or reserve for repair and replacement of capital items maintained for the benefit of the Service Area, are considered "Service Area Expenses." Service Area Expenses may include a reasonable administrative charge in such amount as the Board deems appropriate, provided that any such administrative charge is applied at a uniform rate per Unit among all Service Areas receiving the same service.

12.2. Budgeting for and Allocating Association Expenses

(a) Preparation of Budget. The Board annually shall prepare a budget of the estimated Common Expenses for the coming year and shall prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses that the Association expects to incur for the benefit of such Service Area in the coming year. The Board shall make a reasonable effort to prepare such budgets at least 90 days before the beginning of each fiscal year.

The estimated expenses in each budget shall include, in addition to any operating reserves, a reasonable contribution to a reserve fund for repair and replacement of any capital items to be maintained as a Common Expense or as a Service Area Expense of the Service Area for whom the budget is prepared, as applicable. In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected useful life of each, the expected repair or replacement cost, and the contribution re-

quired to fund the projected needs by annual contributions over the useful life of the asset.

Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Service Area Assessments, respectively, pursuant to subsections (b) and (c).

- (b) Calculation of Base Assessments. The total budgeted revenue to be raised through the levy of Base Assessments shall be allocated equally among all Units subject to assessment under Section 12.5 and levied as a "Base Assessment."
- (c) Calculation of Service Area Assessments. The total Service Area Expenses budgeted for each Service Area shall be allocated among all Units in the Service Area that are subject to assessment under Section 12.5 and levied as a "Service Area Assessment." Unless otherwise specified in any Supplement applicable to a Service Area, Service Area Assessments shall be set at a uniform rate per Unit in the Service Area, except that any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves that pertain to particular structures may be levied on each of the benefited Units in proportion to the benefit received, as the Board may reasonably determine.

All amounts the Association collects as Service Area Assessments shall be held in trust for and expended solely for the benefit of the Service Area for which they were collected and shall be accounted for separately from the Association's general funds.

(d) Founder's Subsidy Option. The Founder may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by the Founder under Section 12.6(b)).

Any such subsidy may be treated as a contribution or as an interest-bearing or non-interest bearing loan, in the Founder's discretion; provided, any interest charge shall not exceed an annual percentage rate of 6% on the principal balance. Any such subsidy and the characterization thereof shall be conspicuously disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate the Founder to continue payment of such subsidy in future years unless otherwise provided in a written agreement between the Association and the Founder.

(e) Notice of Budget and Assessment; Right to Disapprove. The Board shall send a copy of each applicable budget, together with notice of the amount of the Base Assessment and any Service Area Assessment to be levied pursuant to such budgets, to each Owner at least 30 days prior to the due date of the assessments to be levied pursuant to such budget. The Common Expense budget shall automatically become effective unless disapproved at a meeting by Voting Delegates representing at least 75% of the total votes in the Association and by the Founder Member, if such exists. Each Service Area budget shall automatically become effective unless disapproved at a meeting by Owners of at least 67% of the Units within the Service Area, except that the right to disapprove a Service Area budget shall apply only to those line items which are attributable to services or benefits requested by the Service Area and shall not apply to any item the Governing Documents require to be assessed as a Service Area Ex-

There shall be no obligation to call a meeting for the purpose of considering any budget except, in the case of the Common Expense budget, on petition of the Voting Delegates as provided for special meetings in the By-Laws, and in the case of a Service Area budget, on petition of Owners of at least 67% of the Units within the Service Area. Any such petition must be presented to the Board within 10 days

after delivery of the budget and notice of any assessment.

(f) Budget Revisions. The Board may revise the budget and adjust the Base Assessment or Service Area Assessments anytime during the year subject to the same notice requirements and rights to disapprove set forth in section 12.2(e).

12.3. Special Assessments

The Association may levy "Special Assessments" to cover Common Expenses or Service Area Expenses that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget. Except as otherwise specifically provided in this Charter, any Special Assessment for Common Expenses that would exceed 15% of the Base Assessment levied on each Unit shall require the affirmative vote or written consent of Voting Delegates representing more than 50% of the votes attributable to Units subject to assessment under Section 12.5 and shall be allocated equally among all such Units. Any Special Assessment for Service Area Expenses that would exceed 15% of the Service Area Assessment levied on the Units in the benefited Service Area shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Units in the benefited Service Area and shall be allocated in the same manner as Service Area Assessments under Section 12.1(c). In addition, as long as the Founder membership exists, any Special Assessment shall also be subject to the Founder's written consent. Special Assessments shall be payable in such manner and at such times as the Board determines and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

12.4. Specific Assessments

The Association may levy "Specific Assessments" against a particular Unit as follows:



- (a) to cover the costs, including overhead and administrative costs, of providing services to the Unit upon request of the Owner pursuant to any menu of optional services the Association may offer (which might include the items identified in Section 10.1). Specific Assessments for optional services may be levied in advance of the provision of the requested service;
- (b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; however, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing in accordance with the By-Laws before levying any Specific Assessment under this subsection; and
- (c) to cover the Unit's pro rata share of any costs that the Association incurs in bringing the Service Area of which the Unit is a part into compliance with the provisions of the Governing Documents; however, the Board must give prior written notice to the Owners of Units in the Service Area and an opportunity for such Owners to be heard before levying any such assessment.

12.5. Authority to Assess Owners; Time of Payment

The Association has the authority to levy and collect all assessments provided for in this chapter and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the first anniversary of the date on which Founder transferred title to the Unit; or (b) the date on which a certificate of occupancy is issued for a dwelling on the Unit or the Unit is actually occupied, whichever first occurs. At such time the Unit shall become fully liable for all assessments authorized in this chapter, except that no Service Area Assessment for maintenance or insurance of any dwelling shall commence until a certificate of occupancy has been issued for the Unit. The first annual Base Assessment and Service Area Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time the obligation to pay assessments commences on the Unit.

The Board may establish the manner and due date for the payment of assessments. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and may impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in monthly installments. Unless the Board otherwise provides, the Base Assessment and any Service Area Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

12.6. Obligation for Assessments

(a) Personal Obligation. By accepting a deed or entering into a recorded contract to purchase any Unit, each Owner covenants and agrees to pay all assessments authorized in the Governing Documents All assessments, to-

gether with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Georgia law), late charges as determined by Board resolution, costs, and reasonable attorneys fees, shall be the personal obligation of each Owner and, if all applicable requirements of the Georgia law have been met, shall also be a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, the rate of Base Assessments and Service Area Assessments established for the last year for which an assessment was made, if any, shall remain in effect until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

(b) No Exemption or Set-off. No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Unit, or non-use of services provided to all Units or to all Units within the Service Area to which the Unit is assigned. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No reduction of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements or from any other action it takes.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may re-

quire the advance payment of a reasonable processing fee for the issuance of such certificate.

By buying a Unit in Houston Springs each Owner agrees to pay all assessments and lease payments levied against his or her Unit. If the Owner does not pay on time, that Owner will be charged late fees on all past due amounts. Owners may not claim a reduction in their assessments due to action or inaction by the Association.

12.7. Lien for Assessments

(a) Existence of Lien. The Association shall have a lien against each Unit to secure payment of assessments, as well as interest, late charges (subject to the limitations of Georgia), and costs of collection (including attorneys fees and expenses). Such lien shall be superior to all other liens except (i) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; and (ii) the lien or charge of any recorded Mortgage made in good faith and for value having first priority over any other Mortgages on the Unit.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Unit the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

(b) Enforcement of Lien. The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assess-

ment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) Effect of Sale or Transfer. Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of Woodland Property Partners, Inc.'s lien under Section 8.6 or of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 12.6, including such acquirer, its successors and assigns.

If an Owner does not pay his or her assessments on time, the Association may foreclose its lien on the Owner's Unit, causing it to be sold to pay the past due assessments. The Association may also sue an Owner in court to recover past due assessments.

12.8. Exempt Property

The following property shall be exempt from payment of Base Assessments, Service Area Assessments, and Special Assessments:

- (a) All Common Area and such portions of the property owned by the Founder as are included in the Area of Common Responsibility;
- (b) Any property dedicated to and accepted by any governmental authority or public utility; and

(c) Property owned by any Neighborhood Association for the common use and enjoyment of its members, or owned by the members of a Neighborhood Association as tenants-incommon.

In addition, the Association may, by resolution, grant exemptions to certain Persons qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Charter for purposes listed in Section 501(c) of the Internal Revenue Code.

12.9. Capitalization of Association

Upon the transfer of title to a Unit to the first Owner other than the Founder or a Builder designated by the Founder, the new Owner shall make an initial contribution to the working capital of the Association in an amount equal to one-fourth of the annual Base Assessment for the Association's use in covering initial start-up expenses, operating expenses and other Common Expenses that it incurs pursuant to this Charter and the By-Laws. This amount shall be in addition to, not in lieu of, the annual Base Assessment and any Service Area Assessment levied on the Unit and shall not be considered an advance payment of such assessments. However, the amount due shall constitute an assessment against the Unit and shall be secured by the Association's lien for assessments under Section 12.7. The Founder may pay such contribution to the Association in advance and, in that event, the responsible Owner shall reimburse the Founder, as the case may be, at the closing of the transfer of title to the Unit to such Owner.

12.10. Use and Consumption Fees

The Board may charge use, consumption, and activity fees to any Person using Association services or facilities or participating in Association-sponsored activities. The Board may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

12.11. Community Enhancement Fee

- (a) Authority. As an additional funding source, the Board may establish and collect a Community Enhancement Fee upon each transfer of title to a Unit. The fee shall be charged to the seller of the Unit, shall be payable to the Association at the closing of the transfer, and shall be secured by the Association's lien for assessments under Section 12.7.
- (b) Fee Limit. The Board shall have the sole discretion to determine the amount of and method of calculating the Community Enhancement Fee. The fee may be based upon a sliding scale that varies in accordance with the "gross selling price" of the property or any other factor the Board deems appropriate. However, the Community Enhancement Fee may not exceed 0.50% of the Unit's gross selling price. The gross selling price is the total cost to the purchaser of the Unit, excluding transfer taxes and title fees imposed by Houston County and/or Georgia.
- (c) Purpose. The Community Enhancement Fees shall be separately accounted for and used only to provide funding for activities and such other purposes as the Board deems beneficial to the general good and welfare of Houston Springs. For example, Community Enhancement Fees might be used to assist one or more tax-exempt entities in funding:
- (i) programs and activities that enhance the welfare, benefit, and lifestyle of residents within and outside of Houston Springs.
- (ii) programs, services, and activities that serve to promote a sense of community within Houston Springs, such as recreational leagues, cultural programs, educational programs, festivals and holiday celebrations and activities, a community computer network, and recycling programs; and

Association Finances

- (iii) social services, educational programs, community outreach programs, and other charitable causes.
- (d) Exempt Transfers. Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Unit:
 - (i) by or to the Founder;
- (ii) by a co-owner to any Person who was a co-owner immediately prior to such transfer;
- (iii) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;
- (iv) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership interest in such entity, the Community Enhancement Fee shall become due;
- (v) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage; or
- (vi) under circumstances that the Board, in its discretion, deems to warrant classification as an exempt transfer (e.g., a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Community Enhancement Fee).

12.12. Club Membership Dues

During the Founder Control Period, Owners shall be responsible for payment to the Association, and the Association shall be responsible for collections. The dues charged by the Club on account of the Resident membership in the Social use category, as more particularly described in the Membership Policies for Houston Springs Country Club ("Membership Policies"), and the Recreational Covenant.

After the Founder Control Period and at any time during the Founder Control Period, that Woodland Property Partners, Inc., as the owner and operator of the Club, or it successors or assigns sets forth in a written notice to the Association, Owners shall pay all such dues directly to the Club.

PART FOUR: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

You don't get harmony when everybody sings the same note.

Doug Floyd

Chapter 13

Easements

The easements created in this chapter establish the rights of Owners to use the Common Area and create various rights for the benefit of owners, the Founder, the Association, and others over property within the Community. Some of these rights are related to development and construction within Houston Springs and on adjacent property, while others relate to the rights of the Association to come upon property of others to fulfill its responsibilities and the interrelationships between the Community and the owners of adjacent property.

13.1. Easements in Common Area

An easement is one person's right to go onto the property of another.

The Founder grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying property to the Association;
- (c) Certain Owners' rights to the exclusive use of those portions of the Common Area designated "Limited Common Area"; and
 - (d) The Board's right to:
- (i) adopt rules regulating Common Area use and enjoyment, including rules limiting the number of guests who may use the Common Area, and to charge use fees for such use;
- (ii) suspend an Owner's right to use Common Area facilities;

- (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Charter;
- (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;
- (v) rent any portion of any clubhouse or other Common Area recreational facilities, if any exist, on an exclusive or non-exclusive short-term basis to any Person;
- (vi) permit the use of any Common Area facilities at such charge or no charge as the Board may determine, by non-members for the purpose of offering and conducting classes or other activities for interested Owners and occupants and their guests, on a use fee or other basis;
- (vii) permit the use of any recreational facilities situated on the Common Area by the general public, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion; and
- (viii) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

13.2. Easements of Encroachment

The Founder grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units. A permitted encroachment is a structure or fixture that extends unintentionally from one person's property onto another's a distance of less than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. An encroachment easement shall not exist if the encroachment results from willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

An encroachment occurs when a person's home, fence, or other structure extends onto his or her neighbor's property. This section permits minor, inadvertent encroachments to remain.

13.3. Easements for Utilities, Etc.

- (a) Installation and Maintenance. During the Development and Sale Period, the Founder reserves for itself and grants to the Association and all utility providers, perpetual non-exclusive easements throughout Houston Springs (but not through a structure) to the extent reasonably necessary to:
- (i) install utilities and infrastructure to serve Houston Springs, other Community Systems, security and similar systems, and drainage systems;
- (ii) install walkways, pathways and trails, street lights, street trees, and signage on property the Founder or the Association owns, leases, or within public rights-of-way or easements reserved for such purpose on a recorded plat;

- (iii) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and
 - (iv) access and read utility meters.

Notwithstanding the above, the Founder reserves the right to deny access to any utility or service provider, to the extent permitted by law, or to condition such access on negotiated terms.

- (b) Specific Easements. The Founder also reserves the non-exclusive right and power to grant and record such specific easements consistent with Section 13.3(a) as it deems necessary to develop the property described in Exhibits "A" and "B." The location of the specific easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed, or conditioned.
- (c) Minimal Interference. All work associated with the exercise of the easements described in Sections 13.3(a) and (b) shall be performed so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

13.4. Easements to Serve Additional Property

The Founder hereby reserves for itself and its duly authorized agents, successors, assigns, and Mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Charter. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. The Person exercising such easement rights shall be responsible for any damage caused to the Common Area as a result of their actions in connection with development of such property.

If the above easement grants permanent access to any property that is not submitted to this Charter, the Founder, or its successors or assigns, shall enter into a reasonable agreement with the Association to share the cost of maintenance that the Association provides for the benefit of the easement holder. The shared maintenance costs may include maintenance to or along any roadway providing access to the benefited property.

13.5. Easements for Maintenance, Emergency, and Enforcement

The Association may come onto the exterior portions of a Unit to do maintenance or to address violations of the covenants but will give prior notice unless there is an urgent need to enter the property before notice can be given.

By this Charter, the Founder grants to the Association easements over Houston Springs as necessary to enable the Association to fulfill its maintenance responsibilities under Section 6.2 and its enforcement rights under Section 8.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, to inspect for compliance with the Governing Documents, and to enforce the Governing Documents. Any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry

shall only be during reasonable hours and after notice to the Owner.

13.6. Easements for Lake and Pond Maintenance and Flood Water

The Founder and the Association have the right to access property adjacent to lakes, streams, and other water bodies to perform maintenance and for irrigation purposes. They also have the right to cause water levels in lakes or ponds in Houston Springs to rise above normal. They will be responsible for repairing any damage they cause in so doing.

The Founder reserves for itself, the Association, and their respective successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Community-Wide Standard. The Founder, the Association, and their respective successors, assigns, and designees shall have an access easement over and across any portion of Houston Springs which abutts or contains bodies of water or wetlands, to the extent reasonably necessary to exercise their rights under this

The Founder further reserves for itself, the Association, and their respective successors, assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 50 feet of bodies of water and wetlands within Houston Springs, in order to (a) temporarily flood and back water upon and maintain water over such property; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and

(c) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make the Founder or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.

13.7. Easements for Golf Course

If a golf course is close to your Unit, you can expect that golf balls and people will come near your Unit. This section puts Owners on notice that activities relating to the golf course will affect Units next to the golf course.

The Community is burdened with an easement permitting golf balls unintentionally to come upon areas adjacent to or in the vicinity of a golf course, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, common property of a Neighborhood Association, or the exterior portions of a Unit to retrieve errant golf balls. However, if any Unit is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls.

Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Founder; the Association or its members (in their capacities as such); Woodland Property Partners, Inc., its successors, successors-in-title to the golf course, or assigns; any builder or contractor (in their capacities as such); or any officer, director, or partner of any of the foregoing or any officer or director of any partner.

The owner of any golf course within or adjacent to any portion of Houston Springs, its agents, successors and assigns, shall at all times

have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair, and replacement of its golf course.

Any portion of Houston Springs immediately adjacent to any golf course is hereby burdened with a non-exclusive easement in favor of the adjacent golf course for overspray of water from the irrigation system serving such golf course. Under no circumstances shall the Association or the owner of such golf course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

The owner of any golf course within or adjacent to any portion of Houston Springs, its successors and assigns, shall have a perpetual, exclusive easement of access over Springs for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

13.8. Easements for Golf Carts

Each Owner shall have a right and nonexclusive easement to use his or her private golf cart over all designated roadways located within Houston Springs. Such easement shall be subject to any rules and regulations enacted by the Association, including, but not limited to, hours of use, speed limits, and the Association's approval of golf carts as set forth herein.

Only privately owned golf carts that have been approved by the Association as complying with appearance and other standards set forth herein and determined from time to time by the Association may be used within Houston Springs. All privately owned golf carts must be electric-powered and inspected annually by the Association or its designee. The Association's approval of any golf cart may be based on manufacturer, model, age, color, accessories, etc., and may be withheld in Association's sole and

absolute discretion. An Owner may request a list of the approved golf cart model(s) and color from the Association. Association reserves the right to change the required golf cart manufacturer, model, color, accessories, etc., at the end of any calendar year and thus require any Owners who have golf carts to comply with the new golf cart requirements. The Association agrees not to change manufacturer, model, or color of a golf cart more than once every five years. The Association agrees to provide Owners with any information regarding the anticipated change of approved manufacturer, model and/or color and the date such changes will take place.

The Association will issue an identification number and an annual decal for each privately owned golf cart approved for use in Houston Springs upon receipt of an annual use fee as the Board may establish for its review and may require that such fees be paid in advance. The identification number and decal shall be placed on the golf cart in clear view. Each Owner agrees to remove all decals from the golf cart when the Owner is no longer paying the annual use fee. Privately-owned golf carts without a current use fee decal will not be allowed to access the roadways within Houston Springs.

Each Owner agrees to keep his or her golf cart neat, clean, and in good repair. The Association reserves the right to require repairs, modifications, or complete replacement if necessary in order for an Owner's golf cart to remain within the guidelines of Association-approved golf carts. All required repairs, modifications, or a complete replacement must take place before a golf cart is allowed to be driven within Houston Springs. Following any required repairs, an Owner's golf cart must pass a scheduled inspection before returning to use.

Each Owner agrees that golf carts will be operated only by a licensed driver, in a safe and prudent manner, and in accordance with any and all governmental regulations and Rules of the Association. Each Owner agrees to accept all

risks associated with the use and operation of a privately owned golf cart and releases the Association and its officers, directors and employees from liability and agrees to indemnify the Association, its officers, directors and employees against all losses incurred as a result of any injury or property damage arising out of or in any way connected with the golf cart's operation, regardless of whether the Owner was operating the golf cart at the time of the incident (except to the extent that the damage or injury arises out of the gross negligence or reckless conduct of an indemnified party); or Owner's failure to comply with any applicable federal, state, or local laws. Persons using a privately-owned golf cart will be held fully responsible for any and all damage caused by the misuse of the golf cart and shall reimburse the Association for any and all damages by reason of misuse, including, without limitation, damage to other golf carts and to Association property.

Chapter 14

Private Amenities

Various recreational and other facilities may be located within or in the vicinity of Houston Springs that are privately owned and operated by Persons other than the Association. Those facilities are not part of the Common Area of Houston Springs, and ownership of property in the Community does not give any person the right to use them. This chapter explains the right of the owners of those facilities to determine if and on what terms they wish to make their facilities available for use by Owners. It also establishes certain rights for the benefit of the owners of such facilities.

14.1. General

Any property and facilities located within, adjacent to, or near Houston Springs that Persons other than the Association own and operate for recreational and related purposes are "Private Amenities." The Private Amenities may include, without limitation, any lakes, swimming facilities, tennis and shuffleboard courts, club house, beach areas, and any golf course that is so located and its related and supporting facilities and improvements.

Access to and use of any of the Private Amenities is strictly subject to the rules and procedures of the owner of such Private Amenities, and no Person gains any right to enter or to use any Private Amenity by virtue of membership in the Association or ownership or occupancy of a Unit, except as may be set forth in the Recreational Covenant that Founder records on all or a portion of Houston Springs.

All Persons are hereby advised that no representations or warranties have been or are made by the Founder, the Association, or by any Person acting on behalf of any of the foregoing with regard to the continuing ownership or operation of the Private Amenities. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set

forth in a written instrument which the record owner of the Private Amenity executes.

Ownership or operation of any Private Amenity may change at any time. This may be for different reasons, such as (a) the sale to or assumption of operations by an independent Person, (b) establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity, or (c) the conveyance of a Private Amenity to one or more affiliates of Founder. Consent of the Association, any Neighborhood Association, any Voting Delegate, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, subject to the terms of any written agreements entered into by such owners.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

14.2. Houston Springs Country Club

Every Owner shall be extended a Resident membership in the Social use category in the Club. Membership in the Club is subject to the terms of the Membership Policies, including the provisions regarding payment of membership dues and fees and the Club's rules and policies, which include suspension and expulsion from the Club.

Private Amenities

By virtue of taking title to a Unit, each Owner agrees, on behalf of itself, its heirs, personal representatives, and successors-in-title to the Unit to pay periodic dues to the Club regardless of such Owner's use or nonuse of the Club's facilities and to comply with the terms of the Membership Policies as long as such Owner owns a Unit. Each Owner's Resident membership in the Social use category in the Club shall be effective immediately upon taking title to a Unit and shall continue so long as such Owner owns real property in Houston Springs, subject to all of the provisions of the Membership Policies

Neither Owners nor any other Persons, by virtue of membership in the Club, acquire any ownership interest, beneficial interest, or other vested interest whatsoever in the Club but only the privilege of using and enjoying the Club's facilities in accordance with the Membership Policies and any rules for the Club, which are subject to change from time to time.

The obligation to pay dues to the Club and the benefits of the Resident membership in the Social use category in the Club shall run with the title to the Unit and shall be binding on all subsequent Owners of the Unit.

14.3. View Impairment

The Founder, the Association, or the owner of any Private Amenity does not guarantee or represent that any view over and across the Private Amenity from Units adjacent to the Private Amenity will be preserved without impairment. Owners of the Private Amenities shall have no obligation to prune or thin trees or other landscaping and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Private Amenities from time to time. In addition, the owner of any Private Amenity that includes a golf course may, in its sole and absolute discretion, change the location, configuration, size, and elevation of the trees, bunkers, fairways, and greens from time to time. Any such additions or changes

may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

14.4. Rights of Access and Parking

There is hereby established for the benefit of the Private Amenity and its members (regardless of whether such members are Owners hereunder), guests, invitees, employees, agents, contractors, and designees a right and nonexclusive easement of access and use over all roadways located within Houston Springs reasonably necessary to travel between the entrance to Houston and the Private Amenity and over those portions of Houston (whether Common Area or otherwise) reasonably necessary to the operation, maintenance, repair, and replacement of the Private Amenity. Without limiting the generality of the foregoing, members of the Private Amenity and guests and invitees of the Private Amenity shall have the right to park their vehicles on the roadways located within Houston Springs at reasonable times before, during, and after tournaments and other similar functions held by or at the Private Amenity to the extent that the Private Amenity has insufficient parking to accommodate such vehicles.

14.5. Assessments

In consideration of the fact that the Private Amenity will benefit from maintenance of the roads, rights-of-way, and Common Areas within Houston Springs, the Private Amenity and the Association may enter into a contractual arrangement or covenant to share costs with any Private Amenity obligating the Private Amenity to contribute funds for, among other things, shared property or services and/or a higher level of Common Area maintenance.

14.6. Design Control

No person shall approve any improvement to any portion of Houston Springs which is adjacent

to or otherwise in the direct line of sight of any Private Amenity without giving the Private Amenity at least 15 days' prior written notice of its intent to approve the same together with copies of the request and all other documents and information finally submitted in such regard. The owner of Private Amenity shall then have 15 days to respond in writing approving or disapproving the proposal, stating in detail the reasons for any disapproval. The failure of the owner of Private Amenity to respond to the notice within the 15-day period shall constitute a waiver of the Private Amenity's right to object to the matter. This section shall also apply to any work on the Common Area or any common property or common elements of a Neighborhood Association, if any.

14.7. Limitations on Amendments

In recognition of the fact that the provisions of this chapter are for the benefit of the Private Amenity, no amendment to this chapter, and no amendment in derogation of any other provisions of this Charter benefiting any Private Amenity, may be made without the written approval of the Private Amenity. However, the foregoing shall not apply to the Founder's amendments.

14.8. Jurisdiction and Cooperation

It is the Founder's intention that the Association and the Private Amenity shall cooperate to the maximum extent possible in the operation of Houston Springs and the Private Amenity. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Design Guidelines.

Chapter 15

Disclosures and Waivers

This chapter discloses some important information about Houston Springs for the benefit of prospective purchasers of property in the Community. Each Owner, by accepting a deed to property in the Community, also accepts and agrees to the matters set forth in this chapter.

15.1. Safety and Security

Each Owner and occupant of a Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in Houston Springs. The Association may, but shall not be obligated to, maintain or support certain activities within Houston Springs designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, neither the Association nor the Founder shall in any way be considered insurers or guarantors of safety or security within Houston Springs nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to Houston Springs, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any tenants and other occupants of such Owner's Unit, that the Association, its Board and committees, and the Founder are not insurers or guarantors of security or safety and that each Person within Houston Springs assumes all risks of personal injury and loss or damage to property, including Units and the

contents of Units, resulting from acts of third parties.

15.2. Changes in Master Plan

Each Owner acknowledges that Houston Springs is a master planned community, the development of which is likely to extend over many years. Each Owner agrees that neither the Association nor any Neighborhood Association shall engage in, or use Association funds to support, any protest, challenge, or other form of objection to (a) changes in uses or density of property within Houston Springs, or (b) changes in the Master Plan as it relates to property outside Houston Springs, without the Founder's prior written consent.

15.3. View Impairment

Neither the Founder nor the Association guarantee or represent that any view over and across the Units, any open space within the Community will be preserved without impairment. The Founder, an affiliate of Founder, and the Association shall have no obligation to relocate, prune, or thin trees or other landscaping except to maintain the Community-Wide Standard or as otherwise required under a separate covenant or agreement. The Association (with respect to the Common Area) has the right to add trees and other landscaping from time to time, subject to applicable law. There shall be no express or implied easements for view purposes or for the passage of light and air.

15.4. Notices and Disclaimers as to Community Systems

Each Owner acknowledges that interruptions in cable television and other Community Systems and services will occur from time to time. The Founder, an affiliate of Founder, or any of

Disclosures and Waivers

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their respective successors or assigns shall not be liable for, and no Community System or service user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Systems and ervices, regardless of whether or not such interruption is caused by reasons within the service provider's control

Chapter 16

Rights of Lenders

In order to enhance each Owner's ability to obtain financing for the purchase of his or her Unit, this chapter sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies which guarantee and insure mortgage loans made by institutional lenders.

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Units in Houston Springs. The provisions of this chapter apply to both this Charter and to the By-Laws, notwithstanding any other provisions contained therein.

16.1. Notices of Action

An institutional holder, insurer, or guarantor of a first Mortgage that provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of Houston Springs or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder; and
- (b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within 60 days.
- (c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

16.2. No Priority

No provision of this Charter or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

16.3. Notice to Association

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

16.4. Failure of Mortgagee to Respond

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

PART FIVE: COMMUNITY DEVELOPMENT

The rung of a ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher.

Thomas Henry Huxley

Chapter 17

Expansion of the Community

Due to the need to pace development to the needs of the Community and the market demand for Units or Common Areas, Houston Springs may be developed in phases. The Founder or the Association may expand the initial property submitted to the Charter as set forth in this chapter.

17.1. Expansion by Founder

From time to time, the Founder may submit to the terms of this Charter all or any portion of the property described in Exhibit "B" by recording a Supplement describing the additional property to be submitted. The Founder may record such a Supplement without the consent of any Person except the owner of such property, if not the Founder.

The Founder's right to expand Houston Springs under this section expires when all property described in Exhibit "B" has been submitted to this Charter or 30 years after this Charter is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit "A" or "B." Any such transfer shall be described in a recorded instrument executed by the Founder.

Nothing in this Charter shall require the Founder or any successor to submit additional property to this Charter or to develop any of the property described in Exhibit "B" in any manner whatsoever.

17.2. Expansion by the Association

The Association also may submit additional property to this Charter by recording a Supplement describing the additional property. Any Supplement the Association records must be approved by Voting Delegates representing more than 50% of the total votes in the Associa-

tion at a meeting duly called for such purpose and by the owner of the property to be submitted. In addition, during the Development and Sale Period, the Founder's consent is required. The Association's President and Secretary, the owner of the property, and the Founder, if the Founder's consent is required, shall sign the Supplement.

17.3. Additional Covenants and Easements

Any Supplement that the Founder records may impose additional covenants and easements on the property described in such Supplement, such as covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Service Area Assessments. Such provisions may be included in a Supplement submitting new property to this Charter or may be set forth in a separate Supplement applicable to property previously submitted to this Charter. If someone other than the Founder owns the property, then the Supplement must be signed by such owner evidencing such owner's consent. Any Supplement may add to, create exceptions to, or otherwise modify the terms of this Charter as it applies to the property described in the Supplement, in order to reflect the different character and intended use of such property.

17.4. Effect of Filing a Supplement

A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Charter shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Charter.

Chapter 18

Additional Rights Reserved to the Founder

This chapter reserves various rights to the Founder, in addition to those specifically reserved elsewhere in the Governing Documents, in order to facilitate the Founder's development and sale of property in Houston Springs, to enable the Founder to respond to Owners' concerns, and to protect various property rights and other interests of the Founder.

18.1. Withdrawal of Property

During the Development and Sale Period, the Founder may amend this Charter to remove any unimproved portion of Houston Springs from the coverage of this Charter, provided such withdrawal does not reduce the total number of Units then subject to the Charter by more than 10%. "Unimproved" means that no permanent structure has yet been completed on the property. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Founder.

18.2. Marketing and Sales Activities

Notwithstanding anything in the Governance Documents to the contrary, during the Development and Sale Period the Founder and its designees or assigns may construct, use, and maintain upon portions of the Common Area and other property they own, such facilities and activities as, in the Founder's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Units. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, sales offices, holding or sponsoring special events, and exterior lighting features or displays. In addition, if reasonably required, convenient, or incidental to construction or sales activities, the Founder and its employees,

agents, and designees may park vehicles in designated parking areas.

18.3. Right to Make Improvements, Replat

During the Development and Sale Period, the Founder and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area and to the Exhibit "B" property as it deems appropriate.

In addition, during the Development and Sale Period, the Founder may replat property that it owns and convert Units it owns into Common Area.

18.4. Right to Approve Changes in Community Standards

During the Development and Sale Period, no amendment to or modification of any Rules or Design Guidelines shall be effective without prior notice to and the written approval of the Founder.

18.5. Additional Covenants and Restrictions

During the Development and Sale Period, no one other than the Founder may record any additional covenants or restrictions affecting any portion of the Community without the Founder's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

Additional Rights Reserved to Founder

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18.6. Exclusive Rights to Use Name of Development

No Person shall use the name "Houston Springs" or any derivative of such name or in any logo or depiction associated with Houston Springs in any printed or promotional material without the Founder's prior written consent. However, Owners may use the name "Houston Springs" in printed or promotional matter where such term is used solely to specify that particular property is located within Houston Springs, and the Association shall be entitled to use the word "Houston Springs" in its name.

18.7. Community Systems

The Founder reserves for itself, any affiliate of Founder, and their respective successors and assigns, a perpetual right and easement over all property in Houston Springs to install and operate such Community Systems as the Founder, in its discretion, deems appropriate to serve any portion of the Community. Such right shall include, without limitation, the Founder's right to select and contract with companies licensed to provide telecommunications, cable television, and other Community Systems services in the region. The Founder also has the right to charge individual users a reasonable fee not to exceed the maximum allowable charge for such service, as from time to time is defined by the laws, rules, and regulations of the relevant government authority, if applicable.

Notwithstanding the above, there is no guarantee or representation that any particular Community System will be made available.

18.8. Easement to Inspect and Right to Correct

The Founder, or someone it designates, may enter onto any Unit to inspect and correct problems with the Unit. The Founder must give the Owner of the Unit prior notice, and if entering an enclosed structure on the Unit, obtain the Owner's prior consent unless it is an emergency.

The Founder reserves for itself and others it may designate the right, but not the obligation, to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within Houston Springs, including Units, and a perpetual nonexclusive easement of access throughout Houston Springs to the extent reasonably necessary to exercise such right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner, and no entry into an enclosed structure shall be permitted without the Owner's consent. The person exercising this easement shall promptly repair, at such person's own expense, any damage he or she causes. Nothing in this paragraph shall relieve an Owner of the responsibility for the maintenance and repair of his or her Unit.

18.9. Right to Notice of Design or Construction Claims

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within Houston Springs in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Founder and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

Additional Rights Reserved to Founder

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18.10. Right to Transfer or Assign the Founder's Rights

Any or all of the Founder's special rights and obligations set forth in this Charter or the By-Laws may be transferred in whole or in part to other Persons. However, such a transfer shall not reduce an obligation nor enlarge a right beyond that which Founder has under this Charter or the By-Laws. No such transfer or assignment shall be effective unless it is in a recorded instrument the Founder signs. The foregoing sentence shall not preclude the Founder from permitting other Persons to exercise, on a onetime or limited basis, any right reserved to the Founder in this Charter where the Founder does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless necessary to evidence the Founder's consent to such exercise.

18.11. Termination of Rights

The rights contained in this chapter shall not terminate until the earlier of (a) termination of the Development and Sale Period; or (b) the Founder's recording of a written statement that all sales activity has ceased.

PART SIX: PROCEDURES FOR AND LIMITATIONS ON CERTAIN ACTIONS

There are many ways of going forward, but only one way of standing still.

Franklin D. Roosevelt

Chapter 19

Dispute Resolution and Limitation on Litigation

From time to time, disputes may arise between Owners, or between or among an Owner and the Association, the Founder, or others involved in the Community. This chapter commits the parties to any such a dispute to work together in an attempt to resolve the dispute without litigation, in order to facilitate the prompt resolution of such disputes in a manner that respects and builds upon the relationships between the parties. It also requires substantial support of the Association's membership before the Association can engage in certain types of litigation that could result in significant legal and emotional costs to the Community.

19.1. Agreement to Encourage Resolution of Disputes Without Litigation

- (a) Bound Parties. The Founder, the Association and its officers, directors, and committee members, all Persons subject to this Charter, and any Person not otherwise subject to this Charter who agrees to submit to this chapter (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and fnancial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in Section 19.1(b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 19.2 in a good faith effort to resolve such Claim.
- (b) Claims. As used in this chapter, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:
- (i) the interpretation, application, or enforcement of the Governing Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of Improvements within the Community, other than matters of aesthetic judgment under Chapter 5, which shall not be subject to review and shall not be subject to this chapter.

The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 19.2:

- (i) any suit by the Association to collect assessments or other amounts due from any Owner:
- (ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Part Two of this Charter (relating to creation and maintenance of community standards);
- (iii) any suit that does not include the Founder or the Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;
- (iv) any dispute that affects the material rights or obligations of a party who is not a Bound Party and has not agreed to submit to the procedures set forth in Section 19.2;
- (v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 19.2(a), unless the party or parties against whom the Claim is made agree to toll, or extend, the Claim's statute of limitations to comply with this chapter; and

Dispute Resolution and Limitation on Litigation

(vi) any suit by Woodland Property Partners, Inc. with respect to any obligation of the Association or a Unit Owner in a accordance with the Recreational Covenant.

19.2. Dispute Resolution Procedures

- (a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written mice ("Notice") by mail or personal delivery to each Respondent and to the Board, stating plainly and concisely:
- (i) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- (iii) the Claimant's proposed resolution or remedy; and
- (iv) the Claimant's desire to meet with the Respondent to discuss, in good faith, ways to resolve the Claim.
- (b) Negotiation. The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.
- (c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the Notice (or within such other agreed upon period), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Houston County area. Each Bound Party shall present

the mediator with a written summary of the Claim.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for and participate in good faith in the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys fees, and each Party shall pay an equal share of the mediator's fees.

(d) Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys fees and court costs.

Dispute Resolution and Limitation on Litigation

19.3. Initiation of Litigation by Associa-

In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of Voting Delegates entitled to cast 75% of the total votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated during the Founder Control Period;
- (b) initiated to enforce the provisions of this Charter, including collection of assessments and foreclosure of liens;
- (c) initiated to challenge ad valorem taxation or condemnation proceedings;
- (d) initiated against any contractor, vendor, or supplier of goods or services arising out of a contract for services or supplies; or
 - (e) to defend claims filed against the Asso-

ciation or to assert counterclaims in proceedings instituted against it.

This section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

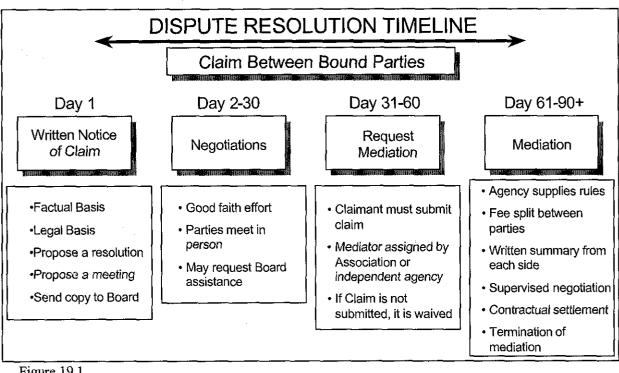


Figure 19.1

Chapter 20

Changes in the Common Area

Various influences and circumstances within and outside Houston Springs may give rise to a need or desire to make changes in the ownership of or rights to use Common Area. This chapter explains the procedures for dealing with matters such as changing use rights in Common Area or Limited Common Area, partition of the Common Area, and condemnation.

20.1. Assignment and Reassignment of Limited Common Area

The Board may designate a portion of the Common Area as Limited Common Area, and may reassign Limited Common Area, upon approval of the Board and the vote of Voting Delegates representing a majority of the total votes in the Association, including a majority of the votes attributable to Units to which the Limited Common Area is proposed to be assigned or reassigned. During the Development and Sale Period, any such assignment or reassignment shall also require the Founder's written consent.

Upon approval of a majority of Owners of Units to which any Limited Common Area is assigned, the Association may permit Owners of other Units to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Service Area Expenses attributable to such Limited Common Area.

20.2. Condemnation

A governmental entity such as a town, county, or state has the power to condemn property for its own uses but generally has to pay the value of the property to do so.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 20.4, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Founder, during the Development and Sale Period, and Voting Delegates representing at least 75% of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 9.4 regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 20.4.

20.3. Partition

Partition is a legal action in which a party requests to have a portion of one interest in property split off so that the party can possess that portion or interest separately from other parties who have rights in the property.

Changes in the Common Area

Except as permitted in this Charter, the

Common Area, shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Charter, with such approval as may be required under Section 20.4.

20.4. Transfer or Dedication of Common

The Association may dedicate portions of the Common Area to Houston County, Georgia, or to any other local, state, or federal governmental or quasi-governmental entity, may subject Common Area to a security interest, or may transfer or convey Common Area as follows:

- (a) if Common Area other than Limited Common Area, upon the written direction of Voting Delegates representing at least 75% of the total votes in the Association, and the Founder during the Development and Sale Period; or
- (b) if Limited Common Area, upon written approval of Owners of at least 75% of the Units to which such Limited Common Area is assigned.

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the Association to be used as the Board determines. The proceeds from the sale or mortgaging of Limited Common Area shall be disbursed in the manner approved by the Owners of Units to which the Limited Common Area is assigned at the time such sale or mortgage is authorized.

No conveyance or encumbrance of Common Area may deprive any Unit of rights of access or support.

Chapter 21

Termination and Amendment of Community Charter

As Houston Springs matures and grows, the rules by which it is governed must be flexible enough to adapt to changes in the development plan, as well as changes in the needs and desires of the Community that inevitably will occur. This chapter sets out procedures by which either the Founder or the Owners as a group may amend this Charter to address such changes.

21.1. Term and Termination

There is an old concept of law known as the "Rule Against Perpetuities" that restricts how long covenants can affect the title to land. Many jurisdictions no longer observe such rule; however, where the rule applies, the term of the covenants cannot exceed 21 years after the death of a named person who is living at the time the covenants are recorded.

Unless terminated by the Owners as provided below, this Charter is intended to have perpetual duration. However, so long as Georgia law limits the period during which covenants may run with the land, any provision of this Charter affected by such law shall run with and bind the land so long as permitted by the law, after which time the provisions shall be automatically extended for successive periods of 20 years, unless at 90% of the Owners, Founder, during the Development and Sale Period, and Woodland Property Partners, Inc., or its successors and assigns, so long as the Recreational Covenant is in effect, sign a document stating that the Community Charter is terminated and that document is recorded with the year before any extension.

If any provision of this Charter would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

This section shall not permit termination of any easement created in this Charter without the consent of the holder of such easement.

21.2. Amendment

(a) By Founder. In addition to specific amendment rights granted elsewhere in this Charter, until termination of the Founder Control Period, the Founder may unilaterally amend this Charter for any purpose.

Thereafter, the Founder may unilaterally amend this Charter if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any amendment under this paragraph shall not adversely affect the rights of more than 2% of the Units subject to this Charter,

In addition, during the Development and Sale Period, the Founder may unilaterally amend this Charter for any other purpose, provided the amendment has no material adverse effect upon the right specifically granted to Owners hereunder.

Termination and Amendment of Community Charter

(b) By Owners. Except as otherwise specifically provided above and elsewhere in this Charter, this Charter may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Delegates representing 75% of the total votes in the Association. In addition, during the Development and Sale Period, any such amendment shall also require the Founder's written consent. Amendments which affect the Club or any powers reserved to Woodland Property Partners, Inc., under the Recreational Covenant require the written consent of Woodland Property Partners, Inc.,

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Member without the written consent of the Founder or the Founder Member, respectively (or the assignee of such right or privilege). No amendment may remove, revoke, or modify any right of privilege of Woodland Property Partners, Inc. or its successors or assigns, without the prior written consent of Woodland Property Partners, Inc., (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Charter or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment

shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Charter.

(d) Exhibits. Exhibits "A" and "B" are incorporated by this reference, and this chapter shall govern amendment of those exhibits. Exhibit "C" is incorporated by this reference and may be amended under Chapter 7 or pursuant to this Section. All other exhibits are attached for informational purposes and may be amended as provided in those exhibits or in the provisions of this Charter that refer to such exhibits.

THIS COMMUNITY CHARTER, is made by Woodland Property Partners, Inc., a Georgia corporation, as Founder, and in witness thereof, it has executed this Charter this 28th day of April, 2004. dlon E[SEAL]

FOUNDER:

WOODLAND PROPERTY PARTNERS, INC., a

Georgia corporation

Name: Jefffe

Signed, sealed and deligered this 28th day

WITD

NOTARÝ P My Commission Expires

JOHN W. GEIGER Notary Public STATE OF GEORGIA My Comm. Exp. 4-3-2006

[AFFIX NOTARY SEAL]

554801/CaDocs/Charter-Final/042704/jkt

BOOK 2985 PAGE 164 EXHIBIT "A"

Land Initially Submitted

All that tract or parcel of land situate, lying and being in Land Lots 14 and 15 of the 10th Land District of Houston County, Georgia, known and designated as Phase 1-A, Houston Springs Subdivision, according to a plat of survey titled "Houston Springs Subdivision Phase 1-A" dated April 20, 2004, said survey by Lee R. Jones, Registered Land Surveyor No. 2680, said plat recorded in Plat Book 62, Pages 166, Clerk's Office, Houston Superior Court. Said plat and the recorded copy thereof are incorporated herein by reference thereto.

EXHIBIT "B"

Land Subject to Annexation

All that tract or parcel of land situate, lying and being in Land Lots 13, 14, and 15 of the 10th Land District of Houston County, Georgia, and Land Lots 2, 3, and 4 of the 9th Land District, Houston County, Georgia, known and designated as Tract 1, Tract 2, Tract 3, Tract 4, and Tract 5, according to a plat of survey titled "Tract Release Survey for Woodland Property Partners, Inc." dated September 2, 2003, said plat recorded in Plat Book 61, Pages 134-135, Clerk's Office, Houston Superior Court. Said plat and the recorded copy thereof are incorporated herein by reference thereto.

Less all that property described in Exhibit "A."

Note to clerk and title examiners:

This Charter is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing a Supplement in accordance with Chapter 17.

EXHIBIT "C" <u>Initial Rules</u>

The purpose of Rules is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities that fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Chapter 5, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Governing Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Unit under one set of circumstances, the same thing may be disapproved for another Unit under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it preclude the Board from taking enforcement action in any appropriate circumstances.

The following shall apply to all of Houston Springs until such time as they are modified pursuant to the Charter.

- 1. <u>General</u>. Houston Springs shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Founder to assist in the sale of property described in Exhibit "A" or "B," offices for any property manager retained by the Association, or business offices for the Founder or the Association) consistent with this Charter, any Supplement, and applicable laws and ordinances.
- 2. <u>Restricted Activities</u>. Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board, the following activities are prohibited within Houston Springs:
- (a) Parking of any vehicles on any lawn of a Unit or on public or private streets or thoroughfares within or adjacent to the Community, except that visitors may park in designated visitor parking areas, if any (residents may park only in their garage or driveway, not in designated visitor parking areas or on the street);
- (b) Parking of commercial vehicles or equipment, vehicles with commercial advertising on their exteriors, trucks (as defined by the Georgia Department of Motor Vehicles and/or common usage and practice) of 3/4 ton capacity or more, mobile homes, campers or other recreational vehicles, golf carts, except in designated parking areas on the Unit, boats or other watercraft, trailers, stored vehicles, unlicensed vehicles, or inoperable vehicles, in places other than enclosed garages or otherwise screened from view in a manner approved pursuant to Chapter 5; provided, construction, service and delivery vehicles shall be exempt from this provision during normal business hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area; provided, construction, service, or delivery vehicles weighing in excess of 10 tons shall be prohibited from entry into Houston Springs and from the use of the streets within Houston Springs;
- (c) Maintenance or repair of vehicles or equipment, except that residents may perform occasional minor routine maintenance or repairs of their own vehicles or equipment in their driveway or garage, provided such activities are started and completed within a 3-hour time frame;
- (d) Raising, breeding, or keeping animals except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit provided they are not kept, bred or maintained for commercial purposes. However, those pets which are permitted to roam free, or, in the

Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance, annoyance, or inconvenience to the occupants or guests of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law. The person accompanying a pet outside the Unit shall be responsible for removal and proper disposal of pet droppings;

- (e) Any activity that emits foul or obnoxious odors outside the Unit or creates noise or other conditions that tend to disturb the peace or threaten the safety of the occupants of other Units;
- (f) Any activity that violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;
- (g) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;
- (h) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;
- (i) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;
- (j) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;
 - (k) Use and discharge of firecrackers and other fireworks;
- (l) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in closed, durable containers (i.e., no trash bags), which shall be kept in garages or rear yards of Units and screened from view of neighboring property except on days of collection and after 6:00 p.m. on the evening prior to a collection day;
- (m) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;
- (n) Drying or airing of clothing, bedding or similar items in a manner visible from outside of the dwelling on a Unit;
- (o) Storage of new or used building materials or scrap metal, except by the during construction and development of the Community;
- (p) Any attempt to engage any Association employee on private business during the hours of Association employment, or to direct, supervise or otherwise attempt to assert control over any Association employee;
- (q) Any attempt to alter or make any private, exclusive or proprietary use of Common Area (other than Limited Common Area) or personal property of the Association;

- (r) Use of any garage, accessory structure, or vehicle for human habitation, whether on a temporary or permanent basis;
- (s) On-site storage of fuel, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Chapter 5:
- (t) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit, or for storage or other purposes that would limit its ability to accommodate the number of vehicles for which its was designed, without prior approval pursuant to Chapter 5; and
- (u) Any placement or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Chapter 5 of the Charter. This shall include, without limitation, tents, sheds, barns and other storage structures; signs (other than entry features, traffic and directional signs, safety signs, and other signs erected or approved by the Founder or the Association); basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; above-ground swimming pools; docks, piers, and similar structures; hedges, walls, dog runs, animal pens, or fences of any kind; vegetable gardens; above-ground cables, wires, or pipes; and satellite dishes and antennas; except that:
- (i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter; or
- (ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or
 - (iii) an antenna that is designed to receive television broadcast signals;

shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Design Guidelines, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Founder and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of Houston Springs, should any master system or systems be utilized by the Association and require such exterior apparatus.

3. <u>Prohibited Conditions</u>. The following shall be prohibited at Houston Springs:

- (a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Houston Springs; and
- (b) Structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair.

EXHIBIT "D"

BY-LAWS

OF

HOUSTON SPRINGS COMMUNITY ASSOCIATION, INC.

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BY-LAWS

OF

HOUSTON SPRINGS COMMUNITY ASSOCIATION, INC.

Article 1

Name, Principal Office, and Definitions

1.1. Name.

NOTES

The name of the corporation is Houston Springs Community Association, Inc. (the "Association").

1.2. Principal Office.

The Association's principal office shall be located in Houston County, Georgia. The Association may have such other offices, either within or outside Georgia, as the Board may determine or as the Association's affairs require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them in the Community Charter for Houston Springs, recorded by Woodland Property Partners, Inc., a Georgia corporation, in the public records of Houston County, Georgia, as it may be amended (the "Charter"). The term "majority," as used in these By-Laws, means those votes, Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

Article 2

Membership: Meetings, Quorum, Voting, Proxies

2.1. Membership.

The Association shall have two classes of membership, Owner Membership and Founder Membership, as more fully set forth in the Charter. Provisions of the Charter pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

The Association shall hold meetings at the Association's principal office or at such other suitable place the Board may designate.

2.3. Association Meetings.

- (a) General. Association meetings shall be of the Voting Delegates unless the Board otherwise specifies or Georgia law otherwise requires; provided, until Voting Delegates are selected, meetings shall be of the Members and references in these By-Laws to Voting Delegates shall be deemed to be references to the Members. The first Association meeting, whether a regular or special meeting, shall be held within one year after the Association's incorporation.
- (b) Annual Meetings. The Board shall schedule regular annual meetings to occur within 90 days before or after the close of the Association's fiscal year, on such date and at such time and place as the Board shall determine.
- (c) Special Meetings. The President may call special meetings. In addition, the President or the Secretary shall call a special meeting if so directed by Board resolution or upon a written petition of Voting Delegates representing at least 20% of the total votes in the Association.

2.4. Notice of Meetings.

The President, the Secretary, or the officers or other persons calling a meeting of the Voting Delegates shall deliver or cause to be delivered to each Voting Delegate entitled to vote at such meeting a written notice stating the place, day, and hour of the meeting. In the case of a special meeting or when otherwise required by statute, the Charter, or these By-Laws, the purpose or purposes for which the meeting is called shall also be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Such notice shall be delivered by such means as permitted under Section 10.5, at least 10 but not more than 50 days before the date of such meeting.

2.5. Waiver of Notice.

Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Voting Delegate may waive, in writing, notice of any Association meeting, either before or after such meeting. A Voting Delegate's attendance at a meeting shall be deemed a waiver by such Voting Delegate of notice of the time, date, and place thereof, unless the Voting Delegate specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.6. Adjournment of Meetings.

If any Association meeting cannot be held because a quorum is not present, the Voting

Delegates representing a majority of the votes present at such meeting may adjourn the meeting to a time at least five but not more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business may be transacted that might have been transacted at the meeting originally called. If those in attendance at the original meeting do not fix a time and place for reconvening the meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, the Board shall provide rotice to the Voting Delegates of the time and place for reconvening the meeting in the manner prescribed for regular meetings.

Voting Delegates present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the departure of enough Voting Delegates to leave less than a quorum, provided at least a majority of the votes required to constitute a quorum must approve any action taken.

2.7. Voting.

- (a) Voting Rights. Members shall have such voting rights as are set forth in the Charter, which provisions are specifically incorporated by this reference. Until such time as the Board first calls for election of a Voting Delegate for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue as to which a Voting Delegate representing the Neighborhood would be entitled to vote, and the term "Voting Delegate" shall refer to all such Owners.
- (b) Election of and Removal of Voting Delegates. The Owner Members owning Units within each Neighborhood shall elect a Voting Delegate to cast all votes attributable to their Units on all Association matters requiring a membership vote, except as otherwise specified in the Charter or these By-Laws. In addition, each Neighborhood shall elect an alternate Voting Delegate who shall be responsible for

casting such votes in the absence of the Voting Delegate.

The first election of a Voting Delegate and alternate Voting Delegate from each Neighborhood shall occur at such time as the Board deems appropriate based upon the number of Units conveyed within the Neighborhood or other factors. Thereafter, the Board shall call for an election of Voting Delegates and alternates on an annual basis.

Voting Delegate elections shall be by ballots cast by mail, computer, or at a meeting of the Owner Members within such Neighborhood, as the Board determines. Upon written petition signed by Owner Members holding at least 20% of the votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. Candidates for election as Voting Delegates may be nominated by the Board, a nominating committee the Board may appoint, or from the floor at any meeting at which such election is to be held. In addition or in the alternative, any Person may submit his or her name for consideration.

The presence, in person or by proxy, or the filing of ballots of Owner Members representing at least 20% of the total votes attributable to Units in the Neighborhood shall constitute a quorum for any Neighborhood meeting or election; provided, if a quorum is not obtained on the first attempt to hold a meeting or election, the quorum requirement for any subsequent attempt shall be reduced to 10%. In the event of a failure to obtain a quorum or vacancy in such positions for any Neighborhood, the Board may appoint a Voting Delegate or alternate Voting Delegate to represent such Neighborhood until a successor is elected.

Subject to the above quorum requirement, in any election of Voting Delegates the candidate who receives the greatest number of votes shall be elected as the Voting Delegate and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting

Delegate. In the event of a tie vote among the leading candidates, the Voting Delegate shall be determined by drawing names from a hat, with the first person drawn being the Voting Delegate and the second being the alternate Voting Delegate. The Voting Delegate and the alternate Voting Delegate shall serve a term of one year or until their successors are elected, whichever is longer.

Any Voting Delegate may be removed, with or without cause, upon the vote or written petition of Owner Members representing a majority of the total number of Units in the Neighborhood that the Voting Delegate represents.

Establishment of Election Districts. Founder shall establish Election Districts, if at all, not later than the date of expiration of the Founder Control Period by filing with the Association and recording a Supplement identifying the Units comprising each Election District by Neighborhood designation, legal description, or other means such that the Units within each Election District can easily be determined. The Founder, acting alone, may amend the Supplement to change such designation at any time prior to the expiration of the Founder Control Period. After the Founder Control Period, the Founder may amend the Supplement to designate additional Units as part of any Election District.

After termination of the Founder Control Period, the Board shall have the right to record or amend any such Supplement upon the vote of a majority of the total number of directors and approval of Voting Delegates representing a majority of the total number of Neighborhoods and a majority of the total votes in the Association. Neither recordation of nor the Founder's amendment of such Supplement shall constitute an amendment to the Charter. No consent or approval of any Person shall be required except as stated in this subsection. Until such time as Election Districts are established, all of Houston Springs shall constitute a single Election Dis-

trict. After a Supplement establishing Election Districts has been recorded, any and all portions of Houston Springs that are not assigned to a specific Election District shall constitute a single Election District.

2.8. Proxies.

Voting Delegates may not vote by proxy but only in person or through their designated alternates; however, any Voting Delegate who is entitled to cast only the vote(s) for his own Unit(s) pursuant to the Charter may cast such vote(s) in person or by proxy until such time as the Board first calls for election of a Voting Delegate to represent the Neighborhood of which the Unit is a part. Likewise, if a Member is entitled personally to cast the vote for his Unit on any matter, he or she may vote in person or by proxy, subject to the limitations of Georgia law and subject to any specific provision to the contrary in the Charter or these By-Laws.

Every proxy shall be in writing, shall identify the Unit for which it is given, shall be signed by the Member or the Member's duly authorized attorney-in-fact, and shall be dated and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless the proxy specifically provides otherwise, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

A proxy is effective only for the specific meeting for which it was originally given, as such meeting lawfully may be adjourned and reconvened, and automatically expires 90 days after the date of the meeting for which it was originally given. Every proxy is revocable at any time at the pleasure of the Member who executes the proxy.

2.9. Quorum.

Except as these By-Laws or the Charter otherwise provide, the presence of Voting Delegates representing at least a majority of the total votes in the Association shall constitute a quorum at all Association meetings and the vote of Voting Delegates representing a majority of the total eligible votes cast shall constitute the action of the Voting Delegates.

2.10. Conduct of Meetings.

The President or a Board-approved designee shall preside over all Association meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions adopted and all other transactions occurring at such meetings are kept with the Association's books.

2.11. Action Without a Meeting.

Any action required by the Charter, the Articles, or Georgia law to be taken at a meeting of the Members or Voting Delegates may be taken without a meeting, without prior notice, and without a vote if approved by Members or Voting Delegates representing at least the minimum number of votes in the Association necessary to authorize such action at a meeting as if all Members or Voting Delegates entitled to vote were present and voted. Such approval shall be evidenced by one or more written consents specifically authorizing the proposed action, dated and signed by Members or Voting Delegates holding the requisite votes. The Association need not give prior notice before soliciting such consent; however, the Association must send written consent forms to all Members or Voting Delegates for action authorized pursuant to this section to be valid. Members or Voting Delegates shall sign, date, and deliver such consents to the Association within 60 days after the Association's receipt of the earliest dated consent. The Association's Secretary shall file (or cause to be filed) such consents with the Association's minutes, and the consents shall have

the same force and effect as a vote of the Members or Voting Delegates at a meeting.

Article 3

Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body; Qualifications.

The Board shall govern the Association's affairs. Each director shall have one vote. Except with respect to directors appointed by the Founder Member, directors shall be Owners or residents. However, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person 25 years of age or older whose principal residence is a Unit within Houston Springs.

If an Owner is not an individual, any officer, director, partner, or any trust officer of such Owner shall be eligible to serve as a director unless a written notice to the Association signed by the Owner specifies otherwise. However, no Owner may have more than one such representative on the Board at a time except in the case of directors the Founder Member appoints.

3.2. Number of Directors.

The Board shall consist of three to seven directors, as provided in Section 3.3.

3.3. Selection of Directors; Term of Office.

- (a) Initial Board. The initial Board shall consist of the three directors identified in the Articles of Incorporation, who shall serve until their successors are appointed or elected as provided in this Section.
- (b) Directors During Founder Control Period. Except as otherwise provided in this subsection, the Founder Member may appoint, remove, and replace Board members until ter-

mination of the Founder Control Period. During such period, the Voting Delegates shall be entitled to elect a minority of the total number of directors according to the following schedule (directors elected by the Voting Delegates are referred to as "Owner Directors"):

- (i) Within 60 days after the time that Owners other than Builders own 25% of the maximum number of Units permitted by the applicable zoning for the property described in the Master Plan or whenever the Founder earlier determines, the President shall call for an election by which the Voting Delegates, as a group, shall be entitled to elect one of the three directors. The Founder shall appoint the remaining directors. The Owner Director shall be elected for a term of two years or until the happening of the event described in Section 3.3(b)(ii), whichever is shorter. If such director's term expires prior to the happening of the event described in Section 3.3(b)(ii), a successor shall be elected for a like term.
- (ii) Within 60 days after the time that Owners other than Builders own 50% of the maximum number of Units permitted by the applicable zoning for the property described in the Master Plan or whenever the Founder earlier determines, the Board shall be increased to five directors and the President shall call for an election by which the Voting Delegates shall be entitled to elect two of the five directors. The Founder shall appoint the remaining three directors. The Owner Directors shall be elected for a term of two years or until the happening of the event described in Section 3.3(c)(i), whichever is shorter. If such directors' terms expire prior to the happening of the event described in Section 3.3(c)(i) below, successors shall be elected for a like term.

(c) Directors After the Founder Control

- (i) Not later than termination of the Founder Control Period, the Board shall be increased to seven directors. The President shall call for an election by which the Voting Delegates shall be entitled to elect six directors. Three directors shall be elected to serve until the second annual meeting following their election, and three directors shall be elected to serve until the third annual meeting following their election, as such directors determine among themselves.
- (ii) The Founder shall be entitled to appoint, remove, and replace the seventh director until termination of the Founder Membership, at which time the director appointed by the Founder shall resign. The remaining directors shall be entitled to appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Delegates, voting at large, shall be entitled to elect a successor who shall be elected for a term of two years.
- (iii) Upon expiration of the term of dfice of each Owner Director, the Voting Delegates shall be entitled to elect a successor to serve a term of two years. Owner Directors shall hold office until their respective successors have been elected. Directors may serve any number of consecutive terms.

The diagram below illustrates the concept of transition of control of the Board during and after the Founder Control Period.

3.4. Nomination and Election Procedures.

(a) Nomination of Candidates. At least 30 days prior to any election of directors by the Voting Delegates, the Board shall appoint a Nominating Committee consisting of a chairman, who shall be a Board member, and three or more Owners or representatives of Owners. The Nominating Committee shall serve a term of one year or until its successors are appointed. The names of the Nominating Committee members shall be announced in the notice of each election.

In preparation for each election, the Nominating Committee shall meet and make as many nominations for election to the Board as it shall in its discretion determine but in no event less than the number of positions to be filled by the Voting Delegates at such election. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Voting Delegates and for the director(s) to be elected by the Voting Delegates within each Election District. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity that exists within the pool of potential candidates. Nominations shall also

	TRANSITION	PFCONTROLOF BO	ARD OF DIRECTO	ors 1
Initial Board	25% of Total Units Conveyed	50% of Total Units Conveyed	Termination of Founder Control Period	Termination of Foun- der Membership
Founder	Owner	Owner	Owner	Owner
Founder	Founder	Owner	Owner	Owner
Founder	Founder	Founder	Owner	Owner
in the state of th	Service of the service of the	Founder	Owner	Owner
	Section Commission	Founder	Owner	Owner
	# 4 at 1	norganista. Paragraphia	Owner	Owner
	The second second		Founder	Owner

be permitted from the floor at the meeting at which any election is held. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Delegates and to solicit votes.

(b) Election Procedures. At each election, voting shall be by written ballot. Each Voting Delegate may cast all votes assigned to the Units it represents for each position to be filled.

In the event of a tie vote on any slate, the Voting Delegates entitled to vote on such slate shall be informed of the tie vote and given the opportunity to discuss the candidates among themselves in an effort to resolve the tie before another vote is taken. If the second vote again results in a tie, then the Board shall call for election of the director(s) from such slate by the Owners represented by such Voting Delegates. Such election shall be held by mail, with ballots to be sent by first class mail to each Owner entitled to vote on such slate within 10 days after the meeting at which the original election was held.

3.5. Removal of Directors and Vacancies.

Any Owner Director may be removed, with or without cause, by the vote of Voting Delegates holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director by the Voting Delegates, the Voting Delegates entitled to elect the removed director shall elect a successor for the remainder of the term of such director. Owner Directors may not be removed by Founder.

At any meeting at which a quorum is present, a majority of the directors may remove any Owner Director who has three consecutive unexcused absences from Board meetings or who is more than 60 days delinquent (or resides in a Unit owned by an Owner who is so delin-

quent) in the payment of any assessment or other charge due the Association. The Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of an Owner Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Delegates entitled to fill such directorship shall elect a successor for the remainder of the term.

This Section shall not apply to the initial directors identified in the Articles of Incorporation or to directors the Founder appoints. The Founder may appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by the Founder.

B. Meetings.

3.6. Organizational Meetings.

The Board shall hold an organizational meeting within 10 days following each annual Association meeting at such time and place as the Board shall fix.

3.7. Regular Meetings.

The Board shall hold regular meetings at such time and place as a majority of the directors shall determine, but the Board shall meet at least four times during each fiscal year with at least one meeting per quarter.

3.8. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board.

3.9. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The Board shall notify each director of meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, electronic mail, or other electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or to the director's address as shown on the Association's records. The Board shall deposit notices sent by first class mail into a United States mailbox at least five business days before the day of the meeting. The Board shall give notices by personal delivery, telephone, or electronic communication at least 72 hours before the time set for the meeting.

- (b) The Board shall notify the Members of each regularly scheduled meeting of the Board or committees by either: (i) posting rotice of the meeting in a conspicuous place in Houston Springs at least 48 hours in advance of the meeting; (ii) publishing a schedule of the meetings in a newspaper, newsletter, on a community intranet or website, or by similar means at least seven days prior to the meeting; or (iii) mailing notice of the meeting to each Member.
- (c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings.

Members of the Board or any committee the Board designates may participate in a Board or committee meeting by conference telephone or similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence at such meeting.

3.11. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the Board's decision, unless Georgia law, these By-Laws, or the Charter specifically provide otherwise. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present the Board may transact, without further notice, any business it might have transacted at the original meeting.

3.12. Conduct of Meetings.

The President or any designee the Board approves by resolution shall preside over all Board meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions and all transactions occurring at such meetings are included in the Association's records.

3.13. Open Meetings; Executive Session.

- (a) Subject to the provisions of subsection 3.13(b) and Section 3.14, all Board meetings shall be open to all Members, but only directors may participate in any discussion or deliberation unless a director requests that attendees be granted permission to speak. In such case, the President may limit the time any such individual may speak.
- (b) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session and may exclude persons other than directors to discuss matters of a sensitive nature such as proposed, pending, or threatened litigation, or other matters specified by law.

3.14. Action Without a Formal Meeting.

Any action to be taken or which may be taken at a Board meeting may be taken without a meeting if the directors sign a written consent, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.15. Powers.

The Board shall have the power to administer the Association's affairs, perform the Association's responsibilities, and exercise the Association's rights as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Governing Documents or Georgia law require to be done and exercised exclusively by the Voting Delegates or the membership generally.

3.16. Duties.

The Board's duties shall include, without limitation:

- (a) preparing and adopting, in accordance with the Charter, an annual budget establishing each Owner's share of the Common Expenses and any Service Area Expenses;
- (b) levying and collecting assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility consistent with the Community-Wide Standard;
- (d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) opening bank accounts on the Association's behalf and designating the signatories required;
- (f) depositing all funds received on the Association's behalf in a bank depository that it shall approve and using such funds to operate the Association; however, in the Board's business judgment any reserve funds may be deposited in depositories other than banks;
- (g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;
- (h) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings that may be instituted on behalf of or against the Owners concerning the Association; however, the Association's obligation in this regard shall be conditioned in the manner provided in the Charter;
- (i) maintaining age records for each resident and Owner of a Unit in accordance with the Charter;

- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Charter, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (k) paying the cost of all services rendered to the Association;
- (l) keeping a detailed accounting of the Association's receipts and expenditures;
- (m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Article 10;
- (n) collecting membership dues owed by any Owner to the Houston Springs Country Club (the "Club"), and paying such sums to the Club; and
- (o) indemnifying a director, officer, or committee member or former director, officer, or committee member of the Association to the extent such indemnity is required by Georgia law, the Articles, or these By-Laws.

3.17. Conflicts of Interest.

Unless otherwise approved by a majority of the other directors, no Owner Director may transact business with the Association or any Association contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members.

Notwithstanding the above, directors appointed by the Founder may be employed by or otherwise transact business with the Founder or its affiliate, and the Founder may transact business with the Association or its contractors.

Transition from Founder to Owner Control

4.1. Transition Process.

Transition is a process by which control of the Board gradually shifts from the Founder to the Owners, as described in Section 3.3. The process concludes upon termination of the Founder Control Period, when the Voting Delegates will elect the entire Board. At that time, the Owners, through their newly-elected Board, will take responsibility for fulfilling the Association's responsibilities and exercising the Association's authority under the Governing Documents without the direct guidance or involvement of the Founder or Founder-appointed directors.

4.2. Education and Communication.

In anticipation of termination of the Founder Control Period, the Founder Member shall communicate with the Owners regarding the transition process, the anticipated timeline for transition, what to expect during and after the transition, and opportunities for Owner participation. Such communication shall be in writing and through one or more "town hall" meetings at which Owners have the opportunity to ask and obtain answers to questions in order to gain a better understanding of the transition process.

4.3. Transition Committee.

(a) Appointment; Purpose. At least six months prior to termination of the Founder Control Period, the Founder Member shall establish a Transition Committee comprised of five to seven members, all of whom shall be Owners. The purpose of the Transition Committee shall be (i) to involve the Owners in facilitating a smooth transition of control of the Board from directors appointed by the Founder Member to directors elected by the Voting Delegates, and (ii) to help prepare the Board

and the Owners to assume responsibility for carrying on Association operations once the Founder and its representatives are no longer directly involved.

- (b) Organizational Meeting. The Founder shall call for a meeting of the Transition Committee within 30 days after its appointment. At such meeting, the Founder shall explain the transition process, advise the Transition Committee of its responsibilities, and facilitate the election of a chairperson from among the members of the Transition Committee. The Transition Committee shall establish a meeting schedule and a schedule for completing necessary tasks prior to the termination of the Founder Control Period. It may appoint such subcommittees as it deems appropriate to assist it in performing its responsibilities. Each subcommittee shall be chaired by a member of the Transition Committee and shall consist of at least two Owners.
- (c) Responsibilities. The Transition Committee, with the assistance of such subcommittees as it may appoint pursuant to Section 4.3(b), shall conduct a review and analysis of Association properties, facilities, records, and operations to familiarize itself with the history and status of such matters and make recommendations as to matters requiring future action. It shall prepare a report setting forth its findings and recommendations for distribution to the Owners and presentation to the newly-elected Board upon termination of the Founder Control Period. The Board will use such report to assist in understanding the scope of its responsibilities and as a planning tool. Specific areas to be addressed in the report shall include:
- (i) the condition of Association property and facilities, identifying any immediate

maintenance, repairs, or improvements needed and suggesting a proposed schedule for short and long-term maintenance, repairs, and replacements:

- (ii) the Association's financial condition, including the status of any outstanding accounts receivable and actions being taken to collect them, the adequacy of the Association's budgets and sufficiency of reserves, and the status of the Association's tax filings, tax liability, if any, and tax reporting responsibilities;
- (iii) the nature and extent of insurance policies which the Association is required to maintain, the adequacy of current coverage and limits, renewal dates for all insurance policies, and the status of any pending insurance claims; and
- (iv) the status of Association records and legal matters, identifying all existing contracts, permits, licenses, and warranties, if any, noting their expiration dates and making any recommendations as to their renewal; reporting on the status of title to all Common Areas; reporting on the status of any pending lawsuits; and making recommendations as to any proposed changes or amendments to the Governing Documents that the Transition Committee feels are appropriate or advisable.
- (d) Communication. The Transition Committee shall report to the Board at least monthly on the status of its work.
- (e) Board Action. Upon termination of the Founder Control Period and election of a new Board pursuant to Section 3.3(c), the Board shall review the Transition Committee's report and meet with the Transition Committee to discuss the Committee's findings and recommendations. It shall then use the Transition Committee's report as a planning tool in carrying out its responsibilities under the Governing Documents.

4.4. Professional Assistance.

The Board may, as a Common Expense, retain industry professionals, including association managers, attorneys, engineers, and accountants as it deems necessary or appropriate to assist the Board in preparing for transition and to assist the Transition Committee in conducting its review.

Officers

5.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including one or more Assistant Secretaries and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Association, to serve until their successors are elected.

5.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the Association's best interests will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise for the unexpired portion of the term.

5.4. Powers and Duties.

The Association's officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall have primary responsibility for preparing the Association's budgets as provided for in the Charter and may delegate all or part of the

preparation and notification duties to a finance committee, management agent, or both.

5.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified therein. Unless the resignation specifies, acceptance of such resignation shall not be necessary to make it effective.

Committees

6.1. General.

In addition to the Transition Committee appointed pursuant to Article 4, the Board may appoint such other committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

In the conduct of its duties and responsibilities, each committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.9, 3.10, and 3.11. Members of a committee may act by unanimous written consent in lieu of a meeting.

6.2. Covenants Committee.

In addition to any other committees that the Board may establish pursuant to Section 6.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Owners who shall not be officers, directors, or employees of the Association or the spouse, parent, sibling, or child of any officer, director, or employee. Acting in accordance with the provisions of the Charter, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article 9. The Covenants Committee shall have no responsibility for seeking out violations of the Governing Documents.

6.3. Service Area Committees.

The Owners within any Service Area that has no formal organizational structure or association may elect a Service Area Committee to determine the nature and extent of services, if any, it desires to have the Association provide to the Service Area over and above those services the Association provides to all Units in Houston Springs. A Service Area Committee, if elected, shall consist of three Owners of Units in the Service Area; however, if approved by the vote of at least 51% of the Owners of Units within the Service Area, the number may be increased to five. The Board may, by resolution, establish procedures for any dection of a Service Area Committee and for the conduct of meetings of Service Area Committees.

Service Area Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Service Area shall be an ex officio member of the Service Area Committee. The members of the committee shall elect a chair-person from among themselves who shall preside at its meetings and shall be responsible for transmitting any and all communications to the Board

Meetings of a Service Area Committee shall be open to all Owners of Units in the Service Area and their representatives.

Standards of Conduct, Liability, and Indemnification

7.1. Standards for Directors and Officers.

The Board shall exercise its powers in a reasonable, fair, nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

In performing their duties, directors and officers shall act as fiduciaries and shall be insulated from liability as provided for directors of corporations under Georgia law and as otherwise provided by the Governing Documents. Directors and officers shall discharge their dities as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Georgia law.

7.2. Liability.

- (a) A director or officer shall not be personally liable to the Association, any Member, or any other Person for any action taken or not taken as a director or officer if he or she has acted in accordance with Section 7.1.
- (b) Pursuant to the business judgment rule, a director also shall not be personally liable for any action taken or not taken as a director if the director:

- (i) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;
- (ii) affirmatively undertakes to make decisions which the director reasonably believes are necessary for the Association's continued and successful operation and, when decisions are made, makes them on an informed basis;
- (iii) acts on a disinterested basis, promptly disclosing any real or potential conflict of interests (pecuniary or other), and avoiding participation in decisions and actions on matters as to which he has a conflict of interest (beyond that which all directors have by virtue of their ownership or occupancy of a Unit); and
- (iv) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.
- (c) The Association's officers, directors, and committee members 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 or action taken in good faith on the Association's behalf (except to the extent that such officers or directors may also be Members).

7.3. Indemnification.

Subject to the limitations of Georgia law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (in-

cluding settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

- (a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Georgia law; or
- (b) to the extent that the individual is adjudged liable for conduct that constitutes:
- (i) appropriation, in violation of his or her duties, of any business opportunity of the Association;
- (ii) bad faith, intentional misconduct, or knowing violation of the law;
- (iii) an unlawful distribution to members, directors or officers; or
- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Georgia law, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or

former officer, director, or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the Association.

7.5. Board and Officer Training.

The Board may conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. Such programs may include instruction on applicable Georgia corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected officer and director shall be encouraged to complete a training seminar within the first six months of assuming such position. The seminar may be live, video or audiotape, or in other format. The cost of such seminar shall be a Common Expense.

The Board also may provide, or provide for, Owner and resident education designed to foster a better understanding of Houston Springs' governance and operations, and leadership training classes designed to educate Voting Delegates and Owners of the nomination, election, and voting processes and the duties and responsibilities of directors and officers.

Management and Accounting

8.1. Compensation of Directors and Officers.

The Association shall not compensate directors and officers for acting as such unless Voting Delegates representing a majority of the total votes in the Association approve such compensation at an Association meeting. The Association may reimburse any director or officer for expenses he or she incurs on the Association's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director or officer pursuant to a contract or agreement with the Association. However, such director must make known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

8.2. Right of Founder Member to Disapprove Actions.

So long as there is a Founder Membership, the Founder Member shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee, which, in the Founder Member's sole judgment, would tend to impair the Founder's rights under the Charter or these By-Laws, interfere with development or construction of any portion of Houston Springs, or diminish the level of services the Association provides. The Board shall not implement any action, policy, or program subject to the right of disapproval set forth herein until and unless the requirements of this Section have been met.

- (a) Notice. The Association shall give the Founder Member written notice of all meetings of the membership, the Board, and committees and any actions any of them propose to take by written consent in lieu of a meeting. The Association shall give such notice by certified mail, return receipt requested, or by personal delivery at the address the Founder Member has registered with the Association. Such motice shall comply as to Board meetings with Section 3.9, and shall, except in the case of regular Board meetings pursuant to these By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.
- (b) Opportunity to be Heard. At any such meeting, the Association shall give the Founder Member the opportunity to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program that would be subject to the right of disapproval set forth herein.

The Founder Member, its representatives, or its agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Founder Member, acting through any officer or drector, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action.

The Founder Member may use this right of disapproval to block proposed actions but shall not use it to require any action or counteraction of any committee, the Board, or the Association. The Founder Member shall not use its right of disapproval to reduce the level of ser-

vices the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

8.3. Managing Agent.

The Board may employ for the Association professional management agents, at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policymaking authority or ultimate responsibility for those duties set forth in Section 3.16. The Board may employ the Founder or its affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager that might arise between Board meetings.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association. The managing agent shall promptly disclose to the Board any financial or other interest that it may have in any firm providing goods or services to the Association.

8.4. Accounts and Reports.

- (a) The Board shall follow the following accounting standards unless the Board by resolution specifically determines otherwise:
- (i) accounting and controls should conform to generally accepted accounting principles; and
- (ii) the Association's cash accounts shall not be commingled with any other accounts, and

during the Founder Control Period, operating accounts shall not be commingled with reserve accounts;

- (b) Commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association within 60 days after the end of each quarter that include:
- (i) an income statement reflecting all income and expense activity for the preceding period;
- (ii) a statement reflecting all ash receipts and disbursements for the preceding period;
- (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying any æsessments at the time of the report (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless the Board specifies otherwise by resolution). A copy of the quarterly financial report shall be made available at no charge to any Member requesting a copy.
- (c) An annual report consisting of at least the following shall be made available for Members' review within 180 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines.

8.5. Borrowing.

The Association shall have the power to borrow money for any legal purpose. How-

ever, the Board shall obtain Voting Delegate approval in the same manner provided in the Charter for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the Association's budgeted gross expenses for that fiscal year.

8.6. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, any Neighborhood Association, and other owners or residents associations within and outside Houston Springs.

8.7. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All Association agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution.

Enforcement Procedures

The Association shall have the power, as provided in the Charter, to impose sanctions for any violation of the Governing Documents. To the extent specifically required by the Charter, the Board shall comply with the following procedures prior to imposition of sanctions:

9.1. Notice and Response.

The Board or its delegate shall serve the alleged violator with written notice (a) describing the nature of the alleged violation, (b) describing the proposed sanction to be imposed, (c) including a statement that the alleged violator shall have 14 days to present a written request for a hearing before the Board or the Covenants Committee if appointed pursuant to Article 6; and (d) including a statement that the proposed sanction maybe imposed as contained in the notice unless a hearing is requested within 14 days of the notice.

The alleged violator shall respond to the notice of the alleged violation in writing within such 14-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board in writing within such 14-day period the Board may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 14-day period.

Prior to the effectiveness of sanctions inposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board or Covenants Committee, as applicable. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, drector, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

9.2. Hearing.

If a hearing is requested within the allotted 14-day period, the hearing shall be held before the Covenants Committee. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meetings of the Covenants Committee shall contain a written statement of the results of the hearing (i.e., the Committee's decision) and the sanction, if any, to be imposed.

9.3. Appeal.

Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, the violator must deliver a written notice of appeal to the Association's manager, President, or Secretary within 10 days after the hearing date.

Article 10

Miscellaneous

10.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

10.2. Parliamentary Rules.

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Georgia law or the Governing Documents.

10.3. Conflicts.

If there are conflicts among the provisions of Georgia law, the Articles of Incorporation, the Charter, and these By-Laws, the provisions of Georgia law, the Charter, the Articles of Incorporation, and these By-Laws (in that order) shall prevail.

10.4. Books and Records.

- (a) Turnover of Books and Records. Within 90 days after termination of the Founder Control Period, the Founder shall deliver to the Association all property, books, and records of the Association.
- (b) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Governing Documents; the membership register, books of account, the minutes of meetings of the Members, the Board, and committees; and any other records as required by Georgia law. The Board

shall provide for such inspection to take place within 10 business days after receipt of a written request for access at the Association's office or at such other place within Houston Springs as the Board shall designate. Books and records kept by or on behalf of the Association may be withheld from public inspection to the extent that they concern personnel records, an individual's medical records, an individual's financial records, records relating to business transactions that are currently in negotiation, or the written advice of legal counsel.

- (c) Rules for Inspection. The Board may establish rules with respect to:
- (i) the frequency and manner of inspection;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing documents requested.
- (d) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all Association books, records, and documents and the physical properties owned or controlled by the Association. A director's right of inspection includes the right to make a copy of relevant documents at the Association's expense.

10.5. Notices.

(a) Form of Notice and Method of Delivery. Except as otherwise provided in the Charter or these By-Laws or by Georgia law, all notices, demands, bills, statements, or other communications under the Charter or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private car-

rier, or if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission.

- **(b)** *Delivery Address.* Notices shall be delivered or sent to the intended recipient as follows:
- (i) if to a Member or Voting Delegate, at the address, telephone facsimile number, or e-mail address which the Member or Voting Delegate has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Delegate;
- (ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the Members pursuant to this Section; or
- (iii) if to the Founder, at the Founder's principal address as it appears on the Georgia Secretary of State's records, or at such other address as the Founder shall designate by notice in writing to the Association pursuant to this Section.
- (c) Effective Date. Notice sent in accordance with Sections 10.5(a) and (b) shall be deemed to have been duly given and effective:
- (i) if sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;
- (ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by telephone facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

10.6. Amendment.

- (a) By Founder Member. Prior to termination of the Founder Control Period, the Founder Member may unilaterally amend these By-Laws. Thereafter, the Founder Member may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units. So long as there is a Founder membership, the Founder may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon the rights of more than 2% of the Members.
- (b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Delegates representing 67% of the total votes in the Association. In addition, the Founder's consent is required during the Development and Sale Period. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.
- (c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon adoption unless a later effective date is specified therein. Any procedural challenge to an amendment must be

made within six months of its adoption, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Founder, the Club, or the Founder Member without the written consent of the Founder, the Club, the Founder Member, or the æsignee of such right or privilege.

BOOK 2985 PAGE 195-A

CERTIFICATION

I, the undersigned, do hereby certify:

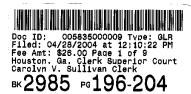
That I am the duly elected and acting Secretary of Houston Springs Community Association, Inc., a Georgia nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of the Association, as duly adopted by resolution of the Board of Directors thereof on the 25th day of _________, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 28th day of April ..., 2004.

Secretary Secretary

CADocs/By-Laws/554801/042704



Upon recording, please return to:

Geiger & Geiger, P.C. 1007 Jernigan Street P. O. Box 888 Perry, GA 31069-0888 TF# 8235 Due

DECLARATION OF RECREATIONAL COVENANT FOR HOUSTON SPRINGS

THIS DECLARATION OF RECREATIONAL COVENANT ("Covenant") is made this 28H day of 12004, by Woodland Property Partners, Inc., a Georgia corporation, on behalf of itself, its successors, successors-in-title, and assigns (the "Declarant").

BACKGROUND STATEMENT

Declarant is the owner of the real property described on Exhibit "A" to this Covenant (the "Residential Property"), which is all or a portion of the property submitted to the Charter.

Declarant is also the owner of the real property described on Exhibit "B" to this Covenant (the "Club Property"), which it intends to develop with recreational and social facilities to be operated on a commercial basis as part of Houston Springs Country Club (the "Club") in accordance with the Membership Policies for Houston Springs Country Club (the "Membership Policies"). Portions of the Club Property are adjacent to the Residential Property.

In recognition of the fact that the Association will provide only limited social and recreational facilities for common use of the owners of each home or homesite within the Residential Property ("Residential Unit"), Declarant desires to provide for issuance of a Resident Membership in the Social use category in the Club for each Residential Unit, such membership constituting a right to use

certain designated food and beverage facilities, the swim/tennis complex, the beach, and other social and recreational facilities within the Club Property (the "Social and Sports Facilities") so long as this Covenant is in effect, and an obligation for the owner(s) of each Residential Unit to pay such membership fees and periodic dues for Resident Social Membership as Club Owner may establish from time to time in accordance with this Covenant.

Article I Declaration of Intent and Binding Effect

Declarant, as the owner of the Residential Property and the Club Property, hereby declares that all of the Residential Property and all of the Club Property shall be held, sold, and conveyed subject to the covenants, conditions, and easements contained herein, which shall run with the title to all the Residential Property and the Club Property. This Covenant shall be binding upon all persons having any right, title, or interest in any portion of the Residential Property or the Club Property, their heirs, successors, successors-in-title, and assigns and shall inure to the benefit of the owners of each portion of the Residential Property and the Club Property, except as otherwise expressly provided or limited herein.

Article II Membership

- 2.1. <u>Issuance of Memberships.</u> Declarant or the owner or operator of the Club Property, if other than Declarant (hereafter, either of them shall be referred to as "Club Operator"), shall issue to the owner(s) of each Residential Unit ("Owner") a Resident Membership in the Social use category consisting of:
- (a) a license to use the food and beverage facilities operated by Club Operator on the Club Property;
- (b) a license to use the swim/tennis complex operated by Club Operator on the Club Property;
 - (c) a license to use the fitness center;
- (d) a license to use other social and recreational facilities within the Club Property made available to Resident Social Members;
- (e) the opportunity to participate in such social activities as the Club Operator may sponsor and designate from time to time for Resident Members; and
 - (f) such additional privileges, if any, as the Club Operator may specify.

Only one Resident Social Membership shall be issued per Residential Unit. If more than one person holds title to the Unit, the membership will be issued to all co-Owners jointly.

All privileges of Resident Social Membership shall be limited to operating hours and subject to payment of such charges for food and beverage service as the Club Operator may establish. Such privileges shall also be subject to the Membership Policies and the Club's rules and to such additional membership policies and rules as the Club Operator may establish and modify from time to time.

Nothing herein shall obligate the Club Operator or the owner of the Club Property to offer or maintain food and beverage service nor shall anything herein dictate the level of service or hours of operation of any food and beverage service provided.

- 2.2. <u>Term of Memberships; Covenant to Maintain.</u> The Owner(s) of each Residential Unit shall maintain the Resident Social Membership issued for their Residential Unit pursuant to Section 2.1 in good standing as long as they hold title to the Residential Unit. Such Resident Social Membership shall automatically terminate, as to the Owner of each Residential Unit, when such person ceases to be the Owner of record title to the Residential Unit; however, a former Resident Social Member shall remain obligated for all charges incurred on account of such membership prior to such termination. Upon transfer of title to a Residential Unit and termination of the Resident Social Membership held by the previous Owner, the Club Operator shall issue a new Resident Social Membership to the new Owner(s).
- 2.3. No Ownership Interest. No Owner, by virtue of ownership of a Residential Unit or by virtue of membership in the Club, acquires any ownership interest, beneficial interest, or other vested interest whatsoever in Declarant, Club Owner, the Club, or the Club Operator, but only the privilege of using and enjoying the Club's facilities as a Resident Social Member in accordance with the Membership Policies and the Club's rules, which are subject to change from time to time.

Article III Obligation to Pay Membership Fees

3.1. Covenant to Pay. Each Owner, by accepting title to a Residential Unit, covenants and agrees to pay to the Club Operator annual dues, which shall not exceed Six Hundred Dollars (\$600.00) per Resident Social Membership (payable in monthly installments of Fifty Dollars (\$50.00) per month) during the calendar year 2004. Until such time as the fitness center; tennis courts; food and beverage facilities; and swimming pool facilities set forth in Section 2.1 are completed and available for members use, the Club Operator shall have the ability, but not the obligation, to establish annual and monthly dues at a lower rate than those set forth above. At such time as these facilities are complete and available for use by the Resident Social Members, Club Operator may increase such annual and monthly dues rate to the rate set forth above notwithstanding the limitation on increase of the annual dues set forth below. Thereafter, the Club Operator shall establish the annual dues, which shall be subject to change from time to time; provided, the annual dues for a Resident Social membership shall not be more than the percentage increase in the Consumer Price Index during the previous year plus an additional five percent

of the dues charged during the prior fiscal year without the approval of a majority of the Resident Social members. The "Consumer Price Index" shall refer to the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers (South Region; Base: 1982-1984 = 100). In the event the compilation and/or publication of the CPI shall be substantially revised, transferred to any other governmental department or bureau or agency or shall be discontinued, then the index (or a substitute procedure which reasonably reflects and monitors fluctuations in consumer prices) most nearly the same as the CPI shall be used to make the calculations envisioned herein, or in the event no such alternative index exists or a dispute arises concerning the selection of such alternative index, the Club Operator shall have the final right and power to select and/or formulate such an alternate index.

3.2. <u>Payment</u>. Each Owner of a Residential Unit, by accepting a deed to such Residential Unit, is deemed to covenant and agree to pay the Membership Fees in a timely manner. All such Membership Fees, together with interest (computed from its due date at a maximum rate of 18% per annum or such higher rate as Club Operator may establish under the Membership Plan, subject to the limitations of Georgia law), late charges, costs, and reasonable attorneys fees, shall be the personal obligation of the Owner of the Residential Unit. Upon transfer of title to a Residential Unit, the grantee shall be jointly and severally liable with the grantor for any Membership Fees due at the time of conveyance.

The Club's failure to establish Membership Fees or to notify Owners of the Membership Fees shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Membership Fees.

3.3. <u>Lien for Membership Fees</u>. Subject to any limitations imposed by Georgia law, the Membership Fees shall also constitute a lien on the Residential Unit against which they are levied from the time such Membership Fees become due until paid. The lien shall also secure payment of interest (subject to the limitations of Georgia law), late charges, and costs of collection (including attorneys fees, lien fees, and administrative costs). Such lien shall be superior to all other liens except any lien of the Association and the lien or charge of any recorded first mortgage (meaning a recorded first mortgage with first priority over other mortgages) made in good faith and for value, and those deemed by Georgia law to be superior. The Club Operator may enforce such lien, when any Membership Fee is delinquent, by suit, judgment, and foreclosure in the same manner as the lien of any recorded first mortgage of record (including nonjudicial foreclosure, to the extent permitted by Georgia law).

The Club Operator may bid for the Residential Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Residential Unit. While a Residential Unit is owned by the Club Operator following foreclosure, no Membership Fees shall be assessed against that Residential Unit or against the Club Operator as the Owner of the Residential Unit. The Club Operator may sue for unpaid Membership Fees and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Sale or transfer of any Residential Unit shall not affect the above-described lien or relieve such Residential Unit from the lien for any subsequent Membership Fees. However, the sale or transfer of

any Residential Unit pursuant to foreclosure of the first mortgage shall extinguish the lien as to any Membership Fees due prior to the mortgagee's foreclosure.

- 3.4. <u>Declarant's Residential Units Excluded</u>. The granting of a Resident Social Membership and the obligation for Membership Fees pursuant to this Covenant shall not apply to any Residential Unit owned by Declarant, while so owned.
- 3.5. <u>Independent Covenant</u>. The obligation to pay the amounts provided for herein shall be mandatory and shall be a separate and independent covenant on the part of each Owner of a Residential Unit. No Owner may exempt himself or herself from liability for Membership Fees by non-use of the Social and Sports Facilities, abandonment of his Residential Unit, or any other means. No diminution or abatement of Membership Fees or set-off shall be claimed or allowed for any alleged failure of the Club Operator to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Article IV General

- 4.1. <u>Notice</u>. Any notice provided for in this Covenant shall be served personally or shall be mailed by registered or certified mail to the addresses specified below unless the Declarant, the Club Operator, or an Owner of a Residential Unit has specified, by written notice in accordance with this Section, a different address for delivery of notices, in which case the notice shall be addressed to such different address:
 - (a) if to the Declarant:

Woodland Property Partners, Inc. 205 Airport Rd. Extension Perry, Georgia 31069

(b) if to the Owner of a Residential Unit, at the address of the Residential Unit.

All such notices shall, for all purposes, be deemed delivered and received (a) upon personal delivery to the addressee, or (b) on the third day after mailing when mailed by registered or certified mail, postage prepaid, and properly addressed.

4.2. <u>Amendment</u>. The Declarant may at any time and from time to time unilaterally amend this Covenant to withdraw from its coverage property described on Exhibits "A" or "B," to substitute a different parcel or parcels of property for that previously described on Exhibit "B," or to include additional property on Exhibits "A" or "B," with the consent of the owner of such property, if the owner is not the Declarant. Otherwise, this Covenant may be amended only by an instrument signed by the Declarant, the Club Owner, and by the Owners of a majority of the Residential Units.

Amendments to this Covenant shall become effective upon recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted.

4.3. <u>Duration; Termination</u>. Unless terminated by agreement of those persons whose consent is needed to amend, this Covenant shall have perpetual duration. If Georgia law limits the period during which covenants may run with the land, then to the extent consistent with such law, this Covenant shall run for a period of 20 years and shall automatically be extended at the expiration of such period for successive periods of 20 years. If any provision of this Covenant is judicially determined to be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

This Covenant may be terminated in the same manner as provided for amendment in Section 4.2.

- 4.4. <u>Conveyance of Club Facilities</u>. The Club Owner reserves the right to sell or otherwise transfer all or any portion of the real property or facilities comprising the Club Property to a third party or parties at any time upon such terms and conditions as the Club Owner determines appropriate in its sole and absolute discretion. The transfer of the Club, the Club Property, or any of its facilities shall not affect the continued validity or enforceability of this Covenant, unless terminated in accordance with Section 4.3.
- 4.5. <u>Construction; Severability</u>. This Covenant shall be governed by and construed under Georgia law. Invalidation of any provision of this Covenant, in whole or in part, by judgment or court order shall not affect other provisions.
- 4.6. <u>Waiver</u>. Failure of the Declarant, the Club Owner or Club Operator, or the Owner of any Residential Unit to exercise any right or power under this Covenant or to insist upon strict compliance with this Covenant and any custom or practice at variance with the terms of this Covenant shall not constitute a waiver of the right thereafter to demand exact compliance with the terms of this Covenant.
- 4.7. <u>Captions</u>. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

IN WITNESS WHEREOF, the Declarant and Club Owner have executed this Covenant as of the date first above written.

DECLARANT: WOODLAND PROPERTY PARTNERS, INC., a Georgia corporation

By: Its:

Signed, sealed, and delivered

this 28+1 day of A(vi), 2004,

in the presence of

WITM

NOTARYPUBLIC

My Commission Expires:

JOHN W. GEIGER Notery Public STATE OF GEORGIA My Comm. Exp. 4-3-2006

[AFFIX NOTARY SEAL]

554801/Club/Recreational Covenant/042704

7

EXHIBIT "A"

Residential Property

All that tract or parcel of land situate, lying and being in Land Lots 14 and 15 of the 10th Land District of Houston County, Georgia, known and designated as Phase 1-A, Houston Springs Subdivision, according to a plat of survey titled "Houston Springs Subdivision Phase 1-A" dated April 20, 2004, said survey by Lee R. Jones, Registered Land Surveyor No. 2680, said plat recorded in Plat Book 62, Pages 166, Clerk's Office, Houston Superior Court. Said plat and the recorded copy thereof are incorporated herein by reference thereto.

EXHIBIT "B"

Club Property

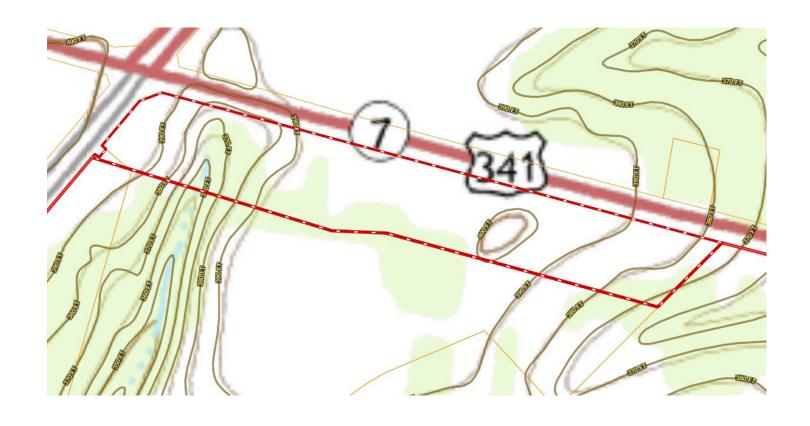
All that tract or parcel of land situate, lying and being in Land Lots 14 and 15, 10th Land District, City of Perry, Houston County, Georgia, and being more particularly described as follows:

To arrive at the point of beginning, begin at an iron pin set at the northwestern corner of Lot 1, Block B, Phase 1-A, Houston Springs Subdivision, according to a plat of survey of Houston Springs Subdivision, Phase 1-A, Plat No. C-3404-1A, plat of survey being dated April 20, 2004, by Lee R. Jones, Registered Land Surveyor No. 2680, a copy of which is recorded in Plat Book 62, Page 166, Clerk's Office, Houston Superior Court, and from said point thence run north 77 degrees, 28 minutes, 6 seconds west a distance of 783.48 feet to the point of beginning, and from said point of beginning; Thence run north 90 degrees, 0 minutes, 0 seconds west a distance of 430.13 feet to a point; Thence run north 45 degrees, 0 minutes, 0 seconds west a distance of 97.58 feet to a point; Thence run north 90 degrees, 0 minutes, 0 seconds east a distance of 292.14 feet to a point; Thence run south 45 degrees, 0 minutes, 0 seconds east a distance of 97.58 feet to a point; Thence run south 45 degrees, 0 minutes, 0 seconds east a distance of 97.58 feet to a point; Thence run south 0 degrees, 0 minutes, 0 seconds west a distance of 97.58 feet to a point; Thence run south 0 degrees, 0 minutes, 0 seconds west a distance of 308.50 feet to the point of beginning.

Said property is known and designated as parcel "CH" of 3.618 acres according to a plat of survey for Woodland Property Partners, Inc, dated April 22, 2004, by Lee R. Jones, Registered Land Surveyor No. 2680, which said plat is to be recorded in Plat Book 62, Page 167, Clerk's Office, Houston Superior Court.



TOPOGRAPHICAL MAP



Jun. 2. 2005 11:43AM

No.0440 P. 1

City of Perry Community Development Department

1211 Washington Street P.O. Box 2030 Perry, Georgia 31069-6030



478,988.2720 Telephone www.perry-ga.go

478.988.2725 Facsimile

June 1, 2005

Mr. Jeffrey L. Moredock, Managing Director Houston Springs 900 Carroll Street, Suite B Perry, GA 31069

Ref: City of Perry's commitment to provide sewer capacity to Houston Springs Project.

Dear Mr. Moredock:

The City of Perry will stand behind its original commitment to serve the entire Houston Springs Project with sanitary sewer. Our current waste water facility is being upgraded to meet EPD mandates and we are activity pursuing a program to reduce infiltration.

The City is currently seeking requests for a proposal for the expansion of the Plant's capacity. The capacity is expected to be double (from 3mgd to 6mgd) with a projected completion in 2008.

If you have any questions, please contact me.

Sincerely,

Steve Howard, CBO

Community Development Director

SH:

bc

Cc: Lee Gilmour, City Manager

Harold Deal, Utilities Director

On Wed, Sep 28, 2022 at 9:08 AM Bryan Wood bryan.wood@perry-ga.gov wrote:

Hi Austin,

Sorry for the delayed response.

Off-site road improvements are not required by the City of Perry on city streets, based on the current ordinance.

Sam Nunn Blvd. is a GDOT route, so they may require improvements based on the proposed site plan.

The City has adequate capacity to provide water and natural gas. No off-site improvements are anticipated.

Sanitary sewer capacity is evaluated on a case-by-case basis. A developer will submit a request for availability providing information on requested demand and timing of development. The City is developing a new treatment facility and trunk lines and is upgrading existing infrastructure. The new treatment facility will be online by end of 2025. If sewer capacity is not available when needed, the developer may install a temporary treatment facility, but must tie into the public facility when capacity is available.

Let me know if you have additional questions.

Bryan Wood Community Development Director City of Perry 741 Main Street P.O. Box 2030 Perry, GA 31069 Office 478-988-2714



A 150 feet ingress and egress easement will be reserved between the eastern property line of Parcel 3 and the western property line of Parcel 4. This ingress and egress easement is reserved for the benefit of the Houston Springs residential and golf portions of the development.

What is an Ingress and Egress Easement?

An **ingress and egress easement** is a legal right that allows someone to enter and exit a property by crossing over another person's land.

Ingress refers to the right to enter or go onto the property, while **egress** refers to the right to exit or leave the property. Together, they ensure access to and from a piece of land that might otherwise be difficult to reach.

Houston Springs - Residential Georgia, AC +/-













Buddy Lee P: 800-742-9165

www.7Hauctions.com

2020 Morning Dove Road

| Boundary 24.28 ac

SOIL CODE	SOIL DESCRIPTION		%	CPI	NCCPI	CAP
FoA	Faceville fine sandy loam, 0 to 2 percent slopes	9.08	37.37	0	72	1
GpD3	Greenville clay loam, 8 to 12 percent slopes, severely eroded	3.58	14.73	0	64	6e
OgB	Orangeburg loamy fine sand, 2 to 5 percent slopes	3.36	13.83	0	64	2e
OgB2	Orangeburg loamy fine sand, 2 to 5 percent slopes, eroded	3.2	13.17	0	61	2e
FoC2	Faceville fine sandy loam, 5 to 8 percent slopes, eroded	2.48	10.21	0	67	3e
FoB2	Faceville fine sandy loam, 2 to 5 percent slopes, eroded	2.26	9.3	0	68	3e
OgC2	Orangeburg loamy fine sand, 5 to 8 percent slopes, eroded	0.19	0.78	0	60	3e
OgD2	Orangeburg loamy fine sand, 8 to 12 percent slopes, eroded	0.13	0.53	0	59	4e
TOTALS		24.28(*)	100%	-	67.16	2.43

(*) Total acres may differ in the second decimal compared to the sum of each acreage soil. This is due to a round error because we only show the acres of each soil with two decimal.



(s) soil limitations within the rooting zone (w) excess of water

The following Terms and Conditions apply to all properties offered in this auction. Seven Hills Auctions, LLC hereinafter "Auctioneer", shall be construed to apply to all officers, principals, employees, agents and/or any other representatives hired or contracted with the Auctioneer. Anyone participating in the auction by registering for the auction, placing a bid or bidding on behalf of another person or entity with a Power of Attorney shall hereafter be referred to as a "Bidder".

All Bidders are required at the time of registration to acknowledge that they have reviewed and accepted the Terms and Conditions. Additionally, by placing a bid the bidder is specifically acknowledging and accepting the conditions stated in these Terms and Conditions as well as the provisions in the Purchase and Sale Agreement.

Agency: The Auctioneer is acting as an exclusive agent for the Seller in this transaction. The Auctioneer does not represent the Bidder.

Due Diligence: All information provided by the Auctioneer is deemed to have been obtained from reliable sources; however, the Auctioneer makes no representations or warranties to its accuracy. It is the Bidder's responsibility to conduct his/her own due diligence, inspect, review and/or analyze each property or item prior to placing a bid. All sales are pursuant to the property being sold on an "as-is, where-is" basis, with no representations or warranties of any kind, expressed or implied by the Seller and/or Auctioneer.

Inspection: Each Bidder is encouraged to inspect the property or items prior to Bidding. Please see website for scheduled inspection times or call for an appointment.

Buyer's Premium: The successful bidder will be required to pay a buyer's premium of 10% of the final accepted bid price. The buyer's premium shall become part of the total purchase price in the Purchase and Sale Agreement.

Escrow Deposit & Contract Execution: The Purchase and Sale Agreement, wiring instructions and closing information will be emailed to the successful Bidder immediately following the ending of the auction or upon bid acceptance by the seller. The successful bidder must within 24 hours execute the Purchase and Sale Agreement and remit an earnest deposit. The earnest deposit is calculated from the total purchase price (i.e. high bid amount plus the buyer's premium). For properties with a total purchase price of \$2,499 or less the full purchase price is due, for properties selling for \$2,500 to \$100,000 the greater of \$2,500 or 20% is due, for properties selling for \$100,001 to \$200,000 15% is due and for properties selling from \$200,001 or greater 10% is due.

Closing for Real Property: All properties must close within thirty (30) days of the "binding agreement date", unless otherwise stated in the Purchase and Sale Agreement. The "binding agreement date" is the date in which the last signatory party executes the Purchase and Sale Agreement. The closing will be conducted by the firm shown on the individual property specific web page at 7hauctions.com. All closing cost will be paid by the successful Bidder including, but not limited to, attorneys' fees to prepare the closing documents and deed, closing coordination fee, title examination, transfer tax and purchaser's legal fees. Taxes and property owner association dues will be prorated as of the date of closing. Title Insurance will be available for purchase.

Survey: After the auction a final survey will be prepared by Trinity Land Surveying, LLC, 207 Wolk Creek Drive, Americus, GA 31719. The cost of the survey will be paid by the purchasers at a price of \$1,650.00 for individual parcels or \$8,200.00 if the property is purchased in its entirety. One survey will be prepared with all tracts included and corners set. Marking of lines between corners and individual surveys will be available for an additional fee. The survey will include a boundary survey, metes and bounds descriptions and corners set. The individual tracts contain estimated acreage amounts derived by Trinity Land Surveying, LLC and are not field measurements. The final acreage may vary slightly on individual tracts. Final sales prices will be adjusted on a per acre basis only if the final survey reveals a deviation of one acre or greater from what is advertised the day of the auction.

Broker Participation: Broker Participation is encouraged by the Auctioneer. A commission of 2% of the highest accepted bid (before adding a buyer's premium) will be paid to any qualified licensed real estate broker that holds a current and valid license in the state where the property is located. Commissions will only be paid at closing. In order to qualify the broker must submit the Broker/Bidder Participation Form, prior to the bidder placing a bid or by 3:00 P.M. eastern time on the day preceding the auction, whichever comes first. UNDER NO CIRCUMSTANCE WILL BROKER REGISTRATION BE ALLOWED ON THE DAY OF THE AUCTION. A bidder is only allowed to be registered by one broker.

Non-Compliance: If a participant is the successful high bidder and fails to execute the Purchase and Sale Agreement and/or remit the earnest deposit with 3 days of the Purchase and Sale Agreement being delivered, the participant will be responsible for a Non-Compliance Fee of up to \$5,000. This Non-Compliance Fee is a penalty for failing to abide by the Terms and Conditions of the auction. Auctioneer at its discretion shall charge the credit card on file or use any other means necessary to collect such fees. Any bidder that fails to execute a Purchase and Sale Agreement and/or remit an earnest deposit may also be prohibited from bidding on future auctions conducted by the Auctioneer. The Seller and Auctioneer, upon Non-Compliance by a bidder, reserves the right to immediately offer the property for sale.

Successful Bidder Default: A successful bidder that fails to close per the specific terms of the Purchase and Sale Agreement for any reason shall be required to release their earnest deposit to the Seller as non-exclusive liquidated damages as fully outlined in the Purchase and Sale Agreement.

Extended Bidding: All online auctions include an EXTENDED BIDDING feature. If a bid is placed on any property within the last five (5) minutes of the auction the ending time of the auction for ALL properties will be extended for five (5) minutes. The bidding on ALL properties will remain open until no further bids have been placed on ALL properties for five (5) minutes. Bid Increments For Real Property: The bidding increments for all properties will be as follows:

Amount Up To	Bid Increments
\$2,500	\$100
\$10,000	\$250
\$50,000	\$500
\$100,000	\$1,000
\$250,000	\$2,500
\$500,000	\$5,000
\$1,000,000	\$10,000
\$1,000,000+	\$25,000

Technical Problems: The auction will be conducted using online bidding. Any technical problem that may arise from internet connectivity, hardware, software, human error, or any other such issue whether on behalf of the Bidder or Auctioneer may arise at any time without notice. In the event such technical problems arise, neither Auctioneer nor the Seller shall be responsible. Auctioneer, reserves the right to cancel, postpone and/or extend the bidding time in the event of such technical problems. Any actions the Auctioneer takes shall be final.

Additional Terms: All property is being sold "As-Is, Where-Is" with all faults and is selling subject to any existing restrictions, conditions, easements, zoning, property owners associations fees and all matters that may be reveled in a current survey, inspection and/or title examination. No warranty is expressed or implied as to the improvements, soil, environmental, wetlands, zoning or any other matters. The Auctioneer reserves the right to cancel the auction at any time, add properties or delete properties without notice. The seller reserves the right to reject any bid unless the property is selling "Absolute". The Seller and their agents reserve the right to place bids on the property up to the Seller's reserve. Any acceptance of a winning bid maybe rescinded by the Seller, in the seller's sole discretion, for any reason prior to the Purchase and Sale Agreement being executed by the Seller, unless selling "Absolute". Neither the Auctioneer nor Seller will be responsible for any omissions or errors related to this auction, these terms and conditions, the Purchase and Sale Agreement and/or the closing documents. All bidders shall carefully review, inspect, analyze, perform any test or other necessary due diligence prior to bidding. Bidders shall make their own determination as to the accuracy of any due diligence or information provided by the Auctioneer or Seller. No personal property will be conveyed unless specifically denoted in the Purchase and Sale Agreement. Auctioneer cannot guarantee the performance of the seller or seller obligations on any transaction. The terms of the Purchase and Sale Agreement shall prevail in the event of any inconstancies between the terms and conditions of the auction, announcements, communications by the Auctioneer and/or the Purchase and Sale Agreement. The Auctioneer is not responsible for any technical issues, missed bids or bids placed after the closing of the auction. The Auctioneer reserves the right, in its sole discretion, to revoke the bidding privileges of any bidder at any time for any reason.

Seven Hills Auctions, LLC / William C. Lee III, Broker In Charge

Auction License: TN: 7182, GA: AU-C003134, GA: AU-003505, FL: AB3765, FL: AU4335, AL:C-253, AL: A5495, MS: 24292, MS: C-23814, LA-AB513, LA-2111

Real Estate License: GA-77326, GA-319468, FL-CQ1057830, FL: BK3266710, AL: 000147503, AL: 000144572, MS-A1613, SC-REL.140231 BIC



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