

SECTION II

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR ROYAL LAKES

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR ROYAL LAKES SUBDIVISION

This Declaration of Covenants, Conditions, Restrictions and Easements is made this ____ Day of _____ 1989, by **ROYAL LAKES ASSOCIATES**, a Georgia limited partnership (hereinafter referred to as "Declarant");

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Section 1 of Article I of this Declaration; and

WHEREAS, Declarant desires to subject said real property described in Section 1 of Article II hereof to the provisions of this Declaration;

NOW, THEREFORE, Declarant hereby declares that the real property described in Section 1 of Article II of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens (sometimes referred to herein collectively as "Covenants and Restrictions") hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title or interest in all or any portion of the real property made subject hereto, their respective heirs, legal representatives, successors, successors in title and assigns, and shall inure to the benefit of each and every owner of all or any portion thereof.

ARTICLE I DEFINITIONS

Unless the context shall prohibit, certain words used in this Declaration shall have the definitional meaning set forth as follows:

Section 1. "Association" shall mean and refer to Royal Lakes Property Owners Association, Inc., a Georgia nonprofit corporation to be formed by Declarant, its successors and assigns.

Section 2. "Builder" shall mean any individual, corporation, partnership or other entity engaged principally in the business of constructing for sale to homeowners single family residential dwellings to whom the developer sells or has sold one or more Lots for the purpose of constructing thereon a dwelling unit in accordance with this Declaration.

Section 3. "Common Properties" shall mean and refer to all real and personal property now or hereafter owned or acquired for the common use and enjoyment of the owners, such as the lighting, roadway landscaping, entranceways, fencing, signage, and other similar facilities intended by the Declarant to be devoted to common use, benefit and enjoyment of Owners. In addition, Declarant may demonstrate its intent to constitute any property as common property by identifying it as such on any development plat of the properties.

Section 4. "Declarant" shall mean and refer to the developer, Royal Lakes Associates from and after the time the ownership of the common property is conveyed to the Association, the term "Declarant" shall also refer to the Association.

Section 5. "Developer" shall mean and refer to the developer, Royal Lakes Associates.

Section 6. "Lot" shall mean and refer to the lots created by recorded subdivision plat from the properties described in Exhibit "A". The term shall also refer to the property created by any re-subdivision that may be permitted under Section 2 of Article VI hereof.

Section 7. "Owner" shall mean and refer to the record owner of each lot or unit (as defined below), whether one or more persons or entities, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

Section 8. "Unit" shall mean and refer to any lot, and in the event that Declarant subdivides additional property adjacent to this property or develops cluster homes or condominiums on property adjacent to this property and subjects any such property to restrictive covenants supplemental to this Declaration, "Unit" shall also mean any such additional lots or dwelling units which are cluster homes of condominium units.

ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property hereby subjected to this Declaration. The real property which is, by the recording of this Declaration, subjected to the covenants, conditions, restrictions, easements, assessments any liens hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied and mortgaged or otherwise encumbered subject to this Declaration is the real property described in Exhibit "A" attached hereto and by reference made a part hereof, being known as Phase One - Kensington A, Phase One - Kensington B, Phase One - Chatsworth, Phase One - Broadlands, and Phase One - Brighton of Royal Lakes, a Subdivision.

Section 2. Other Property. Only the real property described in Section 1 of this Article II is hereby made subject to this Declaration; provided, however, Declarant reserves the right to subject other real property to these Covenants and Restrictions as provided in Article IX hereof, the additional property which may be made subject to this Declaration in whole or in part, in Declarant's sole discretion, being described in Exhibit "B" attached hereto.

Section 3. Future Development. The Royal Lakes development is zoned Planned Unit Development and in addition to lots for single family dwellings the development may in the future contain cluster housing, condominium housing, and commercial facilities. In addition, the Royal Lakes development will also contain an 18-hole golf course with a club house facility, maintenance building and garage, swimming pool, and tennis courts, all of which will be owned and operated as a private club completely separate from the subdivision. Ownership of a lot in the subdivision does not entitle a person to any privileges or use of the club.

ARTICLE III COMMON PROPERTIES

Section 1. Ownership and Control. Subject to the provisions herein on transfer to the Association, the ownership of all the common properties, including the facilities thereon, shall be exclusively in the Developer, and no other person shall, by the recording of this Declaration, by the recording of any plat of survey, or by any permissive use, have any proprietary right, title or interest in and to the common properties. Except as herein expressly provided to the contrary, Declarant shall have complete and sole control and authority to manage, operate, lease or sell, the common properties in such manner as it sees fit, including but not limited to the right to formulate rules and regulations regarding the use thereof, and the right to determine the persons entitled to use the same. Such rules and regulations may be amended from time to time by Declarant; provided that copies of such regulations and amendments thereto shall be furnished on reasonable notice by Declarant to all lot owners. Such regulations shall be binding upon the lot owners, their families, tenants, guests, invitees and agents, until and unless such regulation, rule or requirement be specifically cancelled or modified by Declarant. Declarant shall at all times and from time to time have the right to delegate any and all functions herein reserved to Declarant.

Section 2. Transfer to Association. Unless Developer should decide to transfer the common properties earlier, Developer shall transfer its ownership of the common properties to the Association on the earlier of the following events: (a) at such time as eighty percent (80%) of all units have been sold by Developer; or (b) seventeen (17) years from the date of this Declaration ().

Section 3. Property Rights. Every owner shall have a right and easement of enjoyment in and to the common properties subject to any restrictions or limitations contained in this Declaration. In addition, this right and easement shall be subject to any restrictions or limitations contained in any deed conveying all or any portion of the common properties. (This right and easement shall also be subject to any restrictions or limitations contained in any amendment to this Declaration subjecting common properties to this Declaration).

ARTICLE IV ASSESSMENTS

Section 1. Purpose of Assessments. The assessments provided for herein shall be used for the improvement, maintenance and operation of the common properties, including but not limited to the payment of taxes and insurance thereon, repair, replacement and additions thereto, and for the costs of labor, equipment, materials, management and supervision thereof, as well as for the establishment and maintenance of one or more reasonable reserve funds for such purposes to cover unforeseen contingencies or deficiencies, or for emergency expenditures with respect to the common properties as may be authorized from time to time by the Declarant, for rights-of-way landscaping and maintenance, payment of utility bills for street lights, and such other expenses for common areas as deemed necessary by the Homeowners Association. The assessments may also be used for administration expenses (including but not limited to professional services and costs associated with the administration of these covenants) and for the furnishing of services, including security services, provided for the common good.

Declarant shall be authorized to establish from time to time a reasonable amount which shall be contributed as a part of the assessment for capital purposes. As collected, such capital contributions shall be deposited in a separate capital account with separate records maintained thereof, and disbursements therefrom shall be only for capital purposes as determined from time to time by Declarant.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each unit now or hereafter subjected to this Declaration is subject to a lien and permanent charge in favor of Declarant for the annual assessment set forth in Section 3 of this Article IV. Such assessments, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on and a continuing lien upon the unit against which each such assessment is made. Such lien shall be perfected by filing of recorded in the Office of the Clerk of the Superior Court of Hall County a claim of lien. The claim of lien shall be substantially in the form attached hereto as Exhibit "C", and by this reference, made a part hereof. Also, each owner shall be personally liable for the portion of any assessment coming due while he is the owner of a unit, and his grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of a conveyance but without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefore.

Any such assessment not paid by the due date shall bear interest from the due date at the maximum rate allowable under Georgia law, and Declarant may bring legal action against the property owner personally obligated to pay the same and/or foreclose its lien against the unit to which it relates. In either of such events, Declarant shall also be entitled to recover attorneys fees in an amount equal to fifteen (15%) percent thereof, and all costs of collection. Each property owner, by his acceptance of a deed or other conveyance to a unit, vests in Declarant or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and/or to foreclose the aforesaid lien against the unit of such owner in the same manner in which actions are commenced for the collection and foreclosure of mechanic's and materialmen's liens against the owners of property as permitted by the laws of the State of Georgia. Declarant shall have the power to bid in the unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No property owner may be relieved from liability for the assessments provided herein by non-use of the common properties or by abandonment of his unit, or otherwise.

Section 3. Annual Assessments. The annual assessments payable to Declarant for common expenses and capital contributions shall be determined as follows:

A. Common Expenses. Not later than December 1 of each calendar year, Declarant shall estimate and prepare a budget for the ensuing calendar year for the total of all common expenses anticipated during such year, which expenses shall be paid by annual assessments. If said estimated sum proves inadequate for any reason then, Declarant may levy at any time in the calendar year a 'further assessment for common expense. If for any reason an annual budget is not made as required hereby, that portion of the annual assessment for common expense for the ensuing calendar year shall remain the same as for the previous calendar year.

B. Capital Contributions. In addition to the amount which shall be paid for common expense as provided in Subsection 1 above, Declarant shall also be authorized to establish an amount which, as part of the annual assessment, shall be contributed during the ensuing calendar year for capital purposes. If, for any reason, Declarant does not make a determination as to the amount of capital which shall be contributed during the ensuing calendar year, then that portion of the annual assessment for contribution to capital for the ensuing calendar year shall remain the same as for the previous calendar year.

C. Allocation. Unless otherwise specified by Declarant, each installment made by a unit owner on the annual assessment payable by such owner shall be allocated to the common expense fund and to the capital reserve account on a prorata basis, according to the amount to be paid for common expenses and the amount, if any, to be contributed to capital in the particular calendar year.

D. Due Dates. The annual assessments payable to Declarant, as provided for in this Article IV, shall be established on a calendar year basis and shall commence as to each unit as of the first day of the month next following the month in which title to such unit is conveyed by Declarant. The first annual assessment payable to Declarant shall be adjusted according to the number of days remaining in the calendar year as of the commencement date. The due date of subsequent annual assessments

shall be March 1 of each year. In the discretion of the Declarant, Declarant may require the payment of annual assessments on a monthly basis.

Section 4. Uniform Rate of Assessment. Assessments must be fixed at a uniform rate for all units. Declarant shall, upon demand at any time, furnish to any owner liable for any such assessment a certificate in writing signed by an officer of Declarant, setting forth whether the same has been paid. A reasonable charge, as determined by Declarant, may be made for the issuance of the certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5. Priority of Lien. The lien of the assessments provided for in this Article IV shall be prior and superior to all other liens except only (A) ad valorem taxes and (B) all sums unpaid on a first mortgage, if any, filed or recorded in the Office of the Clerk of the Superior Court of Hall County. The sale or transfer of any unit shall not affect the assessment lien. No such sale or transfer shall relieve the acquirer of title, and the successors in title and assigns thereof from liability for any assessment thereafter becoming due or the unit from the lien thereof. Provided, however, Declarant may at any time, either before or after a first mortgage is placed on a unit, waive, relinquish or quit claim in whole or in part the right of Declarant to assessments provided for herein with respect to such unit coming due during the period while such unit is or may be held for liquidation by the first mortgagee pursuant to such sale or transfer.

Section 6. Except Property. Notwithstanding the commencement date otherwise established by Section D of this Article IV, all units made subject to this Declaration shall be exempt from the assessments created herein until conveyed by Declarant to another unit owner other than a Builder and all units conveyed to a Builder shall be exempt from the assessments created herein for a period of twelve (12) months from conveyance to Builder or until conveyed by Builder to another unit owner, whichever shall first occur. All common properties, including any unit which may be designated for use as such by Declarant, shall be exempt from the assessments, charges and liens created herein.

Section 7. Jackson E.M.C. Fee. Each lot owner shall be obligated to pay to Jackson Electric Membership Corporation a \$645.00 non-refundable contribution fee, in addition to normal connection fees, prior to connection of permanent electrical service, in the event that the dwelling constructed by lot owner on his lot is not "total electric." Each lot owner shall be personally liable for such payment for the benefit of Developer, and the liability for such payment shall be a permanent charge and lien upon such lot enforceable by Developer like the lien for assessments as provided in this Article IV.

ARTICLE V ARCHITECTURAL STANDARDS

All property which is now or may hereafter be subject to this Declaration is subject to architectural and environmental review. This review shall be in accordance with this Article and such other standards as may be promulgated by this Declaration and by the Architectural Standards Committee created hereby.

Section 1. Architectural Standards Committee. The Architectural Standards Committee (ASC) shall have exclusive jurisdiction over all new construction, modification to existing improvements as defined herein on any portion of the properties, and the removal of trees and shrubs. The ASC shall promulgate architectural and environmental standards and applicable procedures. It shall make both available to owners, builders, and developers who seek to engage in development of or construction or alterations upon any lot and shall conduct its operations in accordance therewith. Architects, designers and builders of dwellings in the subdivision shall be subject to approval by the ASC prior to construction of a dwelling. Such approval

shall be based upon reasonable criteria established by the ASC as part of the architectural standards for the subdivision. The Declarant shall appoint the members of the ASC which shall consist of no less than three (3) members, none of whom shall be required to be lot owners, all of whom shall serve at the pleasure of Declarant or subject to such procedures as Declarant may establish.

Section 2. Improvements Covered. Jurisdiction of the ASC is intended to cover all improvements proposed for construction or modification on the common properties, the individual lots, and to the extent such improvements are to be made by lot owners, to the shore line and waters of any adjoining lakes and to the boundary line between any lot and the golf course to be built by Developer. Without limiting the generality of the foregoing, but by way of illustration, these provisions shall apply to residences, outbuildings of any sort, mail boxes, fences and walls, and landscaping.

Section 3. Procedures. The ASC may promulgate detailed standards and procedures governing their areas of responsibility and practice. Subject to the provisions of Section 3 hereof, the ASC shall adopt and uniformly apply standards and procedures, but such standards and procedures may be altered, modified or updated from time to time as the ASC may determine to be in the best interests of the subdivision as a whole and consistent with the larger objectives of design compatibility and sound site planning. In the event the ASC fails to approve or to disapprove plans submitted to it pursuant to the standards and procedures promulgated by the ASC or to request additional information reasonably required within thirty (30) days after submission, the plans shall be deemed approved.

ARTICLE VI USE RESTRICTIONS

Section 1. Residential Use. Unless otherwise designated by Developer on a recorded plat, each lot shall be used only for single family detached residential purposes.

Section 2. Subdividing Lots. No lot shall be subdivided, or its boundary lines changed, except with the express written consent of Declarant first had and obtained. However, Developer hereby reserves to itself, its successors and assigns, the right to replat any lot shown on any recorded plat prior to delivery of a deed therefore to a property owner to create a modified lot or lots. The Covenants and Restrictions herein shall apply to each lot so created thereby.

Section 3. Animals and Pets. No stable, poultry house or yard, rabbit hutch or similar structure shall be constructed or allowed to remain on any lot, nor shall livestock of any nature or classification whatsoever be kept or maintained on any lot. However, household pets shall be permitted, provided they are not raised for commercial purposes. Structures for the care, housing or confinement of any pets, including the location of any such structure on any lot, shall be approved by the ASC.

Section 4. Motor Vehicles, Trailers, Boats, Etc. Mobile homes, truck campers, trailers of any kind and boats or motor vehicles shall not be parked upon any portion of the common property. Mobile homes, truck campers, trailers of any kind and boats shall not be parked or stored on individual lots except in such manner that they are totally shielded from vision from the street, adjoining lots, lakes, or the golf course.

Section 5. Waste Material Containers. No rubbish, trash, garbage or other waste materials shall be kept or permitted upon the common properties except in sanitary containers which may be located by Declarant in appropriate areas. Containers for garbage or other refuse on individual lots shall be underground or in a screened sanitary enclosure as approved by ASC which must be compatible in

appearance and location to the previously constructed house. Any such screened sanitary enclosure must exceed in height by at least one (1) foot any garbage containers placed or to be placed therein. Incinerators for garbage, trash or other refuse shall not be used.

Section 6. Prohibited Activities. Noxious, noisy or offensive activities shall not be conducted on the common property or in any facility located thereon or on individual lots. Each lot owner, his family visitors, guests, servants and agents shall refrain from any act or use of the common properties, the facilities, or individual lots which could reasonably cause embarrassment, discomfort, annoyance or nuisance to others, or which could result in the cancellation of insurance on any portion of the common property, or which would be in violation of any law or governmental code or regulation. No lot shall be used for a business purpose.

Section 7. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any portion of the common properties or on any lot in a location visible from a street or an adjoining lot, the lakes, or the golf course of Developer.

Section 8. Ongoing Maintenance. All lots, together with the exterior of all improvements located thereon shall be maintained in a neat and attractive condition by their respective property owners. Such maintenance shall include, but shall not be limited to, painting, repairing, replacing and caring for roofs, gutters, downspouts, building surfaces, trees, shrubs, grass, walks and other exterior improvements. Upon the failure or refusal of any lot owner to maintain his lot and the exterior of all improvements located thereon in a neat and sound condition, Declarant may, after fourteen (14) days' notice to such owner, enter upon such lot and perform such exterior maintenance as Declarant, in the exercise of its sole discretion, may deem necessary or advisable. Such lot owner shall be personally liable to Declarant for the direct and indirect cost of such maintenance, and the liability for such cost shall be a permanent charge and lien upon such lot enforceable by Declarant by any appropriate proceeding in law or in equity. Although notice given as herein provided shall be sufficient to give Declarant the right to enter upon such lot and perform such maintenance, entry for such purposes shall be only between the hours of 7:00 A.M. and 6:00 P.M. on any day except Sunday.

Section 9. Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the common property and lots shall be observed. In the event of any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

Section 10. Construction and Sale. Notwithstanding any provisions contained in the Declaration to the contrary, it shall be expressly permissible for Developer and any builder (if other than Developer) to maintain and carry on, during the period of development, construction and sale, upon such portion of the properties as Developer may deem necessary, such facilities and activities as in the sole opinion of the Developer may be required, convenient, or incidental to such development, construction, and sale, including, but without limitation, business offices, signs, model residences, and sales offices. The right to maintain and carry on such facilities and activities shall include specifically the right to use residences owned by Developer or such builder as model residences and sales offices.

Section 11. Signs. No signs of any kind or any billboards or high and unsightly structures shall be erected or displayed to public view on any lot, except that after obtaining written permission of Declarant,

its successors or assigns, one sign of not more than two (2) square feet may be used to advertise the property for sale and, subject to such written permission, appropriate signs may be used by a builder to advertise property during construction and sales. The Declarant shall be authorized to withhold its approval or consent until information as to the size, style, and color of any proposed sign permitted hereunder is furnished. The provisions of this Section shall not be applicable to Developer.

Section 12. Temporary Structures. Neither a temporary nor permanent residence shall be established on any lot in a trailer, mobile home, basement, tent, shack, garage, barn or any other out building. No residence of a temporary character shall be permitted under any circumstances.

Section 13. Size of Dwellings. One story dwellings erected on any lot shall have not less than two thousand, (2,000) square feet of floor space on the main floor with a ceiling height of not less than eight (8) feet in all enclosed, heated, habitable areas. The floor space requirements shall be exclusive of any space in garages and finished basements. Each dwelling shall have a double, enclosed garage. This space requirement may be modified as follows: In two story buildings having not less than two thousand one hundred (2,100) square feet of floor space in habitable areas, the main floor requirement may be reduced to one thousand, one hundred (1,100) square feet of area exclusive of garages, finished basements, and other uninhabitable areas. No dwelling shall be over two stories, excluding basement, without special approval by the ASC. In the Brighton section of Royal Lakes, the minimum square footage for a one story dwelling shall be one thousand, eight hundred (1,800) square feet.

Section 14. Approved Builders List. Only contractors on a list approved by Declarant will be permitted to handle construction on property subject to this Declaration.

Section 15. Building Location. All buildings erected on lots covered by this Declaration shall conform to the minimum set back line as shown on a recorded plat of said property, and in no event shall any building be erected closer than eight-five (85) feet to the front lot line or closer to a side lot line than fifteen (15) feet or closer to the rear lot line than forty (40) feet; provided, however the set back from any lot line adjoining a lake or the golf course shall be fifty (50) feet. Developer reserves the right to impose additional restrictions by deed.

An owner who contends that his lot cannot be developed in accordance with the set back requirements relating to the lot lines without substantial economic hardship to the owner may petition the Architectural Standards Committee (ASC) for a variance from a set back. The petitioning owner must identify the specific hardship created and the extent of the variance requested. The actions of the ASC shall be in accordance with standards and procedures set by it, and its decision shall be based on the larger objectives of sound site planning and design compatibility of the subdivision as a whole if the variance were granted. The decision of the ASC shall be final and subject to no further appeal. Any variance granted by the ASC shall be subject to any applicable governmental zoning restrictions.

Section 16. Building Completion. Once construction or modification plans have been approved by the ASC and groundbreaking has taken place, the project shall be diligently pursued to completion, and no dwelling shall be occupied until completed as per plans and specifications approved by the ASC.

ARTICLE VII EASEMENTS

Section 1. Utility Easements. Declarant hereby reserves for itself, its successors or assigns, perpetual, nonexclusive easements upon, across, over, and under all of the properties for ingress, egress, installation, replacing, repairing, and maintaining master television antennae systems, security, and similar systems, and all utilities, including, but not limited to water, storm sewers, telephones, gas, and electricity, which easements may be assigned by Declarant by written instrument.

Such easements shall be used in a reasonable manner and at reasonable times in order to minimize the effect upon the use and enjoyment of privately owned property. Such easements, unless otherwise shown on the subdivision plats, shall be located within the side and rear lot line set back areas. These reserved easements may be assigned by Declarant by a written instrument. The exercise of these easements for the construction and installation of any given utility shall not bar the further exercise of these easements for the construction and installation of other utilities. Utility easements are similarly reserved within the rights of way of all public and private streets established by dedication or by recorded plats within the property. The execution of formal easements for such utility purposes, as and when such utility easements shall be deemed by Declarant to be appropriate, shall be entirely at the discretion of Declarant, and Declarant hereby retains the right to execute any such easement agreements without the joint execution of the consent of the owner of any parcel or lot affected thereby. For such purposes, the use of all or any part of such easements and rights of way may be granted or assigned at any time hereafter by Declarant to any person, firm, governmental unit or agency or corporation furnishing any such services. Drainage flow shall not be obstructed nor be diverted from drainage swales, storm sewers, and/or utility easements as designated herein, or as may hereafter appear on any plat of record in which reference is made to these Covenants.

Section 2. Easement for Association. There is hereby reserved a general right and easement for the benefit of the property owners association, its trustees, officers, agents, and employees, including, but not limited to, any manager employed by the association and any employee of such manager, to enter upon any lot, or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with permission of the owner of the lot, directly affected thereby.

Section 3. Sales and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Developer and its successors and assigns the alienable and transferable right and easement in and to the property for the construction and maintenance of signs, sales offices, construction offices, business offices, and model dwellings, together with such other facilities as in the sole opinion of Developer may be reasonably required, convenient, or incidental to the completion, improvement, and/or sale of units, for so long as Developer owns any unit primarily for the purpose of sale or has the unexpired option to add the additional property or any portion thereof to this Declaration.

Section 4. Maintenance Easement. There is hereby reserved for the benefit of Developer, the property owners association, and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement to enter upon any lot for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds, stumps, or other unsightly growth and removing trash, so as to maintain reasonable standards of health, fire safety, and appearance within the subdivision, provided that such easements shall not impose any duty or obligation upon Developer or the association to perform any such actions.

Section 5. Environmental Easement. There is hereby reserved for the benefit of Developer, the association and their respective agents, employees, successors, and assigns, an alienable, transferable, and perpetual right and easement on, over, under and across all lots for the purpose of taking any action necessary to effect compliance with environmental rules, regulations, and procedures from time to time promulgated or instituted by the Board of Directors of the association or by any governmental entity, such easement to include, without limitation, the right to implement erosion control procedures and practices, the right to drain standing water, and the right to dispense pesticides.

Section 6. Easements for Country Club Property. There is hereby reserved for the benefit of Developer (as owner of the adjacent golf course and country club), its successors, assigns, and successors-in-title with respect to the property containing the golf course and country club, the following transferable, alienable, and perpetual rights and easements;

(a) **Utility Easements.** The right and easement for the installation, maintenance, repair, replacement, and use within those portions of lots, encumbered pursuant to Section 1 hereof of security systems and utility facilities and distribution lines, including, without limitation, drainage systems, storm sewers, and electrical, gas, telephone, water, sewer and master television antennae and/or cable system lines, and the right and easement for the drainage and discharge of surface water onto and across the property, provided that such drainage and discharge shall not materially damage or affect the property or any improvements from time to time located thereon, such rights to be limited and restricted as set forth in Section 1 hereof,

(b) **Pedestrian and Golf Cart Paths.** The right and perpetual easement on, over, under and across such portions of the lots within twenty-five (25) feet of any rear boundary line of any lot or of any boundary line of any lot adjoining Sloan Mill Road, for all members, guests and other authorized users of the golf course located on adjacent property for the use of pedestrian and golf cart paths located on such portions of the subdivision and serving the golf course.

(c) **Construction, Maintenance, and Repair.** The right and perpetual easement on, over, through, under and across such portions of the lots as are described in Section 6(b) above for the purpose of constructing such improvements on adjacent golf course property as Developer, its successors and assigns shall desire from time to time and for maintaining, repairing, and replacing such improvements, provided that the only such improvements to be constructed on such portions of the lot shall be pedestrian and golf cart paths and related directional signage, and provided further Developer, its successors and assigns shall not use such easement so as to unreasonably interrupt or interfere with any owner's use of his lot, and shall promptly repair and restore any damage to such portions of the lots caused by the use of the right and easement granted herein. In addition, there is hereby reserved for the benefit of Developer, its agents, employees, successors and assigns, the right and perpetual easement to enter upon any unimproved portions of lots, which portions are located within twenty-five (25) feet from the water's edge of any lake, pond, or other body of water located on the adjacent golf course property, for the purpose of mowing such area and keeping the same free and clear from unsightly growth and trash, as well as for the purpose of maintaining such bodies of water, such maintenance to include, without limitations, dredging and the maintenance of reasonable water quality standards. In addition, there is hereby reserved for the benefit of Developer, its agents, employees, successors and assigns, a perpetual, water flowage easement over any unimproved portions of lots located adjacent to any lake or body of water located on the adjacent golf course property, over the area within ten (10) feet of the boundary lines of such lots adjacent to any such lakes or body of water. In addition, the owners of such lots adjacent to any such lake shall have no riparian rights nor any right and easement for recreational or other use of any such lake, any such rights being hereby reserved to Developer, its successors and assigns.

(d) **Golf Course Maintenance.** The non-exclusive right and perpetual easement over and across the portions of each lot which are adjacent to the fairways and greens of the golf course. This reserved right and easement shall permit, but shall not obligate, Developer and its agents, employees, successors, and assigns with respect to the adjacent golf course property, to go upon any such portions of such lots, to maintain or landscape the area encumbered by such easement. Such maintenance and landscaping shall include planting of grass, watering, application of fertilizer, mowing and the removal of underbrush, stumps, trash or debris, and trees of less than two (2) inches in diameter. The area encumbered by this easement shall be limited to the portion of such lots within

twenty-five (25) feet of those boundary lines of such lots which are adjacent to such fairways or water abutting the golf course.

(e) Entry by Golfers. Each lot which is adjacent to a golf course fairway or green shall be subject to the right and perpetual easement on the part of registered golf course players and their caddies to enter upon the unimproved portion of any such lot which is within twenty-five (25) feet of any such golf course, to remove a ball, subject to the official rules of the golf course, with such entering not being a trespass. Golf course players or their caddies shall not be entitled to enter on any such lots with a golf cart or other vehicle, nor to spend an unreasonable amount of time on any such lot, or in any way commit a nuisance while on any such portion of the subdivision.

(f) Landscaping Plan Approval. In addition to the provisions of Article VII hereof, the landscaping plan for any lots adjacent to the golf course shall for that portion of such lot which is within twenty-five (25) feet of such golf course, be in general conformity with the overall landscaping plan of such golf course, and shall be subject to Developer's prior right of approval, which approval shall not be unreasonably withheld. To promote a suitable and attractive open space atmosphere, no fence, wall, shrubbery, building, or other structure will be permitted within said twenty-five (25) foot portion of those lots which are adjacent to the fairways or greens of such golf course, without the prior written approval of the Architectural Standards Committee (ASC) and the Developer. There is hereby reserved over and across said twenty-five (25) foot portion of said lots the right and perpetual easement of light, air, and view for the benefit of the adjacent golf course.

Section 7. Natural Buffer Areas. There is hereby reserved for the benefit of Developer, the property owners association, and their respective agents, employees, successors, and assigns, a perpetual right and exclusive easement on, over, and across a strip of each lot which adjoins Sloan Mill Road, twenty-five (25) feet in width, along the lot line adjoining Sloan Mill Road, for the maintenance of a natural landscaped area along such road. This reserved right and easement shall permit, but shall not obligate, Developer, the association, and their respective agents and assigns to maintain or landscape the area encumbered by such easement. Such maintenance and landscaping shall include planting of grass, trees, and shrubs, watering, applying fertilizer, mowing, and removing underbrush, stumps, trash or debris, and trees of less than two (2) inches in diameter. No fence, wall, shrubbery, plants, driveway, building, or other improvement shall be placed by lot owners within said twenty-five (25) foot portion of those lots adjacent to such road, without the prior written approval of the ASC and the Developer.

Section 8. Others. There is hereby reserved, without further assent or permit, a general easement to Declarant, its agents and employees, and to all policemen, firemen, ambulance personnel and all similar persons to enter upon the property or any portion thereof which is now or hereafter made subject to this Declaration in proper performance of their respective duties.

ARTICLE VIII SALE OF LOTS

Section 1. Right of First Refusal. Each owner of a lot, prior to completion of a residence thereon, shall not sell or grant options with respect to or otherwise dispose of such lot unless such lot owner shall (i) have received a bona fide arm's length offer from an unaffiliated party for such sale or disposition, (ii) have notified Developer in writing of the identity and address of the offeror and all of the provisions of such offer, and (iii) afford to Developer the prior option to purchase or to otherwise acquire the lot on the same terms as those contained in the offer. Such option shall be exercisable by written notice given within the fifteen (15) days next following the receipt by the Developer of owner's notice of such offer, which shall be given by the owner within ten (10) days after receipt of such offer if owner desires to sell the lot. If the Developer shall fail to exercise its option and if the owner shall not thereafter sell or dispose of the lot

pursuant to the provisions of such offer the foregoing prohibition against sale or other disposition by the owner shall continue in full force and effect, and the Developer's foregoing option shall thereafter apply to any subsequent offer on the same terms as set forth above. The notice from the Developer provided above shall set forth therein the time of closing and a place of closing (which may not be more than twenty-five (25) miles from the lot unless the Owner consents thereto). The time of closing shall be designated in the notice of exercise but not later than sixty (60) days after the giving of such notice. At such closing conference (i) the Developer shall pay to owner (by good certified check or an official check of a bank or trust company) the applicable purchase price; (ii) the owner shall convey good and marketable title to the lot to the Developer free and clear of all encumbrances and title defects other than those which existed at the time of sale by Developer to owner; and (iii) the owner and Developer shall execute any and all documents which may be necessary to effectuate such closing and the transfer of title contemplated hereunder.

The Developer is selling lots to individual owners for the purpose of construction by such owners of personal residences on such lots for such owners' personal occupancy. An owner may resell his lot to an individual owner for the same purpose. Except with the prior written consent of the Developer, an owner shall not resell his lot to a builder or any other person if such purchaser intends to or in fact uses such lot for the purpose of construction of a dwelling on a speculative basis for resale to the public. Except with the prior written consent of the Developer, an owner shall not construct a dwelling on his lot on a speculative basis for resale to the public and without any intention of personally occupying such dwelling. Granting of the consent referred to hereunder shall be conditioned upon the requirement that the person who wishes to build a dwelling on a speculative basis shall comply with all of the requirements of the Developer's "Builder Program." In the event an owner breaches the covenants of this Article, the Developer shall have the right to re-enter and take possession of the owner's lot upon tendering and paying to the present owner of the lot, or into the registry of the Superior Court of Hall County pursuant to any action filed in the same, an amount equal to the original purchase price as adjusted for the percentage increase in the Consumer Price Index for "All Items Shown" under "U.S. City Average for Urban Wage Earners and Clerical Works" from the date of sale of the lot by the Developer to the original owner to the month immediately prior to the month of re-entry by the Developer. In that event, title to said property shall revert in the Developer.

Section 2. Sale by Mortgagee. Should any lot now or hereafter made subject to this Declaration become subject to a mortgage as security in good faith or for value, the holder thereof, on becoming the owner of such interest through whatever means, or the seller at any sale under power of sale therein contained, shall have the unqualified right to sell or otherwise dispose of said interest and the fee ownership of said lot without offer to Declarant; provided, however, the seller shall otherwise sell and purchaser shall take subject to the Covenants and Restrictions of this Declaration.

ARTICLE IX OTHER PROPERTY

Section 1. Supplementary Declarations. Without further assent or permit, Declarant, for itself, its successors and assigns, hereby reserves the right, exercisable from time to time, to extend the scheme of this Declaration to other real property by filing for record of supplemental declaration with respect to the property to be then subjected to this Declaration; provided, however, that the property to which this Declaration shall be extended shall be limited to that property described on Exhibit "B" attached hereto.

ARTICLE X GENERAL PROVISIONS

Section 1. Term. These covenants shall run with the land and be binding on all parties owning a lot in said subdivision, as well as all parties claiming under them, subject to the exceptions stated herein, for a period of twenty (20) years. At the expiration of said term, these covenants shall automatically be extended for successive periods of ten (10) years unless terminated by an instrument in writing by a majority of the then owners of units in the Royal Lakes development.

Section 2. Amendment. The Covenants and Restrictions of this Declaration may be amended at any time and from time to time during the first twenty (20) year period, and at any time and from time to time during the period of any extension and renewal thereof, by an agreement agreed to and signed (a) by Developer, if it is the owner of any lots then subject thereto, (b) by owners (including Developer) of at least two-thirds (2/3) of the lots then subject thereto, and (c) by the then owner of the common properties subject to this Declaration. Any such amendment shall not become effective until the instrument evidencing such change has been filed for records in the Office of the Clerk of the Superior Court of Hall County, Georgia. Every purchaser or grantee of any interest in any property now or hereafter made subject to this Declaration, by acceptance of a deed or other conveyance thereof, thereby agrees that the Covenants and Restrictions of this Declaration may be amended as provided in this Section.

This Declaration may be amended unilaterally at any time and from time to time by Declarant (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the lots subject to this Declaration, (iii) if such amendment is required by an institutional or governmental lender or purchases of mortgage loans, including for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the lots subject to this Declaration, or (iv) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the lots subject to this Declaration, provided any such amendment shall not adversely affect the title to any owner's lot or materially alter or change any lot owner's right to the use and enjoyment of the common property as set forth herein unless such lot owner shall consent thereto in writing.

The Developer may unilaterally amend this Declaration without the consent or approval of the association, builders or other owners for a period of eighteen (18) months from the date of recording of this Declaration so long as such Developer amendment does not materially alter the obligations of Developer, any builder, owner or the association hereunder, or increase the assessment liability of the owners provided for in this Declaration.

Section 3. Variances and Waiver of Restrictions. So long as permitted by Georgia law and so long as Developer owns any lot or interest in property subjected to this Declaration, Developer may waive or otherwise allow and authorize variances from the terms and restrictions hereof.

Section 4. Enforcement. Enforcement of the Covenants and Restrictions contained herein and of any other provision hereof shall be by any appropriate proceeding at law or in equity brought by Declarant or by any lot owner against any person or persons violating or attempting to violate said Covenants, Restrictions or other provisions either to restrain violations, to enforce personal liability, or to recover damages, or by any appropriate proceeding at law or in equity against the land to enforce any charge or lien arising by virtue thereof. Any failure by Declarant or any property owner to enforce any of said Covenants and Restrictions or other provision shall in no event be deemed a waiver of the right to do so thereafter.

In addition to all other rights for specific enforcement or for damages, violation of these covenants may subject the violator to a fine of fifty (\$50) dollars per day for each day during which such violation continues. Such fine may be assessed against the violator, in the discretion of Declarant, in the same manner

and subject to the same rights of enforcement as the lien for assessments created by Article IV of this Declaration.

In any successful action seeking enforcement of these covenants, the party seeking enforcement of the covenants shall be entitled to reasonable attorney fees from the party violating the covenants.

Section 5. Delegation and Assignability. Declarant shall at all times and from time to time have the right to delegate any and all functions herein reserved to Declarant. Further, notwithstanding any other provision contained herein to the contrary, Declarant shall have the right at all times and from time to time to fully transfer, convey and assign all or any part of its right, title and interest under this Declaration, provided, however, that any such transferee, grantee or assignee shall take such right subject to all obligations of Declarant also herein contained in respect thereto and such transferee, grantee or assignee shall be deemed to have assumed the same.

Section 6. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any provision of this Declaration or the application thereof to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

Section 7. Captions. The captions of each section hereof as to the contents of each 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 sections to which they refer.

Section 8. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the use of the masculine pronouns shall include the neuter and feminine.

ARTICLE XI ASSOCIATION MEMBERSHIP

The Declarant and the owner of any lot that is subject to this Declaration shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a lot.

ARTICLE XII CERTAIN RECREATIONAL FACILITIES WHICH ARE NOT COMMON PROPERTY

Section 1. General. Certain recreational facilities, including a golf course, club house, swimming pool, tennis courts, and lakes, may be constructed by Developer in the vicinity of the subdivision (hereinafter referred to as "club facilities"). The club facilities shall not constitute Common Property. The lot owners shall have no ownership interest, proprietary interest, beneficial interest, or other vested interest of any kind in the club facilities and shall have no right to enter or to use the club facilities by virtue of being a lot owner or a member of the Association. Only those lot owners who have paid the membership fee established by the owner of the club facilities shall be entitled to use the club facilities.

Section 2. Operation of Club Facilities. No representations or warranties have been or are made by the Developer or any other person regarding the continuing ownership, operation, or existence of the club facilities, if any, and no purported representation or warranty in such regard shall ever be effective without an amendment hereto executed or joined in by the Developer. Further, the ownership or management and


administration of the club facilities may change at any time and from time to time by virtue of, but without limitation, (a) the sale or assumption of operations of the club facilities by/to a third party or entity, (b) the conversion of the club facilities membership structure to an "equity" club or similar arrangement whereby the members of the club facilities or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the club facilities, or (c) the conveyance, pursuant to contract, option, or otherwise, of the club facilities to one or more affiliates, shareholders, employees, or independent contractors of Developer. No consent of the Association or any lot owner shall be required to effectuate a transfer to a third party and none of the foregoing shall have any right of first refusal regarding such transfer.

Section 3. Assessments and Architectural Control. So long as the club facilities are not submitted to this Declaration the club facilities shall not be assessed pursuant hereto nor shall they be subject to any other restriction contained herein, including, without limitation, architectural controls.

Section 4. Amendments to this Article. This Article may be amended from time to time by Developer without the necessity of obtaining the consent of any other person for the purpose of designating the precise "club facilities" described in this Article.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 13th day of January, 1989.

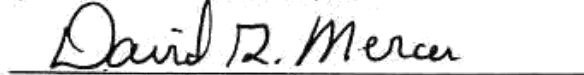
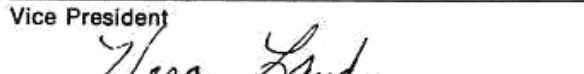
Signed, sealed and delivered
this 13th day of January, 1989.


Sandra K. Jones
Notary Public (Affix Seal)

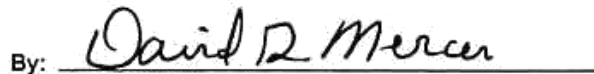
My Commission Expires: 7-23-91

ROYAL LAKES ASSOCIATES,
A Georgia limited partnership

By: W.L. NORTON AGENCY, INC.


Vice President

Secretary

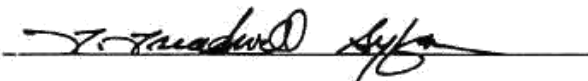
(CORPORATE SEAL)

By: 
David G. Mercer

"DECLARANT'S COPY"

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 13th day of January, 1989.

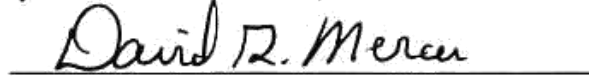

Signed, sealed and delivered
this 13th day of January, 1989.


Sandra K. Jones
Notary Public (Affix Seal)


My Commission Expires: 7-23-91

ROYAL LAKES ASSOCIATES,
A Georgia limited partnership

By: W.L. NORTON AGENCY, INC.


Vice President

Secretary

(CORPORATE SEAL)

By: 
David G. Mercer

"CUSTOMER'S COPY"

EXHIBIT "C"

Pursuant to the provisions of that certain Declaration of Covenants, Conditions, Restrictions and Easements for Royal Lakes Subdivision, recorded in Deed Book ____ , page _____ , Hall County, Georgia Records, the Royal Lakes Property Owners Association, Inc. claims a lien against the following described property of _____ , to wit:

This claim of lien is for unpaid and delinquent assessments in the amount of \$_____ , which under and pursuant to the provisions of said Declaration, are past due as of the date hereof, together with interest thereon, late charges and costs of collection, including attorney's fees, as provided in said Declaration, reference being made to Article IV, Section 2 thereof.

This _____ day of _____ , 19 _____

**ROYAL LAKES PROPERTY
OWNERS ASSOCIATION,
INC.**

BY: _____

Sworn to and subscribed before me this _____
day of _____ , 19_____

Witness

Notary Public (Affix Seal)

My Commission Expires: _____