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**FIRST AMENDED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

FOR

KENTMERE TOWNHOMES

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"B"	Land Subject to Annexation	3
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**FIRST AMENDED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
KENTMERE TOWNHOMES**

THIS FIRST AMENDED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR KENTMERE TOWNHOMES ("Declaration") is made by Bowen Builders Group, Inc., a Georgia corporation (the "Declarant").

THIS FIRST AMENDMENT SHALL SUPERSEDE AND REPLACE, IN ITS ENTIRETY, THAT CERTAIN DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KENTMERE TOWNHOMES, RECORDED ON SEPTEMBER 14, 2001, IN DEED BOOK 2040, PAGE 386, FORSYTH COUNTY, GEORGIA RECORDS.

PART ONE: INTRODUCTION TO THE COMMUNITY

The Declarant intends to develop the real property described in Exhibit "A" as a community of single family townhomes and related amenities. The Declarant recognizes that one of the keys to a successful community is a mechanism for the long-term maintenance of the property intended for the common use of owners and the administration of covenants controlling maintenance, aesthetic appearance, and use of the property.

Article I Creation of the Community

By recording this Declaration in the Public Records of Forsyth County, Georgia, the Declarant and the Initial Owner intend to establish a general plan of development for, and to provide for the overall governance, administration, maintenance and preservation of, the community known as Kentmere Townhomes (the "Community"). This Declaration sets forth various rights and duties which will be binding on and are intended to benefit each Unit and each present and future property owner in the Community. The provisions of this Declaration work together to establish a governance structure and a flexible system of standards and procedures for the development, expansion, administration, maintenance, and preservation of the Community.

The Declarant has established Kentmere Property Owners Association, Inc., a Georgia nonprofit corporation (the "Association"), to own and operate those areas of the Community which are intended for the common use and benefit of all owners, to maintain such Common Areas and certain other portions of the Community, and to administer and enforce the provisions of this Declaration and the other documents referenced in this Declaration. Each owner of property in the Community will be a member of the Association and, through such membership, will have the opportunity to participate in the governance and administration of the Community.

This document does not, and is not intended to, create a condominium under Georgia law.

Article II Concepts and Definitions

The terms used in this Declaration and the attached exhibits are intended to have their normal, commonly understood definitions, unless otherwise specified. In order to minimize repetition, avoid confusion, and explain key concepts, some terms are capitalized to indicate that they have special definitions. Whenever used in their capitalized form, those terms have the following meanings:

"Architectural Guidelines": The guidelines, standards, and procedures adopted pursuant to Article IV which relate to construction, installation, placement, and modification of structures, improvements, landscaping, and other items on Units.

"Architectural Review Committee" or "ARC": The committee formed pursuant to the terms of Section 4.2 that shall have authority over review and action on applications for architectural approval after Declarant's right to do so has ceased.

"Area of Common Responsibility": Those areas within or abutting the Community that the Association is authorized or responsible for maintaining as a Common Expense, including:

(a) the Common Area, except those Limited Common Areas for which responsibility is assigned to the Owners pursuant to Section 3.1;

(b) all landscaping, entry features, and signage within or adjacent to public rights-of-way, to the extent that such public rights-of-way run through or adjacent to the Community; and

(c) such other areas, if any, for which the Association is assigned or assumes responsibility pursuant to this Declaration, any Supplemental Declaration, or any agreement with the owner of the property.

"Articles of Incorporation" or "Articles": The Articles of Incorporation of Kentmere Property Owners Association, Inc., as filed with the Secretary of State of the State of Georgia.

"Assessment": An amount of money which the Owner of a Unit is obligated to pay to the Association and which, until paid, constitutes a lien on the title to the Unit which may be foreclosed in the same manner as a Mortgage under Georgia law.

"Association": Kentmere Property Owners Association, Inc., a Georgia nonprofit corporation, its successors or assigns.

"Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the By-Laws and serving the same role as the board of directors under Georgia corporate law.

"By-Laws": The By-Laws of Kentmere Property Owners Association, Inc., attached as Exhibit "D," as they may be amended.

"Common Area": All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including any landscaping, walkways, parking areas, and other structures on and improvements to such real property. The term shall include the Limited Common Area, as defined below.

"Common Expenses": The expenses which the Association incurs, or expects to incur, in exercising its authority and performing its responsibilities under the Governing Documents and Georgia law, and reasonable contributions to reserve funds, as the Board may find necessary and appropriate.

"Community": The real property described in Exhibit "A," along with such additional property as is submitted to the terms of this Declaration in accordance with Article XII.

"Community-Wide Standard": The standard of conduct, maintenance, and appearance generally prevailing throughout the Community, or the minimum standards which the Declarant, the Board, or the Architectural Review Committee may establish for the Community as set forth in the Restrictions and Rules, the Architectural Guidelines, or by resolution or example, whichever is a higher standard. Such standard may contain both objective and subjective elements.

"Declarant": Bowen Builders Group, Inc., a Georgia corporation, or any successor, successor-in-title, or assign who takes title to any portion of the property in the Community for the purpose of development and/or resale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant. There shall be only one Declarant at any time.

"Developer Control Period": The period of time during which the Declarant, by virtue of its Class "B" membership, is entitled to appoint a majority of the members of the Board of Directors pursuant to the By-Laws.

"General Assessment": Assessments to fund Common Expenses for the general benefit of all Units, as described in Section 8.2(a).

"Governing Documents": The Articles of Incorporation, the By-Laws, this Declaration, any Supplemental Declaration, the Architectural Guidelines, and the Restrictions and Rules, or any of the above, as each may be amended from time to time.

"Initial Owner": collectively, Bowen Builders Group, Inc., Landstar Corp., the record owners of all or a portion of the real property described on Exhibits "A" and "B" at the time this Declaration is recorded in the Public Records.

"Limited Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Units, as more particularly described in Article XV.

GOVERNING DOCUMENTS

<p>Articles of Incorporation —————→ (filed with Secretary of State)</p>	<p>Establishes the Association as a nonprofit corporation</p>
<p>By-Laws —————→ (adopted by the Board of Directors)</p>	<p>Administrative rules governing the Association's internal affairs, such as voting rights, elections, meetings, officers, etc.</p>
<p>Declaration —————→ (recorded in Public Records)</p>	<p>Creates obligations which are binding upon the Association and all present and future owners of property in the Community</p>
<p>Supplemental Declaration —————→ (recorded in Public Records)</p>	<p>adds property to the Community and may create additional obligations or restrictions on such property</p>
<p>Architectural Guidelines —————→ (adopted by Declarant)</p>	<p>Establishes architectural standards and guidelines for improvements and modifications to Units, including structures, landscaping, and other items on Units</p>
<p>Restrictions and Rules —————→ (initial set attached as Exhibit "C")</p>	<p>Specific provisions governing use of property, activities, and conduct within the Community</p>

"Member": A Person holding a membership in the Association pursuant to Section 6.1.

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. A **"Mortgagee"** is the beneficiary or holder of a Mortgage.

"Owner": One or more Persons who hold the record title to any Unit, other than a Mortgagee or other Person holding title merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

"Permitted Units": The maximum number of Units which may be developed within the property described in Exhibits "A" and "B" under applicable zoning.

"Person": A human being, a corporation, a partnership, a trust, or any other entity recognized by law.

"Public Records": The Office of the Clerk of the Superior Court or such other place as may be designated as the official location for recording of deeds and similar documents affecting title to real estate in Forsyth County, Georgia.

"Restrictions and Rules": The restrictions and rules relating to uses, activities, and conduct within the Community set forth on Exhibit "C," as they may be modified, expanded, and repealed pursuant to the procedures described in Article V.

"Special Assessment": Assessments to cover unanticipated Common Expenses or Common Expenses in excess of those budgeted, as described in Section 8.2(b).

"Specific Assessment": An Assessment against a particular Unit or Units for expenses that the Association incurs or expects to incur for any purpose described in Section 8.2(c).

"Supplemental Declaration": An instrument filed in the Public Records pursuant to Article XII which expands the Community by submitting additional property to this Declaration, imposes additional restrictions and obligations on the land described in such instrument, or both.

"Unit": Each numbered parcel shown on the recorded subdivision plat of any portion of the Community, together with the structures and improvements, if any, constructed on each such parcel, it being the intent that a Unit shall consist of a dwelling and the land within the footprint of such dwelling, exclusive of any porch or patio. The term shall not include Common Areas or property dedicated to the public.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for maintenance, architecture, use, and conduct within the Community are what distinguish Kentmere Townhomes from other residential developments and make it a place that people want to call "home." Yet those standards should be more than just a long list of prohibitions. This Declaration establishes guidelines and procedures to establish and maintain community standards and to allow such standards to evolve as technology, public perception, and applicable law change.

Article III Maintenance and Repair of Units

3.1. Maintenance of Units.

Except to the extent that the Association agrees to assume certain maintenance responsibility with respect to Units, each Owner shall be responsible for maintenance, repair, and replacement of all portions of his or her Unit, and the porch or patio assigned as Limited Common Area of the Unit pursuant to Article XV, and shall keep it in good order and repair, and in a neat, clean, and attractive condition consistent with the Community-Wide Standard. Such maintenance responsibility shall include, but shall not necessarily be limited to:

(i) maintenance, repair, and replacement, as necessary, of the exterior surfaces of the Unit, including the roof, windows and window frames, doors and door frames, and any shutters, eaves, fascia, gutters, and downspouts on the exterior of the Unit (subject to the architectural approval requirements set forth in Article IV);

(ii) maintenance, repair, and replacement, as necessary, of all pipes, lines, wires, conduits, or other apparatus which serve only the Unit, whether located within or outside the Unit boundaries (including all utility lines serving only the Unit); and

(iii) maintenance, repair, and replacement, if necessary, of the foundation and structure of the dwelling on the Unit and any porch or patio attached thereto.

Owners shall not permit any structures, equipment, or other items on the exterior portions of a Unit to become rusty, dilapidated, or otherwise fall into disrepair.

3.2. Insurance on Units; Damage to Units.

(a) Required Coverage. To the extent not insured by the Association as provided below, each Owner shall obtain and maintain in effect at all times: (i) property insurance for the full replacement cost, less a reasonable deductible, of all insurable improvements on his or her Unit; and (ii) insurance covering consequential damages to any other Unit or the Common Area due to occurrences originating within the Owner's Unit caused by the negligence of the Owner, the failure of the Owner to maintain the Unit, and any other casualty within such Owner's Unit which causes damage to the Units or the Common Area.

Within 10 days of any written request from the Board of Directors, each Owner shall file with the Association a certificate from the insurer evidencing the insurance coverage required hereunder and, if requested, a copy of the individual policy or policies covering his or her Unit. Such Owner shall promptly notify the Board in writing in the event such policy is canceled.

Upon resolution of the Board and at least 60 days' prior written notice to each Owner, the Association may, but shall not be required to, obtain as a Common Expense a blanket insurance policy providing property insurance coverage for all structures on Units (exclusive of improvements made by Owners). In such event, the Owners shall be relieved of their insurance responsibility hereunder to the extent such responsibility is assumed by the Association. Following such an assumption of insurance responsibility, the Association may at any time, upon not less than 30 days' written notice to each Owner, discontinue such blanket insurance coverage and in such event each Owner shall immediately obtain in his or her own name and at his or her own expense the insurance coverage for such Owner's Unit required hereunder.

(b) Repair and Reconstruction. In the event of damage to or destruction of any structures or improvements on the Unit, the Owner shall proceed promptly to repair, reconstruct or replace the damaged structures or improvements in a manner consistent with their original condition or such other plans and specifications as are approved in accordance with Article IV. The Owner shall pay any costs which are not covered by insurance proceeds.

Article IV Architectural Standards

No person shall commence any activities within the scope of Section 4.1 ("Work") on any Unit unless and until the Owner of the Unit submits an application for approval of the proposed Work and such application is approved in writing by the Declarant or the Architectural Review Committee appointed pursuant to Section 4.2.

4.1. Applicability.

(a) No person other than the Declarant or the Association shall:

(i) construct, place, or install any structures or other improvements on a Unit or alter the exterior of any existing structures or improvements (except those devices specifically permitted without approval pursuant to the Architectural Guidelines or Exhibit "C");

(ii) plant, install, or remove any trees, shrubs, or other landscaping materials or make any encroachment onto the Common Area;

except in compliance with this Article and the Architectural Guidelines adopted pursuant to Section 4.3.

(b) This Article shall not apply to:

(i) improvements, renovations, or alterations within the interior of the Unit, provided they are not visible from outside of the structure and do not conflict with this Declaration or impair the structural integrity of any portion of the structure or adjacent Units;

(ii) repairs, maintenance, or rebuilding of existing structures in accordance with original plans and specifications;

(iii) the Declarant's activities; and

(iv) the Association's activities during the Developer Control Period.

4.2. Architectural Review.

So long as the Declarant owns any property described in Exhibit "A" or "B" to this Declaration which is or may become a part of the Community, the Declarant shall have the exclusive authority to review and act upon all applications for approval and to exercise all authority of the "Reviewer" under this Article. Thereafter, such authority shall be exercised by the Architectural Review Committee comprised of three to five persons appointed by the Board, the members of which shall serve and may be removed and replaced in the Board's discretion. (For purposes of this Article, the "Reviewer" shall refer to the Declarant or the ARC, as appropriate under the circumstances).

The Declarant may, from time to time, but shall not be obligated to, delegate all or a portion of its authority to the ARC. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) the right of Declarant to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (ii) the right of Declarant to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the authority and jurisdiction of the ARC shall be limited to such matters as Declarant specifically delegates to the ARC.

The Declarant or, upon passing of its authority to the ARC, the Board, may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. The Declarant or the ARC may retain architects, engineers, or other professionals to assist in reviewing any application and may charge the fees of any such professionals to the applicant.

4.3. Guidelines and Procedures.

(a) Architectural Guidelines. Declarant or the Board may prepare Architectural Guidelines for the Community to provide guidance in submitting applications and to establish minimum standards for certain types of modifications to Units. Copies of the Architectural Guidelines shall be made available to any Owner upon request. Any such Architectural Guidelines are intended to provide guidance regarding matters of particular concern in considering applications for architectural approval, but shall not be the exclusive basis for decisions of the Reviewer. Compliance with the Architectural Guidelines does not guarantee approval of any application.

All Work shall be conducted in strict compliance with any applicable Architectural Guidelines in effect at the time the application for such Work is approved, unless the Reviewer has granted a variance in writing pursuant to Section 4.5. So long as the Reviewer has acted in good faith, its findings and conclusions with respect to acceptability or appropriateness of proposed Work, and applicability of or compliance with the Architectural Guidelines and this Declaration, shall be final.

The Declarant shall have sole and full authority to amend the Architectural Guidelines as long as it has jurisdiction over architectural matters pursuant to Section 4.2. Thereafter, the ARC shall have the authority to amend the Architectural Guidelines. Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines; amendments may eliminate requirements previously imposed or otherwise make the Architectural Guidelines more or less restrictive.

(b) Procedures. An application for approval of any proposed Work shall be in the form required by the Reviewer and shall include plans and specifications ("Plans") in such detail as the Reviewer reasonably deems appropriate to evaluate such matters as the location, size,

materials, manner of construction or installation, and other features of the proposed Work which the Reviewer deems relevant. The Reviewer may require the submission of such additional information as it deems necessary to consider any application. The Reviewer may refuse to consider any application if the Reviewer determines, in its reasonable discretion, that the Plans are not sufficiently legible, precise, or detailed or are otherwise insufficient in any respect.

In reviewing each submission, the Reviewer may consider (but shall not be limited to consideration of) quality of workmanship and design and compliance with the general intent of the Architectural Guidelines and the general scheme of development for the Community.

Decisions of the Reviewer may be based on purely aesthetic considerations. Each Owner acknowledges that opinions on aesthetic matters are subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements and as the Reviewer and members of the ARC change over time.

The Reviewer shall, within 30 days after receipt of each complete application or other required submission, advise the applicant, in writing at an address specified in the application, of (i) the approval of Plans, or (ii) the disapproval of such Plans, specifying the features of the Plans which are objectionable and suggestions, if any, for the curing of such objections. In the event the Reviewer fails to so advise the applicant by written notice within such 30-day period, the applicant may give the Reviewer written notice of such failure to respond. If the Reviewer has still not responded within 10 days after receipt of such notice, approval shall be deemed granted. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Architectural Guidelines unless a variance has been granted in writing pursuant to Section 4.5.

Notice shall be deemed to have been given at the time the envelope containing such notice, property addressed, and postage prepaid, is deposited with the U. S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice, shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Unit, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, Declarant or the Association shall be authorized, after notice to the Owner of the Unit and an opportunity to be heard as provided for in the By-Laws, to enter upon the Unit and remove or complete any incomplete work and to assess all costs incurred against the Unit and the Owner thereof as a Specific Assessment.

All Work shall be completed within 120 days of commencement or such shorter period as the Reviewer may specify in the notice of approval, unless completion within such time is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the Reviewer.

4.4. No Waiver of Future Approvals.

Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

4.5. Variances.

The Reviewer may authorize variances from compliance with any of its guidelines and procedures when special circumstances require. However, the ARC may not authorize variances without the written consent of Declarant as long as the Declarant has any authority over architectural matters. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) preclude the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain necessary governmental approvals or permits, or to satisfy the terms or conditions of any financing, shall not be considered a hardship warranting a variance.

4.6. Limitation of Liability.

The standards and procedures established pursuant to this Article are intended only to provide a mechanism for maintaining and enhancing the overall appearance and attractiveness of the Community, and shall not create any duty or responsibility to any Person to ensure the structural integrity or soundness of approved Work, the adequacy of soils or drainage, compliance with building codes and other governmental requirements, or any other matter. Neither Declarant, the Association, the Board, the ARC, nor any member of any of the foregoing shall be held liable for any injury, damages, or loss to any Person arising out of the approval or disapproval of any proposed Work. The Association shall defend the ARC and its members and reimburse them for any loss, damages, and expenses incurred in any action arising out of their service on the ARC, to the extent provided in the Articles of Incorporation.

Article V Use and Conduct

5.1. Framework for Regulation.

Initial Restrictions and Rules governing use, conduct, and activities within the Community are set forth on Exhibit "C." This Article establishes procedures for adopting additional rules which interpret, expand, modify, or repeal the initial Restrictions and Rules set forth on Exhibit "C" in order to respond to unforeseen circumstances and changes in conditions, needs, desires, trends, and technology which inevitably will affect the Community.

5.2. Rule Making Authority and Procedures.

(a) Authority.

(i) Subject to the terms of this Article and its duty to exercise business judgment and act reasonably, the Board may adopt rules applicable to the Common Area or Units. Except to the extent that the Governing Documents specifically assign authority to regulate a particular matter to the Board, any rulemaking action by the Board may be overturned by a majority vote of the Members pursuant to subsection (b) and the disapproval of the Class "B" Member, if any. The Board shall have no obligation to call for a vote of the membership except upon receipt of a petition of the members calling for a special meeting, as provided for in the By-Laws.

(ii) Subject to the terms of this Article, the Members may adopt rules applicable to the Common Area or Units upon the approval of a majority of the total Class "A" votes in the Association, with the consent of the Class "B" Member, if any.

(iii) Nothing in this Article shall authorize the Board or the Members to modify, repeal, or expand the Architectural Guidelines. In the event of any inconsistency between the Architectural Guidelines and the Restrictions and Rules, the Architectural Guidelines shall control.

(iv) The procedures required under this Section 5.2 shall not apply to the enactment and enforcement of administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, parking regulations and traffic controls.

(b) Notice to Owners. No rulemaking action shall be taken unless and until a meeting of the Board or the membership has been called to consider and discuss the proposed action. The notice of any meeting at which proposed rulemaking action is to be considered shall state that fact. Members shall have a reasonable opportunity to be heard at such meeting prior to any vote being taken on the proposed action. At least 10 days prior to the effective date of any rulemaking action approved under this Section, the Board shall send a notice to each Owner describing the action and its effective date.

5.3. Owners' Acknowledgment.

All Owners and occupants of Units are given notice that use of their Units and the Common Area is limited by the Restrictions and Rules as they may be amended, expanded, and otherwise modified hereunder. Each Owner, by acceptance of a deed or entering into and recording a contract of sale, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected and that the Restrictions and Rules may change from time to time. All purchasers of Units are on notice that the Association may have adopted changes. Copies of the current Restrictions and Rules may be obtained from the Association.

5.4. Rights of Owners.

(a) The Association shall provide, without cost, a copy of the current Restrictions and Rules to any requesting Member or Mortgagee.

(b) Except as may be specifically set forth in this Declaration (either initially or by amendment) or in Exhibit "C," neither the Board nor the Members may adopt any rule in violation of the following provisions:

(i) Abridging Existing Rights. If any rule would otherwise require Owners or occupants of Units to dispose of personal property which they maintained in or on the Unit prior to the effective date of such rule, or to vacate a Unit in which they resided prior to the effective date of such rule, and such property was maintained or such occupancy was in compliance with this Declaration and all rules previously in force, such rule shall not apply to any such Owners without their written consent unless the rule was in effect at the time such Owners or occupants acquired their interest in the Unit.

(ii) Activities Within Dwellings. No rule shall interfere with the activities carried on inside of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, that create an unreasonable source of annoyance or nuisance to the neighborhood, or that create any noxious or offensive activity.

(iii) Alienation. No rule shall prohibit the sale of any Unit, or require the consent of the Association or Board prior to the sale of any Unit.

(iv) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the Units or discriminate among Owners with respect to their rights to use the Common Area over the objection of any Owner expressed in writing to the Association. Nothing in this provision shall prevent the Association from adopting generally applicable rules for use of Common Area, or from assigning use of parking space on an equal basis among all Units. This provision does not affect the right to increase the amount of Assessments as provided in Article VIII.

(v) Household Composition. No rule shall interfere with the freedom of occupants of Units to determine the composition of their households, except that the Association shall have the power, subject to applicable law, to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(vi) Signs and Displays. No rule shall prohibit Owners or occupants from displaying religious and holiday signs, symbols, and decorations in windows or doors of their Units of the kinds normally displayed in residential neighborhoods; however, the Association

may regulate the time, place, manner, and extent of such displays for the purpose of minimizing disturbance to other Owners and occupants. No rules shall regulate the content of political signs; however, rules may regulate the time, place, and manner of posting such signs and establish design criteria for such signs.

(vii) Similar Treatment. Similarly situated Owners shall be treated similarly.

(viii) Speech. No rule shall restrict the freedom of speech of Owners or occupants, except that the Association may adopt time, place, and manner restrictions for the purpose of minimizing disturbance to other Owners and occupants of Units.

(ix) Reasonable Rights to Develop. No rule or action by the Association or Board shall unreasonably impede Declarant's right to develop the Community.

The limitations in this Section 5.4 shall apply to the exercise of the rulemaking authority under this Article only; they shall not apply to amendments to this Declaration adopted in accordance with Section 20.2.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

The success of the community is dependent upon the support and participation of every owner in its governance and administration. The Declaration establishes Kentmere Property Owners Association, Inc. as the mechanism by which each Owner is able to provide that support and participate in the Community. While many powers and responsibilities are vested in the Association's board of directors, some decisions are reserved for the Association's membership -- the Owners of homes in the community.

Article VI Association Membership and Voting Rights

6.1. Membership.

(a) Qualification. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation. All co-Owners of a Unit shall be jointly obligated to perform the responsibilities of the Owner of the Unit, and any one co-Owner may be held fully responsible for all such obligations. The membership rights of an Owner which is a corporation, partnership, trust, or other entity may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Association's Secretary.

(b) Classes. The Association initially shall have two classes of membership, Class "A" and Class "B," with such rights and privileges as are described in this Declaration and in the Association's Articles and By-Laws. Class "A" Members shall be all Owners except the Class "B" Member, if any. The sole Class "B" Member shall be the Declarant. The Class "B" membership shall terminate 30 days after the earlier of:

(i) the date upon which 75% of the Permitted Units have been improved with a dwelling approved for occupancy and have been conveyed to Class "A" Members;

(ii) December 31, 2007; or

(iii) the date upon which the Declarant voluntarily terminates such membership by written notice recorded in the Public Records.

Upon termination of the Class "B" membership, the Declarant shall become a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

6.2. Voting.

(a) Class "A". Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.1; however, there shall be only one vote per Unit. In any situation where there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Association's Secretary in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

(b) Class "B". The Class "B" Member shall not have any specific number of votes, rather, the consent or approval of the Class "B" Member is required for certain actions as specified in the relevant sections of the Governing Documents. The Class "B" Member is also entitled to appoint members of the Board of Directors during the Developer Control Period, as specified in Sections 3.3 and 3.5 of the By-Laws. Additional rights of the Class "B" Member are specified in the relevant sections of the Governing Documents.

(c) Manner of Voting. On any matter as to which the Governing Documents or Georgia law require a vote or approval of the membership, such vote or approval may be obtained by affirmative vote at a meeting or by written consent, or by any combination thereof, unless the Governing Documents or Georgia law expressly require that the vote on such matter be taken at a meeting of the membership.

KENTMERE PROPERTY OWNERS ASSOCIATION, INC.

Organizational Structure

Board of Directors

(3 to 5 members)

Class "A" Members

(all Owners except Class B Member, if any)

Class "B" Member

(Declarant)

Article VII Association Powers and Responsibilities

7.1. Function of the Association.

The Association has been established for the purpose of administering the Community in accordance with the Governing Documents. Its responsibilities include, but are not limited to:

(a) management, maintenance, operation, and control of the Area of Common Responsibility;

(b) enforcing the Governing Documents, including such reasonable rules regulating use, conduct, activities, and aesthetic matters within the Community as may be set forth in or adopted pursuant to this Declaration; and

(c) administering and enforcing the architectural standards set forth in Article IV and in the Architectural Guidelines, upon delegation or termination of the Declarant's authority under Article IV.

7.2. Implied Rights; Board Authority.

The Association shall have the powers and authority granted by, and shall perform its functions in accordance with, the Governing Documents and the laws of the State of Georgia. The Association shall also have any right, power, or privilege which may reasonably be implied from, or which is reasonably necessary to exercise, any right, power, or privilege expressly granted by the Governing Documents or by law. Except as the Governing Documents or Georgia law may otherwise specifically provide, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

7.3. Area of Common Responsibility.

The Association shall operate the Common Areas and maintain the Area of Common Responsibility in good repair and in a neat, clean, and attractive condition consistent with the Community-Wide Standard. By way of example and not limitation, the Association's responsibility shall include:

(a) maintaining and operating the Common Area and the facilities, improvements, and landscaping thereon, including, without limitation, parking areas and driveways, entry features, entry signage, any detention pond, and any street lights or other lighting located on Common Areas, except to the extent that Owners are responsible for maintaining Limited Common Area patios and porches under Section 3.1; and

(b) maintaining those portions of Units for which the Association is assigned or assumes responsibility pursuant to Section 3.1(b).

The Association may maintain other property that it does not own, including, without limitation, storm drainage facilities and other property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

Except as the Governing Documents may otherwise specifically provide, all costs associated with operation of Common Areas and maintenance, repair, or replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Units as part of the General Assessment. The Board may, however, allocate the expense of any maintenance, repair, or replacement that benefits one or more, but less than all Units, as a Specific Assessment pursuant to Section 8.2(c), according to the benefit received by such Units, as the Board may reasonably determine.

The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property that it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

7.4. Association Insurance.

(a) Required Coverage. The Association shall obtain and maintain at all times as a Common Expense, the following insurance coverage:

(i) property insurance on the Common Areas and, if the Association has assumed such responsibility pursuant to Section 3.2, on the Units (excluding improvements made by Owners), insuring against all risks of direct physical loss commonly insured against. The total amount of such insurance, after application of any deductibles, shall not be less than 80% of the actual cash value of the insured property (exclusive of land, excavations, foundations, and other items normally excluded from "all risk" property insurance policies); however, the Board shall be authorized to obtain coverage for 100% of the replacement cost of such insurable improvements;

(ii) comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board in the exercise of its business judgment, but with a combined single limit of not less than One Million Dollars (\$1,000,000.00), to the extent reasonably available, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Area of Common Responsibility;

(iii) officers' and directors' liability insurance in such amounts as the Board, in its business judgment, may determine necessary, but not less than One Million Dollars (\$1,000,000.00) per occurrence, (if reasonably available);

(iv) fidelity bonds covering officers, directors, employees, and other persons who handle or are responsible for handling Association funds, if reasonably available (the amount of such bonds shall be in an amount which, in the Board's business judgment, reflects the

estimated maximum amount of funds, including reserve funds, in the custody of the Association at any time during the term of the bond);

(v) flood insurance, if the Board of Directors determines it necessary or advisable;

(vi) worker's compensation insurance, if and to the extent necessary to meet the requirements of law; and

(vii) such other insurance as the Board determines to be necessary or advisable.

The Board shall conduct an insurance review to determine the adequacy of insurance coverage at least once every two years. Each Owner shall have the right to obtain additional coverage at his or her own expense, for improvements made by such Owner. All policies may contain reasonable deductibles. Each Unit Owner shall notify the Board of any structural improvements made by the Owner to his or her Unit.

(b) Policy Requirements. All insurance coverage obtained by the Association shall be written in the name of the Association as trustee for the Owners and the Mortgagees of Units, as their interests may appear. Each Owner shall be an insured person under the liability insurance policy with respect to liability arising out of his or her membership in the Association. In addition, the policies providing the coverage required under clauses (i) and (ii) of subsection (a) above shall provide that the insurer waives its rights of subrogation against any Owner or members of an Owner's household; that any "other insurance" clause contained in the policy expressly excludes an Owner's policies from its operation; and that no act or omission by any Owner, unless acting within the scope of his or her authority on behalf of the Association, will void the policy or be a condition to recovery under the policy.

In addition to the above, the Board shall use reasonable efforts to secure policies providing:

(i) that the policy cannot be canceled, invalidated, or suspended on account of the conduct of any director, officer, or employee of the Association, or the managing agent, nor may the conduct of any of the above be made a condition to recovery under the policy;

(ii) that the policy may not be jeopardized, canceled, or substantially modified without at least 30 days' prior notice in writing to the Board, all Owners, and each Mortgagee to whom certificates of insurance have been issued; and

(iii) an agreed value endorsement and an inflation guard endorsement.

All policies of insurance shall be written with companies licensed to do business in the State of Georgia. Such companies shall issue certificates or memoranda of insurance to the Association, and, if requested in writing, to any Owner or Mortgagee so requesting.

(c) Insurance Deductibles. In the event of an insured loss giving rise to a claim under property insurance carried by the Association, the amount of the deductible shall be considered a maintenance expense to be paid by the Person or Persons (including the Association) who would otherwise be responsible for such repair in the absence of insurance, except that if the loss under a policy maintained by the Association affects more than one Unit or a Unit and the Common Area, the cost of the deductible shall be a Common Expense.

(d) Association's Insurance Coverage Primary. To the extent that the Association is required to maintain insurance under this Section 7.4, the Association's insurance shall be primary and shall not be brought into contribution with individual policies of insurance purchased by Owners or their Mortgagees.

(e) Limitations. Nothing in this Section 7.4 gives any Owner or other party a priority over any rights of first Mortgagees as to distribution of insurance proceeds.

(f) Reducing Risk and Insurance Costs.

(i) The Board of Directors shall have the authority to require all or any Owners to do any reasonable act or perform any reasonable work to their Units which will, in the Board's sole discretion, decrease the possibility of fire or other damage, reduce the insurance premium paid by the Association for any insurance coverage, or otherwise assist the Board in procuring or maintaining such insurance coverage; however, if the cost of providing such required work would exceed Three Hundred Dollars (\$300.00) per Unit in any fiscal year, then the required work shall be subject to approval at a duly called and constituted meeting of the Association by the affirmative vote, in person or by proxy, of Owners holding at least two-thirds (2/3) of the total Association vote. This authority shall include, but shall not be limited to, requiring Owners to install smoke detectors and such other measures as the Board may reasonably require.

(ii) In addition to, and not in limitation of, any other rights the Association may have, if any Owner does not comply with any reasonable requirement made by the Board pursuant to this paragraph, the Association, upon 15 days' written notice (during which period the Owner may perform the required act or work without further liability), may perform such required act or work at the Owner's sole cost and expense. Such cost shall be added to and become a part of the Assessment obligation of such Owner, shall become a lien against the Unit, and may be collected as provided in Article VIII hereof. The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to this paragraph, including, but not limited to, a right of entry as set forth in this Declaration.

(g) Repair and Reconstruction After Casualty Loss. In the event of damage to or destruction of all or part of the Community insured under policies maintained by the Association, as a result of fire or other casualty, unless (i) this Declaration is terminated, (ii) reconstruction or repair is prohibited by law or by local health or safety statute, or (iii) Owners holding at least 75% of the total Association vote, including the Owner(s) of the damaged Unit(s), if applicable, vote not to proceed with the reconstruction and repair of the structure, the Board or its duly

authorized agent shall arrange for and supervise the prompt repair and restoration of the structure in accordance with the original plats of survey and floor plans. In the event of substantial damage or destruction, each Mortgagee shall be entitled to written notice of the damage, and nothing in the Governing Documents shall be construed to afford a priority to any Owner with respect to the distribution of proceeds to any such Unit.

The procedure for repair and reconstruction shall be:

(i) Immediately after a fire or other casualty causing damage to any portion of the Area of Common Responsibility, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures to a condition as good as that which existed before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board determines to be necessary.

(ii) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, Special Assessments shall be made against all of the Units without necessity of approval of the membership. If after repair and reconstruction is completed, there is a surplus of funds, such funds shall be common funds of the Association to be used as directed by the Board.

(iii) Any such reconstruction or repair shall be substantially in accordance with the plats of survey, floor plans, and specifications under which the damaged structures were originally constructed.

(iv) Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a basis for any claim, proceeding, or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the plats of survey, floor plans, and specifications under which the improvements were originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

(v) The net proceeds of the insurance collected because of a casualty and the funds collected by the Association from Assessments against Owners because of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this subparagraph.

(vi) The construction fund shall be paid by the Association in appropriate progress payments to such contractors, suppliers, and personnel performing the work or supplying materials or services for the repair and reconstruction of the buildings as the Board may designate.

7.5. 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 personal property and Unit. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to enhance the level of safety or security within the Community. However, neither the Association nor the Declarant shall in any way be considered insurers or guarantors of safety or security within the Community, 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 any mechanism or system for limiting access to the Community, 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 agrees to inform any and all tenants and occupants of its Unit that the Association, its Board of Directors and committees, Declarant, and any successor or assign of each are not insurers or guarantors of security or safety and that each Person within the Community 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.

7.6. Provision of Services.

The Association may arrange for or provide services to the Owners and their Units and shall be authorized to enter into contracts or other agreements with third parties, including Declarant, to provide such services. By way of example, such services may include trash collection, lawn maintenance, pest control, cable television service, fire protection, security monitoring, and other similar services, although the Association shall have no obligation to provide any such services. The Board may modify or cancel any services provided to the Owners and their Units at any time in its discretion.

The cost of any such services provided to all Units pursuant to any bulk agreement with the Association shall be a Common Expense and/or the Association may charge use and consumption fees for selected services. No Owner shall be exempt from the obligation to pay for any such services undertaken as a Common Expense based upon non-use or any other reason.

ARTICLE VIII Association Finances

8.1. Budgeting for Common Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare an operating budget reflecting the estimated Common Expenses which the Association expects to incur during the coming year. The budget shall separately list (i) those Common Expenses

which benefit and are to be allocated among all Units, and (ii) those Common Expenses, if any, which benefit and are to be allocated among less than all Units.

The budget may include a contribution to one or more reserve funds, and shall include an annual contribution to a reserve fund for repair and replacement of any assets for which the Association is responsible which have an expected useful life of three years or more. The amount of such contribution shall be based upon the Board's reasonable estimate of the annual contribution needed over the remaining estimated useful life of each asset to provide sufficient funds for repair or replacement of such asset as required.

The Board shall send a copy of the budget to each Owner at least 45 days prior to the effective date of such budget. The budget shall automatically take effect on the date specified by the Board unless Members entitled to cast at least 75% of the total Class "A" votes in the Association veto such budget at a meeting of the Members. The Board shall have no duty to call a meeting of the Members except upon receipt, within 10 days after the budget is sent to each Owner, of a petition signed by the Members as required for a special meeting pursuant to the By-Laws.

The Board may revise the budget from time to time during the fiscal year to reflect unanticipated expenses or changes in anticipated expenses, as the Board deems appropriate. The Board shall provide a copy of any revised budget to the Members and the Members shall have the right to veto any change from the budget previously in effect, in the same manner as described above.

If a budget is not adopted for any year, then until such time as a budget is adopted, the budget in effect for the immediately preceding year shall continue for the current year.

8.2. Funding Common Expenses.

The Association is authorized to levy three types of Assessments to cover the Common Expenses of the Association, as follows:

(a) General Assessments. Common Expenses as reflected in the annual operating budget which directly or indirectly benefit all of the Units shall be allocated equally among all of the Units which are subject to Assessment under Section 8.3 as a General Assessment. The Board shall determine the amount of the General Assessment for each fiscal year at the time the budget is prepared, subject to adjustment in the event that the budget is revised during the year. Notice of the amount of the General Assessment, as it may be adjusted, shall be sent to each Owner with a copy of the budget.

The General Assessment shall be an annual Assessment due and payable in advance on the first day of each fiscal year; however, the Board may permit any General Assessment to be paid in monthly, quarterly, or semi-annual installments, in its discretion.

(b) Special Assessments. Any Common Expenses of a non-routine nature, or which were not anticipated in the Association's annual operating budget, or which exceed budgeted amounts, may be assessed as a Special Assessment. Special Assessments shall be allocated equally among all Units subject to Assessment. Special Assessments shall be payable in such manner and at such times as the Board may determine, and may be payable in installments over a period of more than one year.

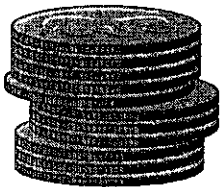
Notice of any Special Assessment shall be sent to each Owner at least 45 days prior to the due date of such Special Assessment (or the first installment thereof). Any Special Assessment may be vetoed by the Members in the same manner and by the same vote as the annual operating budget pursuant to Section 8.1.

(c) Specific Assessments. The Association may assess the following expenses as a Specific Assessment against a particular Unit or Units:

(i) those costs, including overhead and administrative costs, of providing benefits, items, or services to a Unit or the occupants thereof upon request of the Owner, which Assessments may be made in advance of the provision of the requested benefit, item, or service as a deposit against costs to be incurred on behalf of the Owner; and

(ii) those costs incurred in bringing the Unit into compliance with the Governing Documents or as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, or guests (subject to the notice and hearing requirements set forth in Section 19.4).

ASSOCIATION FUNDS



General Operating Fund
Reserve Fund for Repair and Replacement of Capital Items
Other reserve funds as the Board may establish

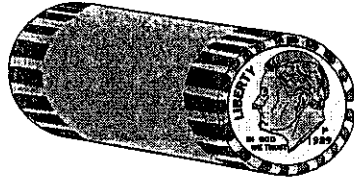
PRIMARY SOURCES OF INCOME

General Assessments



Special Assessments
Specific Assessments
Declarant Deficit Funding (if elected)

SECONDARY SOURCES OF INCOME



Monetary Penalties
Interest on Reserves and
Delinquent Assessments
Late Charges

8.3. Payment of Assessments.

(a) The obligation to pay Assessments for a Unit shall commence on the first day of the month following (i) the Declarant's conveyance of such Unit to a Person other than Declarant or a Declarant approved builder; and (ii) the issuance of a certificate of occupancy for a residential building on such Unit; however, no Assessments shall be due prior to the month in which the Board first determines a budget and gives notice of the Assessment due pursuant to this Article. The first General Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time the Declarant conveys the Unit.

(b) Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of Assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, Assessments may be paid in two or more installments. Unless the Board otherwise provides, the General Assessment shall be due and payable in advance on the first day of each fiscal year. If any Assessment or other charges against a Unit become delinquent, the Board may, upon at least 10 days' written notice, require any unpaid installments of all outstanding Assessments on such Unit to be paid in full immediately.

(c) Upon written request, the Association shall furnish to any Owner liable for any type of Assessment a certificate in writing signed by an Association officer setting forth whether such Assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(d) Failure of the Board to fix Assessment amounts or rates or to deliver or mail an Assessment notice to each Owner shall not waive the Association's right to collect such Assessments retroactively or release any Owner from the obligation to pay any Assessment when levied. Each Owner shall continue to pay General Assessments on the same basis as during the last year for which an Assessment was levied, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls.

8.4. Declarant's Option to Fund Budget Deficits.

During the Developer Control Period, Declarant may satisfy its obligation for Assessments on any Units which it owns either by paying such Assessments in the same manner as any other Owner or by paying the difference between the amount of Assessments levied on all other Units subject to Assessment and the amount of actual expenditures by the Association during the fiscal year. Unless Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year.

Regardless of Declarant's election, Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Developer Control Period, Declarant shall pay Assessments on its unsold Units in the same manner as any other Owner.

8.5. Personal Obligation and Lien for Assessments; Delinquencies.

(a) Personal Obligation. Except as otherwise provided in this Section, each Owner, by accepting a deed or entering into a recorded contract of sale for any Unit, agrees to pay the Assessments authorized in this Declaration. No Owner may exempt himself or herself from liability for Assessments by non-use of the Common Area, abandonment of his or her Unit, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No reduction or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or the Board to take some action or perform some function required of it, or for inconvenience arising from the making of repairs or improvements, or otherwise as a result of any action or inaction by the Association.

All Assessments, together with:

- (i) interest computed from the due date of each Assessment at a rate of 12% per annum (or the maximum rate permitted by Georgia law if less than 12% per annum);
- (ii) late charges in such amount as the Board may establish by resolution (subject to the limitations of Georgia law); and
- (iii) costs of collection (including reasonable attorneys' fees, whether or not suit is filed);

shall be the personal obligation of the Person who is the Owner of the Unit at the time the Assessment is due. Upon a transfer of title to a Unit, the new Owner shall be jointly and severally liable with the former Owner for any Assessments and other charges due at the time of conveyance (i.e., both are responsible and either may be required to pay the full amount due to the Association), unless the new Owner took title following foreclosure of a Mortgage which has priority over the Association's lien under subsection (b) below.

(b) Lien for Assessments. The Association shall have a lien against each Unit to secure payment of all delinquent Assessments, as well as interest, late charges (subject to the limitations of Georgia law), costs of collection (including attorneys' fees), and any other charges authorized in Section 8.5(a). Such lien shall be perpetual upon the recordation of this Declaration in the Public Records. 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 first Mortgage recorded in the Public Records which was made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

The Association may bid for the Unit at the foreclosure sale and thereafter hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no Assessment shall be levied on it; and (iii) each other Unit shall be charged, in addition to its usual Assessment, 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 its lien.

The sale or transfer of any Unit shall not affect the Association's lien or relieve such Unit from the lien securing any subsequent Assessments. However, the sale or transfer of any Unit pursuant to the foreclosure of a first Mortgage shall extinguish the lien as to any installments of such Assessments due prior to the Mortgagee's foreclosure. Uncollected Assessments shall be deemed Common Expenses collectible from Owners of all Units subject to Assessment under Section 8.3, including such acquirer, its successors and assigns. The subsequent Owner of the foreclosed Unit who obtains title to a Unit pursuant to the foreclosure of a first Mortgage shall not be personally liable for Assessments due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses which the Association may thereafter allocate among all Owners as part of the General Assessment under Section 8.2(a).

Each Owner, by accepting a deed to any Unit, consents to these procedures and authorizes the Board to undertake such measures for the general benefit of the Association.

8.6. Exempt Property.

The following property shall be exempt from payment of General Assessments and Special Assessments:

- (a) all Common Area and such portions of the property owned by the Declarant as are included in the Area of Common Responsibility; and
- (b) any property dedicated to and accepted by any governmental authority or public utility.
- (c) any property which does not have a completed dwelling constructed thereon.

PART FOUR: COMMON AREA

One of the primary functions of the Association is to own, operate, and maintain those portions of the Community, called Common Areas, which are designed and intended for the common use and enjoyment of all residents and the common benefit of all Units.

Article IX Acceptance, Management, and Control of Common Area.

9.1. Control of Common Area.

The Association, acting through its Board, may acquire, hold, and dispose of real property (i.e., land and improvements to the land and interests in land) and personal property (for example, furnishings, equipment, and other items which are not attached to land), subject to the limitations set forth in this Declaration. Any such property shall be Common Area during such period as it is held by the Association and shall cease to be Common Area upon transfer or conveyance of the Association's interest in the property. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for management, operation, and control of the Common Area.

9.2. Acceptance of Common Area Conveyed by Declarant.

The Declarant and its designees may convey to the Association real and personal property, including easements, leaseholds, and other interests in property. Such property shall be accepted by the Association "as is" and thereafter shall be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association.

9.3. Reconveyance of Common Area to Declarant.

Upon request of the Declarant, the Association shall reconvey to the Declarant any unimproved property or interests therein which the Declarant originally conveyed at no cost to the Association, to the extent conveyed by the Declarant in error or needed by the Declarant to make minor adjustments in property lines or to accommodate public or quasi-public facilities. The Declarant shall not be required to pay for such property, but shall pay the costs of preparing and recording the deed to effect such reconveyance.

Article X Rights to Use Common Area

10.1. Easement in Common Area.

Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) the Governing Documents, any other applicable covenants, and any other instrument affecting title to the property;

(b) the rights of each Owner to the exclusive use of any Limited Common Area assigned to such Owner's Unit;

(c) any restrictions or limitations contained in any deed or other document conveying an interest in such property to the Association;

(c) the right of the Board and the membership to adopt, amend, and repeal rules regulating the use and enjoyment of the Common Area;

(e) the right of the Association, acting through the Board, to dedicate, transfer, or grant easements over all or any part of the Common Area, subject to such approval requirements as may be set forth elsewhere in this Declaration, except that any transfer or encumbrance of Common Area shall be subject to an easement over such Common Area for access to all Units served thereby; and

(f) the right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

10.2. Assignment of Rights to Use Common Area.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, occupants of the Owner's Unit under any lease authorized pursuant to this Declaration, and guests, subject to reasonable regulation by the Board. The Owner of a Unit which is rented under a lease authorized pursuant to this Declaration shall be deemed to have assigned to the tenant all such rights to use facilities on the Common Area for the term of the lease.

Article XI Changes in Common Area

11.1. Common Area to Remain Undivided.

Except as permitted in this Declaration, ownership of the Common Area shall remain undivided. No Person shall seek to have a court partition or divide the ownership interest of all or any portion of the Common Area unless the portion of the Common Area which is the subject of such action has been removed from the provisions of this Declaration or unless all Owners and Mortgagees have consented in writing. This Section shall not apply to any property which was formerly Common Area once the Association no longer holds any legal interest in such property. Moreover, this Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

11.2. Conveyance or Dedication of Common Area.

(a) The Association, acting through the Board without a vote of the membership, may grant licenses and leases of portions of the Common Area, and may grant easements over the Common Area for installation and maintenance of utilities or drainage facilities or for other purposes, to the extent not inconsistent with the intended use of the Common Area.

(b) Except as provided in Sections 9.3 and 11.2(a), the Association shall not mortgage or convey any real property comprising all or any portion of the Common Area without the approval of Owners representing at least 67% of the total Class "A" votes in the Association and the written consent of the Class "B" Member, if such exists.

(c) The Association may dedicate portions of the Common Area to Forsyth County, Georgia, or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by Sections 11.2(b) and 17.7.

11.3. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least 67% of the total Class "A" votes in the Association and of Declarant, as long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 12.1) by any authority having the power of condemnation or eminent domain, 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, Declarant, so long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 12.1, and Members representing at least 75% of the total Class "A" vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.4 regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, or 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 disbursed to the Association and used for such purposes as the Board shall determine.

11.4. Improvements to Common Area.

During the Developer Control Period, the Association shall not incur any Common Expenses for development or construction of capital improvements to the Common Area unless approved by Persons entitled to cast a majority of the total Class "A" votes in the Association.

PART FIVE: DEVELOPMENT OF THE COMMUNITY

The Declaration reserves various rights to the Declarant and the Association in order to facilitate the smooth and orderly development and administration of the Community.

Article XII Expansion of the Community

12.1. Expansion by Declarant.

Declarant reserves the right to expand the Community to include all or any portion of the real property described in Exhibit "B." Such right shall expire 7 years after the date on which this Declaration is recorded in the Public Records. Declarant may 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 assignment shall be in writing, signed by the Declarant, and recorded in the Public Records.

Expansion of the Community shall be accomplished by filing a Supplemental Declaration in the Public Records describing the property being added to the Community. Such Supplemental Declaration shall not require the approval of Members, but shall require the consent of the owner of such property, if other than Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to expand the Community or develop any of the property described in Exhibit "B" in any manner whatsoever.

12.2. Expansion by the Association.

The Association may expand the Community to include additional real property with the consent of the owner of such property, the approval of Owners entitled to cast a majority of the Class "A" votes represented at a meeting called for such purpose, and the consent of Declarant so long as Declarant has any rights under Section 12.1.

Such expansion shall be accomplished by filing in the Public Records a Supplemental Declaration describing the property being added to the Community. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, by the owner of such property, and by Declarant, if Declarant's consent is required.

12.3. Additional Covenants and Easements.

Declarant may impose additional covenants, restrictions, and easements on any property in the Community by filing a Supplemental Declaration in the Public Records setting forth such additional covenants, restrictions, and easements. Any such Supplemental Declaration shall require the written consent of the owner(s) of the property upon which the additional provisions are being imposed, if other than Declarant. Any Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

Article XIII Additional Rights Reserved to Declarant

13.1. Withdrawal of Property.

Declarant reserves the right to amend this Declaration, so long as it has a right to expand the Community pursuant to Section 12.1, for the purpose of removing any portion of the property in the Community which is not then improved with dwellings from the coverage of this Declaration. Such an amendment shall not require the consent of any Person other than the Owner of the property to be removed.

13.2. Marketing and Sales Activities.

Declarant and builders authorized by Declarant may construct and maintain upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and authorized builders shall have easements for access to and use of such facilities.

13.3. Right to Develop.

Declarant and its employees, agents, and designees shall have a right and easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

For so long as Declarant owns any portion of the Community, Declarant may designate sites which it owns within the Community for public or quasi-public facilities and neither the Association nor any Owner shall have a right to object to such designation.

13.4. Right to Approve Changes in Community Standards.

No amendment to or modification of the Restrictions and Rules or the Architectural Guidelines made after termination of the Developer Control Period shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 12.1.

13.5. Right to Transfer or Assign Declarant Rights.

Any or all of the special rights and obligations of Declarant set forth in this Declaration or the By-Laws may be transferred or assigned in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a written instrument signed by Declarant and duly recorded in the Public Records.

The Declarant may permit other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right permanently or in its entirety, and in such case it shall not be necessary to record any written assignment except as may be required to evidence Declarant's consent to such exercise.

13.6. Exclusive Rights To Use Name of Development.

No Person shall use the name "Kentmere Townhomes" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Kentmere Townhomes" in printed or promotional matter where such term is used solely to specify that particular property is located within the Community known as Kentmere Townhomes and the Association shall be entitled to use the words "Kentmere Townhomes" in its name.

13.7. 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 the Community in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless Declarant 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.

13.8. Termination of Rights.

The rights reserved to Declarant under this Article shall terminate upon the earlier of (a) 15 years from the date this Declaration is filed in the Public Records, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

Article XIV Easements

14.1. Easements for Encroachment.

The Declarant hereby creates, for the benefit of each Unit and each portion of the Common Area, reciprocal easements for encroachment due to the unintentional placement, or the settling or shifting, of the structures or improvements on such Unit or portion of the Common

Area, and for maintenance and use of any encroaching structure or improvement, except that no easement for encroachment shall exist:

(a) for any structure or improvement constructed in violation of the Governing Documents;

(b) beyond a distance of three feet, as measured from any point on the common boundary along a line perpendicular to such boundary; or

(c) if such encroachment occurred due to reckless, willful, and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

14.2. Easements of Support.

Every portion of a Unit contributing to the support of an abutting Unit shall be burdened with an easement of support for the benefit of such abutting Unit.

14.3. Easements for Maintenance of Adjoining Units.

There shall be and is hereby imposed on each Unit an easement for reasonable ingress and egress by or on behalf of the Owner of any adjoining Unit for the purpose of repair, maintenance, or replacement of improvements on such adjoining Owner's Unit. Such easement shall be exercised only during reasonable hours and after reasonable notice to the Owner or occupants of the Unit upon which entry is to be made.

14.4. Cross-Drainage Easements.

Each Unit shall be burdened with a perpetual, non-exclusive easement over that portion of the Unit which is not improved with structures, for the purpose of drainage of stormwater runoff from any portion of the Community; however, no Person shall alter the natural drainage of stormwater from any Unit once construction of initial improvements has been completed so as to unreasonably increase the drainage of stormwater onto adjacent portions of the Community without the consent of the Owner(s) of the affected property, the Board, and the Declarant as long as it owns any property subject to the Declaration.

14.5. Easements for Utilities, Etc.

(a) Installation and Maintenance. The Declarant reserves for itself, so long as the Declarant owns any property described in Exhibit "A" or "B" of this Declaration, and for the Association, suppliers of utilities to the Community, and such other Persons as the Declarant or the Association may designate, perpetual non-exclusive easements throughout the Community (but not through a structure) to the extent reasonably necessary for the purposes of:

(i) installing, on property which Declarant owns or within easements reserved for such purpose on recorded plats, utilities and infrastructure to serve the Community, cable and

other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, irrigation systems, drainage systems, street lights, and signage;

(ii) inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other improvements described in Section 14.6(a)(i); and

(iii) access to read, maintain, repair, and replace utility meters.

(b) Specific Easements. The Declarant also reserves for itself the non-exclusive right and power to grant and record in the Public Records such specific easements as may be necessary, in the sole discretion of the Declarant, in connection with the orderly development of any property described in Exhibits "A" and "B." The Owner of any property to be burdened by any easement granted pursuant to this subsection (b) shall be given written notice in advance of the grant. The location of the 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 subsections (a) and (b) of this Section shall be performed in such a manner 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 its condition prior to the commencement of the work.

Any damage to a Unit resulting from the exercise of the easements described in subsections (a) and (b) of this Section shall promptly be repaired by, and at the expense of, the Person exercising the easement. 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.

(d) Limitation of and Release From Burden of Easements. Declarant reserves the right (i) to release all or any portion of the Community from the burden, effect, and encumbrance of any of the easements granted or reserved under this Section 14.5, or (ii) to define the limits of any such easements; provided that Declarant shall relocate, at its own expense, any utility lines or facilities located on or under that portion of the Community being released.

14.6. Easements to Serve Additional Property.

Declarant hereby reserves for itself and its duly authorized agents, representatives, and employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of any property described in Exhibit "B" or any property adjacent to the property described in Exhibit "B", whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for connecting and installing utilities on such

property. Declarant agrees that it or the Person exercising such easement shall be responsible for any damage caused to the Common Area as a result of the exercise of such easement.

14.7. Easements for Maintenance, Emergency, and Enforcement.

The Declarant grants to the Association easements over the Community as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.3. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

14.8. Easement to Inspect and Right to Correct.

Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign, and correct any structure, improvement, or condition which may exist on any portion of the property within the Community, including Units, and a perpetual nonexclusive easement of access throughout the Community 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 a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at such person's own expense, any damage resulting from such exercise.

14.9. Easements to Exercise Powers and Perform Responsibilities.

In addition to all other easements granted elsewhere in this Declaration, the Declarant hereby reserves to itself and grants to the Association, perpetual, non-exclusive easements over the Community as necessary to enable the Declarant and the Association, and their respective agents, employees, and assigns, to exercise the authority and fulfill the responsibilities that each respective entity is granted or assigned by the Governing Documents.

Article XV Limited Common Areas

Certain portions of the Common Area, designated "Limited Common Area," are reserved for the exclusive use of Owners and occupants of the Units to which they are assigned. The porch or patio attached to the rear of each Unit and which is directly accessible from the interior of such Unit is hereby assigned as Limited Common Area of the Unit. The Limited Common Area of each Unit shall also include the two parking spaces to be constructed adjacent to the front of each Unit, providing access to the public right-of-way, as the same may be amended by any Supplemental Declaration hereafter recorded by Declarant.

The Declarant may unilaterally amend this Declaration to assign as Limited Common Area any parking spaces not previously assigned. The Declarant and the Association may amend

this Declaration to reassign any Limited Common Area parking space with the consent of the Owners of the Units to which such space is assigned and to which it is to be reassigned. Otherwise, any change in assignment of Limited Common Area shall be subject to the approval requirements set forth in Section 20.2.

Article XVI Party Walls and Fences

16.1. General Rules of Law to Apply.

Each wall or fence built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. 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 thereto.

16.2. Maintenance; Damage and Destruction.

The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

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 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.

16.3. Right to Contribution Runs With the Land.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

16.4. Disputes.

Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XVIII.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

This part of the Declaration creates special rights and protections to facilitate the sale of homes in the Community, establishes a mechanism for the amicable resolution of disputes, should they arise, and provides procedures for enforcing the provisions of the Governing Documents when necessary.

Article XVII Protection of Mortgagees

17.1. Notices of Action.

An institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Association (stating 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 the Community or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(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 Declaration or By-Laws relating to such Unit or the Owner 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.

17.2. Special FHLMC Provision.

So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Members representing at least 67% of the total Association vote consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner of a Unit;

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance, or maintenance of Units and the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

17.3. Amendments to Documents.

The following provisions do not apply to amendments to the constituent documents or to the addition of land in accordance with Article XII.

(a) The consent of Members representing at least 67% of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage appertain, shall be required to terminate the Association.

(b) The consent of Members representing at least 67% of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to a Mortgage appertain, shall be required materially to amend any provisions of the Declaration, By-Laws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

(i) voting;

(ii) Assessments, Assessment liens, or subordination of such liens;

(iii) reserves for maintenance, repair, and replacement of the Common Area;

(iv) insurance or fidelity bonds;

(v) rights to use the Common Area;

(vi) responsibility for maintenance and repair of the Community;

(vii) expansion or contraction of the Community or the addition, annexation, or withdrawal of property to or from the Association;

(viii) boundaries of any Unit;

- (ix) leasing of Units;
- (x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit;
- (xi) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or
- (xii) any provisions included in the Governing Documents which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Units.

17.4. No Priority.

No provision of this Declaration 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.

17.5. 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.

17.6. 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.

17.7. HUD/VA Approval.

During the Developer Control Period, the following actions shall require the prior approval of the U. S. Department of Housing and Urban Development or the U. S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described in Exhibit "B;" dedication, conveyance, or mortgaging of Common Area; or material amendment of this Declaration. The granting of licenses, leases, or easements for purposes consistent with the intended use of the Common Area shall not be deemed a conveyance within the meaning of this Section.

Article XVIII Dispute Resolution and Limitation on Litigation

18.1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (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 financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 18.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to:

- the interpretation, application, or enforcement of the Governing Documents;
- the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- the design or construction of improvements within the Community;

except that 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 18.2:

(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 Declaration (relating to creation and maintenance of community standards);

(iii) any suit between Owners, which does not include the Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(iv) any suit in which any indispensable party is not a Bound Party; and

(v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 18.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

18.2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice 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.

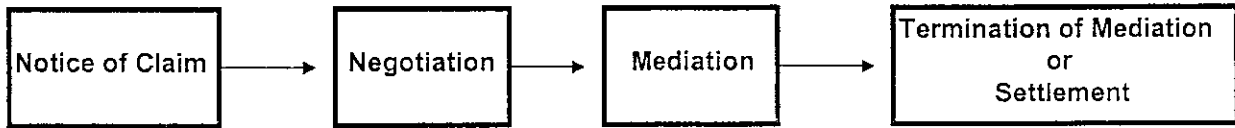
(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days of the date of the notice described in Section 18.2(a) (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Metropolitan Atlanta, Georgia area.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for 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 Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all fees charged by the mediator.

Alternative Dispute Resolution Process



(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 again comply 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.

18.3. Initiation of Litigation by Association.

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 persons entitled to cast 75% of the total Class "A" votes in the Association, except that no such approval shall be required for actions or proceedings:

- (a) initiated during the Developer Control Period;
- (b) initiated to enforce the provisions of this Declaration, 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 Association 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.

Article XIX Compliance and Enforcement

19.1 Obligation to Comply with Governing Documents; Right to Enforce.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents and shall ensure that his or her guests and any visitors to the Unit also comply. Failure to comply shall be cause for:

(i) the Association or the Declarant to impose sanctions against the Owner, the occupant, and the Unit as authorized in this Declaration and the By-Laws;

(ii) the Declarant, the Association, or any Owner to take action in a court of law or equity to enforce the Governing Documents, subject to the dispute resolution procedures set forth in Article XVIII, if applicable.

(b) The Association may enforce applicable county and city ordinances and permit local governments to enforce their ordinances within the Community for the benefit of the Association and its Members.

(c) 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. The Association shall not be obligated to take enforcement action if the Board reasonably determines that, under the circumstances of a particular case:

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

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or

(iii) 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

(iv) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed as a waiver of the right of the Association to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other provision of the Governing Documents.

19.2. Association Remedies and Sanctions.

In addition to any remedies or sanctions specifically authorized elsewhere in the Governing Documents, the Association may seek or impose any of the following remedies and sanctions for violation of the Governing Documents:

(a) Assessment of reasonable monetary fines which shall constitute a lien upon the violator's Unit (in the event that any occupant, guest, or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, 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);

(b) suspension of the Owner's right to vote;

(c) suspension of any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any Assessment or other charge owed to the Association;

(d) upon the Owner's failure to take required action after written notice and a reasonable opportunity to do so, entering upon the Unit (which entry shall not be considered a trespass) and taking action to cure any condition or remove any thing or structure which is in violation of the Governing Documents and to restore the Unit to a complying condition, in which event the Association may charge all costs incurred against the Unit and the Owner as a Specific Assessment;

(e) precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Architectural Guidelines from continuing or performing any further activities in the Community (in which event the Association shall have no liability to any Person);

(f) levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents; and

(g) recording a notice of violation in the Public Records.

19.3. Notice and Hearing Procedures.

Except as set forth in Section 19.3(c), prior to imposing any sanction for violation of the Governing Documents, taking any action to enforce the provisions of the Governing Documents, or exercising the rights granted to the Association under this Article, the Association shall comply with the notice and hearing procedures set forth in subsections (a) and (b) below.

(a) Notice. The Association shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the action which the Association proposes or intends to take, and (iii) a period of not less than 10 calendar days within which the alleged

violator may present a written request for a hearing. If a timely request for a hearing is not made within the 10-day period, the Association may proceed with the action or impose the sanction described in the notice. If the violation is abated within the 10-day period, the Association may, but shall not be obligated to, suspend the proposed action or sanction. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. Notwithstanding any suspension of proceedings hereunder, if the same or a similar violation is repeated within 12 months after the date of notice of the original violation, the Association may pursue any and all remedies described in the original notice without further notice to the alleged violator.

(b) Hearing. If a hearing is requested within the allotted 10-day period, the hearing shall be held before a committee appointed by the Board consisting of not less than five persons, all of whom shall be Owners or residents of the Community or representatives of the Declarant. A representative of the Association shall be afforded a reasonable opportunity to make a statement describing the alleged violation and to present any evidence or witnesses to support its statement. The alleged violator shall also be afforded a reasonable opportunity to be heard and to present any evidence or witnesses on his or her behalf. At the conclusion of all statements and presentations, the committee may close the hearing and retire to discuss the evidence and to render a judgment as to whether, in fact, a violation has occurred. The committee shall notify the Association and the alleged violator in writing of its determination within 5 days after the hearing. If the committee determines that a violation has occurred, the Association may pursue any and all remedies described in its original notice of the violation.

(c) Applicability. The notice and hearing procedures set forth in this Section 19.3 shall not apply to any claim which the Association is required or elects to submit to the dispute resolution procedures set forth in Article XVIII, nor to the exercise of self-help to cure violations after written notice to the Owner and an opportunity to cure pursuant to Section 19.2(e). Subject to the provisions of Article XVIII, as they may apply, the Association may also file suit in a court of law or equity to enforce the Governing Documents, to enjoin any violation, or to recover monetary damages for any violation without the necessity of complying with the notice and hearing procedures set forth above.

19.4. Remedies Cumulative; Recovery of Costs.

(a) All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity.

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

Article XX Miscellaneous Provisions

20.1. Binding Effect and Duration.

All of the property described in Exhibit "A" and any additional property subjected to this Declaration by Supplemental Declaration shall be held, sold, used, and conveyed subject to the terms of this Declaration which shall run with the title to such real property. This Declaration shall be binding upon all parties having any right, title, or interest in any portion of the Community, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner of any portion of the Community.

Unless terminated by the Owners as provided below, this Declaration 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 Declaration 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 terminated in accordance with O.C.G.A. statute 44-5-60, as it may be amended, within the year proceeding any extension.

Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance, agrees that provisions of this Declaration may be extended and renewed as provided in this Section. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

If any provision of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provision shall continue in effect only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

20.2. Amendment.

Until conveyance of the first Unit by Declarant to a Person other than a successor Declarant, the Declarant may amend this Declaration without the approval of the Association or the Owners. Thereafter, as long as the Declarant owns any property in the Community or which may become part of the Community pursuant to Section 12.1, the Declarant may amend this Declaration without the approval of the Association or the Owners, if such amendment (i) is specifically required to enable any institutional or governmental entity to make, purchase, insure, or guarantee mortgage loans on the Units, or (ii) does not materially adversely affect the rights of any Owner under this Declaration without such Owner's consent.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners entitled to cast at least 75% of the total number of Class "A" votes in the Association and the consent of Declarant, so long as Declarant owns any property within the Community or which may become part of the Community pursuant to Section 12.1.

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.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant or the Class "B" Member, respectively (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration 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 in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within three 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 Declaration.

20.3. Severability.

Invalidation by judgment or court order of any provision of this Declaration shall not affect the validity of other provisions of this Declaration. Invalidation of any provision as applied in a particular case shall not affect the validity of other applications of the same provision.

20.4. Cumulative Effect; Conflict.

The provisions of this Declaration shall be cumulative with the provisions of any applicable Supplemental Declaration. Any Supplemental Declaration or other recorded instruments affecting title to any portion of the Community may contain provisions which are more restrictive than the provisions of this Declaration, and in such case, the more restrictive provision shall control. The Association shall have the standing and authority to enforce all such restrictions.

20.5. Notice of Sale or 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 be jointly and severally responsible with the Person to whom title is transferred for all obligations of the Owner of the Unit, including Assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

20.6. Exhibits.

Exhibits "A," "A-1," "B," "C," and "D" attached to this Declaration are incorporated by this reference. Amendments to Exhibits "A" and "B" shall be governed by the provisions of Section 20.2. Amendments of Exhibit "A-1" shall be governed by Article XV. Amendments to Exhibit "C" shall be governed by Article V. Exhibit "D," the By-Laws, is attached for informational purposes and may be amended as provided therein.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 20 day of September, 2001.

DECLARANT: **Bowen Builders Group, Inc.,** a Georgia corporation

By: [Signature] [SEAL]
Name: REINER RYETIG
Its: SECRETARY

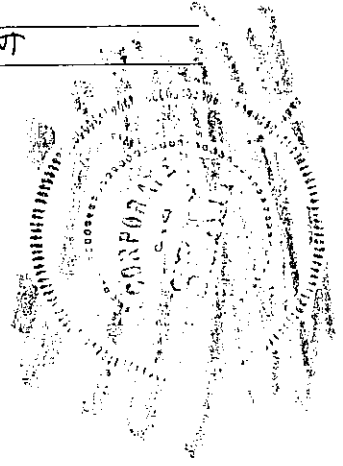
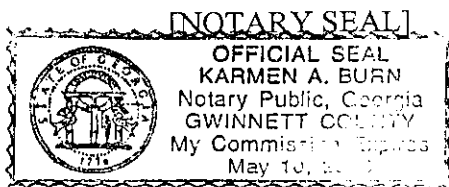
Attest: [Signature] [SEAL]
Name: ERICT CAPE
Its: VICE-PRESIDENT

Signed, sealed, and delivered
this 20 day of September
2001, in the presence of

[Signature]
Witness

[Signature]
Notary Public

My commission expires: _____



JOINDER AND CONSENT OF INITIAL OWNER

The undersigned, being the owner of all or a portion of the property described on Exhibit "A" of this Declaration, does hereby join in execution of this Declaration for the purpose of evidencing its consent to this Declaration and its agreement to have such property made subject to the terms of this Declaration.

Initial Owner: Landstar Corp., a Georgia corporation

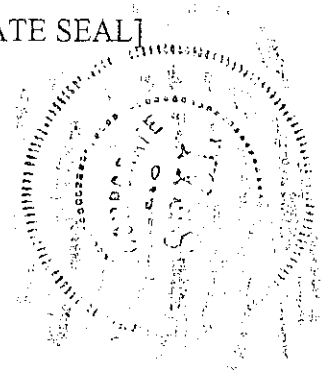
By: Keith R. Bulchane
Its: Paul

Signed, sealed, and delivered
this 30 day of September,
2001, in the presence of

[CORPORATE SEAL]

Christa B. Wilson
Witness

Karmen A. Burn
Notary Public



My commission expires: _____

[NOTARY SEAL]

539104/ccrs/092600/ahb

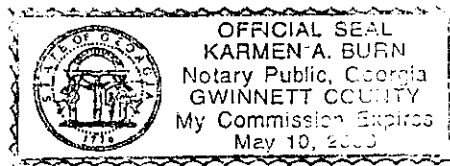


EXHIBIT "A"

Land Initially Submitted

Final Plat for Kentmere Townhomes located in Land Lots 381, 412, and 453, 2nd District, 1st Section, Forsyth County recorded in Plat Book 67, Pages 1-8.

EXHIBIT "A-1"

Assignment of Limited Common Areas

Final Plat for Kentmere Townhomes located in Land Lots 381, 412, and 453, 2nd District, 1st Section, Forsyth County recorded in Plat Book 67, Pages 1-8.

TOGETHER WITH the paved parking areas which shall hereafter be constructed between the front of each respective Unit and the public right-of-way, as the same shall be assigned and allocated to each Unit by the Association.