

STATE OF GEORGIA

RE-RECORD

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COUNTY OF EFFINGHAM

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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
For Picket Fences Subdivision**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration"), made on the date hereinafter set forth by PICKET FENCES, LLC hereinafter referred to as "Declarant,"

WITNESSETH THAT:

WHEREAS, Declarant is the owner of the property in Effingham County, Georgia, more particularly described in Article II, Section 2. hereof and hereinafter defined as the "Existing Property"; and

WHEREAS, Declarant is the owner of the property described in Article II, Section 1. hereof and hereinafter the "Additional Property"; and

WHEREAS, the Declarant has deemed it desirable for the efficient reservation, protection and control of the Existing Property to create an agency to which will be delegated and assigned certain powers of maintaining and administering the Existing Property, and administering and enforcing these Covenants, Conditions and Restrictions, and collecting and expending for the purposes set forth herein the assessments hereinafter described; and

WHEREAS, it is in the interest and to the advantage of Declarant and to each person, corporation, partnership or other entity, which shall hereafter acquire title to any Lot within the Existing Property those certain covenants, conditions and restrictions be imposed upon the Existing Property.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that Declarant does hereby declare that all of the Existing Property shall be held, transferred, sold, conveyed and occupied subject to the easements, restrictions, covenants, charges, liens and affirmative obligations and conditions hereinafter set forth, all of which are for the purpose of protecting the value, desirability and attractiveness of the Existing Property, and which shall run with the Existing Property and be binding on all persons having or hereafter acquiring any right, title or interest in the Existing Property, or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

The following words and terms, when used in this Declaration, or any supplemental declaration, shall have the following meanings:

Section 1. "Additional Property" shall mean and refer to that real property described in Article II, Section 1. hereof.

Section 2. "Association" shall mean and refer to Picket Fences Home Owners' Association, Inc., a Georgia non-profit corporation, its successors and assigns.

Section 3. "Board of Directors" shall mean the Board of Directors of the Association.

Section 4. "Declarant" shall mean and refer to Picket Fences, LLC or any person or entity who is named his assignee in a document recorded in the Office of the Clerk of Superior Court of Effingham County, Georgia. Any such person or entity shall be entitled to exercise all rights and power conferred upon Declarant by this Declaration, the Articles of Organization or Bylaws of the Association.

Section 5. "Declaration" shall mean this Declaration of Covenants, conditions and Restrictions.

Section 6. "Design Review Committee" ("DRC") shall mean the Committee established pursuant to Article V herein.

Section 7. "Dwelling" shall mean any building located on a Lot and intended for use as housing for a single family.

Section 8. "Entrance" shall mean the gates, shrubbery and sign situated at the intersection of 15th Street and Sterling Drive shown upon the plat hereinafter described.

Section 9. "Existing Property" shall mean and refer to that real property described in Article II, Section 2. hereof.

Section 10. "Living Area" shall mean the heated are of a Dwelling calculated from its exterior dimensions, excluding garages, boat sheds, terraces, decks, screened or open porches, and like areas, all as defined by the DRC at its sole discretion.

Section 11. "Lot" shall mean and refer to any plot of land shown upon the recorded subdivision plat of the Existing Property, together with the improvements thereon, if any.

Section 12. "Member" shall mean and refer to every person who is a member of the Association.

Section 13. "Owner" shall mean and refer to the record owner, whether it one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 14. "Plat" shall mean the subdivision plat of the Existing Property recorded in the 9th G.M.D. Deed Book 969, Page 304, Plat Book "C", Page 7F01, City of Rincon, Effingham County, Georgia.

Section 15. "Single Family" shall mean and refer to one or more persons, each related to the other by blood, marriage or adoption, or a group of not more than three (3) persons not all so related, together with his or their domestic servants, maintaining a common household.

Section 16. "Structure" shall mean anything erected, constructed or located in or upon the ground of any Lot, either temporarily or permanently.

Section 17. "Voting Member" shall mean and refer to the Declarant, as well as the Owners of Lots.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS
THERE TO

Section 1. Additional Property. The real property, which may be subjected to, this Declaration is located in Effingham County, Georgia, and is more particularly described on Exhibit "A" attached hereto and made a part hereof.

Section 2. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Effingham County, Georgia, and is more particularly described on Exhibit "B" attached hereto and made a part hereof.

Section 3. Additions to Existing Property. Declarant shall have the sole discretion to determine whether or not to subject portions or all of the Additional Property to this Declaration, If the Declarant elects to subject portions or all the Additional Property to this Declaration, Declarant shall file of record a Supplement to this Declaration ("Supplemental Declaration") which described the portion of

the Additional property which shall become subject to this Declaration. Any such Supplemental Declaration may, in the sole discretion of Declarant, contain additions or modifications of the covenants and restrictions contained in this Declaration to reflect the different character, if any, of the portions of the Additional Property made subject to this Declaration. Upon the recording of record of a Supplemental Declaration, the portions of the Additional Property described therein shall thereafter be considered portions of the Existing Property hereunder.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. No Owner, whether one or more persons, shall have more than one membership per Lot. Ownership of a Lot shall be the sole qualification for membership in the Association, and each owner shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. The provisions of this Section shall not affect or limit the voting rights of the Declarant as established by Section 2. below.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A Members shall be all Owners, with the exception of the Declarant. Each Owner shall be entitled to one (1) vote for each Lot owned. If more than one person owns an interest in a Lot, all such persons shall designate one (1) person who shall be the Voting Member for the Lot and who shall be the only one (1) of such persons allowed to attend meetings of the Association and cast one (1) vote with respect to the Lot.

(b) Class B. The Class B Member shall be the Declarant, and any assignee of Declarant who is designated as such in a recorded instrument executed by the Declarant. The Class B Member shall be a Voting Member of the Association and shall be entitled to cast the number of votes which are contained in the total of all Class A Members, plus one vote, until such time when the Class B membership terminates and is converted to Class A Membership. Class B Membership shall terminate and be converted to Class A Membership upon the happening of the later of the following:

- (i) When the Declarant shall have title to only one (1) Lot; or
- (ii) Ten (10) years from the date this Declaration is recorded;
- or
- (iii) When the Declarant shall no longer have any rights to develop any portion of the Additional Property.

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From and after the happening of these events, which ever occurs later, the Class B Member shall be deemed to be a Class A Member. At such time, the Declarant shall call a meeting, as provided in the Bylaws of the Association for special meetings, to advise the membership of the termination of Class B Membership. Notwithstanding anything contained herein to the contrary, Declarant shall have the right, in its sole discretion, to terminate its Class B Membership at any time.

(c) Voting Members. Only Voting Members who are current on all assessments due the Association hereunder shall be entitled to attend meetings of the Association and cast votes on all matters pertaining to the Association, including, but not limited to, the election of members of the Board of Directors, amending this Declaration, the Articles of Incorporation and Bylaws of the Association, and all other matters which may be brought before the Association membership, except as otherwise provided in this Declaration.

ARTICLE IV COVENANTS FOR ASSESSMENTS

Section 1. Exemption. The Annual or Special Assessments provided for herein shall commence as to any Lot upon its conveyance by Declarant. It is the intention of this Section that Annual, Limited or Special Assessments shall not apply to any Lots owned by Declarant.

Section 2. Creation of Lien and Personal Obligation of Assessments. Subject to the provisions of the Section 1. above, the undersigned for each Lot owned within the Existing Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, shall be deemed to covenant and agree, for himself, his heirs, representatives, successors and assigns, to pay the Association:

- (a) Annual Assessments or Charges; and
- (b) Special Assessments for Capital Improvements (the "Annual Assessments" and "Special Assessments for Capital Improvements" collectively the "Assessments").

All Assessments shall be fixed, established and collected as hereinafter provided and all Assessments, together with interest, costs and attorneys fees, shall be a charge upon the Lot against which such Assessment is made. Each such Assessment, together with interest, costs and attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation of an Owner for delinquent Assessments shall not pass to his successors in title, unless

expressly assumed by them:

Section 3. Annual Assessments or Charges. The Annual Assessments levied by the Association shall be used exclusively for promoting the health, safety and welfare of the residents of the Existing Property, and in particular for:

(a) The maintenance and repair of any sign or signs ("Signs") located within the Existing Property or at the Entrance ("Entrance");

(b) The operation, maintenance of and payment of all utility bills for: (i) street lighting on any roads within the Existing Property and lighting at the Entrance;

(c) Landscaping (including, but not limited to grass cutting): (i) at the Entrance and (ii) on all roads, easements or Common Areas within the Existing Property;

(d) The operation, repair and maintenance of an irrigation system at the Entrance or in any Common Areas, and the payment of all utility bills for the operation of such Irrigation systems;

(e) The payment of all taxes of any nature due by the Association;

(f) The payment of all management fees due for the management of the Association;

(g) The payment of premiums for any general liability insurance, director's liability Insurance or other insurance obtained by the Association;

(h) The payment of all operating expenses of the Association, including, but not limited to: postage expense, office supplies, accounting fees, legal fees, office staff, office equipment and rent; and

(i) The maintenance and repair of any drainage or utility easements and Common Areas within the Existing Property.

Section 4. Amount of Annual Assessment. The Annual Assessment for each Lot shall be payable annually, in advance, and the maximum amount thereof shall be determined as follows:

(a) Until December 31, 2006, the Annual Assessment shall be one hundred eighty five and no/100 (\$185.00) per Lot.

(b) The maximum Annual Assessment for the fiscal year beginning January 1, 2005 and for each fiscal year thereafter, shall be established by the Board of Directors, and may be increased by the Board of Directors without approval by the Voting Members of the Association by an amount not to exceed fifteen percent (15%) of the maximum Annual Assessment of the previous year. The affirmative vote of a majority of the Voting Members shall be required to approve an increase in the Annual Assessment of more than fifteen (15%) percent from the Annual Assessment of the previous year.

(c) The Board of Directors may fix the Annual Assessments at an amount not in excess of the maximum allowed herein. When the Board of Directors fixes the Annual Assessments for each fiscal year, the Board of Directors shall, at the same time and in connection therewith, prepare, or cause to be prepared, an annual budget showing the services provided by the Association and the costs thereof.

Section 5. Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement situated within the Existing Property, including the necessary fixtures and personal property related thereto, provided that any such assessment shall be approved by the affirmative vote of a majority of the Voting Members who are voting in person or by proxy at a meeting duly called for this purpose. All Special Assessments may be collected on either an annual or monthly basis as determined by the Board of Directors.

Section 6. Notice and Quorum for Any Action Authorized Under Section 4 and 5. Written notice of any meeting of the Association called for the purpose of taking any action authorized under Sections 4, and 5, shall be sent to all Voting Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first meeting called, the presence at the meeting of Voting Members, or of proxies, entitled to cast fifty-one (51%) percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called, subject to the same notice requirement except as modified in the following sentence, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the day set for the preceding meeting.

Section 7. Uniform Rate of Assessments. Annual and Special Assessments shall be fixed at a uniform rate for all Lots.

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Section 8. Date of Commencement of Assessments: Due Dates: Certificate.

(a) All Assessments provided for herein shall commence as to any Lot upon the conveyance of the Lot by Declarant. The amount of Assessments due upon the conveyance of a Lot by Declarant shall be computed according to the number of days remaining in the fiscal year applicable to such Assessment.

(b) At least thirty (30) days in advance of the due date of each Assessment, the Board of Directors shall fix the amount and due date of the Assessment and give each Owner subject thereto written notice thereof.

(c) The Association, upon demand and payment of a service fee of not more than Twenty-five and no/00 Dollars (\$25.00) shall furnish a certificate in writing signed by an officer of the Association setting forth whether the Assessments due on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot shall be binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within thirty (30) days after its due date shall bear interest from the due date at that rate which is equal to the rate of interest chargeable by law in the State of Georgia on money judgments, or Fifteen (15%) percent per annum, whichever is lower, and such amount, together with interest and the costs of collection thereof as provided hereinafter, shall thereupon become a continuing lien upon the Lot against which such Assessment was made, and shall bind such Lot in the lands of the then Owner, his heirs, devisees, personal representatives and assigns. The Association may bring an action at law against the person personally obligated to pay the same, or foreclose the lien against the Lot in like manner as a deed to secure debt and, in either event, interest, costs, and attorney's fees in the amount of Fifteen (15%) percent of the total amount of the Assessment and interest thereon shall be added to the amount of such Assessment. Upon exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of all Assessments due and payable and collect the same as provided above. In the event of any such foreclosure, the Owner shall be required to pay reasonable rental for the Lot after commencement of the foreclosure action and the Association shall be entitled to the appointment of a receiver to collect the same. No Owner may waive or otherwise escape liability for the Assessments provided herein by abandonment of his Lot.

Section 10. Subordination of Lien to Deed to Secure Debt. The lien of the Assessments provided for herein shall be subordinate to the lien of any first deed to secure debt conveying the Lot subject to Assessments, and the lien of any ad valorem taxes on the Lot. Sale or transfer of a Lot shall not affect the Assessments lien thereon. However, the sale or transfer of a Lot pursuant to a foreclosure, or any proceeding in lieu of foreclosure, shall extinguish the lien of such Assessments as to payments, which became due prior to such sale or transfer. No such sale or transfer shall release such Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 11. Collection of Assessments Upon Conveyance by Declarant. Notwithstanding anything contained herein to the contrary, the following Assessments shall be paid to the Association upon the conveyance of a Lot by Declarant:

- (a) The prorated balance of any Assessments due for the fiscal year in which the closing occurs; and,
- (b) If the conveyance occurs within ninety (90) days of the end of any fiscal year, the Assessments due or projected due by the Declarant for the next fiscal year.

Section 12. Borrowing Money. Except as limited herein, the Association shall have the right to borrow money in such amounts, for such purposes and on such terms as determined by the Board of Directors. The Association cannot borrow any money if the repayment thereof on an annual basis results in an increase of more than fifteen (15%) percent in the annual expenditures of the Association as projected for the next fiscal year by the Board of Directors. The determination by the Board of Directors as to projected annual expenditures shall be controlling.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. Purpose. It is the Declarant's purpose to prohibit any improvement or change in the Existing Property which would be unsafe or hazardous to any personal property or individual; to minimize destruction or diminution of the view afforded to all Lots, and to preserve as much as is practicable of the visual continuity of the Existing Property; to assure that the improvements and construction of Dwellings and Structures on the Existing Property will be of good and attractive design, and in harmony with the natural setting of the area and serve to preserve and enhance the beauty thereof, and to assure the materials and workmanship for all improvements are of high quality and comparable to other improvements permitted on the Existing Property.

Section 2. Approval Required. No building, wall, walkway, sign, signpost, driveway, fence, mailbox, screening device, swimming pool, or other structure shall be commenced, erected, altered, modified or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made, nor shall the clearing of any trees or change of property grade be made, until plans and specifications showing the nature, kind, shape, height, type and color of brick, materials, location and grade of the same have been submitted to and approved in writing as to conformity and harmony of external design and general quality with the existing standards of the neighborhood and location in relation to surrounding structures and topography by the Design Review Committee as outlined herein. No change shall be made in color, stain or painting of any Structure or door thereof, balcony or deck thereunto attached, unless so approved.

Section 3. Design Review Committee. The Design Review Committee ("DRC"), shall consist of at least three (3) and not more than five (5) members to be appointed by the Board of Directors and shall have exclusive jurisdiction to approve or disapprove all of the items listed in Section 2. above.

Section 4. Liability. Provided that a member or members of the DRC, as the case may be, has or have acted in good faith on the basis of such information as possessed, neither the DRC nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of:

- (a) The approval or disapproval of any plans, drawings and specifications, whether or not defective;
- (b) The construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications;
- (c) The development of any property within the Existing Property;
- (d) Any negligence or breach of contract by a builder carrying out construction within the Existing Property.

Section 5. Responsibility of Declarant. There is reserved unto the Declarant the right of performing all functions of the DRC and to give the approvals and disapprovals otherwise within the jurisdiction of the DRC, so long as the Class B Membership exists.

Section 6. Procedures. Whenever approval is required for any matter within the jurisdiction of the DRC, the person seeking such approval shall furnish

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the data required by the DRC, and no such submission shall be deemed to have been made unless and until all required information has been received by the DRC. The DRC shall either approve or disapprove the design, location and proposed construction and clearing activities within thirty (30) days after plans and specifications have been submitted to it. If the plans and specifications are disapproved in any respect, the applicant shall be notified wherein such plans and specifications are deficient. The Board of Directors shall have the right, from time to time, to establish filing fees to defray the expenses of the DRC, which fees shall be paid at the time of submission of such plans.

Section 7. When Approval Deemed Granted. In the event the DRC shall fail to approve or disapprove a proposed design plan and location within thirty (30) days after all the required plans and specifications therefore have been received by it, approval shall be deemed granted, unless a suit to enjoin the proposed construction has been filed prior to commencement of construction. Plans and specifications required to be submitted shall not be deemed to have been received if they are incomplete, contain erroneous data, or fail to present accurate and complete information upon which the DRC may be expected to base its decision.

Section 8. Right to Inspect. The DRC shall have the right, at its election, to enter upon any Lot before or during clearing or construction, erection or installation of improvements or alterations, to inspect the work being undertaken in order to determine that such work is being performed in conformity with the approved plans and specifications, and in a good and workmanlike manner utilizing approved methods and good quality materials, all to be determined in the sole opinion of the DRC. The DRC shall have the power to order the dismantling or cessation of work it deems nonconforming in its sole opinion, and to enforce such order by any legal or equitable proceedings, including but not limited to, a proceeding seeking a temporary restraining order or other injunctive relief.

ARTICLE VI USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors shall have the power to formulate, publish and enforce rules and regulations concerning the Existing Property.

Section 2. Lot Use. Lots shall only be used for private residential purposes of a single family. No building shall be erected, re-erected or maintained on a Lot, except one Dwelling designed for occupancy by a Single Family, together with such accessory buildings for use by a Single Family as may be approved by the DRC in its sole discretion. Notwithstanding the foregoing, Declarant may use or permit the use of one or more Lots as model homes or as a sales office.

Section 3. Dwelling Size; Garages and Driveways. No Dwelling shall be constructed upon any Lot within the Existing Property, unless:

- (i) The minimum Living Area of a Dwelling shall be not less than one thousand two hundred (1,200) square feet.
- (ii) The minimum Living Area of a one and one-half story Dwelling or two-story Dwelling shall be not less than one thousand six hundred (1,600) square feet.
- (iii) All Dwellings shall have a double carport with storage, which contains at least four hundred forty (440) square feet.
- (iv) All Dwellings must have a concrete driveway with a concrete parking area in sufficient dimensions to accommodate two (2) vehicles.

Section 4. Construction Quality. It is the intention and purpose of this Declaration to insure that all construction shall be of a quality of design, workmanship and materials, which is compatible and harmonious with the natural setting of the area and other Dwellings within the Existing Property. All Dwellings shall be constructed in accordance with applicable governmental codes, and with more restrictive standards as may be required by the DRC.

Section 5. Nuisances. No noxious or offensive activity shall be carried on within the Existing Property, nor shall anything be done thereon which may be or become an annoyance or nuisance to other residents of the Existing Property. No immoral, improper, offensive or unlawful use shall be made of any portion of the Existing Property, and all valid laws, ordinances and regulations of all governmental agencies shall be carried on in any Dwelling or Structure, which will increase the rate of insurance applicable to other Dwellings in the Existing Property. In the event of a dispute as to whether an activity is noxious, offensive, annoying, a nuisance, immoral, improper to offensive as used herein, the determination as such by the Board of Directors shall be controlling.

Section 6. Home Occupations. No home occupation, industry, business, trade or profession of any kind shall be conducted, maintained or permitted on any part of the Existing Property, unless approved, in writing, by the Board of Directors in its sole discretion. Notwithstanding anything contained to the contrary, Declarant, or its assigns, shall have the right to use any Lot or Dwelling within the Existing Property for a sales office or for model home purposes.

Section 7. Temporary Structures. No temporary structure, including but not limited to: trailers, tents, shacks and mobile homes shall be placed on any Lot

at any time; provided, however that this prohibition shall not apply to Declarant or its specifically designated assigns. In the event of a dispute as to whether a Structure is a "Temporary Structure" as Used herein, the determination as such by the Board of Directors shall be controlling.

Section 8. Livestock and Poultry. No animals, livestock or poultry of any kind shall be maintained on a Lot or in a Dwelling, except that not more than four (4) household pets (including no more than two (2) dogs) may be kept or maintained on a Lot or in a Dwelling, provided that they are not kept, bred, or maintained for a commercial purpose and, provided further, that they shall not, in the sole discretion of the Board of Directors, constitute a nuisance or cause unsanitary conditions. All animals must be confined to their Owner's Lot or Dwelling, unless walked on a leash.

Section 9. Resubdivision. No Lot shall be resubdivided, combined with another Lot, or reduced in size without the written consent of the DRC; provided, however that this prohibition shall not apply to Declarant or its specifically designated assigns.

Section 10. Outside Antennae. No outside radio or television antennae shall be erected on a Lot without the prior written approval of the Board of Directors.

Section 11. Satellite Dish. No outside Satellite Dish shall be erected on a Lot, or upon any Dwelling, without the prior written approval of the Board of Directors.

Section 12. Clothes Lines. No clotheslines or other devices designed for drying clothes outside of a Dwelling shall be permitted within the Existing Property. In the event of a dispute as to whether a device is a "Clothes Line" as used herein, the determination as such by the DBC shall be controlling.

Section 13. Vegetable Gardens. No vegetable gardens shall be placed or maintained on any Lot so as to be visible from the street in front or on the side of said Lot.

Section 14. Parking.

(a) Automobiles, trucks and motorcycles must be parked in garages, on the driveway area or on the parking pads required on each Lot;

(b) No commercial vehicles/buses, trailers, camping trailers, motor homes, recreational vehicles or boats (collectively "Vehicle/Boat") may be maintained or parked within the Existing Property, unless the Owner thereof obtains a Conditional Parking Permit from the Board of Directors. The

Board of Directors shall have the authority, in its discretion, to establish the standards for the issuance of such permit and the authority, to order the removal of any Vehicle/Boat maintained or parked in violation of its Conditional Parking Permit. The cost of such removal shall be paid by such Owner of the removed Vehicle/Boat. In the event of a dispute as to whether a device is a "Vehicle/Boat" as used herein, the determination as such by the Board of Directors shall be controlling.

(c) No disabled automobile, truck, motorcycle or Vehicle/Boat can be parked within the Existing Property for more than two (2) days. No automobiles, trucks, motorcycles or Vehicles/Boats shall be parked in streets, right-of-ways or Common Areas Within the Existing Property.

Section 15. Plants and Trees.

(a) No trees or shrubbery on a Lot may be cut, trimmed or disturbed until a Lot Disturbance Permit has been issued by the DRC. The DRC shall have the authority to establish the standards for the issuance of such Permit and can reject plans for construction of a Dwelling on a Lot if the trees or shrubbery previously existing on the Lot had been disturbed prior to the issuance of a Lot Disturbance Permit or in violation of the conditions of such permit.

(b) After the required clearing for the construction of Dwellings, Structures and driveways, no tree having a diameter greater than twelve (12) inches, five (5) feet above grade may be cut or moved without the prior written approval of the DRC.

Section 16. Mailboxes. No mailboxes or receptacles for the delivery of newspapers or mail shall be allowed on a Lot unless the mailbox or receptacle has either been purchased from the Declarant or is an exact replica of a mailbox or receptacle designed by Declarant and approved by the DRC.

Section 17. Signs.

(a) No signs shall be displayed upon a Lot other than: (i) a sign identifying the name of the contractor or lender during construction of a Dwelling; provided said sign does not exceed five (5) square feet in area; or (ii) a professionally made sign identifying a Lot "For Sale"; provided said sign is placed only on the subject Lot, does not exceed five (5) square feet in area, and is approved by the DRC in its sole discretion.

(b) No other signs, including but not limited to directional signs, shall be placed anywhere within the Existing Property, including but not limited to rights-of-ways;

(c) The provisions of this Section shall not apply to Declarant.

Section 18. Drainage Ditches and Walkways. No change shall be made in the level or courses of any drainage ditch, swale or walkway in the Existing Property without the prior written approval of the DRC. The Owner of a Lot which adjoins a drainage ditch, swale or walkway shall keep that portion of such drainage ditch, swale or walkway lying within or contiguous to his Lot in a clean and orderly condition, and shall maintain the proper depth and grade of such drainage ditch, swale or walkway unless the same is maintained by the Association.

Section 19. Setback. All Structures erected on a Lot must be situated within the front, rear and side setback lines shown on the Plat. Notwithstanding the location of set back lines as shown on the Plat, no Structure can be located within ten (10) feet of the side boundary lines of a Lot, thirty-five (35) feet within front boundary line of a Lot and twenty-five (25) feet from the rear boundary line of a Lot. Corner Home Sites are fifteen (15) feet on side street. The DRC shall have the right, in its sole discretion, to establish, waive, increase, decrease or modify all setback hues.

Section 20. Maintenance.

(a) Each Owner shall be responsible for the maintenance of his Lot, yard and all improvements erected thereon, If, in the sole opinion of the Board of Directors, an Owner fails to maintain his Lot, yard or any improvements erected thereon in a neat and orderly manner, the Association may provide such maintenance as it deems necessary, and the costs thereof shall be added to and become a part of the Annual Assessment to which such Lot is subject.

(b) After conveyance by Declarant to an Owner, each vacant Lot must be "bush hogged" at least twice per calendar year in a manner acceptable to DRC, in its sole opinion. If, in the sole opinion of the Board of Directors, an Owner fails to properly "bush hog" his Lot, the Association may provide such "bush hogging" as it deems necessary, and the costs thereof shall be added to and become a part of the Annual Assessments to which such Lot is subject. In the event of a dispute as to the definition of "bush hog" as used herein, the determination as such by the Board of Directors shall be controlling.

Section 21. Fuel Tanks. No fuel tank or similar storage receptacle may be exposed to view on a Lot. Fuel tanks or similar storage receptacles may be installed only within a Structure, within a screened area or buried underground, as approved by the DRC in its discretion. This provision shall not apply during

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construction of a Dwelling on a Lot.

Section 22. Driveways.

- (a) Driveways can only be constructed on Lots at locations approved by the DRC, in its sole discretion;
- (b) Driveways can only be constructed of concretes or such materials as approved by the DRC, in its sole discretion;
- (c) All driveways must include concrete from the edge of the paved road abutting a Lot to the front of the garage or the Dwelling located on the Lot.

Section 23. Firearms, Archery, Hunting, All-Terrain Vehicles, Scooters, Mopeds, Go-Carts and other Gasoline and Electric Powered Means of Transportation collectively ("Recreation Vehicles").

- (a) No firearms, including but not limited to, rifles, shotguns, pistols, pellet guns or BB guns shall be discharged within the Existing Property.
- (b) No archery equipment shall be shot or used within the Existing Property.
- (c) No hunting or shooting birds, squirrels or other animals within the Existing Property.
- (d) No Recreation Vehicles shall be allowed on any street, road, pothole, or easement within the Existing Property. In the event of a dispute as to whether a device is a Recreation Vehicle, the determination as such by the Board of Directors shall be controlling.

ARTICLE VII
EASEMENTS

Section 1. Reservation of Easement. In addition to all easements shown on the Plat, Declarant reserves to itself, and its designated successors and assigns, a perpetual, alienable and releasable easement across and within ten (10') feet of all the boundaries of a Lot for the installation, construction, renewing, operation and maintenance of utilities and drainage facilities, including installation under the

ground, as well as upon and above ground, for the purpose of serving the Existing Property with water, telephone, electricity, sewer, cable television, and other utility services. Within these easements, no Structures, planting or other materials may be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may, in the sole discretion of the DRC, change the direction of flow of drainage ditches and easements, or which may obstruct or retard the flow of water through drainage ditches, swales and easements.

ARTICLE VIII INDEMNIFICATION

Notwithstanding any duties of the Association to maintain any rights-of-ways or street lighting within the Existing Property and at the Entrance, or any other duties imposed upon or accepted by the Association, the Association shall not be liable for injury or damage caused by any latent or other condition in any portion of such rights-of-ways, street lighting or otherwise, nor for injury caused by the elements, Owners or other persons, nor shall any officer or director of the Association be liable to any Owner or other person for injury or damage caused by such officer or director in the performance of his duties, unless the same shall be due to the willful misfeasance or malfeasance of such officer or director. Each officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees incurred in connection with any proceeding to which he may be a party or in which he may become involved by reason of his or her having been an officer or director of the Association, or any settlement, whether or not such person is an officer or director of the Association at the time such expense and liabilities are incurred, except in such cases where the officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties. In the event of any such settlement, indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

ARTICLE IX GENERAL PROVISIONS

Section 1. Application. All Owners, employees of Owners, guests of Owners, tenants or other persons who may, in any manner, use the Existing Property or any portion thereof shall be subject to the provisions hereof; and to the provisions of the Articles of Incorporation and the Bylaws of the Association and any Rules and Regulations formulated by the Board of Directors pursuant to Article VI herein.

Section 2. Enforcement. The Association, an assignee of the Association, the Manager, the Board of Directors, the DRC, the Declarant or any Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens or charges now or hereafter imposed by the provisions of this Declaration. Failure by any party named above to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event any action is brought to enforce any of the provisions of this Declaration by either the Association, an assignee of the Association, the Manager, the Board of Directors, the DRC, or the Declarant, such party, if successful, shall be entitled to recover of the defendant therein all costs of the action, including attorney's fees.

Section 3. Severability. Invalidation of any Section or portion of this Declaration by judgment or court order, shall in no way affect any other Sections or portions, which shall remain in full force and effect.

Section 4. Notices. Any notice sent or required to be sent to any party under the provisions of this Declaration shall be deemed to have been properly given when mailed, postage prepaid, to the last known address shown on the books of the Association for such addressee at the time of mailing or when delivered by hand.

Section 5. Duration. The covenants and restrictions of this Declaration shall run with the Existing Property, bind the Existing Property and shall inure to the benefit of and be enforceable by the Association, an assignee of the Association, the Manager, the Declarant, the DRC, or any Owner, and their respective legal representatives, heirs, successors and assigns, for a period of twenty (20) years from the date this Declaration is recorded. The Covenants and Restrictions of this Declaration may be continued beyond said twenty (20) years for successive periods of ten (10) years each as follows: to continue the Covenants and Restrictions of this Declaration at least two-thirds of the record Owners of Lots shall execute a document containing a legal description of the entire area affected by the covenants and restrictions of this Declaration, a list of the names of all record Owners of Lots affected thereby, and a description of the covenants and restrictions to be continued (which may be incorporated by a reference to another recorded document). Such document, together with the affidavit of an attorney licensed to practice in this State, stating that he has searched the land records and has verified the names of the record owners appearing in the document shall be recorded in the Office of the Clerk of the Superior Court of Effingham County, Georgia prior to the expiration of the initial twenty (20) year period, or any subsequent ten (10) year extension, provided, however, that no such extension shall be effective unless made and recorded prior to the lapse of time of such initial period or extension.

Section 6. Amendment of Declaration.

(a) Until termination of its Class B Membership in the Association, Declarant shall have the sole right, in its discretion, to amend this Declaration;

(b) Upon termination of Declarant's Class B Membership in the Association, the Association shall have the power to amend this Declaration by the affirmative vote of a majority of Voting Members who are voting in person or by proxy at a meeting duly called for this purpose. Notwithstanding anything contained herein to the contrary, the Association shall not have the right to amend this Declaration if such amendment affects the Management Agreement described in Article XVI below, unless Declarant consents to such amendment.

Section 7. Lease of Dwelling. No Dwelling shall be leased for transient or hotel purposes, nor may any Owner lease less than his entire Dwelling. All leases must be in writing and provide that the terms of the lease and the occupancy of the Dwelling are subject in all respects to this Declaration and to the Bylaws and Articles of Incorporation of the Association, and any Rules and Regulations formulated by the Board of Directors pursuant to Article VI herein, and that any failure by any lessee to comply with the terms of such documents shall constitute a default under such lease.

Section 8. Liability Insurance. At the sole discretion of the Board of Directors, the Association may obtain and maintain a broad form public liability insurance policy or other form of liability insurance policy covering damage or injury caused by the negligence of the Association or any of its agents, officers or employees, in amounts to be determined by the Board of Directors for each occurrence. Such policy or policies may contain a waiver of the right of subrogation against the Association, its members, officers, agents or employees.

Section 9. Litigation. No judicial or administrative proceedings shall be commenced or prosecuted by the Association unless approved by the affirmative vote of seventy five (75%) percent of the Voting Members who are voting in person or by proxy at a meeting duly called for this purpose. However, this section shall not apply to:

(a) Any actions brought by the Association, the DRC, or an assignee of the Association or the Manager to enforce any provisions of this Declaration (including, without limitation, the foreclosure of liens or the enforcement of use restrictions);

(b) Imposition and collection of Assessments as provided

hereinabove;

(c) Counterclaims brought by the Association in proceedings instituted against it.

Section 10. Conflicts. In the event of any irreconcilable conflict between this Declaration and the Bylaws or Articles of Corporation, the provisions of this Declaration shall control.

Section 11. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and non-personal entities, as well as the singular and plural wherever the context provides or permits.

Section 12. Common Areas. Declarant or successors and assigns, shall have the right, but not the obligations, in their sole discretion, to convey to the Association any property within the Existing Property to be held and used by the Association as Common Area for the use and benefit of all Owners (herein "Common Areas"). The designation of areas as "Common Area" or "Wetlands" on any plat or maps of the Existing Property shall not create any obligation of Declarant specifically reserve the right to decline to convey such areas to the Association.

Section 13. Time of Essence. Time is of the essence for purposes of this Declaration.

Section 14. Other Insurance. In addition to the liability insurance described in Section 8. above, the Board of Directors, in its sole discretion, may obtain and maintain for the Association such other insurance or fidelity bonds, as it deems necessary.

ARTICLE X FENCES AND SWIMMING POOL

Section 1. General. The construction, reconstruction and alteration of all fences situated within the Existing Property must be approved by the DRC as required under Article V above prior to construction, reconstruction or alteration as the case may be.

Section 2. Dimensions, Location and Material.

- (a) No fence can exceed six (6) feet in height.

(b) No fence shall be constructed within fifty (50) feet of the front property line.

Notwithstanding anything contained herein, no fence shall be erected upon a Lot unless the same has first been approved by the DRC as to design, materials and location.

Section 3. Swimming Pool. Fences. The DRC shall have the right, in its sole discretion, to waive, modify or amend the above restrictions in regard to fences surrounding swimming pools.

ARTICLE XI
CONSTRUCTION WASTE MATERIALS

Section 1. General. During construction of a Dwelling, the following provisions shall apply to scrap materials, wood, paper, trash or other construction waste materials (collectively "Construction Waste Materials"):

(a) If there is sufficient area on a Lot upon which a Dwelling is being constructed for a truck to pass to the rear of such Lot, then all Construction Waste Materials related to the construction of said Dwelling must be stored and situated at the rear of said Lot;

(b) After a Dwelling is "dried in", as defined by Declarant, all Construction Waste Materials must be removed from the Lot and the Lot "rough graded" as defined by and to the satisfaction of Declarant.

(c) If, in its sole discretion, the Declarant determines that a Lot Owner or a builder constructing a Dwelling for a Lot Owner, does not comply with any of the provisions of this Article XII, then Declarant shall have the option, in its sole discretion, to take whatever actions it deems appropriate to correct said non-compliance and the cost of such corrections plus fifty (50%) per cent of said costs shall be paid to Declarant by the Owner of the Lot on which the non-compliance occurs. The amounts due Declarant pursuant to this Article XII shall constitute a lien upon and encumber the Lot with respect to which the corrections have been made, and the Declarant, and its successors and assigns, shall have the same rights and remedies to record and foreclose such a lien and collect such amount as reserved to the Association with regard to Assessments as set forth in Article IV herein.

ARTICLE XII
FHA OR VA COMPLIANCE

Section 1. General. Notwithstanding anything contained herein to the contrary, Declarant shall have the unilateral right to amend or modify this Declaration if, in the sole discretion of Declarant, such amendment or modification is necessary to provide that loans made or insured by the Federal Housing Administration, the Federal National Mortgage Association, the Veterans Administration, or any successors to such entities, can be made to purchasers of Lots within the Existing Property.

Section 2. Affect. Any amendment or modification enacted by Declarant pursuant to Section 1. above shall affect all of the Lots within the Existing Property to the same degree as if the Declaration was so modified or amended prior to the conveyance of any Lots by Declarant.

ARTICLE XIII
ASSIGNMENT OF ASSOCIATION'S RIGHTS AND DUTIES AND
CONTRACTS
WITH OTHER ASSOCIATIONS

Section 1. General. The Association may, from time to time, delegate by contract any or all of its rights, powers, discretion and duties described in this Declaration to such agents or managers as it may nominate. In addition, the Association may permanently or temporarily assign and transfer by contract any or all of its powers and duties (specifically including, but not limited to, discretionary powers and duties), rights and obligations reserved to it by this Declaration to any one or more persons, associations, partnerships, corporations or other entities.

ARTICLE XVI
CONSTRUCTIVE NOTICE

Section 1. General. Every person, firm, association, partnership, corporation or other entity who hereafter owns or acquires any right, title, estate or interest in onto any portion of the Existing Property is and shall be conclusively deemed to have consented to and agreed to every covenant, condition and restriction contained in this Declaration, whether or not any reference to this Declaration is contained in the instrument by which such person, firm, association, partnership, corporation or other entity acquired an interest in such portion of the Existing Property.

Section 2. Other Associations. The Association may, by its Board of Directors, enter into agreements with other homeowner associations for any purposes, whatsoever, including but not limited to agreements sharing the costs of repair and replacement and maintenance of the Entrance and other common areas.

IN WITNESS WHEREOF, Declarant has executed the foregoing instrument under seal, this _____ day of _____, 2005.

By: Robert Adams
President

Attest: Angela K. Bell
Secretary

Signed, sealed and delivered this day of July
12 Day of July, 2005.

Witness

[Signature]
Notary Public

My Commission Expires: 6-15-09

[NOTARIAL SEAL]

5011

ALL that tract of parcel of land lying and being in the 9th G.M. District, City of Rincon, Effingham County, Georgia, and containing 75.95 acres, more or less, as more particularly shown on that certain survey plat entitled by Kern-Coleman & Company, signed by Terry Mack Coleman Ga., R.L.S. 2486, and recorded in the Office of the Clerk of Superior Court of Effingham County, Georgia, at Plat Book "C", Page 7F01. Express reference to said recorded Property Survey is hereby made for determining the metes, bounds, and dimensions of the property hereby described.

The above described real property to be known and developed as Picket Fences Subdivision, Phases I, II, III, and IV.