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CONDOMINIUM DECLARATION
THE LAFAYETTE, A CONDOMINIUM

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Unit 409

THE LAFAYETTE, A CONDOMINIUM
SAVANNAH, CHATHAM COUNTY, GEORGIA

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DECLARATION OF CONDOMINIUM

OF

THE LAFAYETTE, A CONDOMINIUM

THIS DECLARATION made and entered into by LAFAYETTE SQUARE CORPORATION (for convenience hereinafter referred to as the "Declarant");

: W I T N E S S E T H :

WHEREAS, Declarant is the owner of all that tract or parcel of land described in Exhibit "A" attached hereto and, by reference, made a part hereof; and,

WHEREAS, Declarant will convey the property described in said Exhibit "A" subject to certain protective covenants, conditions, restrictions, liens and charges as hereinafter set forth;

NOW, THEREFORE, the Declarant, as the owner of the Property hereinbefore described, and for the purposes set forth, declares as follows:

1. Definitions. The terms used herein and in the "Articles" and "By-Laws" (as both are hereinafter defined), shall have the meaning for each specified in Section 3 of the "Act" (as hereinafter defined) and as follows, unless the context otherwise requires;

(a) "Act" means the "Georgia Condominium Act".

(b) "Articles" means the Articles of Incorporation of the Association.

(c) "Assessment" means a share of the funds required for the payment of Common Expenses which from time to time is assessed against each Unit Owner.

(d) "Association" means The Lafayette Condominium Assoc., Inc., a Georgia non-profit corporation.

(e) "Board" means the Board of Directors of the Association.

(f) "Buildings" means all structures or structural improvements located on the Parcel and forming part of the Property and containing one or more Units, as shown by the plans of the respective floors of said structural improvements included in the Plat.

(g) "By-Laws" means the By-Laws of the Association.

(h) "Commercial Unit" means a Unit designated on the Plat as a Commercial Unit.

(i) "Common Elements" means all portions of the Property, except the Units, including, without limitation, the Limited Common Elements, land, foundations, walls, hallways, stairways, entrances and exits, lobby, parking spaces, laundry, mechanical equipment area, storage areas, elevator, basements, room, roof, pipes, ducts, electrical wiring and conduits (except pipes, ducts, electrical wiring and conduits situated entirely within a Unit and serving only such Unit), central heating systems, public utility lines, structural parts of the Building; outside walks and driveways, landscaping and all other portions of the Property except the individual Units. Walls and columns providing structural support located within the boundaries of a Unit shall be part of the Common Elements. Any references to "Common Elements" appearing on the Plat (except references to Limited Common Elements) shall be deemed solely for purpose of general information and shall not be limiting in any way, nor shall any such reference define the Common Elements in any way.

(j) "Common Expenses" means the proposed or actual expenses affecting the Property, including reserves, if any, lawfully assessed by the Board or the Association. Such Common Expenses shall consist of the expenses of the administration and operation of the Common Elements and any other expenses lawfully made or incurred in conformance with the Act, this Declaration, and the By-Laws by or on behalf of the Association, including, but not limited to, the maintenance and repair of the Common Elements and any and all replacements and additions thereto.

(k) "Condominium" means the condominium regime established by this Declaration, the name of which is "The Lafayette, A Condominium".

(l) "Declarant" means Lafayette Square Corporation, a Georgia corporation, or any successor or successor-in-title thereof who comes to stand in the same relation to the Condominium as did its predecessor, provided such successor or successor-in-title is designated in writing by its predecessor as a successor to the rights of such predecessor hereunder.

(m) "Declaration" means this instrument, by which the Property is submitted to the provisions of the Act, as hereinafter provided, and such Declaration as amended from time to time.

(n) "Directors" means the members of the Board.

(o) "Institutional Mortgagee" means a bank, a savings and loan association, an insurance company, an FHA approved mortgage lender, a pension fund, a credit union, a real estate or mortgage investment trust, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, a mortgage banker or any other lender generally recognized in the community as an institutional type of lender or its loan correspondent, or the Declarant, holding a Mortgage on one or more individual Units.

(p) "Limited Common Elements" means all Common Elements serving exclusively a single Unit or one or more adjoining Units as an inseparable appurtenance thereto, the enjoyment, benefit or use of which is reserved to the

lawful Occupants of such Unit or Units either in this Declaration, on the Plat or by the Board. The parking spaces and lanes thereto as shown on the Plat and any other apparatus designed to serve a single Unit are hereby assigned as Limited Common Elements appertaining only to the Unit served. The Limited Common Elements hereby assigned shall not be reassigned, and no other Limited Common Elements shall be assigned.

(q) "Majority of the Unit Owners" means the owners of more than 50% in the aggregate of the undivided ownership interest in the Common Elements. Any specified percentage of Unit Owners means that percentage of Unit Owners who in the aggregate own such specified percentage of the entire undivided ownership of the Common Elements; provided, however, that if at any time 25% or fewer of the Units, by number, possess over 50% in the aggregate of the undivided ownership in the Common Elements, then any percentage vote of the Unit Owners specified in the Act, this Declaration or the By-Laws shall require the vote of the specified percentage of Units (on the basis of one vote per Unit), rather than the specified percentage of ownership interest in the Common Elements allocated to Units that would otherwise be applicable.

(r) "Mortgage" means a mortgage, deed to secure debt, deed of trust or other instrument conveying a lien upon or security title to property.

(s) "Mortgage Holder" means the Institutional Mortgagee holding the greatest aggregate principal dollar amount of Mortgages on individual Units.

(t) "Occupant" means a person or persons in possession of a Unit, regardless of whether said person is a Unit Owner.

(u) "Parcel" means the parcel or tract of real estate, described above in this Declaration, submitted to the provisions of the Act.

(v) "Person" means a natural individual, corporation, partnership, trust or other legal entity capable of holding title to real property, or any combination thereof.

(w) "Plat" means the plat(s) of survey of the Parcel and the plans of all Units, said Plat(s) being Recorded simultaneously with the Recording of this Declaration.

(x) "Property" means all the land, property and space comprising the Parcel, and all improvements and structures erected, constructed or contained therein or thereon, including the Building, and all easements, rights and appurtenances belonging thereto, and all furniture, furnishings, fixtures and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners, submitted to the provisions of the Act.

(y) "Record of Recording" refers to the record or recording in the office of the Clerk of the Superior Court of Chatham County, Georgia.

(z) "Special Assessments" means the costs and expenses for which Unit Owners are liable to the Association other than Assessments payable by the Unit Owners in accordance with Article V, Section 2 of the By-Laws.

(aa) "Unit" means a part of the Property designed and intended for any type of independent use and consisting of one or more rooms situated on one or more floors of the Building or a part or parts thereof, so specified as a Unit and listed on the floor plans and to be set forth on the plat which will be recorded. Each Unit shall consist of the space enclosed and bounded by the horizontal and vertical planes as shown on the Plat, but shall not include the boundaries of the Unit, which are as follows:

(i) Upper and Lower Boundaries: The upper and lower boundaries extended to their planar intersections with the perimetrical boundaries of the Unit as follows:

(1) Upper Boundary -- the horizontal plane of the unfinished lower interior surface of the ceiling.

(2) Lower Boundary -- the horizontal plane of the unfinished upper interior surface of the floor.

(ii) Perimetrical Boundaries. The perimetrical boundaries of each Unit shall be the vertical planes of the exterior surfaces of exterior windows bounding a Unit and the unfinished interior surfaces of the walls and entry doors bounding the Unit, excluding paint, wallpaper and like coverings, extended to their planar intersections with each other and with the upper and lower boundaries.

Each unit shall include all improvements contained within such area, including any plumbing and electrical fixtures; provided, however, that no bearing walls and bearing columns of the Building in which such Unit is located, and no pipes, wires, conduits, ducts, flues, shafts, and public utility lines situated within such Unit and forming part of any system serving one or more other Units or the Common Elements shall be deemed to be a part of such Unit.

(bb) "Unit Owner" means the person or persons whose estates or interests, individually or collectively aggregate fee simple ownership of a Unit and of the undivided interest in the Common Elements appurtenant thereto. The Declarant shall be deemed a Unit Owner with respect to each Unit which it owns.

2. Submission of Property to the Act. The Declarant, as the owner in fee simple of the Parcel, expressly intends to, and by recording this Declaration does hereby, submit the Parcel and the Property to the provisions of the Act.

3. Plat. The Plat is certified as required by the Act and sets forth the dimensions, elevations, locations, boundaries and other data, as required by the Act, with respect to (a) the Parcel; (b) the building and each floor thereof and all improvements and structures located and contemplated to be located on the Parcel; and (c) each Unit.

4. Units. The legal description of each Unit shall consist of the identifying number or other symbol for such Unit as shown on the Plat. Every deed, lease, mortgage or other instrument shall legally describe a Unit by setting forth its identifying number or symbol as shown on the Plat,

the name of the Condominium, the name of the county in which the Parcel is situated and the deed book and page number where the first page of this Declaration is recorded, and every such description shall be deemed to include the undivided interest in the Common Elements appertaining to such Unit and shall be deemed good and sufficient for all purposes as provided in the Act. Except as provided by the Act or as provided in this Declaration, no Unit Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause his Unit to be separated into any tracts or parcels different from the whole Unit as shown on the Plat.

5. Association of Unit Owners.

(a) Administration and Operation of the Property. The Association shall be the governing body for all of the Unit Owners, for the maintenance, repair, replacement, administration and operation of the Property, as provided in the Act, this Declaration and the By-Laws. The Association shall have and exercise all powers necessary or convenient to effect any or all of the purposes for which the Association is organized, and to do every other act not inconsistent with law which may be appropriate to promote and attain the purposes set forth in the Act, this Declaration, the By-Laws, and the Articles. Subject to the Act and Paragraph 11 below, the Board shall have standing to act in a representative capacity in relation to matters involving the Common Elements or more than one Unit, on behalf of the Unit Owners, as their interests may appear. The fiscal year of the Association shall be determined by the Board, and may be changed from time to time as the Board deems advisable. The Association shall not be deemed to be conducting a business of any kind. All activities undertaken by the Association shall be for the sole benefit of the Unit Owners, and all funds received by the Association shall be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions of the Declaration and By-Laws. Each Unit Owner shall be a member of the Association so long as he is a Unit Owner. A Unit Owner's membership shall automatically terminate when he ceases to be a Unit Owner. The aggregate number of votes for all members of the Association shall be One Hundred (100) and shall be divided among the respective Unit Owners in accordance with their respective percentages of ownership interest in the Common Elements. Upon the conveyance or transfer of a Unit Owner's ownership interest to a new Unit Owner, the new Unit Owner shall simultaneously succeed to the former Unit Owner's membership in the Association. Upon the conveyance or transfer of a portion of a Unit Owner's ownership interest, the transferring Unit Owner and the transferee thereof shall each be members of the Association in accordance with the percentage of ownership interest in the Common Elements of each following such conveyance or transfer. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation. When more than one person holds an interest in any Unit, the vote for such Unit shall be exercised as they among themselves determine. In no event shall more than one vote be cast with respect to any Unit.

(b) Management of Property. The Board shall have the authority to engage the services of a manager or managing agent (herein sometimes referred to as the "Managing Agent") to maintain, repair, replace, administer and operate the Property, or any part thereof, to the extent deemed advisable by the Board. The cost of such services shall be a Common Expense, as defined in Paragraph 10, below.

(c) Apartments for Building Personnel. The Board shall have authority to lease, purchase or mortgage one or more Units or other residential quarters for a building manager and engineer. All rental or debt service paid by the Association pursuant to any such lease agreement or Mortgage shall be part of the Common Expenses.

(d) Use by Declarant. During the period of sale by the Declarant of any Units, the Declarant and its agents, employees, contractors and subcontractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from the Building and Property as may be required for purposes of said sale of Units, and the construction, installation, improvement and maintenance of components of the Property. While the Declarant owns any of the Units, any unsold or unoccupied Units as a model Unit or Units it may use one or more of such unsold or unoccupied Units or a portion or portions of the Common Elements as a sales office, and may maintain customary signs in connection therewith.

(e) Nonliability of Board, Directors, Officers and Declarant. Neither the Board, the Directors, officers of the Association, nor the Declarant shall be personally liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Board, Directors, officers or Declarant, except for any acts or omissions found by a court to constitute gross negligence or fraud. The Unit Owners shall indemnify and hold harmless each of the Board, Directors, officers, and Declarant, and their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors and assigns in accordance with the provisions of Article VIII of the By-Laws.

6. Board's Determination Binding. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, By-Laws or Articles, the determination thereof by the Board shall be final and binding on each and all such Unit Owners.

7. Ownership of the Common Elements. Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements allocated to the respective Unit owned by such Unit Owner, as set forth in Exhibit "B" attached hereto and made a part hereof as though fully set forth herein. The percentage of ownership interests set forth in Exhibit "B" have been computed and determined in accordance with the Act and shall remain constant unless hereafter changed by the condemnation of a portion or all of a Unit or Units, or unless changed by amendment to this Declaration, as provided in Paragraph 20 of this Declaration, and until such amendment is recorded in accordance with the Act and Paragraph 24, below. Said ownership interest in the Common Elements shall be an undivided interest, and the Common Elements shall be owned by the Unit Owners as tenants in common in accordance with their respective percentages or ownership. Except as provided in the Act and this Declaration, the Ownership interest in the Common Elements shall remain undivided, no Unit Owners shall bring any action for partition or division of the Common Elements, and any agreement or covenant to the contrary shall be void. The ownership of each Unit shall not be conveyed, transferred, encumbered or otherwise affected separate from the percentage of ownership

in the Common Elements corresponding to said Unit. The undivided percentage of ownership in the Common Elements corresponding to any Unit shall be deemed conveyed, transferred, encumbered or otherwise affected with that Unit, even though the legal description in the instrument conveying, transferring, encumbering or otherwise affecting a Unit may refer only to the fee title to that Unit and not expressly mention or describe the percentage of ownership in the Common Elements corresponding to that Unit, or may refer to an incorrect percentage for that Unit.

8. Use of Common Areas, Easements, Etc.

(a) Use of the Common Elements. Each Unit Owner shall have the right to use the Common Elements (except the Limited Common Elements, and any portions of the Property subject to leases made by or assigned to the Board) in common with all other Unit Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of the respective Unit owned by such Unit Owner. Such right to use the Common Elements shall extend not only to each Unit Owner, but also to his agents, employees, tenants, family members, customers, invitees and licensees. Nevertheless, each Unit Owner shall have the right to the exclusive use and possession of the Limited Common Elements serving such Unit. Such rights to use the Common Elements, including the Limited Common Elements, shall be subject to and governed by the provisions of the Act, Declaration, By-Laws and rules and regulations of the Association. In addition, the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of the Declaration and By-Laws. All income derived by the Association from leases, concessions, and other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

(b) Utilities. Each Unit shall have an easement as may be required for utility services (including without limitation electric power, water, gas, heating, air conditioning and garbage and sewage disposal) in order to serve the Property adequately; provided, however, easements through a Unit shall exist according to the plans and specifications for the Building or, if different from the manner of construction set forth in the plans and specifications, as the Building is actually constructed or reconstructed, unless otherwise approved in writing by the Unit Owner. The Board or its designee shall have a right of access to each Unit to inspect such Unit, to maintain, repair or replace the pipes, wires, ducts, vents, cables, conduits and other such utility services, drainage facilities and Common Elements contained in the Unit or elsewhere in the Property and to remove any improvements interfering with or impairing said utility services, drainage facilities and easements herein reserved; provided such right of access, except in the event of an emergency, shall not unreasonably interfere with the Unit Owner's permitted use of the Unit, and except in the event of an emergency, entries shall not be made without prior notice to the Unit Owner. Should any utility furnishing a service covered by the general easement described above request a specific easement by separate recordable document, the Declarant shall have the right to grant such easement on

the property without conflicting with the terms hereof. The easement(s) provided for in this subparagraph shall in no way adversely affect any other recorded easement on the Property.

(c) Support. Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

9. Special Features.

(a) Coin Laundry Facility. The coin laundry facility shall be part of the Common Elements and shall be owned by and maintained at the expense of the Association. However, the Association may lease this facility.

(b) Storage Areas. The storage lockers of the Building shall be a part of the Common Elements and shall be assigned or rented to the Unit Owners in such manner and subject to such rules and regulations as the Board may prescribe, and lockers not so allocated may be rented in such manner as the Board may prescribe.

10. Common Expenses. Each Unit Owner, including the Declarant, shall pay his proportionate share of the Common Expenses. Except for its responsibilities as a Unit Owner, as provided herein, the Declarant shall not have any responsibility for the maintenance, repair or replacement of any part of the Common Elements after the date the Declarant delivers its deed to the first purchaser of a Unit. Such proportionate share of the Common Expenses for each Unit Owner shall be in the same ratio as his percentage of ownership in the Common Elements. Payment of Common Expenses, including any prepayment thereof required by contract for sale of a Unit, shall be in such amounts and at such times as determined in the manner provided in the By-Laws. No Unit Owner shall be exempt from payment of his proportionate share of the Common Expenses by waiver or nonuse or nonenjoyment of the Common Elements or by abandonment of his Unit. If any Unit Owner shall fail or refuse to make any such payment of the Common Expenses when due, the amount thereof together with interest thereon at the rate of 8% per annum or such greater percentage as may then be permitted under the laws of the State of Georgia, plus all costs of collection and maximum penalties as provided in Ga. Code Ann. §85-1641(b), from and after the date said Common Elements become due and payable, shall constitute a lien on the interest of such Unit Owner in the Property, as provided in the Act; provided, however, that such lien shall be subordinate to all of the following:

(a) Any Mortgage Recorded prior to the recording of this Declaration and encumbering the Property, any portion thereof or the interest of such Unit Owner in the Property;

(b) Any first-priority Mortgage on the interest of such Unit Owner;

(c) Any secondary purchase money Mortgage on such interest, and

(d) Ad valorem taxes on such interest.

11. Mortgages and Other Liens. Each Unit Owner shall have the right, subject to the provisions herein, to make or create, or cause to be made or created, any Mortgage or other lien on or affecting his respective Unit, together

with his respective ownership interest in the Common Elements; provided, however, that, from the date this Declaration is recorded, no Unit Owner shall have the right or authority to make or create, or cause to be made or created, any Mortgage or other lien on or affecting the Property or any part thereof, except only to the extent of his own Unit and the respective percentage interest in the Common Elements corresponding thereto. The Declarant shall have the right to make or create, or cause to be made or created, one or more Mortgages or other liens on or affecting all or some of the Units to which it then owns fee simple title, and the interests in the Common Elements appurtenant thereto.

12. Separate Real Estate Taxes. Real estate taxes shall be separately taxed to each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Elements, as provided in the Act. In the event that such taxes for any year are not separately taxed to each Unit Owner, but rather are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective percentage of ownership interest in the Common Elements, and, in said event such taxes shall be a Common Expense.

13. Insurance.

(a) Specified Insurance. Insurance, other than title insurance which shall be carried upon the Property and the property of Unit Owners shall be governed by the provisions of this Paragraph 13. Insurance coverage maintained by the Association pursuant to these provisions is hereinafter referred to as "Specified Insurance".

(b) Location of Policies. The Association shall retain the original of all insurance policies for Specified Insurance in a place of safekeeping such as a safe or a safety deposit box and shall provide copies of such policies to Institutional Mortgagees requesting such copies.

(c) Notice of Change in Insurance Coverage. No material adverse change (as such materiality is determined by the Board) in the Specified Insurance provisions, including changes in the amount of coverage, the risks covered, the ratio to value of coverage, or endorsements or other changes in the coverage provisions, may be effected by the Association without written notice to the Mortgage Holder.

(d) Qualification of Insurance Company. Each company issuing Specified Insurance must be specifically authorized by the laws of the State of Georgia to transact such business as is necessary to provide the Specified Insurance. All policies shall be written with a company licensed to do business in the State of Georgia and holding a rating of "AAA" or better by Best's Insurance Reports.

(e) The named insured on all policies of Specified Insurance shall be the Association, and in the case of property damage insurance, the Association, as agent for all Unit Owners (without naming them) and their mortgagees (without naming them), as their interests may appear.

(f) Property Damage Insurance. The Board shall secure and maintain in effect a policy of property damage insurance providing coverage in an amount not less than the full replacements value, as determined annually by the Board, of the Building, excluding (if the Board deems

such exclusion appropriate) coverage of improvements and betterments of Units made by Unit Owners, and including, if reasonably available, coverage for all improvements and fixtures and all personal property included in the Common Elements. The policy shall include an "Agreed Amount Endorsement" or its equivalent, if available, or an "Inflation Guard Endorsement", if available. Such coverage shall afford protection against:

(i) Such risks as are covered by an all-risk form; and

(ii) Such other risks as from time to time shall be customarily covered with respect to condominium buildings similar in construction, location and use as the Building.

(g) Public Liability Insurance. The Board shall secure and maintain in effect a comprehensive general liability and automobile insurance policy covering loss or damage resulting from an occurrence on the Property, in such amounts as may be required by the Board, but not less than \$1,000,000.00, in accordance with the terms of Ga. Code Ann. §85-1639(e), covering all claims for bodily injury or property damage or both arising out of a single occurrence, with such coverage to include protection against water damage liability and, if applicable, elevator collision, garagekeeper's liability, or other types of insurance necessary to operate the Building and such other risks as shall customarily be covered with respect to condominium buildings similar in construction, location and use.

(h) Personnel Coverages. Should the Association employ personnel, all coverages required by law, including workmen's compensation, shall be obtained so as to meet the requirements of law.

(i) Insurance Policy Provisions of Specified Insurances. All property damage insurance and public liability insurance maintained by the Association shall be subject to any or all of the following provisions, if deemed necessary by the Board and if reasonably available:

(i) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Agreement be brought into contribution with insurance purchased by Unit Owners or their mortgagees.

(ii) Specified Insurance policies shall (to the extent available) provide that coverage shall not be prejudiced by (1) any act or neglect of any Unit Owner when such act or neglect is not within the control of the Association; (2) the failure of the Association to comply with any warranty or condition with respect to any portion of the Property over which the Association has no control; or (3) any other condition over which the Association has no control.

(iii) Specified Insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten days' prior written notice to the Association and the Mortgage Holder.

(iv) All Specified Insurance Policies shall contain a waiver of subrogation by the insurer as to any and all claims against Unit Owners, the Association and

their respective agents, employees, tenants and guests and a waiver of all defenses based upon co-insurance or upon any invalidity arising from the acts of the insured, or such policies shall otherwise permit the Association, prior to its sustaining a loss, to obtain from the insurer a release of the insurer's right to assert claims against any Unit Owners.

(v) All Specified Insurance policies providing property damage insurance shall provide that, notwithstanding any provisions thereof, which give the insurer the right to make a cash settlement in lieu of the right to restore, such option shall not be exercisable without the prior written approval of the Board, or when such election would be in conflict with any requirement of law.

(vi) Provisions shall be made for the issuance of a Certificate of Insurance to each Owner and his Mortgagee, if any, which shall specify the proportionate amount of such insurance attributable to the Owner's Unit.

(j) Fidelity Bonds. The Board shall, if it deems such coverage necessary, or if required by a governmental or quasi-governmental agency, secure and maintain in effect adequate fidelity coverage to protect against loss of money through dishonest acts on the part of officers, directors, employees and all others who handle or are responsible for handling the funds of the Association, including but not limited to employees or professional managers. Such fidelity bonds shall meet the following requirements:

(i) Such fidelity bonds shall name the Association as an insured or obligee.

(ii) Such fidelity bonds shall be written in an amount equal to at least 150% of the estimated annual Common Expenses, including reserves, unless a greater amount is required by a federal governmental agency insuring or purchasing Mortgages encumbering Units.

(iii) Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(iv) Such fidelity bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten days' prior written notice to the Mortgage Holder.

(k) Other Coverage. The Board shall secure machinery insurance, directors' and officers' liability insurance and plate glass insurance as it deems necessary and shall also have authority to obtain such other insurance as it deems desirable, in such amounts, from such sources and in such forms as it deems desirable. The premiums for such insurance shall be a Common Expense.

(l) Unit Owners' Individual Responsibilities. A Unit Owner shall be liable for any claim, damage, or judgment entered as a result of the use or operation of his Unit caused by his own conduct. Each Unit Owner shall be responsible for obtaining his own insurance on the contents

of his own Unit and the contents of any Limited Common Elements serving his Unit, as well as additions and improvements thereto, decorations, furnishings and personal property therein, and personal property stored elsewhere on the Property.

(m) Notice of Claim Filings. The Board shall notify the Mortgage Holder of any claims filed against the Association in excess of 0.3% of the insured value of the Building.

(n) Payment of Taxes and Premiums. Institutional Mortgagees may, jointly or singly, pay overdue premiums on Specified Insurance Policies and secure new Specified Insurance coverage upon the lapse of any such policies. Institutional Mortgagees shall be entitled to reimbursement from the Association of any payments made in accordance with this subparagraph (n).

(o) Premium. Premiums for insurance maintained by the Association shall be paid by the Association as a Common Expense, except that the amount of increase in any premium occasioned by the misuse, occupancy or abandonment of any Unit, Units, their appurtenances or the Common Elements by a particular Unit Owner or particular Unit Owners shall be assessed against and paid by such Unit Owner or Unit Owners. Should the Association fail to pay such premiums when due, or should the Association fail to comply with other insurance requirements of the Mortgage Holder, the Mortgage Holder shall have the right, at its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance, and to the extent of the money so advanced, the Mortgage Holder shall be subrogated to the Assessment and lien rights of the Association as against the individual Unit Owners for the payment of such item of Common Expense.

(p) Association as Agent. All insurance policies purchased by the Association shall provide that all proceeds covering property losses shall be paid to the Association. The Association is hereby irrevocably appointed agent, with full power of substitution, for each Unit Owner and for each owner of any other insured interest in the Property, to adjust all claims arising under insurance policies purchased by the Association, to bring suit thereon in its name and/or in the name of other insureds, to deliver releases upon payments of claims, to compromise and settle such claims, and otherwise to exercise all of the rights, powers and privileges of the Association and each Unit Owner or any other holder of an insured interest in the Property under such insurance policies; provided, however, the actions of the Association shall be subject to the approval of the Mortgage Holder if the claim shall involve more than one Unit, and if only one Unit is involved, such actions shall be subject to the approval of any Institutional Mortgagee holding a Mortgage encumbering such Unit.

(q) Shares of Proceeds. The Association shall receive such insurance proceeds as are paid to it and hold the same in trust for the purposes elsewhere stated herein and for the benefit of the Unit Owners and their mortgagees in the following shares:

(i) Common Elements. An undivided share of the proceeds on account of damage to Common Elements shall be held for each Unit Owner, with such share's portion of the total proceeds being the same percentage thereof as the share of the Common Elements appurtenant to his Unit as set forth in Exhibit "B".

(ii) Units. Except as provided in subparagraph (iii), below, proceeds on account of damage to Units shall be held in the following undivided shares:

(1) When the Building is to be restored, the proceeds shall be held for the Unit Owners of damaged Units, with the share of each in the total proceeds being in the proportion that the cost of repairing the damage suffered by such Unit Owner bears to the total cost of repair, which costs shall be determined by the Board.

(2) When the Building is not to be restored, the proceeds shall be held for the Unit Owners in undivided shares which are the same as their respective shares of the Common Elements as set forth in Exhibit "B".

(iii) Mortgagees. In the event a mortgagee endorsement has been issued with respect to a Unit, the share of the Owner of that Unit shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination whether or not any damaged property shall be reconstructed or repaired except as may be specifically provided to the contrary elsewhere in this Declaration.

(r) Distribution of Proceeds. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

(i) Reconstruction or Repair. First, if the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, with remittances to Unit Owners and mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by any such mortgagee.

(ii) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided in this Declaration that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, with remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by any such mortgagee.

14. Causalty, Termination and Eminent Domain.

(a) Determination to Reconstruct or Repair. If any part of the Common Elements shall be damaged to the extent that reconstruction or repair is necessary, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(i) Common Elements. If the damage is solely to a portion or portions of the Common Elements and does not extend to the Units, the same shall be reconstructed or repaired.

(ii) Common Elements and Units. If the damage extends to one or more Units as well as the Common Elements, then the Building (not including furniture, furnishings or other personal property supplied or installed by any Occupant other than the Declarant) shall be reconstructed and repaired pursuant to the provisions of this Paragraph 14 unless within sixty days after notice is given to all Unit Owners and Institutional Mortgagees of the extent of the damage and the amount of such insurance which is forthcoming, Unit Owners of Units to which not less than 80% of the votes in the Association appertain and the holders of all Mortgages on all such Units shall agree in writing that the same shall not be reconstructed or repaired.

(b) Plans and Specifications. Any reconstruction or repair must be sufficient to restore the Property to substantially the same condition in which it existed prior to the casualty and must be made substantially in accordance with the plans and specifications of the original Building, or, if not, then according to plans and specifications approved by the Board, and if the damaged property includes part or all of the Building, by the Unit Owners of all damaged Units and by the Mortgage Holder if it shall hold a Mortgage upon one or more of the damaged Units, and if the Mortgage Holder does not hold a Mortgage on at least one of the damaged Units, by all Institutional Mortgagees holding Mortgages on the damaged Units, which approvals shall not be unreasonably withheld.

(c) Responsibility. If the damage is only to those parts of Units for which the responsibility of maintenance and repair is that of the respective Unit Owners, then those Unit Owners shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

(d) Estimate of Costs. When the Association shall have the responsibility of reconstruction or repair, prior to the commencement of reconstruction and repair the Association shall obtain reliable and detailed estimates of the cost to repair or rebuild.

(e) Assessments for Reconstruction and Repair. If the proceeds of insurance are not sufficient to defray completely the estimated cost of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for payment of the cost of reconstruction and repair are insufficient, Special Assessments shall be levied against the Unit Owners who own damaged Units, and, in the case of damage to Common Elements, Assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such Special Assessments against Unit Owners for damage to units shall be in the proportion that the cost of reconstruction and repair of their respective Units bears to the total cost of such reconstruction and repair. Such an Assessment against a Unit Owner on account of damage to Common Elements shall be in proportion to the Unit Owner's share in the Common Elements. Special Assessments for reconstruction and repair may be collected, and the collection enforced, in the same manner as an Assessment.

(f) Construction Funds. The funds for the payment of costs for reconstruction and repair after casualty, which shall consist of the proceeds of insurance held by the Association and funds collected by the Association from Assessments and Special Assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

(i) Lesser Damage. If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association is less than 0.3% of the insured value of the Building, then the construction fund shall be disbursed in payment of such costs upon the order of the Board; provided, however, that upon request to the Board by an Institutional Mortgagee which is the beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in accordance with the procedure set forth in subparagraph (iii) below.

(ii) If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association is 0.3% of the insured value of the Building or more, then the construction fund shall be disbursed in payment of such costs in the manner provided by the Board and upon the approval of an architect qualified to practice in Georgia and employed by the Association to supervise the work.

(iii) Unit Owner. If there is a balance of insurance proceeds after the payment of the costs of the reconstruction and repair that are the responsibility of the Association, this balance shall be distributed to Unit Owners of damaged Units who are responsible for the reconstruction and repair of the damaged portions of their Units. The distribution to each such Unit Owner shall be made in the proportion that the estimated cost of reconstruction and repair of such damage to his Unit bears to the total of such estimated costs in all damaged Units; provided, however, that no Unit Owner shall be paid an amount in excess of such estimated costs for his Unit, and if an Institutional Mortgagee holds a Mortgage upon a Unit, the distribution shall be paid to the Unit Owner and the Institutional Mortgagee jointly, and they may use the proceeds as they may determine.

(iv) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstructions and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial owner which is not in excess of the Assessments and Special Assessments paid by such owner into the construction fund shall not be made payable to any holders of a Mortgage on a Unit. Provided, however, if the damage is confined to the Common Elements, and the cost of such repair is less than the amount of such insurance proceeds, the excess shall be retained by the Association or its duly authorized agent and placed in the Reserve Maintenance Fund or such other fund as may be established for the purpose of providing for the maintenance, repair and replacement of the Common Elements.

(h) Termination. The Condominium may be terminated only by the agreement of Unit Owners of Units to which not less than 80% of the votes in the Association appertain and the holders of all Mortgages on such Units. Such termination shall be effected as provided in the Act.

(i) Eminent Domain. If any portion of the Common Elements, any Unit, or any portion of any Unit is taken by eminent domain, the award therefor and the various effects on the Condominium caused by such taking shall be governed by the Act, and the determination of whether to continue the Condominium after such taking will be made in the manner provided in this Paragraph 14 for determining whether damaged Common Elements will be reconstructed and repaired after casualty. For this purpose, the taking by eminent domain shall be deemed to be a casualty.

15. Maintenance, Repairs and Replacements.

(a) Each Unit Owner, at his own expense, shall furnish and be responsible for all maintenance of, repairs to and replacements within his own Unit and the Limited Common Elements serving his Unit. Maintenance of, repairs to and replacements of the Common Elements other than the Limited Common Elements shall be the responsibility of and shall be furnished by the Association. The cost of maintenance of, repairs to and replacements of the Common Elements other than the Limited Common Elements shall be part of the Common Expenses, subject to the By-Laws and the rules and regulations of the Association. Nevertheless, at the discretion of the Board, maintenance of, repairs to and replacements of the Limited Common Elements, and pipes, ducts, electrical wiring and conduits located entirely within a Unit or adjoining Units and serving only such Unit or Units, and such portion of the perimeter walls, floors and ceilings, doors, vestibules, windows and entryways, and all associated fixtures and structures therein as lie outside the Unit boundaries and serve exclusively a single Unit or adjoining Units, may be performed at the direction of the Board and assessed in whole or in part to Unit Owners benefited thereby, and, further, at the discretion of the Board, the Board may direct Unit Owners who stand to be benefited by such maintenance, repairs and replacement to arrange for such maintenance, repairs and replacement in the name of and for the account of such benefited Unit Owners, pay the cost thereof with their own funds, and procure and deliver to the Board such lien waivers and contractor's and subcontractor's affidavits as may be required to protect the Property from all mechanics' and materialmen's lien claims that may arise therefrom.

(b) If, because of the act or neglect of a Unit Owner, or of his agent, servant, tenant, family member, invitee, licensee or household pet, damage shall be caused to the Common Elements or to a Unit or Units owned by others, or maintenance, repair or replacement is required, the cost of which would otherwise be a Common Expense, then such Unit Owner shall pay for such damage or such maintenance, repair and replacements, as may be determined by the Board, to the extent not covered by the Association's insurance. If such Unit Owner fails or refuses to make such payment, the Board shall assess the same, together with interest at the rate of 8% per annum, or such greater rate as then may be permitted under the laws of the State of Georgia, against such Unit Owner as a Special Assessment which shall constitute a lien against his Unit. Such a lien may be enforced against such Unit in the same manner as a lien for such Unit's share of the Common Expenses in accordance with the terms of Ga. Code Ann. §85-1641(e).

(c) The authorized representatives of the Association or Board, or the authorized representatives of the Managing Agent, with approval of the Board, shall be entitled to reasonable access to the individual Units and Limited Common Elements as may be required in connection with the preservation of any individual Unit or the Limited Common Elements in the event of an emergency, or in connection with maintenance of, repairs or replacements within the Common Elements, Limited Common Elements or any equipment, facilities or fixtures affecting or serving other Units, the Common Elements or the Limited Common Elements or to make any alteration required by any governmental authority.

16. Alterations, Additions or Improvements.

Except as provided in Paragraph 22(b) below, no alteration of any Common Elements, or any additions or improvements thereto, shall be made by any Unit Owner without the prior written approval of the Board. The Board may authorize and charge as Common Expenses, the cost of any alterations, additions and improvements of the Common Elements as provided in the By-Laws. Any Unit Owners may make alterations, additions or improvements within the Unit of the Unit Owner without the prior written approval of the Board, but such Unit Owner shall be responsible for any damage to other Units, the Common Elements, the Property, or any part thereof, resulting from such alterations, additions or improvements.

17. Decorating. Each Unit Owner, at his own expense, shall furnish and be responsible for all decorating within his own Unit as may be required from time to time, including, but not limited to, painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting and other furnishings and decorating. Each Unit Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls (including windows and doors), floors and ceilings of his Unit, and such Unit Owner shall maintain said interior surfaces in good condition at his sole expense, as may be required from time to time. Said maintenances and use of interior surfaces shall be subject to the rules and regulations of the Association; otherwise each such Unit Owner shall have the right to decorate such interior surfaces from time to time as he may see fit and at his sole expense. Decorating of the Common Elements (other than interior surfaces within the Units as above provided), to the extent such decoration is deemed appropriate by the Board, and any redecorating of Units, to the extent such redecorating of Units is made necessary by damage to Units caused by maintenance, repair or replacement of the Common Elements by the Association, shall be furnished by the Association as part of the Common Expenses. The interiors of all windows forming a part of a perimeter wall of a Unit shall be cleaned and washed at the expense of the Unit Owner of that Unit.

18. Encroachments. If any portion of the Common Elements encroaches upon any Unit, any Unit encroaches upon any portion of the Common Elements or any Unit encroaches upon another Unit, as the Common Elements and Units are shown by the surveys comprising the Plat, or any such encroachment shall occur through settlement of the Building or the reconstruction thereof, there shall be deemed to exist valid mutual easements in favor of the owners of the Common Elements and the respective Unit Owners involved, to the extent of such encroachment, so long as the same shall exist; provided, however, that no

such easement shall arise in favor of any Unit Owner if the encroachment interferes with the structural integrity of any of the Common Elements or the use and enjoyment thereof by other Unit Owners; and provided, further, that no such easement shall arise in favor of any Unit Owner who creates an encroachment by his intentional, willful, or negligent conduct or that of his agent.

19. Transfer of a Unit.

(a) Unrestricted Transfers. Subject to subparagraph (b), below, a Unit Owner may, without restriction under this Declaration, sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to his spouse, or to his child, parent, brother, sister, grandchild or descendant, or to any one or more of them, or to any trustee of a trust, the sole beneficiary of which is the Unit Owner or his spouse, child, parent, brother, sister, grandchild or descendant or any one or more of them, or to any other Unit Owner. Notice of any such unrestricted transfer shall be given to the Board within five days following consummation of such transfer or, in the case of any transfer pursuant to Paragraph 20 hereof, the requirements of said paragraph shall apply to such transfer.

(b) Limit on Term of Lease. A copy of every lease, conveying an interest in any unit, shall be furnished to the Board within thirty (30) days from its execution. The lessee under every such lease shall be bound by and subject to all of the obligations, under the Declaration and By-Laws, of the Unit Owner making such lease, and the lease shall expressly so provide. The Unit Owner making such lease shall not be relieved thereby from any of said obligations. Every such lease shall also expressly provide that the Association may exercise against the lessee thereunder any and all remedies available to the Association under Paragraph 23 of this Declaration, including, but not limited to, the right to take possession of the Unit, or of the interest therein, leased thereunder. Upon the expiration or termination of any such lease, or in the event of any attempted subleasing thereunder, the provisions below with respect to the Association's right of first option shall again apply to the Unit, or to the interest therein, leased thereunder.

(c) Notice to Association of Certain Transfers. Whenever a Unit Owner shall propose to sell, give, devise, lease or otherwise transfer his Unit, or any interest therein, to any person or entity other than a person or entity described in subparagraph (a), above, said Unit Owner shall give the Association not less than thirty days' prior written notice of the proposed transfer, which notice shall briefly describe the type of transfer proposed by the Unit Owner and shall state the name, address and financial and character references of the proposed transferee. The notice shall also include a copy of the proposed lease, contract or sale or other documents, if any, effecting said transfer.

(d) Association's First Option.

(i) If a Unit Owner proposes to sell or lease his Unit, or any interest therein, to any person or entity other than a person or entity described in subparagraph (a), above, the Association shall have the first right, at its option, to purchase or lease (as the case may be) such Unit, or interest therein, from said Unit Owner (the "transferring

party") upon the terms described in the notice of the proposed transfer which is given to the Association, in accordance with subparagraph (c), above, provided, however, that such option and first right shall expire thirty days after said notice is given, in accordance with subparagraph (c), above.

(ii) If Proposed Transfer is a Gift. If a Unit Owner proposed to make a gift of his Unit, or any interest therein, to any person or entity other than a person or entity described in subparagraph (a), above, the Association shall have the first right, at its option, to purchase such Unit, or interest therein, provided, however, that such first right and option shall expire thirty days after notice of said proposed transfer is given to the Association, in accordance with subparagraph (c), above. The price to be paid by the Association for said Unit, or interest therein, shall be agreed upon by said Unit Owner (the "transferring party") and the Association, or, if not promptly agreed upon, shall be determined in accordance with the procedure set forth in subparagraph (e), below.

(iii) If Proposed Transfer is Upon the Death of a Unit Owner. If a Unit Owner dies and under applicable law his Unit, or any interest therein, is subject to a probate or intestate administration proceeding, the Association shall have the first right, at its option, to purchase said Unit, or interest therein, either from the devisee thereof named in the deceased Unit Owner's will, if any, or from the appointed personal representative of such deceased Unit Owner who is empowered or authorized to sell the Unit (the "transferring party"), provided, however, that such first right and option shall expire six months following the date notice is given to the Association of the appointment of said personal representative along with the name, address and financial and character references of any such named devisee of said Unit or interest therein. Nevertheless, the foregoing option shall not apply to any such transfer upon the death of a Unit Owner to a person or entity described in subparagraph (a), above. The price to be paid by the Association for said Unit, or interest therein, shall be agreed upon by the Association and said transferring party, or, if not promptly agreed upon, shall be determined in accordance with the procedure set forth in subparagraph (e), below.

(e) Determination of Disputed Purchase Price. If the price to be paid by the Association for a Unit or interest therein, pursuant to subparagraphs (d)(ii) and (d)(iii), above, is not promptly agreed upon, said price shall be equal to the fair market value of the Unit, as determined by an M.A.I. appraiser mutually agreed upon by the transferring party and the Association, and, in the event of no prompt agreement on said appraiser, by a majority decision of three M.A.I. appraisers, one chosen by the transferring party, one chosen by the Association and the third chosen by the two appraisers. The cost of said appraiser or appraisers shall be paid one-half by the transferring party and one-half by the Association as a Common Expense.

(f) Election Not to Exercise First Option.

(i) The Board shall have authority, on behalf of and in the name of the Association, to elect not to exercise the Association's first option hereunder, and shall promptly give written notice of said election to the transferring party. Upon receipt of notice of a proposed transfer, the Board shall, within ten days thereafter, hold

a meeting of Directors or poll all Directors for the purpose of voting upon whether the Board shall elect not to exercise the Association's first option hereunder. The Association shall be deemed not to have elected not to exercise its first option if either (1) the Association notifies the transferring party that it has elected not to exercise its option, or (2) the Association fails to notify the transferring party, before expiration of the applicable option period provided herein, that the Association elects to exercise its options.

(ii) If the Association elects not to exercise its first option, in the case of a proposed sale, lease or gift of a Unit, or any interest therein, the transferring party may proceed to close said proposed transfer any time within forty-five days after said election. Thereafter, said transfer of the Unit, or any interest therein, shall become again subject to the Association's right of first option, as herein provided.

(iii) A certificate executed by the President, a Vice President, Secretary or other duly authorized officer of the Association, certifying that the Association, by its Board, has elected not to exercise its first option, shall be conclusive evidence of such election and of a Unit Owner's compliance with the provisions hereof. Upon a Unit Owner's compliance with the provisions of this Paragraph 19, such a certificate shall be furnished to the Unit Owner or any person who shall have executed a contract for the purchase of such Unit Owner's Unit, provided the Unit Owner requests such certificate from the Association in writing and pays the Association a reasonable fee for said certificate.

(g) Election to Exercise First Option.

(i) The Board shall have authority to recommend to the Unit Owners that the Association elect to exercise the Association's first option hereunder. Upon a receipt of notice of a proposed transfer, the Board shall, within ten days thereafter, hold a meeting of Directors or poll all Directors for the purpose of voting upon whether the Board should make such recommendation.

(ii) In the event the Board shall decide to recommend to the Unit Owners that the Association elect to exercise its option, the Board shall call and hold a meeting of all the Unit Owners, within the twenty days following its determination to recommend such election, for the purpose of voting upon whether the Association will elect to exercise its option. If Unit Owners owning not less than 75% of the total ownership of the Common Elements, by affirmative vote at such meeting or by written proxy or consent, elect to exercise the Association's option, then the Board shall give written notice of said election to the transferring party within thirty days from the date of the Association's receipt of notice of the proposed transfer.

(iii) The Association shall be deemed to have exercised its option hereunder if, within the applicable option period, the Board notifies the transferring party of its election to exercise said option. Unless the Board and the transferring party shall agree otherwise, the Board shall tender the required sum of money to the transferring party and the subject transaction shall be closed not later than thirty days after the Board gives such notice to the transferring party.

(h) Association's Right to Purchase at a Foreclosure or Sheriff's Sale. The Board shall have the

power and authority to bid and purchase, for and on behalf of the Association, any Unit, or interest therein, at a sale pursuant to a Mortgage foreclosure, a foreclosure of the lien for Common Expenses under the Act, or any order or direction of a court, or at any other involuntary sale, upon the consent or approval of Unit Owners not less than 75% of the total ownership of the Common Elements. Such consent shall set forth a maximum price which the Board or its duly authorized agent may bid and pay for said Unit or interest therein.

(i) Financing of Purchase by Association.

The Board shall have authority to make such mortgage arrangements and Special Assessments proportionately among the respective Unit Owners, and other such financing arrangements, as the Board may deem desirable, in order to close and consummate the purchase or lease of a Unit, or interest therein, by the Association. Nevertheless, no such financing arrangement may be secured by an encumbrance on any interest in the Property other than the Unit, or interest therein, to be purchased or leased, and the percentage interest in the Common Elements appurtenant thereto.

(j) Miscellaneous.

(i) A transfer or lease of a Unit, or interest therein, by or to the Board, the Declarant, or the holder of any Mortgage on the Property or any portion thereof, or on a Unit, which mortgagee comes into possession of the mortgaged Unit pursuant to remedies provided in such Mortgage, or pursuant to foreclosure of such Mortgage, or pursuant to a deed in lieu of foreclosure of such Mortgage, or (if a commercial unit is in condominium, include "a transfer of a commercial unit or an interest therein"), shall not be subject to the provisions of this Paragraph 19. This provision shall not be amended, modified or rescinded without the prior written consent of all holders of a Recorded Mortgage encumbering any one or more of the Units and without the prior written consent of the Unit Owners of all Units.

(ii) As to any Unit acquired by or leased to the Association, the Association shall hold title to or lease such Unit, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board, for the sole benefit of all Unit Owners. The Board shall have the authority at any time to sell, lease or sublease said Unit on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit be sold for less than the amount paid by the Association to purchase said Unit unless Unit Owners owning not less than 75% of the total ownership of the Common Elements first authorize the sale for such lesser amount.

(iii) All notices referred to or required under this Paragraph 19 shall be given in the manner provided in this Declaration for the giving of notices.

(iv) The provisions of this Paragraph 19 with respect to the Association's right of first option shall be and remain in full force and effect until the Property as a whole shall be sold or removed from the provisions of the Act, as provided therein, unless the provisions of this Paragraph 19 are sooner rescinded or amended by the Unit Owners.

(v) The Board may adopt rules and regulations, from time to time, not inconsistent with the provisions of this Paragraph 19, for the purpose of implementing and effectuating said provisions.

(vi) If any transfer or lease of a Unit is made or attempted without complying with the provisions of this Paragraph 19, such transfer or lease shall be subject to each and all of the rights and options of, and remedies and actions available to, the Association hereunder and otherwise.

(vii) In the event of any transfer of a Unit, or any interest therein, by any means other than the foreclosure of a Mortgage or lien or a deed in lieu of foreclosure thereof, the transferee shall be jointly and severally liable with the transferor of all unpaid Assessments and Special Assessments of the transferor accrued and payable prior to the date of transfer.

20. Subdivision or Combination of Units. A Unit may be subdivided by the Unit Owner thereof into two or more separate new Units; a Unit or any portion thereof may be transferred by the Unit Owner thereof to the Unit Owner of a Unit or Units adjacent thereto, and may be combined with such adjacent Unit or Units and made a part thereof for use together with such adjacent Unit or Units (thereby forming a new larger Unit); and the Common Elements affected by such subdivision or transfer and combination may be located or relocated, as required to effect such subdivision or transfer and combination; provided that such subdivision or transfer and combination is made in compliance with the Act and the following provisions. No rights and obligations with respect to any Unit shall be affected, no percentage of ownership in the Common Elements shall be reallocated, and no such subdivision or transfer and combination shall be effective, unless the same is expressly provided for in this Paragraph 20 and unless the same is made in compliance with the requirements of this Paragraph 20. The Unit Owner(s) desiring to make such subdivision or transfer and combination shall make written application to the Board requesting an amendment to this Declaration (including the Plat) and (a) containing plats and plans of the proposed alterations of the affected Unit or Units and the affected Common Elements assigning identifying numbers to any Unit created by the subdivision, and (b) setting forth the proposed reallocation to the new Units to be created by such proposed subdivision or transfer of the percentage of interest in the Common Elements appurtenant to such affected Unit or Units, and (c) setting forth whether the Limited Common Elements serving such affected Unit or Units should be assigned to each new Unit or to fewer than all of the new Units to be created by the proposed subdivision or transfer. Any Unit Owner desiring to alter any part of the Common Elements separating and located between and exclusively serving one or more Units to be transferred and combined pursuant to the provisions of this Paragraph 20 shall in addition comply with the applicable provisions of Paragraph 21, below. No such proposed subdivision or transfer and combination shall be effective unless first approved in writing by a majority of the Board and by all holders of Mortgages on the affected Units. If so approved by the Board and such Mortgagees, such proposed subdivision or transfer and combination shall be effective upon the preparation by the Association of, and the Recording of, an amendment to this Declaration, consistent with and reflecting said subdivision

or transfer and combination, executed by the Association, the Unit Owner or Owners of the Units involved therein and all holders of Mortgages on such Units, together with an amended Plat, in accordance with the Act and the provisions of subparagraph 24(b), below. Any expenses incurred in connection with the accomplishing of any such subdivision or transfer and combination as provided hereunder, including without limitation attorneys' fees, shall be paid by the Unit Owners of the Units involved prior to the Association's execution of the amendment, and such Unit Owners shall be jointly and severally liable for the payment thereof.

21. Alteration of the Common Elements for the Exclusive Use of Certain Unit Owners. That part of the Common Elements separating and located between and exclusively serving two or more adjacent Units used together (including, without limitation, portions of any hallway and any walls) may be altered to afford ingress and egress to and from such Units and to afford privacy to the Occupants of such Units when using such Common Elements, and that part of the Common Elements so altered may be used by the Unit Owner or Owners of such Units as a licensee pursuant to a license agreement with the Association, provided (i) such alterations shall not weaken, impair or endanger any of the Common Elements or any Unit; (ii) the Unit Owner or Owners desiring to make such alterations shall notify the Board of the nature thereof not later than ten days prior to commencing work; (iii) the expense of making such alterations shall be paid in full by the Unit Owner or Owners making such alteration; (iv) such Unit Owner or Owners shall pay in full the expense of restoring such Common Elements to their condition prior to such alteration in the event such Units shall cease to be used together, as aforesaid; and (v) such alteration shall not interfere with use and enjoyment of the Common Elements (other than the aforesaid part of the Common Elements separating such adjacent Units), including, without limitation, reasonable access and ingress to and egress from the other Units in any hallway affected by any such alteration.

22. Use and Occupancy Restrictions.

(a) Residential Use. No part of the Property may be used for purposes other than housing and the related common purposes for which the Property was designed. Each Unit or any two or more adjoining Units used together shall be used as a residence or such other use permitted by this Declaration, and for no other purposes, except that a professional and quasi-professional Occupant using a Unit as a residence may also use that Unit as an ancillary or secondary facility to an office established elsewhere. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit an Occupant from: (i) maintaining his personal professional library; (ii) keeping his personal business or professional records or accounts; or (iii) handling telephone calls or correspondence relating to his personal business or profession. Such uses are expressly declared customarily incidental to the principal residential use and are not in violation of said restrictions.

(b) Use of Common Elements. The Common Elements shall be used only by the Unit Owners and their agents, servants, tenants, family members, customers, invitees and licensees for access, ingress to and egress from the respective Units and for such other purposes incidental to use of the Units; provided, however, the garage, the laundry room, storage areas, and other areas designed for a specific use shall be used for the purposes approved by the Board.

The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner, and shall be subject to any lease, concession or easement, presently in existence or entered into by the Board at some future time, affecting any part or all of said Common Elements.

(c) General. No unlawful, noxious or offensive activities shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon which, in the judgment of the Board, constitutes a nuisance, causes unreasonable noise or disturbance to others, or unreasonably interferes with other Unit Owners' use of their Units and the Common Elements.

(d) Use of Units. Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his own expense, and shall not do or allow anything to be done in his Unit which may increase the cost or cause the cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board), or paint or decorate or adorn the outside of his Unit, or install outside his Unit any canopy or awning, or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board or the written permission of the Managing Agent, acting in accord with the Board's direction. No owner of a Unit shall display, hang, store or use any sign outside his Unit, in a hallway or elsewhere, or which may be visible from the outside of his Unit without the prior written permission of the Board or the written permission of the Managing Agent, acting in accord with the Board's direction.

(e) Animals. No animals shall be raised, bred or kept in any Unit for any commercial purpose. Household pets of Occupants must be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board. Household pets shall not endanger the health of occupants or, in the sole discretion of the Board of Directors, unreasonably disturb an Owner of any Unit or any resident thereof.

(f) Trash. Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner in strict accordance with the rules and regulations adopted or approved by the Board from time to time.

23. Remedies.

(a) In the event of any violation of the provisions of the Act, Declaration, By-Laws or rules and regulations of the Association by any Unit Owner (either by his own conduct or by the conduct of any Occupant of his Unit), the Association, or its successors or assigns, or the Board, or its agents, shall have each and all of the rights and remedies which may be provided for in the Act, Declaration, By-Laws, or said rules and regulations, or which may be provided or permitted by law or in equity. All expenses of the Board in connection with any such action or proceedings,

including court costs and reasonable attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the rate of 10% per annum (or such greater percentage as may then be permitted under the laws of the State of Georgia) until paid, shall be charged to and assessed against such defaulting Unit Owner, as a Special Assessment or Special Assessments, and the Board shall have a lien for all of the same, as well as for non-payment of his respective share of the Common Expenses, upon the Unit and ownership interest in the Common Elements of such defaulting Unit Owner; provided, however, that such lien shall be subordinate to the lien on the Property or any portion thereof of any of the matters described in subparagraphs 10(a), 10(b), 10(c) and 10(d) hereof. In the event of any such default by any Unit Owner, the Board and the Managing Agent, if so authorized by the Board, shall have the authority to correct such default, and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against such defaulting Unit Owner as a Special Assessment, together with interest thereon at the rate aforesaid. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board.

(b) In addition, in the event that the Board determines that any Occupant is in violation of any provisions of the Act, this Declaration, the By-Laws or any rules and regulations, the Board, or an agent of the Board designated for that purpose, shall notify the Occupant of the nature of the violation. If said violation is not cured within five days, or if said violation consists of acts or conduct by the Occupant and such acts or conduct are repeated, the Board may levy a fine of up to \$25.00 per offense against the Unit Owner or Occupant. Each day during which the violation continues shall be deemed a separate offense. Such fines shall be assessed as a Special Assessment against the Occupant, shall constitute a lien upon the Unit occupied by such Occupant and may be foreclosed by the Association in the same manner as any other lien, provided that such Occupant shall be entitled to a hearing before the Board, upon reasonable written notice specifying the violations charged, and may be represented by counsel; provided, further, however, that no fine may be levied in any event against the Declarant.

24. Amendment.

(a) Subject to the requirements of this Paragraph 24 and subparagraph 19(j), above, and except as otherwise provided pursuant to Paragraph 14 and in Paragraph 20, above, and subparagraph 24(b), below, the provisions of this Declaration may be amended, modified or rescinded, and an amendment to the Plat authorized, only by the agreement of Unit Owners to whom not less than two-thirds (2/3) of the votes in the Association appertain; provided, however, that during such time as the Declarant has the right to control the Association pursuant to Paragraph 25, below, such agreement instead may only be made by the Declarant and Unit Owners of Units to which two-thirds (2/3) of the votes in the Association appertain, exclusive of any vote or votes appurtenant to any Unit or Units then owned by the Declarant. All Institutional Mortgagees shall be notified by certified mail of any such amendment, modification, or rescission, and an affidavit by the Secretary of the Association certifying to such mailing shall be made a part of any instrument effecting such amendment, modification or rescission. No such amendment, modification or rescission shall change the boundaries of any Unit, the

undivided interest in the Common Elements appurtenant to any Unit, the number of votes in the Association allocated to any Unit, or the liability for Common Expenses appertaining to any Unit, except to the extent authorized by this Declaration and the Act. The agreement by the required percentage of the Unit Owners and, if necessary, by the Declarant, shall be evidenced by their execution of the amendment, or, in the alternative and provided that the Declarant does not then have the right to control the Association pursuant to Paragraph 25, below, by the sworn statement of the President, any Vice President or Secretary of the Association attached to or incorporated in an amendment executed by the Association, in which sworn statement it is stated unequivocally that the agreement of the required majority was otherwise lawfully obtained. Any such amendment of this Declaration shall become effective only when Recorded or at such later date as may be specified in the amendment itself.

(b) If the Act, this Declaration or the By-Laws require the consent or agreement of all Unit Owners, or the holder of a recorded Mortgage encumbering any one or more Units, or both, for any action specified in the Act, in this Declaration, or in the By-Laws, then any instrument amending, modifying or rescinding any provision of this Declaration with respect to such action shall be signed by all Unit Owners, or all the holders of Mortgages, or both, as the case may be, as required by the Act, this Declaration, or the By-Laws.

(c) Any amendment, modification or rescission of this Declaration pursuant to this Paragraph 24 of any other provision of this Declaration or of the Act shall be valid and effective only upon the Record thereof, together with an amended Plat if required hereby or by the Act, or upon such later date as may be specified in such amendment, modification or rescission. This Declaration may not be amended, modified, or rescinded so as to conflict with the provisions of the Act.

25. Air Rights. The Declarant specifically reserves for itself and its successors and assigns, the air rights above the elevation of the present roof of the building, including the right to expand the condominium to include an additional floor and to build a swimming pool and deck on the existing condominium building.

26. Expansion of the Condominium. The Condominium herein created shall be an expandable condominium within the terms and provisions of this Declaration, the Georgia Condominium Act and as follows:

(a) The Declarant hereby reserves, for its benefit or its successors and assigns, the right to expand the condominium to include additional residential units to be constructed on the submitted property, said reservation being only as to that property above the elevation of 109.875 feet on the property described in Exhibit "A".

(b) The Declarant's right to expand the condominium shall be exercisable within seven (7) years of the date this Declaration is recorded in the Office of the Clerk of the Superior Court of Chatham County, Georgia; provided, however, by a vote of two-thirds (2/3) of the members of the Association exclusive of votes of the Declarant, the option to expand may be extended for any period of time if such consent is given within one (1) year prior to the date such option or any extension thereof would otherwise expire. There shall be no further limitations on the exercise of this option by the Declarant.

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(c) Any portion of the expanded property may be added to the condominium any time during the period of the option or any extension thereof.

(d) There are no limitations on the location of any of the improvements to be placed within the expanded area.

(e) There may be a maximum of nine (9) units added to the condominium as a result of the expansion herein provided for.

(f) All units added to the condominium as a result of the expansion herein contemplated shall be subject to all provisions of this Declaration as they relate to use.

(g) The additional structures added to the condominium as a result of such expansion shall conform with the design and style of the existing building. The Declarant shall have the final decision as to the nature and appearance of all structures, and there are no assurances herein given that the additional property shall be identical to the existing structure in quality of construction, materials, architectural style or design and layout.

(h) The Declarant herein reserves the right to designate any appropriate areas of the additional condominium buildings as limited common elements appurtenant to the units created in the additional building.

(i) The expansion of the condominium will result in each unit so created receiving an undivided ownership interest in the Common Elements of the condominium approximately equivalent to the percentage obtained by dividing the number of square feet contained in each Unit by the total square footage of the entire project. The units in the additional buildings shall also be liable for a percentage of the common expenses of the condominium, provided, that such liability shall be several and joint. The percentage vote in the Association and the percentage interest in the common elements of the existing units shall be revised upon expansion of the condominium to reflect the same proportionate interest as the number of square feet in each unit bear to the total square feet in the entire project following expansion of the condominium.

27. Declarant's Control. Pursuant to Section 33 of the Act, the Declarant is hereby authorized to appoint and remove any Director or Directors or any officer or officers of the Association until the first of the following to occur: (a) the date three years after the Recording of this Declaration; (b) the date as of which 80% of the undivided interests in the Common Elements appertain shall have been conveyed by the Declarant to Unit Owners other than a person or persons constituting the Declarant; or (c) the date as of which the Declarant surrenders the authority to appoint and remove members of the Board and officers of the Association by an express amendment to the Declaration executed and Recorded by the Declarant.

28. Notices.

(a) Notices provided for in the Act, Declaration or By-Laws shall be in writing, and shall be addressed to any Unit Owner at this Unit in the Condominium, at 321 Abercorn Street, Savannah, Georgia, or at such other address

as hereinafter provided. Notices to the Association or Board shall be in writing and shall be addressed to the President of the Association at 321 Abercorn Street, Savannah, Georgia, or at such different address or addresses for notices to them, respectively, as disclosed in a written notice of such change of address furnished to all Unit Owners. Any Unit Owner may designate a different address for notices to him by giving him written notice to the Association. Notices addressed as above shall be deemed delivered two business days after mailing by United States registered or certified mail, or when delivered in person.

(b) Upon written request to the Board, the holder of any Recorded Mortgage encumbering any one or more Units in the Buildings shall be given a copy of all notices permitted or required by this Declaration, the By-Laws or the Act to be given to the Unit Owner or Owners whose Unit is subject to such Mortgage.

29. Headings. The headings of paragraphs, subparagraphs, articles and sections in this Declaration and the By-Laws are for convenience or reference only and shall not in any way limit or define the content or substance of such paragraphs, subparagraphs, articles and sections.

30. Number and Gender. As used in this Declaration, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

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

32. Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule of property known as the rule against perpetuities, then such provision shall continue in force and effect only until twenty-one years after the death of the survivor of the now living descendants of the President of the United States, Ronald Wilson Reagan.

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

34. Preparing Attorney. This Declaration was prepared by the law firm of Traver & Odom, 123 Abercorn

Street, P. O. Box 8023, Savannah, Georgia 31412.

35. General Provisions.

(a) Amendments. This Declaration may be amended pursuant to the provisions of Ga. Code Ann. §§85-1625e, 85-1629(e) and 85-1638e(c). Each Unit owner agrees that, if requested to do so by the Association's board of directors, such unit owner will consent to amendments to this Declaration for the sole purpose of complying with the requirements of any governmental or quasi-governmental entity authorized to fund or guarantee mortgages on individual condominium units, as such requirements may exist from time to time.

(b) Rights of First Mortgagees. In addition to the rights of mortgagees elsewhere provided, each first mortgagee of a unit shall (a) be entitled to written notice from the Association of any default by a unit owner in the performance of his obligations under the condominium instruments which is not cured within 60 days, (b) be entitled to attend and observe all meetings of unit owners, but not meeting of the Association's board of directors; (c) be furnished copies of annual financial reports made to the unit owners; and (d) be entitled to inspect the financial books and records of the Association during reasonable business hours; provided, however, that such mortgagee shall first file with the Association a written request that notices of default, notices of meetings and copies of financial reports be sent to a named agent or representative of the mortgagee at an address stated in such notice.

(c) Consent of First Mortgagees. Unless at least two-thirds (2/3) (or such greater number as may be specified in the Act or elsewhere in this Declaration) of the mortgagees holding mortgages constituting first liens on units subject to such mortgages (based upon one vote for each mortgage owned) have given their prior written approval, the Association shall not be entitled to: (a) by act or omission seek to abandon or terminate the condominium; (b) change the pro rata interest or obligations of any unit for (i) purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards and for (ii) determining the pro rata share of ownership of each unit in the common elements; (c) partition or subdivide any unit, which shall require in addition the prior written approval of the holder of any first mortgage on such unit; (d) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common elements; provided, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the condominium shall not be deemed a transfer within the meaning of this clause; (e) use hazard insurance proceeds for losses to any of the property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such improvements; (f) amended materially this Declaration or the bylaws of the Association; or (g) terminate professional management, if any, and assume self management of the condominium.

(d) Priority of First Mortgagees. No provision of the condominium instruments shall be construed to grant to any unit owner, or to any other party, any priority over any rights of first mortgagees of the units pursuant to

their first mortgages in the case of a distribution to unit owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or the common elements or any portions thereof.

(e) Professional Management. Any agreement for professional management of the condominium must provide for termination of same by the Association for cause upon 30 days' written notice thereof or without cause upon 90 days' written notice thereof. The term of any such agreement may not exceed one year, renewable by agreement of the parties for successive periods of one year each.

(f) Duration. So long as the laws of the State of Georgia limit the period during which covenants restricting lands to certain uses may run, it shall be the duty of the Association to cause such covenants contained herein, as amended from time to time, to be extended when necessary by recording a document bearing the signatures of unit owners of units to which a majority of the votes in the Association appertain reaffirming and newly adopting such covenants then existing in order that the same may continue to be covenants running with the land. Adoption by such majority shall be binding on all persons whomsoever, and each unit owner, by acceptance of a deed therefor or other evidence of title thereto, is deemed to agree that such covenants may be extended as provided herein.

(g) Enforcement. In order to enforce compliance with all lawful provisions of the condominium instruments and the Association's Articles of Incorporation, bylaws, and rules and regulations by the unit owners and those persons entitled to occupy units and in addition to other rights of and remedies available to the Association, the Association shall be empowered to impose and assess fines and suspend temporarily the right of use of certain of the common elements in such manner and to such extent as the Association may from time to time determine; provided, however, that no such suspensions shall deny any unit owner or occupant access to the unit owned or occupied nor cause any hazardous or unsanitary condition to exist. The Association shall not impose fines or suspend any rights of a unit owner or occupant unless and until the following procedure is followed:

(i) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation, and (iii) a time period, not less than ten days, during which the violation may be abated without further sanction if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(ii) Notice. Within 12 months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Association shall serve the alleged violator with written notice of a hearing to be held by the board of directors in executive session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall not be less than ten days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf; and (iv) the proposed sanction to be imposed.

(iii) Hearing. The hearing shall be held in executive session pursuant to the notice affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of the delivery is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

IN WITNESS WHEREOF, the said LAFAYETTE SQUARE CORPORATION, as Declarant, has caused this Declaration to be executed by its duly authorized officers this 1st day of July, 1981.

LAFAYETTE SQUARE CORPORATION

By Joseph A. DeLeon
President

Attest: C. Kenneth [Signature]
Secretary

(SEAL)

Signed, sealed and delivered

in the presence of:

[Signature]
Joann E. Estes
Notary Public, Chatham County,
Georgia

JOANN E. ESTES
Notary Public, Georgia, State at Large
My Commission Expires May 18, 1985
NOTARY PUBLIC
(NOTARIAL SEAL)



EXHIBIT "A"

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ALL those certain lots, tracts or parcels of land situate, lying and being in the City of Savannah, County of Chatham and State of Georgia, known on the map or plan of said City as LOT NUMBERS ELEVEN (11) and TWELVE (12), LAFAYETTE, WARD, said lots hereby conveyed lying and being contiguous, and together bounded on the North by Harris Street, on the East by Abercorn Street, on the south by Macon Street and on the west by Drayton Street, and having a front on Abercorn Street of sixty (60) feet, more or less, by a rectangular depth of one hundred eighty (180) feet, more or less, to Drayton Street, on which it has a frontage of sixty (60) feet, more or less.

EXHIBIT "B"

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UNIT # PERCENTAGE OF COMMON ELEMENT OWNERSHIP

100	1.30
101	3.70
102	3.70
103	3.40
104	3.40
105	2.20
106	3.40
107	2.20
108	2.30
109	2.90
110	2.20
112	3.40
201	2.70
202	3.00
203	1.30
204	1.20
205	2.50
206	1.70
207	2.50
208	3.30
210	1.30
212	2.60
301	2.70
302	3.00
303	1.80
304	1.20
305	1.80
306	1.70
307	2.50
308	3.30
310	1.30
312	2.60
401	2.70
402	3.00
403	1.80
404	1.20
405	1.80
406	1.70
407	2.50
408	3.30
410	1.30
412	2.60

Filed For Record At 4:39 O'Clock P. M. On The
26 Day Of Aug 1981
 Recorded In Record Book 117-E Page 757
 On The 26 Day Of Aug 1981

CLERK SUPERIOR COURT, CHATHAM CO., GA.