

Clock#: 461258
FILED FOR RECORD

10/27/2003 02:50pm

PAID: 62.00

Susan D. Prouse, Clerk
Superior Court of Chatham County
Chatham County, Georgia

After recording, please return to:
Joshua D. Walker, Esq.
Weiner, Shearouse, Weitz, Greenberg & Shawe, LLP
14 E. State Street
Savannah, Georgia 31401

STATE OF GEORGIA)
)
COUNTY OF CHATHAM)

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR THE HIGHLANDS

BOOK
260 M
PAGE
167

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE HIGHLANDS ("Declaration") made as of the 24th day of October, 2003 ("Effective Date"), by NORTH GODLEY DEVELOPERS, INC. ("Declarant") and HIGHLANDS OWNERS ASSOCIATION, INC. and effective on the Effective Date.

WITNESSETH:

WHEREAS, Declarant is or has been the owner of certain real property described on Exhibit A attached hereto, said property being a portion of the real property generally known as North Godley Station in Chatham County, Georgia ("the Property");

WHEREAS, Declarant desires to develop upon the Property a planned unit development to be known as the "Highlands," consisting of well-planned residential and office/institutional developments, recreational areas, open spaces and other private common areas and facilities for the benefit, interest and advantage of Declarant and each and every Owner who shall acquire title to any portion of the Property;

WHEREAS, Declarant has deemed it desirable for the efficient preservation, protection and control of the Property to create an agency for the purpose of maintaining and administering the Common Area described hereinafter, maintaining landscaping, signage, recreation and conservancy areas and administering this Declaration and collecting and expending for the purposes set forth herein the assessments hereinafter described;

WHEREAS, it is in the interest and to the advantage of the Declarant and to each person, corporation, partnership or other entity which shall hereafter acquire title to any portion of the Property that certain features of the infrastructure of the Highlands be maintained, repaired and replaced as appropriate; and

WHEREAS, Highlands Owners Association, Inc., has been formed for the purposes of maintaining, repairing and replacing the infrastructure hereinafter described;

NOW, THEREFORE, in consideration of the premises and of the mutual benefits to be derived by Declarant and each and every subsequent owner and occupant of lots or parcels within the Property, Declarant does hereby declare that all of the Property described hereinafter shall be held, transferred, sold, conveyed and occupied subject to the restrictions, covenants, conditions, charges and affirmative obligations and conditions hereinafter set forth, all of which shall run with the Property and be binding on all persons, firms, associations, corporations or other entities having or hereafter acquiring any right, title or interest in said Property, or any part thereof their heirs, successors and assigns, and shall inure to the benefit of each owner and occupant thereof, to wit:

ARTICLE I
Definitions

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

Section 1. "Association" shall mean and refer to Highlands Owners Association, Inc., a Georgia non-profit corporation, its successors and assigns. The Articles of Incorporation and the Bylaws for the Association are attached hereto as Exhibits B and C, respectively.

Section 2. "Common Area" shall mean and refer to the sign easement, and improvements thereon, located at the intersection of Benton Boulevard and Jimmy Deloach Parkway, the primary entrance and entrance road from Benton Boulevard into Highlands and along the right of way to be known as Highlands Boulevard (to the extent Highlands Boulevard is shown on recorded maps or plats of the Property), together with any improvements thereon including, but not limited to, related signage, landscaping, lighting and irrigation (with the exception of improvements located on or in the entrances to Tracts). However, Declarant reserves the right to dedicate the right of way for Highlands Boulevard, and all or some of the improvements thereon, to the City of Savannah or other public entity, notwithstanding its designation herein as Common Area. "Common Area" may also include, as to certain Tracts that hereafter become subject to the Recreational Covenant referenced herein, the real property to be set aside and the amenities to be constructed by Declarant and conveyed to the Association, all as set forth in said Recreational Covenant.

Section 3. "Living Unit" shall mean and refer to any portion of a multi-family

BOOK
260 M
PAGE
168

structure (other than a duplex, townhouse or similar structure) situate upon the Property, designed and intended for use and occupancy as a residence by a single family.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of any portion of the Property, together with the improvements thereon, for a single-family structure. Each unit within a duplex or similar structure occupied or intended as a single family structure shall be counted as a separate Lot for all purposes hereof.

Section 5. "Member" shall mean and refer to Declarant, the Vendee Members and the Subassociation Members,

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot or Living Unit which is a part of the Property, but excluding Declarant, Vendee Members and those having an interest merely as security for the performance of an obligation.

Section 7. "Parties to this Declaration" shall mean and refer to Declarant, the Association, all Vendee Members, and all Subassociation Members who, upon being assigned the responsibilities hereunder by a Vendee Member, covenants and agrees to accept such responsibilities.

Section 8. "Recreational Covenant" shall mean that certain recreational covenant to which certain Tracts shall be subjected by recording an instrument in the records of the Clerk of Superior Court of Chatham County, Georgia, and which will govern and provide for the Declarant to set aside real property and construct amenities thereon for the use, enjoyment and benefits of the Owners within such Tract, and those in other Tracts that become subjected to the recreational covenant. Upon recording, the Recreational Covenant shall be incorporated herein by reference and part of this Declaration.

Section 9. "Subassociation Member" shall mean and refer to any Tract Association satisfying the requirements of this Declaration, to whom a Vendee Member will assign its responsibilities and obligations under this Declaration.

Section 10. "Tract" shall mean any portion of the Property previously or hereafter conveyed by Declarant to a Vendee Member.

Section 11. "Tract Association" shall mean the automatic membership association consisting of all Owners of Lots, recreational facilities and separately owned parcels of land (however used) within a Tract conveyed to a Vendee Member.

Section 12. "Vendee Member" shall mean and refer to any person, firm, entity or corporation to whom Declarant conveys any portion of the Property that is subject to this Declaration.

BOOK PAGE
260 169

ARTICLE II
Infrastructure Maintenance

Section 1. Members' Benefits. Each Member shall be entitled to the benefits of this Declaration as provided herein, which include maintenance and landscaping by the Association of the Common Area and other areas described herein.

Section 2. Title to Common Area. Declarant hereby covenants for itself its successors and assigns, to convey fee simple title to any Common Area described herein to the Association as provided herein, free and clear of all liens and encumbrances, upon completion of the facilities and improvements to be constructed thereon, subject only to the provisions of this Declaration and easements, conditions, reservations and restrictions of record.

Section 3. Declarant shall develop the Property in conformity with all applicable development permits, master plans, and other approvals of the Metropolitan Planning Commission.

Section 4. Obligations of the Association. The Association covenants and agrees, for itself its successors and assigns, as follows:

 a. The Association will acquire any Common Area which Declarant is obligated to or may convey to the Association, as provided in this Declaration and the Recreational Covenant;

 b. The Association will preserve and maintain for the common benefit of its Members the Common Area as provided herein which it shall own, pay taxes thereon and operate facilities thereon for the benefit of its Members as provided herein; and

 c. The Association will maintain all landscaped medians in or along Benton Boulevard and Highlands Boulevard (with the exception of landscaped entrances to Tracts), together with associated signage, lighting and irrigation, and will pay all utility costs in connection therewith.

 d. Each Member shall have the right following reasonable notice and during normal business hours to inspect the books and records of account of the Association.

ARTICLE III
Covenants for Assessments

Section 1. Vendee's Obligation. Each Vendee Member, for itself, its successors and assigns, including any Subassociation Member or Owner, hereby covenants and agrees to pay to the Association, for the purposes set forth in this Declaration:

BOOK
260
PAGE
170

- a. Annual assessments or charges; and
- b. Special assessments for capital improvements.

Such annual assessments or charges and special assessments for capital improvements shall be due and payable by each Vendee Member to the Association as provided herein, and in any event no later than upon receipt by such Vendee Member of payment by each Owner of a Lot or Living Unit within each Tract which the Vendee Member purchased from Declarant. All such assessments shall be fixed, established and collected as hereinafter provided, and shall be and remain the obligation of each Vendee Member until such Vendee Member shall be relieved of such obligation as herein provided. All such assessments shall constitute a lien upon the Lots and Living Units within each Tract against which such assessments are made, subject to foreclosure by the Association for nonpayment of assessments.

Section 2. Relief from Obligation. A Vendee Member may be relieved of its obligation to pay assessments provided herein by providing a substitute Member to whom such obligation shall be assigned, provided:

- a. Such substitute Member shall accept such obligations; and
- b. Such substitute Member shall be acceptable to Declarant.

To be acceptable to Declarant, a substitute Member must have satisfactory financial strength and net worth, in the sole discretion of Declarant. A Subassociation Member is hereby declared to be acceptable as a substitute Member if it has the power to assess every Lot or Living Unit located therein for assessments, including, among other things, the obligations set forth in this Declaration. Each Vendee Member which conveys Lots to Owners within a Tract shall form a Tract Association to be its Subassociation Member.

Section 3. Annual Assessments, The annual assessments or charges required under this Declaration shall be used exclusively:

- a. for landscaping, lighting, signage, repair, maintenance and irrigation (as needed) of the Common Area, the payment of any taxes assessed against the Common Area, and payment of insurance with respect to the Common Area; and
- b. for the maintenance, irrigation and replacement (as needed) together with the cost of any associated utilities, of any signage, landscaping and lighting installed by Declarant along the primary entrance road from Benton Boulevard into Highlands along a roadway to be known as Highlands Boulevard or adjacent thereto; and
- c. for purposes and to the extent provided in the Recreational Covenant.

Section 4. Amount of Annual Assessments. The annual assessments for each Tract in the Property shall be determined annually by the Board of Directors, in advance, and the maximum amount shall be determined as follows:

a. Until January 1, 2005, the annual assessment shall be \$288.00 for each Lot and for each Living Unit within each Tract of the Property, except that should a Tract become subject to the Recreational Covenant, the annual assessments for each Lot and for each Living Unit within such Tract shall be an increased amount as provided in the Recreational Covenant;

b. Thereafter, the maximum annual assessment shall be established by the Board of Directors of the Association, provided, however, the annual assessments shall not increase more than ten percent (10%) annually without the consent of seventy-five percent (75%) of total number of Vendee Members and Subassociation Members; and

c. When the Board of Directors fixes the annual assessments for each calendar year, the Board will at the same time and in connection therewith, prepare or cause to be prepared an annual budget showing the services provided under this Declaration and the costs thereof.

Section 5. Date of Commencement of Annual Assessments: Due Date. The annual assessments provided herein shall commence as to each Lot or Living Unit within any Tract on the first day of the month following the earlier to occur of (a.) any conveyance of a Lot or Living Unit by a Vendee Member to an Owner, (b.) twelve (12) months following the subdivision of the Tract or any portion thereof into Lots or Living Units. For purposes of this paragraph the date on which a subdivision of the Tract or any portion thereof occurs shall be the date on which a subdivision map is recorded in connection therewith in the Office of the Clerk of the Superior Court of Chatham County, Georgia. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The first annual assessment (as adjusted) shall be due and payable as provided herein but not later than at the time of the closing of the sale of a Lot or Living Unit to an Owner. The annual assessments due for subsequent years shall be due and payable on or before January 15th of each year or at such time and in such manner as the Board of Directors may decide.

Section 6. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, except that should a Tract become subject to the Recreational Covenant referenced herein, the special assessments for each Lot and for each Living Unit within such Tract shall be levied as provided in the Recreational Covenant. Except as otherwise provided herein and in the Recreational Covenant, all special assessments shall be fixed

BOOK PAGE
260 H 172

at a uniform rate for all Lots or Living Units and may be collected on a monthly basis.

Section 7. Vendee Members may assign their rights and obligations hereunder to a Subassociation Member, subject to Article II, Section 2 hereof, by recording an assignment in the records of the Clerk of Superior Court of Chatham County, Georgia.

ARTICLE IV Membership and Voting Rights

Section 1. Every purchaser of a Tract from Declarant shall be and become a Vendee Member unless and until replaced by a Subassociation Member as required by the provisions of Article III, Section 2 hereof.

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

a. Class A. Class A Members shall be all Vendee Members and all Subassociation Members which have replaced Vendee Members as provided herein. Each such Member will be entitled to one vote per Lot and one-half vote per Living Unit assigned to the Tract originally purchased by the Vendee Member.

b. Class B. The Class B Member shall be Declarant which shall be entitled to cast the number of votes which are contained in the total of all Class A Members, plus one vote, until such time as the Class B Membership terminates or is converted to Class A Membership. Class B Membership shall be converted to Class A Membership upon the happening of the earlier of the following:

- (i) When Declarant shall no longer own any of the real property described on Exhibit A attached hereto;
- (ii) On December 31, 2015; or
- (iii) When, at its sole discretion, Declarant so determines.

ARTICLE V Indemnification

Notwithstanding the duty of the Association to maintain the Common Area, the Association shall not be liable for injury or damage caused by any latent condition in any portion thereof, nor for injury caused by the elements, Owners or other persons, nor shall any officer or director of the Association be liable to any Owner or other person for injury or damage caused by such officer or director in the performance of his or her duties, unless the same shall be due to the willful misfeasance or malfeasance of such officer or director. Each officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys fees reasonably

BOOK
260 M
PAGE
173

incurred in connection with any proceeding to which he or she may be a party or in which he or she may become involved by reason of his or her having been an officer or director of the Association, or any settlement, whether or not such person is an officer or director of the Association at the time such expense and liabilities are incurred except in such cases where the officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties. In the event of any such settlement, indemnification shall apply only when the Board of Directors of the Association approves such settlement and reimbursement as being in the best interest of the Association.

ARTICLE VI
General Provisions

Section 1. Effective Date. The Effective Date of this Declaration shall be the date of execution by Declarant.

Section 2. Enforcement. The Association; Declarant and any Member shall have the right to enforce, by proceeding at law or in equity, all conditions, covenants or charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, Declarant or by any Member to enforce any covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 3. Severability. Invalidation of any one of these covenants, by judgment or court order, shall in no wise affect any other provisions, which shall remain in full force and effect.

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

Section 5. Duration. This Declaration shall inure to the benefit of and be enforceable by the Association, Declarant, or any Member, their respective heirs, successors and assigns, for a period of twenty (20) years from the Effective Date, after which time it shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the holders of not less than ninety (90%) percent of the votes has been executed, amending or abrogating this Declaration; provided, however, that no such amendment or change shall be effective unless made and executed at least six (6) months in advance of the effective date of such change, and unless written notice of the proposed amendment is sent to every Member at least ninety days in advance of any action taken.

Section 6. Amendment. Except as herein provided, the Association shall have the power to amend this Declaration by a vote of at least sixty percent (60%) of the number of the total votes of the Association.

BOOK
260 M
PAGE
174

Section 7. Waiver. No provision hereof shall have been deemed abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may occur.

Section 8. Conflicts. In the event of any irreconcilable conflict between this Declaration and the Bylaws or Articles of Incorporation, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between the Articles of Incorporation of the Association, and the Bylaws of the Association, the provisions of the Articles of Incorporation shall control.

Section 9. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and non-personal entities, as well as the singular and plural wherever the context provides or permits.

ARTICLE VII
Additional Property

Declarant reserves the right to subject to this Declaration any and all additional property described on Exhibit D, attached hereto and incorporated herein, by recording a supplemental declaration in the records of the Clerk of the Superior Court of Chatham County, Georgia. Such supplemental declaration may contain amendments to and modifications of the terms herein with respect to the additional property, as the character of the additional property may require.

BOOK
260 H
PAGE
175

IN WITNESS WHEREOF, North Godley Developers, Inc. and Highlands Owners Association, Inc., have caused this Agreement to be executed.

As to the Association, signed, sealed
and delivered in the presences of:

NORTH GODLEY DEVELOPERS, INC.

Witness

Notary Public



By:

Attest:

Title:

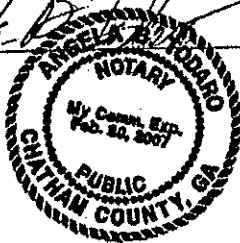
Craig Wilent
Assistant Secretary

As to the Association, signed
and delivered in the presences of:

HIGHLANDS OWNERS
ASSOCIATION, INC

Witness

Notary Public



By:

Attest:

Title:

Craig Wilent
Assistant Secretary

BOOK
260
PAGE
176

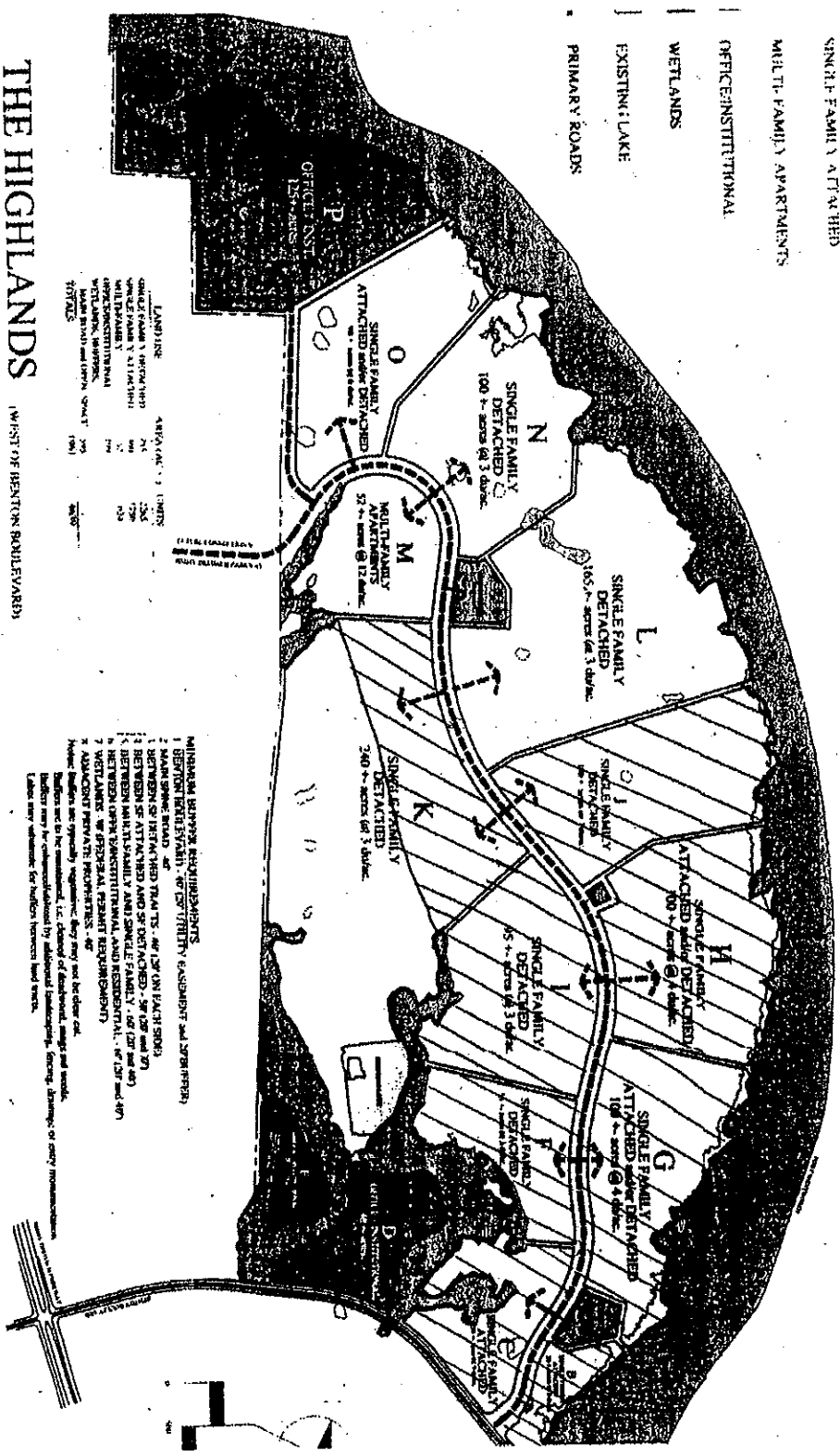
EXHIBIT A

All those certain tracts or parcels of land located in Chatham County, Georgia and being known as Tracts B, C, G, F, I, H, J and a portion of Tract K of the Highlands, as well as a portion of the right of way for Highlands Boulevard. For a better description of the parcels described herein, reference is made to the Highlands Conceptual Master Plan, dated June 6, 2003 and prepared for Godley Station by Dempsey Land Design, a copy of same being attached to this exhibit and incorporated herein. The Tracts or portions of Tracts described herein are shown as the cross-hatched areas on the map or plan attached hereto.

For a more particular description of Tracts I, F, C and the portion of the right of way for Highlands Boulevard subject to this Declaration, reference is made to that certain Plat entitled "The Highlands at Godley Station, a subdivision of approximately 1967.978 acre portion of International Paper Realty Corporation's Godley # 2 Tract, 8th G.M. District, Savannah, Chatham County, Georgia", prepared by Terry Mack Coleman, Georgia Registered Land Surveyor No. 2486, dated October 2, 2003, revised October 10, 2003, and recorded in Subdivision Map Book 26-P, Page 35A et seq., Chatham County, Georgia records.

BOOK
260 M 177
PAGE

- SINGLE FAMILY ATTACHED
- MULTI-FAMILY APARTMENTS
- OFFICE/INSTITUTIONAL
- WETLANDS
- EXISTING LAKE
- PRIMARY ROADS



LAND USE

LAND USE	AREA (AC.)	PERCENT
SINGLE FAMILY ATTACHED	24	25%
MULTI-FAMILY APARTMENTS	2	2%
OFFICE/INSTITUTIONAL	2	2%
WETLANDS	2	2%
EXISTING LAKE	2	2%
PRIMARY ROADS	2	2%
TOTAL	98	100%

- MINIMUM SETBACK REQUIREMENTS
1. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 2. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 3. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 4. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 5. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 6. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 7. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 8. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 9. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 10. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 11. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 12. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 13. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 14. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 15. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 16. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 17. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 18. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 19. BETWEEN SETBACKS: 40' (ON EACH SIDE)
 20. BETWEEN SETBACKS: 40' (ON EACH SIDE)

THE HIGHLANDS

CONCEPTUAL MASTER PLAN

SAVANNAH, GEORGIA

PREPARED FOR:
GODLEY STATION
BY: [Name]

EXHIBIT "B"

ARTICLES OF INCORPORATION
OF
HIGHLANDS OWNERS ASSOCIATION, INC.
A Georgia Nonprofit Corporation

I.

The name of the corporation is Highlands Owners Association, Inc., ("Association").

II.

The Association is organized pursuant to the provisions of the Georgia Nonprofit Corporation Code.

III.

All terms used herein which are not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Highlands, recorded or to be recorded in the Public Records ("Declaration").

IV.

The Association shall have members, which shall be North Godley Developers, Inc., the Vendee Members and the Subassociation Members as set forth in the Declaration. The members shall be entitled to vote in accordance with terms of Declaration and the Bylaws.

V.

The Association shall have perpetual duration.

VI.

The Association is organized for the following purposes: to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, as specified therein, in the Bylaws, and as provided by law, and to provide an entity for the furtherance of the interests of the Members subject to the Declaration.

VII.

The affairs of the Association shall be managed by a Board of Directors. The method of election of Directors shall be as determined by the Bylaws of the Association.

BOOK PAGE
260 H 179

VIII.

The Association shall have the power to do any and all acts necessary, convenient, expedient, ancillary or in aid to the accomplishment of the foregoing and also the power to perform any acts which nonprofit corporations may now or hereafter be authorized to do under the provisions of the Georgia Nonprofit Corporation Code, including, without limitation, the power to fix, collect, levy and enforce payment, by any lawful means, of assessments and other charges to be levied against the property subject to the Declarations, to manage, control, operate, maintain, repair, preserve, and improve property subject to the Declaration and any other property for which the Association by rule, regulation, covenant, or contract has a right or duty to provide such services; to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws; to engage in activities which will actively foster, promote, and advance the common interests of all members subject to the Declaration; to adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent with or contrary to any provisions of the Declaration. The Association shall make no distribution of income to its members, directors, or officers.

IX.

In the event of dissolution, liquidation or winding up of the Association, subject to the Declaration, the Association's assets remaining after payment, or provisions of payment, of all known debts and liabilities of the Association shall be divided among and distributed to the members thereof in accordance with their respective rights therein.

X.

The initial registered office of the Association is 2702 Whatley Avenue, Suite B-1, Thunderbolt, Georgia 31404. The initial registered agent of the Association shall be Jack Wardlaw.

XI.

To the fullest extent that State of Georgia law, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers, and committee members, no director, officer, or committee member shall be personally liable to the Association or its Members for monetary damages resulting from breach of duty of care or other duty as a director, officer, or committee member.

BOOK PAGE
260 M 180

**BYLAWS OF
HIGHLANDS OWNERS ASSOCIATION, INC.**

ARTICLE I

Name, Address, Membership and Definitions

Section 1.01. The name of the Association shall be Highlands Owners Association, Inc. (hereinafter referred to as the "Association").

Section 1.02. Address. The address and principal office of the Association shall be 2702 Whatley Avenue, Suite B-1, Thunderbolt, Georgia 31404.

Section 1.03. The Association shall have two classes of membership: Class A and Class B each of which is more fully described in the Declaration of Covenants, Conditions and Restrictions for Highlands ("Highlands") between North Godley Developers, Inc. and the Association, dated _____, 2003 (the "Declaration"), the terms of which are specifically incorporated herein by reference.

Section 1.04. Definitions. The words used in these Bylaws shall, unless the contrary clearly appears from the context, have the same meanings as the definitions set forth in the Declaration.

ARTICLE II

Meetings of the Association

Section 2.01. The first annual meeting of the Association shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Association shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock p.m. If the day for the annual meeting of the Association is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2.02. Attendance. Meetings of the Association shall be attended by the Members or their alternates.

Section 2.03. Special Meeting. Special meetings of the Association may be called at any time by the President or by the Board of Directors or by the holders of no less than fifty (50%) percent of the votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof; no business shall be transacted at a special meeting unless described in such notice.

Section 2.04. Notice of Meetings. Written or printed notice of each meeting of the Association shall be given by, or at the direction of the Secretary or person authorized to call the meeting, by personal delivery or by mailing a copy of such notice, postage prepaid at least 30 days before such meeting, to each Member entitled to vote at such meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case

BOOK
260
H
PAGE
181

of a special meeting, the purpose of such meeting. Notice may be waived, and attendance at a meeting by a Member shall be deemed waiver by such voting member of the requirements of notice, unless such Member specifically objects to lack of proper notice at such meeting.

Section 2.05. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of the Members representing fifty percent (50%) of the votes of each class of membership shall constitute a quorum; provided, however, unless Class B membership converts to Class A membership, a quorum shall not be deemed to exist without the presence of the representative of the Class B membership.

Section 2.06. Proxies. Members may vote in person or by proxy.

Section 2.07. Action without a Meeting. Any action required by law to be taken at a meeting of the Association, or any action which may be taken at a meeting of the Association, may be taken without a meeting if the consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Association.

ARTICLE III

Board of Directors Selection: Term of Office

Section 3.01. Number. The affairs of the Association shall be managed by a Board of Directors. Initially the Board shall consist of three (3) members, each of whom shall be appointed by the representative of the Class B Member. Within ninety (90) days after the termination of Class B membership, the number of directors shall be increased to seven (7), and shall be elected by the Class A members.

Section 3.02. Nomination of Directors. Except with respect to directors selected by the Class B membership, nominations for election to the Board of Directors shall be made by the Members.

Section 3.03. Election and Term of Office. Notwithstanding any other provision contained herein, the initial terms of the directors shall be fixed at the time of their election as they may among themselves determine, but no term shall be longer than three years. The initial directors may serve successive terms. Members of the Board of Directors shall hold office until their respective successors have been elected.

Section 3.04. Removal. Any director elected solely by the votes of Voting Members other than the Class B Member may be removed from office prior to expiration of his term by the votes of the majority of those Members other than the Class B Member. As long as there is a Class B membership, any director appointed by the Class B Member may only be removed by Class B Member. After termination of the Class B membership, directors appointed by the Class B Member may be removed by the votes of

BOOK PAGE
260 N 182

Members entitled to vote seventy-five (75%) percent of the votes of the Association.

Section 3.05. In the event of death or resignation of a director, his successor shall be selected by a majority of the remaining members of the Board, and such successor shall serve for the unexpired term of his predecessor.

Section 3.06. Compensation. No director shall receive compensation for any service he may render to the Association however, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 3.07. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE IV Meetings of Directors

Section 4.01. Regular Meetings. After termination of Class B membership, regular meetings of the Board of Directors shall be held bi-monthly without notice, at such place and hour as maybe fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4.02. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President, or by any two directors. Written notice thereof giving the time, date, place and purpose of such meeting shall be delivered personally or mailed to the directors not less than three days prior to the date of such meeting.

Section 4.03. Quorum. At all meetings of the Board of Directors, the majority of the directors shall constitute a quorum for the transaction of business, and the vote of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors.

ARTICLE V Powers and Duties of the Board of Directors

Section 5.01. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers necessary therefore, including, but not limited to, the following:

(a) To adopt and publish rules and regulations governing the use of Common Area and other properties maintained by the Association;

(b) To exercise for the Association all powers, duties and authority vested in or delegated in the Association and not reserved to the membership or others by

BOOK PAGE
260 M 183

provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board, unless such absence shall have been excused by a majority of the Board;

(d) To employ a manager, independent contractor, or such other employees as the Board deems necessary, prescribe their duties, fix their compensation, and require of them such security or fidelity bonds as it may deem expedient;

(e) To make or contract for the making or repairs, additions and improvements to or alterations of the Common Area and other properties maintained by the Association, in accordance with other provisions of the Declaration and these Bylaws, after destruction by fire or other casualty;

(f) To enforce by legal means the provisions of the Declaration, these Bylaws and the rules and regulations adopted hereunder; and

(g) To permit utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Property.

Section 5.02. Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof at each annual meeting of the Association, or at any special meeting when such is requested as provided in these Bylaws;

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) To prepare and adopt an annual budget for the common expenses;

(d) To fix the amount of annual assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and to send written notices of each assessment to every Member subject thereto at least thirty (30) days in advance of such annual assessment;

(e) To provide for the operation, care, upkeep and maintenance of the Common Area;

(f) To issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If the certificate states that an assessment has been paid, such certificate

260 M 184

BOOK PAGE

shall be conclusive evidence of such payment;

(g) To procure and maintain adequate liability and hazard insurance on all Properties owned by the Association;

(h) To collect all assessments, deposit the proceeds thereof in a bank depository which it shall approve, and use the proceeds to administer the Association;

(i) To make and amend rules and regulations; and

(j) To open bank accounts on behalf of the Association and designate the signatories required.

ARTICLE VI Officers and Their Duties

Section 6.01. Officers. The officers of the Association shall be a president, a vice president, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 6.02. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at its meeting held following each annual meeting of the Members.

Section 6.03. Term. The officers of the Association shall hold office for one year unless any such officer shall sooner resign, be removed or otherwise disqualified to serve.

Section 6.04. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time upon giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.05. Execution of Documents. All agreements, contracts, deeds, leases and other instruments of the Association shall be executed by at least two (2) officers, except that checks drawn on Association accounts may be executed, if authorized by proper resolution, by either the Treasurer or the President.

Section 6.06. Multiple Offices. No person shall simultaneously hold more than any one office, except in the case of special offices created by the Board pursuant to the authority as set forth in this Article.

Section 6.07. Duties. The duties of the officers are as follows:

BOOK
260 H
PAGE
185

(a) President. The President shall preside at all meetings of the Association and Board of Directors; shall see that orders and resolutions of the Board are carried out; and shall be one of the signatories on all notes, leases, mortgages, deeds and other written instruments, other than checks, which may be signed by either the President or the Treasurer, if the Board shall by resolution so provide.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of the proceedings of the Board and the Association; keep the corporate seal of the Association and affix it on all papers requiring such seal; serve notice of meetings of the Board and Members; keep current records showing the names of members of the Association, together with their addresses, and shall perform such other duties as may be required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of the budget approved by the Board; he shall, unless signed by the President, sign all checks of the Association and all promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and statement of income and expenditures to be presented at the regular annual meeting of the Association.

ARTICLE VII Committees

Committees to perform such tasks and to serve for such periods as may be designated by resolution adopted by the Board of Directors are hereby authorized. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee, or with rules adopted by the Board of Directors, or provisions of these Bylaws or the Declaration.

ARTICLE VIII Books and Records

Section 8.01. Inspection by Members and Mortgagees. The Declaration, Membership Register, Books of Account, Minutes of Meetings and other records and papers of the Association shall be available for inspection and copying by any Member, and by any holder, insurer or guarantor of any first mortgage, at all times during reasonable business hours, or under other reasonable circumstances.

BOOK PAGE
260 186

Section 8.02. Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records;
- (b) Hours and days of the week when such inspections may be made; and
- (c) Payment of the costs of reproducing copies of documents requested.

Section 8.03. Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the Common Area owned or controlled by the Association. The right of inspection of a Director includes the right to make extracts and copies of relevant documents at the expense of the Association.

Section 8.04. Upon written request, any Owner, or the holder of any first mortgage on any Lot, shall be entitled to receive a financial statement showing the statement of operations and the balance sheet of the Association for the immediately preceding fiscal year.

ARTICLE IX Assessments

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of interest charged on judgments in the State of Georgia, and the Association may bring an action at law against the Member personally obligated to pay the same, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessment provided herein by non-use of the Common Area, or otherwise.

ARTICLE X Corporate Seal

The Association may have a seal in circular form having within its circumference the words: Highlands Owners Association, Inc.

ARTICLE XI Amendments

These Bylaws may be amended, at a regular or special meeting of the Association, by a vote of the majority of a quorum present except that, no such

amendment shall be effective without the consent of the Class B Member.

ARTICLE XII
Miscellaneous

Section 12.01. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

Section 12.02. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control, In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

THE HIGHLANDS PROPERTY OWNERS
ASSOCIATION, INC.

By: _____
Its: President

BOOK PAGE
260 M 188