



NOTICE REGARDING COVENANTS AND/OR RESTRICTIONS

The following Covenants and/or Restrictions are added as a courtesy only and are NOT WARRANTED by the property owner, their broker or agent as to completeness, accuracy, currency, or enforceability. Any interested buyer prospect is urged as part of their due diligence to contact the relevant Community Association or developer to determine for themselves what covenants and/or restrictions currently apply, how long they may remain in force, and if any changes or amendments may be currently under consideration. Additionally, or alternatively, one may wish to consider hiring an attorney to conduct this search for them and provide advice as needed.

Recording Information

Return To:
 Clark & Clark
 Attorneys at Law, P.C.
 84 River Street/P.O. Box H
 Ellijay, Georgia 30540

GEORGIA, Gwin County
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The Bluffs on Cartecay

Declaration of Restrictions, Covenants and Conditions

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DECLARATION OF RESTRICTIONS, COVENANTS
AND CONDITIONS OF THE BLUFFS ON CARTECAY

This Declaration is made effective the _____ day of December, 2002, by Cartecay River Partners, LLC, a Georgia limited liability company ("Grantor"), as owner of a unique community known as "The Bluffs on Cartecay" and being more fully described in Exhibit "A". The purpose of this Declaration is to perpetuate the residential environment for the benefit of all who acquire property therein.

Grantor seeks to develop this property in a manner which insures the full enjoyment of the natural advantages of the area for all who acquire property therein. Firm, but necessary, constraints will be used to maintain the integrity of the project. Grantor believes that this fundamental concept can serve the interests of those who become such owners by fostering a beneficial land use which retains the unique character of the land and creates an atmosphere enriching the spirit of its participants.

GRANTOR HEREBY DECLARES that all that portion of the real property described in Exhibit "A" hereto shall be held, sold and conveyed subject to the Georgia Property Owners' Association Act, O.C.G.A. § 44-3-220 et. seq., and the following easements, restrictions, covenants and conditions, which are imposed for the purpose of protecting the value and desirability of, and which shall run with, said real property and be binding on all parties having any right, title or interest therein, or any part thereof, their heirs, successors, administrators and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITION OF TERMS

Section 1.01 - Definitions.

- (a) "Architectural Standards" shall mean those standards regarding type, style and specifications relating to the construction of any improvement within the Development as may be adopted or amended from time to time by the Design Committee. A copy of the current set of Architectural Standards is attached hereto as Exhibit "B", subject, however, to amendment by the Design Committee in its sole discretion.
- (b) "Articles" shall mean the Articles of Incorporation of the Association as the same may be amended from time to time.
- (c) "Association" shall mean and refer to the The Bluffs on Cartecay Property Owners' Association, Inc., a Georgia non-profit corporation, its successors and assigns.
- (d) "Board" shall mean the Board of Directors of the Association.

(e) "Colony" shall mean a group of Lots selected by the Grantor as comprising a separate phase or community within the Development and as may be designated as such on the Plat of Subdivision.

(f) "Common Area" shall mean all real property, including easements, owned by the Association for the common use and enjoyment of owners or owned by the Grantor and designated as "Common Area" on the Plat of Subdivision for the Development.

(g) "Declaration" shall mean and refer to the contents of this entire document and amendments hereto.

(h) "Development" or "The Bluffs on Cartecay" shall mean the real estate development consisting of that certain real property more particularly described in Exhibit "A" hereto attached, and any additional real property as may be annexed to the Development in accordance with the provisions hereof.

(i) "Easement Area" shall mean any area reserved to Grantor or otherwise set aside for easement purposes as reflected on the Plat of Subdivision or otherwise provided for herein, and shall include but not be limited to the ten (10) foot strip along the perimeter boundary of each Lot as provided for in Section 2.03 hereof.

(j) "Grantor" shall mean and refer to Cartecay River Partners, LLC, a Georgia limited liability company, its successors and assigns.

(k) "Grantor Votes" shall mean those special voting rights in the Association reserved to Grantor in accordance with the provisions of Section 4.02(b) hereof.

(l) "Lot" shall mean and refer to any building lot identified on the Plat of Subdivision.

(m) "Management Vote" shall mean the special voting right in the Association reserved to Grantor upon relinquishment by Grantor of the Grantor Votes in accordance with the provisions of Section 4.02(b) hereof.

(n) "Owner" shall mean and refer to the owner as shown by the real estate records in the Office of the Clerk of the Superior Court of Gilmer County, Georgia, whether one or more persons or entities, of a fee simple title to any Lot, including Grantor, but excluding those having such interest merely as security for the performance of an obligation, unless and until such holder of a security interest has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure and has held such title for a period of one (1) year; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

(o) "Plat of Subdivision" shall refer to the plat of subdivision of The Bluffs on

Cartecay of public record in Gilmer County, Georgia, as may be amended from time to time, and shall include the plat as to any additional real property as may be annexed to the Development in accordance with the provisions hereof.

(p) "Private Area" shall mean that area within each Lot which is not Easement Area and which may be cleared, graded, and improved in accordance with the provisions and limitations hereof, otherwise known as the building or improvement envelope.

(q) "Release Date" shall mean such time as Grantor sells 100 Lots to individual Owners other than developers or other commercial builders, for single family residential purposes.

(r) "Roads" or "Streets" shall mean any and all interior roads used for ingress and egress located at The Bluffs on Cartecay.

(s) "Tree" shall mean any living tree having a height of eight (8) feet or more and having a trunk measuring six (6) inches or more in diameter at ground level.

ARTICLE II LAND CLASSIFICATIONS/RESTRICTIONS

Section 2.01 - Lot Uses and Restrictions. The Private Area of each Lot shall be for the exclusive use and benefit of the Owner thereof, subject, however, to all of the following limitations and restrictions and reservations:

(a) The Association, or its duly authorized agents shall have the right at any time, and from time to time, without any liability to the Owner for trespass or otherwise, to enter upon any Lot for the purpose of (1) maintaining such Lot, as provided for in this Declaration; (2) maintaining any and all Common Areas; (3) removing any improvement constructed, reconstructed, refinished, altered or maintained upon such Lot in violation of any provisions hereof; (4) restoring or otherwise reinstating the Easement Area or Private Area of such Lot as authorized; and (5) otherwise enforcing, without any limitation, all of the restrictions set forth as a part of this Declaration, and The Bluffs on Cartecay Rules adopted or in effect in accordance with the provisions set forth in Section 4.05 hereof.

(b) No improvement, excavation, or other work which in any way alters any Lot from its natural or improved state existing on the date such Lot was first conveyed in fee by Grantor to an Owner shall be made or done except upon strict compliance with the restrictions set forth in this Declaration.

(c) Each Lot shall be used exclusively for single-family residential purposes only.

(d) Each Lot, and any and all improvements from time to time located thereon, shall

be maintained by the Owner thereof in good condition and repair, at such Owner's sole cost and expense.

(e) No noxious, offensive or illegal activity shall be carried on upon any Lot, nor shall anything be done or placed thereon which may be reasonably considered to be or become a nuisance, disturbance, or annoyance, or cause unreasonable embarrassment to other Owners in the enjoyment of their Lots, or in their enjoyment of any Common Area. In determining whether there has been a violation of this paragraph, recognition must be given to the premise that Owners, by virtue of their interest and participation in The Bluffs on Cartecay, are entitled to the reasonable enjoyment of the natural benefits and surroundings of The Bluffs on Cartecay.

(f) No house trailer, travel trailer, camper, permanent tent, accessory structure or building, or similar facility or structure shall be constructed, kept, placed or maintained upon any Lot or Common Area at any time for working, living or camping, unless approved by the Design Committee; provided, however, that the provisions of this paragraph shall not apply to temporary construction shelters or facilities maintained during, and used exclusively by contractors in connection with the approved construction of the residence or any work or improvement permitted thereon. It being clearly understood that temporary shelters, tents, recreational vehicles, etc., may not at any time be used as temporary or permanent residences or commercial facilities or be permitted to remain on any portion of the Lot after completion of construction thereon.

(g) No trailer of any kind, truck (excluding pick-up trucks, mini-vans, sport utility vehicles and other similar personal use vehicles), camper or boat shall be kept, placed or maintained upon any Lot in such a manner that such trailer, truck, camper or boat is visible from any street or neighboring property.

(h) The maintenance of accumulated waste plant materials is prohibited except as part of an established compost pile which shall be reasonably maintained in a non-offensive manner in the rear of any Lot.

(i) No animals, other than up to four (4) domesticated, household pets, shall be maintained in or upon any Lot. Any such pets must be regularly sheltered and kept inside a personal residence. No outside animal runs, pens, kennels or other such shelters or enclosures shall be allowed. All pets shall be kept on a leash whenever outside on any Common Area.

(j) No vehicle may be parked on any area other than paved driveway or parking pad. No more than four (4) vehicles may be parked or maintained on any Lot, of which no more than two (2) may be regularly parked outside of a garage.

Section 2.02 - Private Area: Construction and Alteration of Improvements, Excavations, etc. The right of an Owner to construct, reconstruct, refinish, alter or maintain any improvement upon, under or above the Private Area of any Lot, to landscape or perform site work thereon, to

make or create any excavation or fill thereon, to make any change in the natural or existing surface drainage thereof, to install any utility line (wire or conduit) thereon or thereover, or to destroy or remove any Tree therefrom, shall be subject to all of the following limitations and conditions of this section and to The Bluffs on Cartecay Architectural Standards, attached hereto as Exhibit "B" and made a part hereof, as may be amended by the Design Committee from time to time in accordance with the provisions hereof.

(a) Except to the extent permitted by paragraph (g) below, any construction or reconstruction of, or the refinishing or alteration of any part of the exterior of, any improvement upon any Lot is absolutely prohibited until and unless the Owner of such Lot first obtains the approval therefor from the Design Committee as herein provided and otherwise complies with all of the provisions of this section. In the event any Owner violates the terms of this Section 2.02(a), the Association, or its duly appointed agent, shall, after thirty (30) days' written notice to Owner to cure such violation and failure of Owner to so cure, be entitled to enter upon the Owner's Lot and cure such defect including removing any improvement constructed, reconstructed, refinished, altered or maintained in violation of this paragraph and the Owner thereof shall reimburse the Association for all expenses incurred in connection therewith.

(b) Except to the extent reasonably necessary for the construction, reconstruction, maintenance, or alteration of any improvement for which the Owner has obtained approved plans pursuant to this section:

(1) No excavation or fill which would be visible from neighboring property shall be created or installed upon any Lot;

(2) No change shall be made in the natural or existing drainage for surface waters of any Lot; and

(3) No Tree shall be destroyed or removed from any Lot, until and unless the Owner of such Lot first obtains the approval therefor from the Design Committee as herein provided and such Owner otherwise complies with all of the provisions of this section.

In the event any Owner violates the terms of this Section 2.02, the Association, or its duly appointed agent, shall, after thirty (30) days' written notice to Owner to cure such violation and failure of Owner to so cure, be entitled to enter upon the Owner's Lot and cure such defect, including, in the event of any violation of clause (1) or clause (2) above, restore such Lot to its state existing immediately prior to such violations, and in the event of any violation of clause (3) above, replace any tree which has been improperly removed or destroyed with either a similar tree in type and size or with such other tree as the Association may deem appropriate. The Owner of such Lot shall reimburse the Association for all expenses incurred by it in performing its work under this paragraph; provided, however, that with respect to the replacement of any tree, the Owner shall not be obligated to pay an amount in excess of the expenses which would

have been incurred by the Association had it elected to replace the destroyed or removed tree with a tree similar in type and size.

(c) Any Owner proposing to construct or reconstruct, or to refinish or alter any part of the exterior of, any improvement on or within his Lot or to perform any work which under the provisions of this Declaration requires the prior approval of the Design Committee, shall apply to the Design Committee for approval as follows:

(1) The Owner shall notify the Design Committee in writing of the nature of the proposed work, and Owner shall submit to the Design Committee for approval such plans and specifications for the proposed work as the Design Committee may from time to time request, including, when deemed appropriate by the Design Committee, but without limitation, the following:

(aa) A plot plan of the Lot showing (i) contour lines, (ii) the location of all existing and/or proposed improvements, (iii) the proposed drainage plan, (iv) the proposed sanitary disposal facilities, (v) the location of existing Trees, (vi) such Trees which the Owner proposes to remove, (vii) the location of all proposed utility installations; (viii) the portion of the Lot which is available to be or has previously been cleared, graded, constructed upon, or otherwise improved, appropriately designated as "Private Area," including the total square footage thereof; and (ix) the remaining balance of the Lot which is to remain undisturbed, appropriately designated as "Easement Area", including the total square footage thereof.

(bb) floor plans;

(cc) drawings showing all elevations;

(dd) description of exterior materials with samples;

(ee) working drawings and construction specifications; and

(ff) the Owner's proposed construction schedule.

(2) If the Design Committee should determine that it would be in the best interest of The Bluffs on Cartecay for such Owner to employ an architect to design any improvement involved in the proposed work, the Design Committee shall inform such Owner in writing of its determination, whereupon all plans and specifications submitted pursuant to clause (1) above must be prepared by an architect.

(d) Subject to the provisions of paragraph (e) below, the Design Committee will approve the plans, drawings and specifications submitted to it only if the following conditions shall have been satisfied:

(1) The Owner and the Owner's architect, if any, shall have strictly complied with the provisions of paragraph (c) above; and

(2) The Design Committee finds that the plans and specifications conform to The Bluffs on Cartecay restrictions, particularly to the requirements and restrictions of this section and to the Architectural Standards in effect at the time such plans were submitted to the Design Committee.

Such approval will be in writing and may be conditioned upon the submission by the Owner or the Owner's architect, if any, of such additional plans and specifications as the Design Committee shall deem appropriate for the purpose of insuring that the construction of the proposed improvement shall be in accordance with the approved plans; provided, however, that plans, drawings and specifications which have been neither approved nor rejected within thirty (30) days from the date of submission thereof to the Design Committee shall be deemed approved. One set of plans as finally approved shall be retained and maintained by the Design Committee as a permanent record.

(e) Notwithstanding the provisions of paragraph (d) above, if within the thirty (30) day period referred to in said paragraph (d) the members of the Design Committee, in their sole discretion, find that the proposed work, for any reason whatsoever (including the design, height or location of any proposed improvement and the probable effect thereof on other Owners in the use and enjoyment of their Lots or the Common Area), would be incompatible with the intended and planned type of development within The Bluffs on Cartecay, then the Design Committee shall not approve the plans, drawings, and specifications submitted to it pursuant to paragraph (c) above and shall so notify the Owner concerned in writing setting forth the reasons for such disapproval.

(f) Grantor shall, to the extent reasonably available, upon the timely request of the Design Committee, file with the Design Committee copies of such of the plans and specifications described in paragraph (c)(1) above, which have been prepared by Grantor and which are deemed by the Design Committee to be necessary for the purpose of maintaining a permanent record of all improvements constructed or being constructed by Grantor upon any Lot.

(g) Any provision herein to the contrary notwithstanding, any Owner may at any time, and from time to time, without first obtaining the approval of the Design Committee and without otherwise complying with paragraph (c) above, reconstruct or refinish any improvement or any portion thereof, excavate or make any other installation, in such manner as may be set forth in the last plans thereof approved by the Design Committee and not revoked pursuant to paragraph (i) below, or in the plans and specifications filed pursuant to paragraph (f) above.

(h) Upon receipt of the approval from the Design Committee pursuant to paragraph (d) above, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing,

alterations, and excavations pursuant to the approved plans.

(i) With reference to paragraph (h) above, Owner shall satisfy all conditions and commence the construction, reconstruction, refinishing, alterations or other work pursuant to the approved plans within one (1) year from the date of such approval. If the Owner shall fail to comply with this paragraph, any approval given pursuant to paragraph (d) above shall be deemed revoked unless, upon the written request of the Owner made to the Design Committee prior to the expiration of said one (1) year period and upon a finding by the Design Committee that there has been no change in circumstances, the time for such commencement is extended in writing by the Design Committee.

(j) With further reference to paragraph (h) above, the Owner shall in any event complete the construction, reconstruction, refinishing, or alteration of the foundation and all exterior surfaces (including the roof, exterior walls, windows and doors) of any improvement on his Lot within one (1) year after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies or natural calamities. If Owner fails to comply with this paragraph, the Design Committee shall notify the Association of such failure and the Association, or its duly appointed agent, shall, after thirty (30) days' written notice to Owner to cure such violation of this paragraph (j) and failure of Owner to so cure, may, at its option, either complete the exterior in accordance with the approved plans or remove the improvement, and the Owner shall reimburse the Association for all expenses incurred in connection therewith.

(k) Upon the completion of any construction or reconstruction of, or the alteration or refinishing of the exterior of any improvement, or upon the completion of any other work for which approved plans are required under this section, the Owner shall give notice thereof to the Design Committee and within sixty (60) days thereafter the Design Committee, or its duly authorized representative, may inspect such improvement to determine whether it was constructed, reconstructed, altered or refinished in substantial compliance with approved plans. If the Design Committee finds that such construction, reconstruction, alteration or refinishing was not done in substantial compliance with approved plans, it shall notify the Owner of such non-compliance within such sixty (60) day period and shall require the Owner to remedy such non-compliance. If, upon the expiration of sixty (60) days from the date of such notification, the Owner shall have failed to remedy such non-compliance, the Design Committee shall notify the Association of such failure, and the Association, or its duly appointed agent, at its option, may either remove the improvement or remedy the non-compliance, and the Owner shall reimburse the Association for all expenses incurred in connection therewith. If for any reason the Design Committee fails to notify the Owner of any such non-compliance within sixty (60) days after receipt of said notice of completion thereof from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

Section 2.03 - Easement Area: Uses and Restrictions. The Easement Area of each Lot shall be for the limited use and benefit of the Owner thereof, subject to the rights of the

Association set forth below and to all of the following limitations and restrictions:

(a) The Grantor reserves unto itself, its successors and assigns, and for the benefit of all Owners, a perpetual, alienable, transferable and releasable right-of-way and easement on, over, and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water lines and mains, and other suitable equipment for the conveyance and use of electricity, cable television, security cable equipment, telephone equipment, gas, sewer, water or other private or public convenience or utilities, on, in or over a ten foot (10') strip located along the entire perimeter boundary of each Lot, and such other areas as are shown on the Plat of Subdivision or any other applicable plats; provided, further, that the Grantor may cut, at its own expense, drainways for surface water wherever and whenever such action may appear to the Grantor to be necessary in order to maintain reasonable standards of health, safety and appearance. In the event that additional property is annexed to the Development as provided in Section 6.02, the easements created hereby shall exist on all of the resulting Lot(s) of the property that is annexed. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, take any grains of the soil or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

(b) Grantor and the Association, or their duly authorized agents, shall have the right at any time, and from time to time, without liability to the Owner for trespass or otherwise, to enter upon any Easement Area for the purpose of (1) installing and maintaining access Roads and power and other public and private utility lines, (2) removing any improvement constructed or reconstructed or maintained upon such Easement Area in violation of the terms hereof, and (3) otherwise enforcing the restrictions set forth in this section.

(c) No improvement, excavation or structure, except Roads, fences and the structures and improvements authorized under paragraph (b)(1) above, shall be permitted in such Easement Area.

(d) There shall be no use of the Easement Area except (1) any use contemplated by any improvement permitted under paragraphs (b) and (c) above, and (2) natural recreational uses which do not injure, modify or deface such Easement Area or the vegetation thereon, or interfere with the structures and uses specified in paragraphs (b) and (c) above or cause unreasonable embarrassment, disturbance or annoyance to other Owners in their enjoyment of their Private Areas.

Section 2.04 - Common Area: Uses and Restrictions. The exclusive use of Common Area shall be reserved equally to all Owners, Associate Members (as defined in Section 4.01 herein) and guests, subject, however, to the following limitations and restrictions:

(a) The use of any Common Area shall be subject to the The Bluffs on Cartecay Rules, and all applicable state, county and local laws and regulations.

(b) Grantor hereby reserves to itself and its successors and assigns, the right to convey easements and rights of way across any Roads, any Basement Area, or any Common Area within the development to any governmental agency or public or private Road or utility entity. The use of any Common Area shall be subject to such easements and rights-of-way as may have previously been granted by Grantor; to such easements and rights-of-way as may from time to time be taken under power of eminent domain; and to such easements and rights of way as may from time to time be granted or conveyed by the Grantor or the Association.

(c) No improvement, excavation or other work which in any way alters any Common Area from its natural or existing state may be made or done except upon strict compliance with, and within the restrictions and limitations of, the provisions hereof.

(d) Any portion of any Common Area may be developed into one or more recreational facilities. Upon the development of any recreational facility by Grantor or Association pursuant to the provisions contained herein, such facility shall be used exclusively by Owners, Associate Members and guests who become permitted users, subject to the provisions of The Bluffs on Cartecay Rules with respect to such use.

(e) Except to the extent otherwise permitted pursuant to the provisions of paragraph (d) above, there shall be no use of Common Area, exclusive of Roads, except natural recreational uses which do not injure or scar the Common Area or the vegetation thereon, which will increase the cost of maintenance thereof, or which may be reasonably considered to cause disturbance, annoyance or unreasonable embarrassment to Owners in their enjoyment of their Private Areas, or to Owners and Associate Members in their enjoyment of Common Areas.

Section 2.05 - Roads

Grantor herein grants to all Owners, their successors and assigns, a permanent and perpetual, non-exclusive fifty foot wide easement for the purposes of automobile, pedestrian and emergency vehicle ingress and egress to and from, over, upon and across the roads located at The Bluffs on Cartecay, namely Aspen Avenue, Ovaline Trail, Misty Mountain Trail, Hill Crest Court, West River Trace, Black Walnut Place, Granny Smith Lane and Mutzu Lane.

Section 2.06 - Disclosure of Private Roads

Other than Old Orchard Road and Malus Drive, the streets lying within The Bluffs on Cartecay are private in ownership and do not currently and will not ever meet the requirements applicable to converting the roads from private ownership and maintenance to public ownership and maintenance. The responsibility for the upkeep and maintenance of the streets shown on the recorded plat are the responsibility of the individual property owners and not Gilmer County.

Section 2.07 - Easements Run With Land

All easements and rights-of-way granted and described in this Article II, easements and

rights-of-way shown on the Subdivision Plat and all the other easements and agreements run with the land and are binding upon and inure to the benefit of the Association, the Declarant and all Lot Owners and their respective heirs, personal representatives, Tenants, successors in interest and assigns.

ARTICLE III
DESIGN COMMITTEE

Section 3.01 - Organization, Power of Appointment and Removal of Members. There shall be a Design Committee, organized as follows:

- (a) The Design Committee shall consist solely of the Grantor or the designated representative(s) (one or more) appointed by the Grantor until the Release Date.
- (b) After the Release Date, the Design Committee shall then consist of three (3) members appointed by the President and ratified by the Board. No member shall be required to meet any qualifications for membership on the Design Committee.
- (c) The initial three (3) members of the Design Committee shall be elected to terms of one, two, and three years, respectively. Thereafter, each member of the Design Committee shall hold his office for a three-year term or until such time as he has resigned or he has been removed, as set forth herein.
- (d) The right, after the Release Date, from time to time to appoint and remove all members of the Design Committee shall be, and is hereby, reserved to and vested solely in the Board; provided, however, that any such appointment or removal shall be subject to the prior written approval of Grantor so long as Grantor or its assigns owns one or more Lots then subject to this Declaration and shall be or intend to be continuing the marketing and development of The Bluffs on Cartecay.

Section 3.02 - Duties. It shall be the duty of the Design Committee to consider and act upon such proposals or plans from time to time submitted to it pursuant to Section 2.02 herein, and to perform such other duties set forth in this Declaration and from time to time delegated to it by the Association.

Section 3.03 - Meetings, Action, Compensation, Expenses. The Design Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Design Committee unless the unanimous decision of its members is otherwise required by this Declaration. Unless authorized by the Board, the members of the Design Committee shall not receive any compensation for services rendered. All members of the Design Committee shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Design Committee function.

Section 3.04 - Standards. The Design Committee may, from time to time and in its sole discretion, adopt, amend and repeal by unanimous vote, standards for design and development to be known as "Architectural Standards," which among other things, interpret or implement the provisions of this Declaration. Those Architectural Standards attached hereto as Exhibit "B" and by reference incorporated herein are hereby adopted and approved, subject to future revision in accordance with the terms hereof.

Section 3.05 - Non-Waiver. The approval by the Design Committee of any plans, drawings or specifications for any work done or proposed, or in connection with any other matter requiring the approval of the Design Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval as to any similar plan, drawing, specification or matter whenever subsequently submitted for approval.

Section 3.06 - Liability. Neither the Design Committee nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development, or manner of development, of any property within The Bluffs on Cartecay, provided, however, that any such member has, with the actual knowledge possessed by him, acted in good faith and within the scope of his appointment to the Design Committee. Without in any way limiting the generality of the foregoing, the Design Committee or any member thereof, may, but is not required to, consult with or hear the Association or any Owner with respect to any plans, drawings or specifications, or any other proposal submitted to the Design Committee.

ARTICLE IV THE BLUFFS ON CARTECAY PROPERTY OWNERS' ASSOCIATION

Section 4.01 - Organization.

(a) The Association shall have two types of membership:

(1) Each Owner, by virtue of being an Owner and for so long as he is an Owner, shall be a voting Member of the Association. Membership in the Association shall be mandatory for each Owner. Grantor shall be a Member of the Association.

(2) The Association may also offer non-voting membership to individuals who are not Owners, as Associate Members, subject to the following terms and conditions:

(i) An individual who is not an Owner may make written application to the Association to become an Associate Member thereof.

(ii) If such written application is approved by the Board, such individual shall be granted a non-voting membership in the Association as an Associate Member.

(iii) An Associate Member shall not be required to pay any assessments made upon the Members except as determined by the Board. The Board may establish an annual maintenance assessment or user fees to be paid by Associate Members, or may levy capital improvement or special assessments on Associate Members as the Board deems necessary to defray the additional cost of expenditures which benefit the Associate Members as well as Members.

(iv) An Associate Member shall not have any voting rights and shall be deemed a non-voting member of the Association.

(v) An Associate Member may not serve on the Board, the Design Committee, or be an officer of the Association.

(b) Notwithstanding anything herein to the contrary, any Owner who is not paying an assessment for any Lot pursuant to Section 5.08 herein, or who is in default in payment of any assessment, shall not be entitled to cast a vote with respect to each such Lot for which an assessment is not being paid.

(c) The rights, duties, privileges and obligations of an Owner as a Member of the Association and of an Associate Member shall be those set forth in, and shall be exercised and imposed in accordance with the provisions of, this Declaration, The Bluffs on Cartecay Rules, and Articles and By-Laws of the Association. In the event of any conflict between the provisions of this Declaration, and the Rules, Articles, or Bylaws of the Association, the provisions hereof shall control.

Section 4.02 - Voting Rights.

(a) In order to retain control of the environment during the development period and still make proper provision for the enfranchisement of the Association membership at large, the following voting procedure and rights shall be established, to-wit; Owners shall, upon closing of the acquisition of any Lot, become full voting Members of the Association. There shall be one voting membership in The Bluffs on Cartecay for the Owner of each Lot, whether or not such Lot is improved. The person entitled to cast the vote shall be designated in writing, which designation shall be signed by all of the record Owners of the single-family residential Lot, or, in the case of a corporation, by the officers authorized to sign on behalf of the corporation, and filed with the Association.

(b) The Grantor, and its successors, or assigns, shall be a Member of the Association and shall have reserved to Grantor specialized voting rights (the "Grantor Votes"). Such Grantor

Votes shall be based on the number of Lots sold such that Grantor shall have for quorum and all other purposes and be entitled to cast three (3) Grantor Votes for each Lot conveyed to an Owner and for each Lot retained by Grantor, including any additional property annexed, until Grantor shall have relinquished such Grantor Votes in writing in accordance with the terms hereof. After such time as Grantor shall have relinquished its Grantor Votes in writing, Grantor shall retain one (1) single Management Vote which Grantor shall be entitled to cast only in connection with those specific matters set forth hereinafter. Notwithstanding any other provision hereof, in addition to the Grantor Votes or Management Vote, Grantor shall have and be entitled to cast as Owner of any Lot owned by Grantor those votes attributable to ownership of such Lots.

(c) At such time as Grantor has sold all Lots in the Development, or Grantor only owns Lots which it does not intend to market or develop other than for Grantor's own use, the Grantor Votes and the Management Vote shall be automatically relinquished.

(d) Prior to the Release Date, the Articles or By-Laws of the Association or restrictions running with the lands in the Development may only be amended by the Grantor. Thereafter, in all cases, and so long as Grantor, or its assigns, shall be or intend to be continuing the marketing and development of The Bluffs on Cartecay, there shall be no amendment to the Articles or By-Laws of the Association or to the restrictions running with the lands in the development without the affirmative vote of all of the Grantor Votes and Management Vote, if such votes are not yet relinquished.

(e) Nothing herein and no conveyance of real property by Grantor, shall be deemed to convey the Grantor Votes or Management Vote reserved to Grantor herein contained and reserved, to any person or persons. The conveyance or assignment of the Grantor Votes or Management Vote shall be made only by instrument in writing to that effect. In no event shall Grantor be disenfranchised with respect to voting rights attributable to or deriving from a Lot owned by Grantor.

Section 4.03 - Duties and Obligations of the Association. The Association shall have the obligations and duties, subject to this Declaration, to do and perform each and every of the following for the benefit of the Owners and Associate Members and for the maintenance and improvement of The Bluffs on Cartecay.

(a) The Association shall accept title to easements to or interest in any real property from time to time conveyed to it, if ever, by Grantor, pursuant to the provisions, and subject to the restrictions imposed by Section 6.03 below.

(b) The Association shall maintain, or provide for the maintenance of, any Roads and Common Areas (including recreational facilities and all improvements of whatever kind and for whatever purpose from time to time located on such Common Areas) in good order and repair; provided, however, that notwithstanding the foregoing, the Association shall have no obligation to maintain in good order and repair any improvement constructed upon any Private Area by the

Owner. Roads shall be maintained in good condition of repair at least equal to that of comparable county maintained roads of Gilmer County.

(c) In the event any Owner fails to reasonably maintain his Lot such that the buildings or grounds are in an unclean, unsightly, or unkept condition which shall tend to decrease the beauty of the area in which such Lot is located and the Development as a whole, the Association, or its duly appointed agent, shall, after thirty (30) days' written notice to Owner to clean up and maintain his Lot and failure of Owner to so clean up, be entitled to enter upon and maintain, or provide for the maintenance of, any Lot which is not maintained by the Owner thereof, and assess against such Lot any and all costs for such maintenance and any expense in connection with such maintenance as provided herein.

(d) To the extent not assessed to or paid by the Owners, the Association shall pay all real property taxes and assessments levied upon any portion of any Common Area or upon any recreational facility or other property owned by the Association. In addition, should the taxes and assessments applicable to any Common Area not be separately assessed, the Association shall pay to the person against whom the same is assessed such amount of such taxes and assessments as shall be properly allocable to the Association's interest or ownership therein.

(e) The Association shall obtain and maintain in force the following policies of insurance:

(1) Fire and extended coverage insurance on all improvements owned by the Association and from time to time located upon or within any Common Area, or recreational facility, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value (exclusive of the cost of excavations, foundations and footings), of such improvements as from time to time determined by the Association;

(2) Bodily injury liability insurance with limits per person and per occurrence, in amounts which the Board may from time to time deem appropriate, against any and all liability with respect to The Bluffs on Cartecay or any portion thereof, or arising out of the maintenance of use thereof; and

(3) Property damage liability insurance with a deductible and a limit per incident in amounts which the Board may from time to time deem appropriate.

(4) Officers and Directors Liability Insurance.

The policy or policies of insurance referred to above shall name as insureds, (i) the Grantor, the Association, the Board, the Design Committee, and their representatives, members and employees; and, with respect to any liability arising out of the maintenance and use of Common Area or any recreational facility (ii), the Owners. Such policy or policies shall

protect each of the insureds as if each were separately insured under separate policies; provided, however, that such policy or policies shall not require the insured or insureds to pay any amount in excess of the maximum limits stated therein. Each and every policy of insurance obtained by the Association, whether or not required to be obtained pursuant to the provisions of this Declaration, shall expressly waive any and all rights of subrogation against Grantor, its representatives and employees, and any Owner.

(f) The Association shall accept and act upon applications submitted to it for the development of Common Area recreational facilities.

(g) In accordance with the provisions of Section 4.05, the Association acting through its Board shall from time to time make, establish, promulgate, amend and repeal The Bluffs on Cartecay Rules as provided herein.

(h) To the extent provided for herein, the Association through its Board shall exercise its rights to appoint and remove members of the Design Committee to insure that at all reasonable times there is available a duly constituted and appointed Design Committee.

(i) The Association shall take such action, whether or not expressly authorized by this Declaration, as may reasonably be necessary to enforce the restrictions, limitations, covenants, and conditions of this Declaration, The Bluffs on Cartecay Rules and the Architectural Standards.

Section 4.04 - Powers and Authority. The Association shall have all of the powers set forth in the Articles, together with its general powers as a non-profit corporation, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws, this Declaration, and The Bluffs on Cartecay Rules, to do any and all lawful things which may be authorized, required or permitted to be done by the Association under and by virtue of this Declaration and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety and/or general welfare of the Owners, Associate Members and guests of The Bluffs on Cartecay. Without in any way limiting the generality of the foregoing.

(a) The Association, or its duly appointed agent, shall have the power and authority at any time, and from time to time, and without liability to any Owner, to enter upon any Lot for the purpose of enforcing any and all of the provisions called for herein, or for the purpose of maintaining and repairing any such area if for any reason whatsoever the Owner thereof fails to maintain and repair such area as required; provided, however, that the Association, or its duly appointed agent, has provided thirty (30) days' written notice to Owner to cure any violation of the provisions called for herein prior to entering upon Owner's Lot. The Association shall also have the power and authority from time to time, in its own name, on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and The Bluffs on

Cartecay and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration and The Bluffs on Cartecay.

(b) In fulfilling any of its obligations or duties under this Declaration, including, without limitation, fulfilling its obligations or duties, or in exercising any of its rights to contract improvements or other work for the maintenance, repair, operation or administration of any Common Area, any Easement Area, any Road, or any recreational facility, and, to the extent necessitated by the failure of the Owner thereof, any Lot, the Association shall have the power and authority:

(1) To contract, and pay for, or otherwise provide for, the construction, maintenance, restoration and repair of all improvements of whatever kind, including Common Area Roads, and for whatever purpose, from time to time located upon any Easement Area, or Common Area, or within any recreational facility;

(2) To obtain, maintain and pay for such insurance policies or bonds as the Association shall deem to be appropriate for the protection or benefit of The Bluffs on Cartecay, the Association, the members of the Board, the members of the Design Committee, Owners, Associate Members, or guests, including, without limitation, builder's risk insurance, workmen's compensation insurance, automobile non-ownership insurance, and performance and fidelity bonds;

(3) To contract and pay for, or otherwise provide for, such utility services, including, without limitation, water, electrical, telephone and gas services, as may from time to time be required in the Development, other than for any Private Area.

(4) To contract and pay for, or otherwise provide for, the services of architects, engineers, accountants, attorneys and certified public accountants and such other professional and non-professional services as the Association deems necessary;

(5) To contract and pay for, or otherwise provide for, fire, general security of the Development and such other protection services as the Association shall from time to time deem necessary for the benefit of the Development;

(6) To contract and pay for, or otherwise provide for, such materials, supplies, furniture, equipment and labor as and to the extent the Association deems necessary; and

(7) To pay and to discharge any and all liens arising out of the construction of any improvements, and from time to time placed or imposed upon any Common Area or recreational facility on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair,

operation or administration.

(c) The Association shall have the power and authority from time to time to grant and convey to any third party such easements, rights-of-way, lots or strips of land, in, on, over or under any Road, Easement Area, or Common Area, for the purpose of constructing, erecting, operating and maintaining thereon, therein or thereunder, (1) roads, walks, driveways, and park areas; (2) poles, wires and conduit for the transmission of electricity for lighting, heating, power, telephone, television and other purposes and for the necessary attachments in connection therewith; and (3) private sewers, storm water drains, land drains and pipe, water systems, sprinkling systems, water, heating and gas lines or pipes and any and all equipment in connection with the foregoing.

(d) The Association may employ the management services of one or more companies or businesses to manage the affairs of the Association which companies or businesses may be affiliated with Grantor.

(e) The Association shall have the right from time to time to pay, compromise or contest any and all taxes and assessments levied against all or any part of any Common Area, or recreational facilities or upon any real or personal property belonging to the Association; provided, however, that the Association shall pay and discharge the lien imposed by such tax or assessment prior to the time it would otherwise become delinquent.

(f) Subject to the public governmental restriction, regulation, and/or authority, upon request of any Lot Owner, the Association (acting through the Design Committee) shall have the power and authority from time to time to reclassify any portion of any 'Easement Area' to 'Private Area' for the benefit of the Owner of the Lot in which it is located; subject, however, to the retention of such easements and rights and the imposition of such conditions as the Association may deem appropriate for the benefit of the Association or any of the Owners. If reasonably required, such reclassification shall be effected by the execution and recording in the Public Records of Gilmer County, Georgia (the "Public Records"), of an appropriate document describing the Lot, or portion thereof, affected.

Section 4.05 - THE BLUFFS ON CARTECAY RULES.

(a) Prior to the Release Date, the Grantor alone may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations, to be known as The Bluffs on Cartecay Rules, governing the use and restrictions of the Development. Thereafter, The Bluffs on Cartecay Rules may be amended, changed, augmented, repealed or otherwise altered by the Board, from time to time and subject to the provisions of this Declaration. The initial The Bluffs on Cartecay Rules are set forth on Exhibit "C", attached hereto and made a part hereof.

(b) With respect to subparagraph (a) above, The Bluffs on Cartecay may, without

limitation and to the extent deemed necessary by the Association in order to preserve the benefits of The Bluffs on Cartecay for all Owners, Associate Members, their families, invitees, licensees and lessees, and for guests, restrict and/or govern the use of Common Area and recreational facilities by any guest, by Owner or Associate Member, by the family of such Owner or Associate Member, or by any invitee, licensee or lessee of such Owner or Associate Member; provided, however, that with respect to use of Common Area and recreational facilities, The Bluffs on Cartecay Rules may not discriminate among Owners or Associate Members.

(c) A copy of The Bluffs on Cartecay Rules, as they may from time to time be adopted, amended or repealed, certified by the Secretary or any Assistant Secretary of the Association or other officer authorized to certify documents for the Association, shall be recorded in the Public Records and duplicate copies thereof shall be delivered to each Owner. Upon such recordation and delivery, The Bluffs on Cartecay Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

Section 4.06 - Liability. No member of the Board shall be personally liable to any Owner, Associate Member, guest, participating facility, or to any other person, including Grantor, for any error or omission of the Association, its representatives and employees, the Design Committee or the Manager; provided, however, that such member of the Board has, with the actual knowledge possessed by him, acted in good faith and has acted in his capacity as a member of the Board of Directors.

Section 4.07 - General Powers. The Association, through the Board and its duly authorized representatives, shall have the exclusive right to exercise the powers and authority referred to in Section 4.04.

ARTICLE V FUNDS AND ASSESSMENTS

Section 5.01 - Operating Fund. There shall be an operating fund, into which the Association shall deposit all monies paid to it as:

- (a) Maintenance assessments,
- (b) Capital improvement assessments,
- (c) Special assessments,
- (d) Use fees paid by users of recreational facilities,
- (e) Use fees paid by participating facilities,
- (f) Miscellaneous fees, and

(g) Income and profits attributable to the operating fund;

from which funds the Association shall make disbursements in performing the functions for which the foregoing assessments are levied.

Section 5.02 - Maintenance Assessments.

(a) The initial maintenance assessment shall be Twenty-five Dollars (\$25.00) per year for each Lot.

(b) The maintenance assessments shall be fixed on a calendar year basis and shall be due and payable yearly in advance commencing January 1 of each year. Payment of the assessment shall be past due thirty (30) days after the date of billing.

(c) Within thirty (30) days prior to the commencement of the first fiscal year after Grantor's relinquishment of its Grantor Votes pursuant to Section 4.02(b) and each fiscal year thereafter, the Board shall estimate the costs and expenses to be incurred by the Association during such fiscal year in performing its functions (including a reasonable provision for contingencies and replacements), and shall subtract from such estimate:

(1) The estimate of costs and expenses referred to in Section 5.04,

(2) An amount equal to the anticipated balance (exclusive of any reserves for contingencies and replacements) in the operating fund at the start of such fiscal year which is attributable to maintenance assessments,

(3) An amount equal to the total of the uncollected assessments levied in the current fiscal year which will be collected after the start of the next fiscal year, and

(4) The estimated receipts for all use fees, if any, to be collected from users of recreational facilities and from participating facilities during the next fiscal year.

(d) The sum or net estimate determined pursuant to paragraph (c) above shall be assessed to the Owners as a maintenance assessment in the following manner: a set amount for each unimproved Lot and a set amount for each improved Lot, to be fixed by the Association, shall be assessed to the Owner of each Lot subject to this Declaration.

(e) If at any time and from time to time during any fiscal year the maintenance assessment proves inadequate for any reason, including non-payment of any Owner's share thereof, the Board may levy a further assessment in the amount of such actual or estimated inadequacy, which shall be assessed to the Owners in the manner set forth in paragraph (b) above.

(f) Maintenance assessments shall be due and payable by the Owners to the Association in yearly installments, on or before the first day of the first month of the calendar year, or at such time and in such manner as the Association shall designate.

(g) From and after the Release Date, no maintenance assessment shall be levied unless the Board has approved such assessment by a majority vote, such proposed assessment and the budget prepared pursuant to Section 5.02(c) have been submitted to the Association, and the Association at its next annual or special meeting, properly called and held in accordance with the Bylaws of the Association, has approved such proposed assessment and budget by a vote of not less than fifty-one percent (51%) of the total number of votes then present and voting at such meeting, including Grantor. If the Association does not approve such proposed assessment, Owners shall continue to pay the monthly maintenance assessment, pursuant to Section 5.02 of the Declaration, which was approved at the previous Association meeting until such time as the Association approves a new proposed assessment. Provided, however, that prior to the Release Date, the maintenance assessments may only be changed from time to time as deemed necessary by the Grantor in its sole discretion. After the Release Date, so long as Grantor, its assigns, substitutes or co-developers owns one or more Lots then subject to this Declaration and shall be or intend to be continuing the marketing and development of The Bluffs on Cartecay, the Association may not approve a budget or maintenance fee which is lower than the current maintenance fee without the written approval of Grantor.

(h) The costs and expenses for which any maintenance assessment may be assessed are those relating to the maintenance, repair or replacement of facilities and equipment and to current services and operations and it is intended that major capital improvements will be undertaken and major items of capital equipment will be purchased through funds derived from separate capital improvement assessments under Section 5.04. To this end, no expenditure in excess of Ten Thousand Dollars (\$10,000.00) for capital improvements or capital equipment shall be funded through maintenance assessments during any fiscal year; provided, however, that nothing herein shall prevent the reconstruction or replacement of facilities and equipment, now existing or hereafter acquired, through such maintenance assessments, whether directly or through creation of appropriate reserves.

Section 5.03 - Capital Improvement Assessments. In addition to the annual maintenance assessments authorized above, the Association may levy a capital improvement assessment for the purpose of defraying the cost of constructing any capital improvements, including any recreation or farm facility, or of acquiring any fixtures, equipment or personal property of a capital nature, not otherwise to be funded through maintenance assessments. Prior to the Release Date, Grantor alone shall have the authority to assess a capital improvement assessment as Grantor deems necessary in its sole discretion. After the Release Date, such assessment must have the consent of fifty-one percent (51%) of the total number of votes in the Association attributable to membership and the affirmative vote of the Grantor Votes or the Management Vote if such votes are not yet relinquished.

Section 5.04 - Special Assessments. The Association may levy a special assessment against any Owner as a direct result of whose acts or failure or refusal to act or otherwise to comply with this Declaration, The Bluffs on Cartecay Rules or the Architectural Standards, monies were expended from the funds of the Association in performing its functions under this Declaration. Such assessment shall be in the amount so expended, and shall be due and payable to the Association when levied.

Section 5.05 - Default in Payments of Assessments.

(a) Each assessment provided for herein shall be a separate, distinct and personal debt and obligation of the Owner against whom it is assessed. If the Owner does not pay such assessment or any installment thereof when due, the Owner shall be deemed to be in default and the amount of the assessment not paid, together with the amount of any subsequent default, plus (i) a late fee equal to the greater of \$10.00 or ten percent (10%) of the amount of each assessment not paid, (ii) interest at ten percent (10%) per annum on each assessment thereof and any late charge, from the date the same was first due and payable, and (iii) costs of collection, including court costs, the expenses required for the protection and preservation of the Lot, and reasonable attorneys' fees actually incurred, shall become a lien upon the Lot or Lots of such Owner at the time such amounts become due and payable, as provided under O.C.G.A. § 44-3-232(a) or any successor statute. The Association may record such lien in the Public Records of Gilmer County, Georgia, with all costs of recordation thereof included in such lien amount. The foregoing remedy shall be in addition to any other remedies provided by law.

(b) The Association shall execute and acknowledge a certificate stating the indebtedness secured by the lien upon any Lot or Lots and such certificate shall be conclusive upon the Association and the Owners, in favor of all persons who rely thereon in good faith, as to the amount of such indebtedness on the date of the certificate. The Association shall furnish a copy of such certificate to any Owner upon request at a reasonable fee.

Section 5.06 - Lots Owned by Grantor. Notwithstanding any other provision hereof to the contrary, no assessment or fee shall be charged, accrued, assessed, or payable as to any Lot owned by Grantor until the earlier of: (i) December 31, 2012; or (ii) completion of construction of a single family residence on any such Lot and issuance of a final certificate of occupancy relating thereto.

Section 5.07 - Waiver of Assessments by Grantor. So long as the Grantor retains any of its Grantor Votes or Management Vote provided for in Section 4.02(b), the Grantor may waive any of the assessments provided in this Article V for any commercial builder during the construction by such builder of a residence on a Lot purchased by such builder for a period not to exceed six (6) months; provided, however, that the Grantor can extend such period of waiver upon special application from the commercial builder if good cause is shown for such extended waiver.

ARTICLE VI
MISCELLANEOUS PROVISIONS

Section 6.01 - Use of Lots by Owners and Guests.

(a) Except for the transitory and restricted use by guests of Owners, as limited below or by the Association through The Bluffs on Cartecay Rules, the use of each Lot, whether or not improved by a residence or other structure, and the use of any Easement Area or Common Area by the Owner or Owners of any Lot, shall be limited to twelve (12) persons at a time regardless of the number of owners of record of the Lot. Such twelve (12) persons shall include married or unmarried adults and all minor children of such family or families. Should fee title ownership be taken by legal entity or more than twelve (12) persons, at the time of the original sale or any transfer thereof, the fee title owners shall designate in writing the persons, not to exceed twelve (12), who shall have the right to use the owned Lot or any Common Area and who shall have any right to use any portion of the property as Owners. The holder or holders of legal title shall designate in writing the names of persons entitled to use, whether by lease, agreement, or otherwise, the Lot and the Common Areas under this provision; and such designation shall not be changed more than three (3) times in any one calendar year without the express consent of the Association.

(b) Subject to The Bluffs on Cartecay Rules from time to time in effect respecting the number of guests permitted for special occasions or by special permit of the Association and subject to limitations on the use of Restrictive Private Areas or Common Areas or facilities by guests, including denial of entrance or other privileges of guests who have abused or violated said The Bluffs on Cartecay Rules, the maximum number of guests present on The Bluffs on Cartecay at any one time by virtue of permission of all the Owners of any one Lot shall not exceed twenty (20) persons; i.e., the total number of guests allowed on The Bluffs on Cartecay at any one time or day shall not exceed twenty (20) persons for any one Lot. The acts or omissions of any guests shall be deemed the acts or omissions of the Owner or Owners at whose invitation said guests are present to the end that such Owner shall be fully responsible for any violation of The Bluffs on Cartecay Rules or of this Declaration or of law committed by such guest.

Section 6.02 - Annexation.

(a) Additional property and Common Area may from time to time be annexed to the real property then subject to this Declaration with the consent of fifty-one percent (51%) of the total number of votes in the Association, as set forth in Section 4.02 above. Until relinquishment of the Grantor Votes and the Management Vote set forth in Section 4.02, annexation shall be upon the sole vote of Grantor.

(b) Such annexation shall be effective upon the recording in the Public Records of a Notice of Annexation containing the provisions set forth in subsections (c) and (d) of this Section. Thereupon, the covenants, conditions, restrictions and reservations contained in this

Declaration shall apply to the annexed land in the same manner as if it were originally covered by this Declaration; and thereafter, the rights, powers and responsibilities of the parties subject to this Declaration with respect to the annexed land shall be the same as with respect to the original land, and the rights, privileges, duties and liabilities of the Owners of all Lots within the annexed land shall be the same as in the case of the original land.

(c) Such additional property may be used for residential development, recreational use, or any other use which the Grantor may deem to be proper for such property and The Bluffs on Cartecay.

(d) The Notice of Annexation referred to in subsection (b) of this Section shall contain the following provisions:

(1) A reference to this Declaration, which reference shall state the date of recording thereof and the instrument number of this Declaration as recorded;

(2) A statement that the provisions of this Declaration shall apply to the annexed territory in the manner set forth in subsection (b) of this Section.

(e) The Notice of Annexation referred to in subsection (b) of this Section with respect to all or any portion of the property described in such Notice of Annexation may provide for all or any of the following:

(1) New land uses not provided for in this Declaration and such additional covenants, conditions, restrictions and reservations with respect to the use thereof as the Association, including Grantor, may deem to be proper for the development of such annexed property;

(2) With respect to land uses provided for in this Declaration, such additional or different covenants, conditions, restrictions and reservations with respect to the use thereof as the Association, including Grantor, may deem to be appropriate for the development of such annexed property.

Section 6.03 - Conveyance of Common Areas, Reservations of Easements and Rights-of-Way, Reclassification of Land Uses, Assignment of Powers.

(a) Grantor may transfer or convey to the Association and the Association shall accept:

(1) Any interest or easement in any Common Area or Road designated as such upon any recorded Survey, Plot Plan or Graphic Description of The Bluffs on Cartecay; and

(2) Any other easements reserved to Grantor under this Declaration.

(3) In addition, upon the affirmative vote of fifty-one percent (51%) of the total number of votes in the Association, the Grantor may transfer any other real property or interest in real property to the Association. Such property may be subject to any or all of the following exceptions, liens and encumbrances:

(aa) The lien of real property taxes and assessments not delinquent;

(bb) Such easements and rights-of-way on, over or under all or any part thereof as may be reserved to Grantor or granted to any Owner;

(cc) Such easements and rights-of-way on, over or under all or any part thereof as may be reserved to Grantor or granted to or for the benefit of the United States of America, the State of Georgia, or the County of Gilmer, any other political subdivision or public organization, any public utility corporation, any participating facility, or any area, for the purpose of constructing, erecting, operating and maintaining thereon, therein and thereunder, at that time or at any time in the future (1) roads, streets, walks, driveways, parkways and park areas; (2) poles, wires and conduit for the transmission of electricity for lighting, heating, power, telephone, television and other purposes, and for the necessary attachments in connection therewith; and (3) private sewers, sewage disposal systems, storm water drains, land drains and heating and gas lines or pipes and any and all equipment in connection therewith.

(3) The obligations imposed, directly or indirectly, by virtue of any statute, law, ordinance, resolution or regulation of the United States of America, the State of Georgia, the County of Gilmer or any other political subdivision or public organization having jurisdiction over such property or by virtue of any organization or body politic created pursuant to any such statute, law, ordinance or regulation;

(4) Any other lien, encumbrance or defect of title of any kind whatsoever (other than of the type which would at any time or from time to time create a lien upon such property to secure an obligation to pay money).

(b) The Association may, with respect to any property or interest in property owned or acquired by it and which is not Common Area, change the classification thereof to "Common Area" by the unanimous action of the Board or by the vote and consent of fifty-one percent (51%) of the total number of votes in the Association, including the affirmative vote of the Grantor Votes and Management Vote.

(c) Any and all of the rights and powers vested in Grantor pursuant to this Declaration may be delegated, transferred, assigned, conveyed or released by Grantor to the

Association and the Association shall accept the same, effective upon the recording in the Public Records by the Grantor of a notice of such delegation, transfer, assignment, conveyance or release; provided, however, that when Grantor sells, improves or occupies for its own use, the last Lot owned by Grantor, the Grantor shall convey, transfer and assign to the Association any and all rights and powers vested in Grantor pursuant to this Declaration, unless Grantor has previously conveyed, transferred or assigned such rights and powers to another developer in connection with the sale in bulk of a block of Lots to such developer together with assignment of the Grantor Votes and/or Management Vote and rights of Grantor hereunder with respect to such block of Lots only.

Section 6.04 - Obligations of Owners, Avoidance, Termination.

(a) No Owner, through his non-use of any Common Area, Private Area or recreational facility, or by abandonment of his Lot or by consolidation of two or more Lots, may avoid or diminish the burdens or obligations imposed on him by this Declaration by virtue of his being an Owner.

(b) Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any assessments levied with respect to such Lot after the date of such transfer and no person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under this Declaration following the date of such termination.

Section 6.05 - Division or Consolidation of Lots. None of the Lots shall be further subdivided into smaller parcels, but any adjoining Lots may be combined into a single Lot, subject to compliance with any applicable subdivision ordinances requiring the filing of a summary replat, a copy of which must be provided to the Association.

Grantor, acting alone, reserves the right to file a Supplemental Plat which amends or changes the Subdivision Plat as to Lots then owned by Grantor, including the right to combine Lots owned by Grantor and the right to realign the boundaries of any Lots owned by the Grantor and the boundaries of any Common Areas (including private streets) adjacent to such Lots, or for any other legal purpose.

Any combined Lot created pursuant to such a summary replat or created as a result of a Supplemental Plat filed by Grantor shall pay assessments according to the number of Lots combined.

Section 6.06 - Term of Declaration. The covenants, conditions, restrictions and reservations of this Declaration, exclusive of all easements reserved by or on behalf of the Grantor or the Association, shall run with and bind the land subject to this Declaration, including any land annexed hereto pursuant to the terms hereof, for a period of twenty (20) years from the date this Declaration is first recorded in the Public Records, after which time the term hereof

shall be automatically extended for successive additional terms of twenty (20) years each unless terminated in accordance with the provisions of O.C.G.A. §44-5-60 or any successor statute.

Section 6.07 - Amendments. Until relinquishment of the Grantor Votes and Management Vote set forth in Section 4.02, this Declaration may be amended at any time and from time to time by a document executed solely by Grantor. Thereafter, this Declaration may be amended at any time and from time to time by a document signed by the authorized representatives of the Association and recorded in the Public Records of Gilmer County, Georgia. Such amendment must be based on a recommendation of the Board submitted to and approved by the Association at an annual or special meeting called for the purposes of amending this Declaration. All notice and voting requirements, as set forth in the Bylaws of the Association, must be followed; provided that any provision of this Declaration calling for the approval or consent by such a percentage greater than the percentage required in the Bylaws may be amended, insofar as it specifies such a greater percentage, only by a duly recorded amendment executed by such greater percentage of the holders of such votes.

Section 6.08 - Discipline, Suspension of Rights. In addition to all other means of enforcement, the Association may, pursuant hereto, suspend the voting rights and the right of any Owner to use any Common Area or any recreational facilities for any period during which any assessment against his Lot remains unpaid and, for a period not to exceed thirty (30) days, for any infraction of this Declaration or of The Bluffs on Cartecay Rules, after hearing by the Board. In addition, the Association shall have the right to assess a fine for any violation of any of the provisions contained herein, which shall become a lien upon the Lot or Lots of such Owner upon recordation in the Public Records of Gilmer County, Georgia by the Association of a notice of failure to pay such fine within thirty (30) days of assessment of such fine.

Section 6.09 - Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now and hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 6.10 - Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall, in no way, affect any other provisions which shall remain in full force and effect.

Section 6.11 - Notices, Documents, Delivery. Any notice or other document permitted or required by this Declaration to be delivered may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows:

TO: The Grantor, Cartecay River Partners, LLC
The Association, The Bluffs on Cartecay Property Owners' Association

and The Design Committee
P.O. Box 367
Ellijay, Georgia 30540

TO: Owner

At the address of Purchaser
shown in the Contract for Sale
and Purchase

provided, however, that any such address may be changed from time to time by an Owner, by the Design Committee, or by Grantor by notice in writing, delivered to the Association; or by the Association, by notice in writing delivered to all Owners.

IN WITNESS WHEREOF, the Grantor has executed this Declaration this ____ day of December, 2002.

GRANTOR:

Cartecay River Partners, LLC

By Its Members

Yukon Development Corporation, a Georgia corporation

By: Ben N. Whitaker (Seal)
Ben N. Whitaker
President

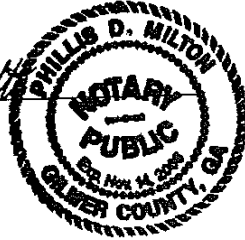
(Corporate Seal)

AMRO, LLC, a Georgia limited liability company

By: Jouko J. Rissanen (Seal)
Jouko J. Rissanen
Manager

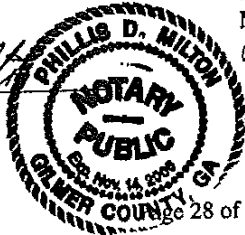
Garnie Davis
Witness

Phillis D. Milton
Notary Public

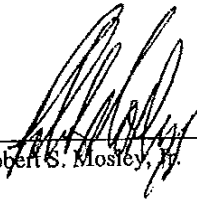


Garnie Davis
Witness

Phillis D. Milton
Notary Public



Maucha T. Edwards
Witness

 (Seal)
Robert S. Mosley, Jr.

David Clark
Notary Public



EXHIBIT "A"

LEGAL DESCRIPTION OF THE BLUFFS ON CARTECAY

All those certain lots, tracts or parcels of real property, lying and being in Land Lots 95, 96 and 121 of the 11th District, 2nd Section of Gilmer County, Georgia, comprising and being known as The Bluffs of Cartecay, as shown on the plat of subdivision prepared by Burns L. Jeffries, Georgia Registered Land Surveyor No. 2036, dated December 27, 2001, last revised August 29, 2002 and recorded in Plat Book 39, pages 89-100 in the office of the Clerk of Superior Court of Gilmer County, as may be updated or amended from time to time.

EXHIBIT "B"

ARCHITECTURAL STANDARDS

The following standards and restrictions are applicable to the construction, reconstruction, alteration and refinishing of any and all improvements from time to time existing upon Private Areas:

1. Each Lot may contain only one (1) single family residence.
2. All improvements shall be constructed in accordance with applicable building line, setback, and height provisions set forth by the Design Committee.
3. All improvements shall be constructed in such a fashion as to comply, at a minimum, with all applicable state and Gilmer County building and fire codes.
4. All builders must be approved by the Design Committee prior to obtaining a building permit. Issues for consideration will include construction experience, financial strength, quality of construction and general reputation in the community. Each builder will be required to execute an agreement to be bound by and honor the rules and regulations of the Development and any specific construction rules or regulations required by the Design Committee.
5. Each single family residence must contain a minimum of 1600 square feet of heated floor space.
6. Each residence shall be a rustic structure or such other design approved by the Design Committee.
7. Octagonal, round and A-frame structures shall not be permitted.
8. Any fireplace chimney must be of stone or brick in appearance.
9. Except for roofing nails, bolts, other approved connecting devices and hardware fixtures used in connection therewith, all fences, screens and similar exterior structures shall be constructed solely of wood, or a suitable wood substitute approved by the Design Committee.
10. Utilities must be run underground. No gas lines are permitted above ground. Propane tanks must be concealed from view from any Roads.
11. Each residence shall contain its own septic tank or a sewage disposal system approved by the Design Committee and the public authority, if any, having jurisdiction. In no event shall sewage be discharged directly or indirectly into any creek or marsh.

12. Owner may not construct any fences, pens, runs or other means for containing an animal while on the Owner's Lot; provided, however, that Owner may use an invisible fence system with a shock collar on the animal to keep such animal on the Owner's Lot.

13. Water tap-on fee shall be the same as charged by the Ellijay-Gilmer County Water and Sewerage Authority and due at closing, if meter provided by Developer.

EXHIBIT "C"

THE BLUFFS ON CARTECAY RULES

1. No signs whatsoever, including without limitation, commercial, political, "for-sale" and similar signs, visible from any street or neighboring property, shall be erected or maintained upon any Lot or Common Area, except:

(a) Residential identification signs of a combined total face area of three (3) square feet or less for each residence approved by the Design Committee.

(b) During the time of construction of any residence or other improvement, job identification signs having a maximum face area of six (6) square feet per sign and of the type usually employed by contractors, subcontractors and tradesmen.

2. No trailer, vehicle, or boat shall be constructed, reconstructed or repaired upon any Lot in such manner that such construction, reconstruction or repair is visible from any street or any neighboring property; provided, however, that the provisions of this paragraph shall not apply to routine repairs and maintenance of such vehicles that shall take no more than forty-eight (48) hours to complete.

3. All garbage and trash shall be placed and kept in covered containers. In no event shall such containers be maintained so as to be visible from any street or any neighboring property; provided, however, that such containers may be placed at the curb on the morning of the day of collection, if required.

4. Outside clothesline or other outside clothes drying or airing facilities shall not be visible from any street or any neighboring property.

5. All household pets of any type, including cats, must be maintained on a leash at all times when outside and not on the pet owner's Lot. All Owners must clean up any animal feces deposited by Owner's pet or Owner's guest's pet. All pets of any type, including cats, must be kept inside the Owner's residence at night.

6. No outdoor fire shall be built within the Common Area except in areas designated by the Association or Grantor.

7. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the Association or Grantor.

8. No television antenna, radio receiver or sender, or other similar device shall be attached to or installed on the exterior portion of any structure on any Common Area. An Owner

may, however, install a satellite dish antenna no larger than eighteen (18) inches in diameter to the exterior of his house in order to receive cable T.V., provided that the placement of the antenna shall be such that it is not visible from the street.

9. The speed limit on all Roads in the development shall be twenty-five (25) miles per hour.

10. No dirt bikes, go-carts, four-wheel all-terrain-vehicles or motorcycles less than 1000cc shall be permitted to be operated in the Development unless authorized by Grantor or Association.

11. No discharge of firearms or any other weapons shall be permitted in the Development except in areas specifically designated for such purposes.