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DECLARATION OF COVENANTS AND
RESTRICTIONS FOR SAGEBRUSH

THIS DECLARATION is made the 30th day of November, 1983, by J. R. Hendley, Sr., a resident of Bulloch County, Georgia, hereinafter referred to as "Developer."

W I T N E S S E T H

WHEREAS, Developer is the owner of a tract of land described in Exhibit A of this Declaration, generally known as Sagebrush, and desires to build and develop a planned community with individual units and lots, with certain common areas, parking facilities, recreational facilities, and other common usages; and

WHEREAS, Developer desires to provide for the preservation and enhancement of the property values, and for maintenance of the properties and common areas, and therefore desires to submit the property described on Exhibit A attached hereto to this Declaration of Covenants and Restrictions, together with any additional property which may hereafter be submitted to these covenants and restrictions pursuant to the terms hereof; and

WHEREAS, the covenants contained herein are for the mutual benefit of the property and each purchaser thereof; and

WHEREAS, individual units will be conveyed to owners and the Developer will cause to be created a homeowners association which will hold title to certain common areas which will not be conveyed to individual unit owners, but will be held, administered and maintained by such homeowners association; and

WHEREAS, all of the covenants and conditions herein promote the recreation, health, safety and welfare of the property owners, and protect the values of the properties to be conveyed hereunder;

NOW THEREFORE, the Developer declares that the real property described in Exhibit A, and such additions as may be hereafter made to the property, is subjected to the covenants and restrictions contained in this Declaration, as hereinafter set forth.

ARTICLE I

PROPERTY

The real property which is to be subjected to this Declaration is described on Exhibit A attached hereto. The Developer may subject any

additional property to this Declaration which lies within the land area described on Exhibit B attached hereto. Provided, that all additions of property by the Developer shall be completed not later than the earliest of the following dates:

- (a) Five years after the date of conveyance of the first unit; or
- (b) The Developer has submitted all property described on Exhibit B to this Declaration or has no additional rights to submit additional property; or
- (c) The Developer has terminated his right to submit additional property by a written amendment to this Declaration.

ARTICLE II

COVENANTS RUN WITH THE LAND

The covenants, declarations, and restrictions in this Declaration shall run with the land and bind the land for a period of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years each unless, at the expiration of the twenty (20) year term or any ten (10) year extension period, the covenants and restrictions are expressly terminated by an instrument signed by not less than eighty per cent (80%) of the owners of units of Sagebrush, whether described on Exhibit A or subsequently submitted to this Declaration by the Developer. Any such termination must be recorded.

ARTICLE III

UNITS

The Developer shall cause to be created certain units within the bounds of Exhibit A, or any additional property submitted hereto. The units shall be designated by a number and shall consist of one-half ($\frac{1}{2}$) of a building and certain adjoining yard or lot areas. The units shall be separated by party walls within the buildings. The property conveyed to the owner shall be the owner's absolutely and in fee simple, but subject to all the terms and restrictions of this Declaration. Each owner, by accepting a Deed subject to this Declaration, agrees that all of the restrictions imposed upon the property are reasonable, beneficial, and necessary for the protection and development of Sagebrush, and for the preservation of future property values and the creation of a harmonious and desirable residential community, and agrees to abide by and observe all such restrictions. Units may also be created on any

portion of the property described on Exhibit B if such property is submitted to this Declaration.

ARTICLE IV

COMMON AREA

Portions of Exhibit A which are not conveyed as individual units to owners shall be conveyed in fee simple subject to this Declaration, to a homeowner's association which shall be created by the Developer. The association will hold, maintain and administer these common areas and any facilities located thereon in accordance with this Declaration and for the general benefit of the unit owners. Any additional portions of the property described on Exhibit B not conveyed as an individual unit will be conveyed by the Developer to the homeowner's association for similar purposes. The common areas shall be owned and controlled by the association and the association may place such improvements, recreational or otherwise, as it may deem appropriate on such areas.

The Developer reserves the right to create and convey any roads through any of the property on Exhibits A or B to an appropriate governmental unit.

The common areas shall be maintained for the purposes stated in this Article and for any other purposes described elsewhere in this Declaration, or for such purposes as are generally conducive to the creation of a desirable residential community and generally beneficial to the development.

ARTICLE V

MAINTENANCE

SECTION 1. Units. In order to insure an orderly and uniformly attractive exterior for all units and premises, as a covenant running with the land, as to each unit, all exterior maintenance and decorations of the walls, roofs, any fences, exterior trim, doors, windows, and all general exterior maintenance, and the landscaping of the grounds, shall be accomplished by the association. The association shall have the authority to select and maintain the exterior color scheme for all units and to determine the quality and grade of replacement or repair material used in repairing any unit. No alterations or additions to the exterior of any building on any unit, or the roof thereof, shall be made, and no additional structure, decoration, utility buildings,

patios, recreational equipment, fences, or other structures shall be placed on the exterior of the unit or on the grounds surrounding the resident's building except with the expressed permission and approval of the association. The unit owner shall be responsible for all other maintenance to or required in connection with the owner's occupancy of the unit, including the maintenance of sewer lines connecting the unit to main sewers, utility connections to the unit and any other repairs within the unit or necessary for the reasonable and attractive maintenance and utilization of the unit by the owner. If the unit owner fails to provide any necessary maintenance which is the responsibility of the unit owner, then the association may provide such maintenance and all costs connected with such maintenance shall be chargeable to the unit owner as a special maintenance assessment. ~~The~~ owner agrees and covenants to maintain the exterior of the building free of all debris, trash, or other unsightly accumulations. Any maintenance required in connection with the unit or the grounds which is not in the nature of exterior repair to the building or other structures, or routine landscaping of the grounds shall be the responsibility of the unit owner.

SECTION 2. Common areas. All common areas shall be maintained by the association and no unit owner shall have any authority or right to erect any structures, perform any maintenance or landscaping activities, or do any other act with respect to the common areas except with the expressed permission of the homeowners association.

ARTICLE VI

PROPERTY RIGHTS AND EASEMENTS

SECTION 1. Easement of enjoyment. Every owner shall have a right and easement of enjoyment in and to the general common areas owned by the homeowners association, which easement of enjoyment shall be appurtenant to and shall pass with the title to every unit, and every member shall have a right of enjoyment in the general common area, which shall generally include the right of passage, access, ingress and egress, parking, recreation, and the use of any facilities located on the common areas.

SECTION 2. Limitation of easement of enjoyment. The easement of enjoyment created hereby is subject to the following:

A. The right of the association to establish reasonable rules and to charge reasonable admission and other fees for the use of the common area and any recreational or other facilities located thereon;

B. The right of the association to establish reasonable rules for the allocation of existing and available parking spaces and to limit the number of parking spaces to be used by the owner of any unit, provided that no owner shall be allocated a disproportionate number of parking spaces;

C. The right of the association to suspend the voting rights and right to use any recreational facilities or other facilities on the common areas of any owner for any period during which any assessment against his unit remains unpaid; and

D. The right of the association to suspend the right of any member or unit owner to use the recreational facilities or other improvements on the common areas for a period not to exceed sixty (60) days for any infraction of this Declaration or reasonable rules and regulations concerning the use of the common areas adopted by the association (provided that the association may not deny access to unit owner's unit and the use of parking spaces).

SECTION 3. A member's right of enjoyment to the common area and facilities may be extended and delegated to members of the unit owner's family, and to his guests, or tenants, subject to such rules and regulations governing the use of the common areas, including the right to limit the number of guests or tenants to whom such rights may be delegated, as are adopted by the association from time to time.

SECTION 4. Utility easements. There is hereby granted a blanket easement upon, across, over, through, and under the units for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems including, but not limited to, water, sewer, gas, telephone, electricity, television, cable or communication lines and systems. By virtue of this easement it shall be expressly permissible for the Developer, or for the association, or the providing utility or service company to install and maintain facilities and equipment on said property, to excavate for such purposes and to affix and maintain wires, conduits, and conduits on, in and under the roofs and exterior walls of all living units and non-residential buildings, provided disturbed areas are restored to the condition in which they were found. Likewise, any necessary easements or property drainage may

be granted, created and maintained over, upon, across, or through any unit. The homeowners association may also grant any permits, licenses, or easements over the common areas for utilities, roads, drainage, maintenance or other purposes which the association deems reasonably necessary or useful for the proper maintenance and operation of the common areas and of the development.

SECTION 5. Easement for emergency repairs. The Developer and the association shall have a reasonable right of entry upon any unit in order to make emergency repairs and to do any other work reasonably necessary for the proper maintenance and operation of the project. No dwelling shall be entered except for the purpose of making emergency repairs or preventing damage to the unit caused by some emergency condition such as fire or flooding.

SECTION 6. Encroachment. Each unit owner, with respect to all adjoining premises or grounds shall have an easement for any unintentional encroachment due to settling, shifting, or mislocation of lines or buildings, as well as for intentional or unintentional overhanging of roofs and eaves. All existing encroachments or overhangs as of the date of conveyance of any unit shall be established as of such day and shall be appurtenant to such unit and shall pass with each conveyance of title.

SECTION 7. Developer's easement. During any period of time during which the Developer is erecting units or performing work on the common areas, the Developer shall have a general easement over and across all property as may be reasonably required, convenient, or incidental to the construction and sale of units and the development of the common areas, including, but without limitation, the right to maintain storage areas, construction yards, signs, model residences, construction offices, sales offices, and business offices, and the right to cross the grounds of any unit in order to accomplish the development purposes as may be reasonably required.

SECTION 8. Access across unit grounds. All of the unit owners and residents shall have a general easement of access by foot over and across the yards and grounds of all other units, which easement shall be solely for the purpose of going to and from other units and the common areas and shall be reasonably exercised.

ARTICLE VII

PARTY WALLS AND ROOFS

Each wall and roof system which is built as a part of the original

construction of a residential building on any unit and is placed on the dividing line between two units, or goes over the dividing line between two units, shall constitute a party wall, and, to the extent not inconsistent with this Declaration, the general rules of Georgia law regarding party walls and liability for property damage due to negligence or willful acts or omission shall apply. No unit owner shall do any act which denies or impairs the shelter, support, and division between units which is afforded to the adjoining unit owner by the roof system and party wall between the units. If any party wall line or roof system is destroyed or damaged by fire or other casualty, any owner of any unit who has used the roof or wall may restore it and if the adjoining owner is responsible through negligence for the destruction or damage to the roof or wall, then such adjoining owner shall be responsible to the damaged owner for the cost of such replacement as well as for any other damages suffered by the adjoining unit owner as a result of the destruction or damage to the wall or roof system. If neither owner is responsible, then the cost of replacement shall be borne equally by the adjoining owners. If both are negligent, the loss shall be borne by both in proportion to the per cent of negligence of the owners. The right of any owner to contribution from any other owner under this Article is appurtenant to the unit and shall pass to such owner's successors in title.

ARTICLE VIII

USE OF RESIDENTIAL

UNITS AND COMMON AREAS

The units shall be used solely for residential purposes. The common areas shall be used for parking, street, park, recreational, landscaping and social and other purposes directly related to the private residential use of the units. In addition, the units shall be subject to the following restrictions:

1. Land Use. All units shall be, and the same hereby are, restricted exclusively to residential use. No structures of a temporary character, boat trailer, camper, basement, tent, shack, carport, garage, barn or other outbuilding shall be allowed on any portion of the parcel at any time either temporarily or permanently.

2. Freehold Estate. Each unit shall be conveyed as a separately designated and legally described fee simple estate subject to the terms, conditions and provisions hereof and of the Articles of Incorporation and by-laws of the homeowners association.

3. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the property, except that dogs, cats or other household pets may be kept by the respective owners inside their respective residences, provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health or, in the sole discretion of the homeowners association, unreasonably disturb the owner of any residence or any resident thereof.

4. Signs and Business Activities. No advertising, signs, or billboards shall be placed upon any unit, nor shall any unsightly objects, or nuisance be erected, placed or permitted to remain on the property which may endanger the health of or unreasonably disturb the owner of any unit or any resident thereof. No business activities of any kind whatever shall be conducted in any building or on any portion of the property; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of the builder, his agents or assigns during the construction and sale period. However, a sign of reasonable size, design and color may be used to offer any unit for sale or rent.

5. Garbage Cans, etc. Equipment, garbage cans, or woodpiles must be kept screened by adequate planting or fencing so as to conceal them from view of neighboring residences and streets. All rubbish, trash and garbage shall be regularly removed from the premises and shall not be allowed to accumulate thereon. The homeowners association may adopt reasonable regulations concerning the location, maintenance, and screening of any items placed outside of the residences by the unit owners so as to maintain a neat and uncluttered appearance on the unit grounds.

6. Clotheslines. Clotheslines shall be permitted only with the expressed permission of the homeowners association and under such rules and regulations concerning their use and placement as the homeowners association may reasonably enact. The homeowners association may totally prohibit the use of clotheslines in any location which can be viewed from the street or other units.

7. Exterior Antennas. Without prior written approval and authorization of the homeowners association, no exterior television or radio antennas of any sort shall be placed, allowed or maintained upon any unit or upon any structure situated upon the unit.

8. Exterior Structures and Activities. No planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon any unit except as are installed by the Developer or as are approved by the homeowners association or their designated representatives. No landscaping, building, fence, wall or other structure shall be commenced, erected or maintained upon any unit, no shall any exterior addition to or change or alteration to any unit or the grounds thereof be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the homeowners association or its designated representatives.

9. No noxious or offensive trade or activity shall be carried upon any unit, or common use areas covered hereby, nor shall anything be done thereon that may be or become an annoyance or nuisance to the neighborhood. Without limiting the generality of the foregoing, no laundry, clothing, rags or any similar material shall be hung or displayed upon the eaves, doors or upon any portion of any building.

10. No trailer, tents, or campers shall at any time be used as a residence temporarily or permanently.

11. No boats, trailers, campers, house trailers, or trucks larger than three-quarter ton capacity shall be parked or stored upon the common use areas, roadways and streets within the development. No automobile, motorcycle, trailer, boat, truck or similar vehicle shall be repaired or painted upon the portion of any unit. No vehicles of any kind shall be parked upon any portion of the unit, all parking being restricted to the portions of the common area provided for parking by the association, and no inoperable vehicles shall be parked on the common areas.

12. Restriction on Further Subdivision. No lot upon which a living unit has been constructed shall be further subdivided or separated into smaller lots by an owner; provided that this shall not prohibit deeds of

correction, deeds to resolve boundary line disputes and similar corrective instruments.

13. Leasing of Units. All leases of units shall be in writing and shall be for a minimum period of six (6) months. Occupancy by any lessee shall be by the lessee and his or her immediate family only; provided that units may be leased to no more than two unrelated adults. The owner of any unit shall give the association ten (10) days advance notice of intention to lease and identity of the proposed lessees. Within such ten (10) day period of time, the association shall have the right to furnish a substitute tenant upon the same terms and conditions, provided that the substitute tenant is acceptable to the lessor. Additionally, the association may lease the unit itself and thereafter enter into a sublease with other tenants, provided that such lease complies with the requirements of this subsection. Failure of the association to respond within ten (10) days shall waive any objection to the lease.

ARTICLE IX

HOMEOWNERS ASSOCIATION

Each individual unit is entitled to membership in the homeowners association and the owner of record is, by his acceptance of the Deed conveying title to him, automatically the voting member of that unit. In the event of joint title, any one of the owners of record selected by mutual agreement among them shall be the voting member of the association. In no event, however, shall any unit be entitled to cast more than one vote. In the event that additional property is submitted to this Declaration as provided herein, each unit so added shall be entitled to one vote in like manner. The ownership of the common areas and the administration of all duties and rights conferred by this Declaration of Covenants upon the homeowners association shall be carried out by the homeowners association, it being a nonprofit corporation organized under the laws of the state of Georgia and being named SAGEBRUSH HOMEOWNERS ASSOCIATION, INC. Every person who is a record owner of a fee or undivided fee interest in any unit which is subject to this Declaration shall be a member of the association. The Developer is also a member of the association for as long as the Developer is a record owner of any unit or owns any property which may be added to the development pursuant to this Declaration. Regardless of the number of members, however, the number of votes cast per

unit shall not exceed one (1). Membership shall be appurtenant to and may not be separated from ownership of a unit. Ownership of a unit is the sole qualification for membership in the association and each owner shall remain a member thereof until such time as his ownership ceases. All present owners and all future owners, by accepting a deed to a unit, and any tenants, occupants, or guests, by occupying or coming upon the premises, shall be subject to and agrees to comply with the provisions of this Declaration, the Articles of Incorporation and By-laws of the homeowners association and any rules and regulations adopted pursuant thereto. The provisions in this instrument run with the land and bind any person having at any time any interest in any unit, as though such provisions were fully recited in each deed or conveyance. Each owner, successor in title, tenant, occupant or guest specifically agrees to abide by this Declaration, the Articles of Incorporation, and By-laws of the association. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages, for injunctive relief or all, or such other appropriate relief as may be due, which action may be maintained by the association through its corporate officers, or in a proper case, by an aggrieved owner. Except as is otherwise provided herein, the association shall conduct its affairs pursuant to the applicable corporation laws of the State of Georgia, and a majority of unit owners entitled to vote shall constitute a quorum for the transaction of business at any meeting or with respect to any matter which must be approved by the members of the corporation, and a majority of a quorum shall constitute a sufficient number of votes to transact business with respect to or to approve any matter which is to be transacted or approved by such members. Such matters as may be transacted by the Board of Directors according to Georgia law may be conducted and decided by such Board of Directors by majority vote. Except to the extent provided otherwise herein, or to the extent duly and lawfully provided for in the Articles of Incorporation or the By-laws of the corporation, the homeowners association shall conduct its affairs and activities in accordance with applicable Georgia corporation law.

ARTICLE X

MAINTENANCE ASSESSMENTS

SECTION 1. Creation of lien and personal obligation of

assessments. The Developer, for each unit owned which has been completed, and each owner of any unit by acceptance of a deed therefore, hereby agrees and covenants to pay to the association the assessments and charges established herein and described hereinafter. From the due date thereof all such assessments, together with interest thereon at the maximum lawful contractual rate of interest in the State of Georgia as provided in the Official Code of Georgia Section 7-4-2, and costs of collection including attorney's fees in the amount of 15% of the total amount due, including interest, if such assessments are collected by or through an attorney at law, shall be a charge on the land and the unit for which they are due, and shall be a continuing lien upon the unit against which each such assessment is made. Each such assessment, together with interest thereon and costs of collection, including attorney's fees as provided above, shall be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquencies shall not pass to any successor in title of the owner who is personally liable unless the successor in title expressly assumes such obligation.

SECTION 2. The general maintenance assessment. The general maintenance assessment shall be an assessment levied equally against each unit by the association and shall be used exclusively to maintain and repair the exterior of the units, the landscaping of the units, to promote the recreation, health, safety, and welfare of the residents of the properties, and in particular for the maintenance and operation of the general common areas and facilities located thereon. The general assessment shall be in such amount as if reasonably necessary to provide for the aforesaid maintenance and repair obligations of the units and the common areas, together with the reasonable operating expenses and costs of the association. The general assessment shall also include an allowance in an amount established and maintained as a reserve fund which shall be adequate to provide for the future periodic maintenance, repair and replacement of improvements to the common areas and/or units, which funds shall be used to anticipate and provide for items which may be required to be paid in addition to routine maintenance and landscaping of existing improvements and grounds. This additional reserve fund shall be included by the association in the general assessments or common expenses, but may be

placed in a reserve account or other appropriate place pending its use. The general assessment shall be established by the association for the calendar years 1984 and 1985, and thereafter may be increased as may be reasonably necessary to fulfill the obligations of the association hereunder. The annual increases shall not exceed 20% without the affirmative vote of 51% of all unit owners. Increases up to 20% per year may be instituted by the association through its Board of Directors without unit owner approval. The general assessment shall include funds to cover the costs of expenses or expenditures or liabilities incurred by the association in the reasonable and normal performance of its duties. The general assessment shall be payable on a monthly basis beginning the first day of the first month subsequent to the date on which a unit is conveyed by the Developer to a unit owner. The homeowners association shall have the authority and duty to levy, collect, and enforce the obligation to pay the general assessments.

A. Special Capital Assessments. In addition to the general assessments authorized above, the association may levy a special capital assessment for the purpose of defraying, in whole or in part, the cost of any construction, of any capital improvement upon the common use area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of 60% of the units of the association.

B. Special Maintenance Assessments. In the event that any maintenance or repair work performed by the association disproportionately or specially benefits a unit or units, as opposed to all units in general, then the association may specially assess the cost of any such maintenance or repair specially against a unit and such special assessment shall be due and payable in full on the first day of the first month following notice of the assessment to the unit owner. All general assessments and all special assessments shall be liens upon the property, due and payable as provided in Section 1 of this Article.

SECTION 3. Notice of Quorum requirements. Before any action shall be taken increasing the general assessment more than 20%, and before the levying of any special assessment for capital improvements, there shall be a notice of a meeting of unit owners mailed to all unit owners at the property address of the unit advising unit owners of the proposed meeting and the

intended action. The notice shall be sent at least thirty (30) days prior to the meeting. Votes may be cast by written proxy obtained prior to the meeting or within thirty (30) days thereafter, or may be cast in person by the unit owner at the meeting.

SECTION 4. Method of Assessment. Each year the Board shall fix the general assessment for the coming calendar year. The annual amount shall be such amount as is necessary to meeting the obligations imposed by this Declaration. Written notice of the amount of the annual assessment shall be sent to each owner. The due date shall be established by the association. The association shall, upon demand of any prospective purchaser, lienholder, or other party having a reasonable interest therein, and for a reasonable charge, furnish a certificate signed by officer of the association setting forth whether any assessment on any specified unit is unpaid. The assessment shall be collected at least monthly.

SECTION 5. Emergency Authority. The association may, in the event that the annual assessment proves inadequate to meet reasonable and necessary operating and maintenance expenses, during the calendar year, increase the assessment within the limits described by this Declaration, upon thirty (30) days' notice to each unit owner delivered to the property address. In the event that the permitted increase is insufficient to meet necessary obligations of the association, the association may, for a period of time not to exceed sixty (60) days, during which time the appropriate notices of a meeting of unit owners shall be given for the purpose of considering an increase in excess of the maximum authorized hereunder, increase the assessments in excess of the maximum amounts provided herein. If the unit owners fail to approve the increase, the association may seek a court decree from the Superior Court of Bulloch County, Georgia, declaring such increase necessary for the discharge of the association responsibilities, and such increase shall thereafter be effective notwithstanding the lack of unit owner approval.

SECTION 6. Non-payment of Assessment. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of interest specified as the maximum lawful contractual rate of interest in the State of Georgia by Georgia Code Section 7-4-2, as it now exists or is hereafter amended. The association may bring an action at law against the owner personally to enforce and collect the amount of any assessments

past due, together with interest, costs of collection, and attorney's fees as provided herein. The association may also bring an action at law to foreclose the lien against the property. If any portion of any assessment represents a lump sum which has been prorated and collected in installments, upon default in the payment of any one installment, the association may accelerate payment and demand the entire balance due under such special lump sum installment, in full. No owner may waive or otherwise escape liability for the assessments by non-use of the common area or abandonment or non-use of his unit.

SECTION 7. Subordination of Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first deed to secure debt. Sale or transfer of any unit by the owner shall not affect the assessment lien. However, upon the sale or transfer of any unit pursuant to foreclosure or any proceeding in lieu thereof, the lien of the assessments shall be extinguished as to payment which became due prior to such foreclosure or sale, but no such sale or transfer shall relieve the unit from liability for assessments coming due thereafter. Any delinquent assessments which are extinguished pursuant to foreclosure or transferred in lieu thereof may be reallocated and assessed to the other units as common expenses provided that no such foreclosure, transfer, or reallocation of expenses shall in any way operate to relieve the previous owner of the personal liability for such assessments.

SECTION 8. Working Capital Fund. At the time of the initial conveyance of any unit, an amount equal to two (2) months general assessments shall be paid to the association and segregated into a working capital fund for the use and benefit of the association in order to provide initial adequate capital for unforeseen expenditures or additional equipment or services reasonably necessary in order for the association to perform its obligations. The amounts so paid are not to be considered as advance of regular assessments. SECTION 9. Any properties dedicated to and accepted by a governmental authority or public authority, and all common use areas shall not be liable to and subject to assessments. All assessments shall be made against units, whether for maintenance, repair and landscaping of the units themselves, or of the common areas.

ARTICLE XI

INSURANCE

SECTION 1. Units. Each unit consists of a residence and

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adjoining yards. The residence is a part of a building which shares a party wall and common roof system with an adjoining unit. Every building contains portions of two units, separated by the party wall described in this Declaration. The association shall obtain and maintain fire and casualty insurance, with such deductible amounts as the association may determine, and in an amount sufficient to provide for the full replacement of the unit if destroyed by fire or casualty. Each unit owner shall be liable to the association for the total cost of such insurance. One year's premium shall be paid in advance at the time of closing. Thereafter, each unit owner shall make monthly deposits to the association toward renewal premiums which monthly deposits shall be deemed a part of the general assessments. The deposits required for insurance premiums shall be treated as a portion of the general assessments and nonpayment thereof shall result in a lien upon the property with the association having all the same rights and remedies as it would have for the enforcement of any other portion of the general assessments. The monthly insurance assessment shall be equal to one-twelfth (1/12) of the annual premium assignable to each individual unit. The insurance coverage furnished through the association will not include coverage for furnishings, personal effects or contents of any kind of the individual units or liability or medical payment provisions covering the interior of said units, and such coverage shall be obtained by the owners themselves, but may be included within the policy obtained by the association provided that such coverage is paid for in advance by the unit owner for the first year and additional amounts are paid to cover the cost of such coverage with the insurance assessment collected by the association. All insurance payments due shall be treated and enforced as a portion of the general assessments. The association may alter the provisions hereof concerning form and manner of obtaining insurance coverage, provided that each unit is insured to full replacement cost. The insurance coverage shall be maintained in the name of the unit owner of each unit together with the homeowners association, as their interest may appear. The interest of the homeowners association is limited to seeing that any destroyed or damaged building is repaired and replaced to its original condition so that the exterior appearance of the building is unchanged from its appearance prior to the loss or casualty to the building. Any building damaged or destroyed by fire or casualty must

be replaced unless the unit owner and 75% of the other unit owners in the development vote in person or by written proxy at a meeting, thirty (30) days notice of which has been given, not to repair or replace such building. The policy of insurance shall list the name of any mortgagee or lienholder on the property. In the event that any unit is destroyed or damaged and no insurance coverage is available to repair or replace such unit, then the cost of remedying the defects to the property by making such repairs or replacements as the Board of Directors may determine necessary, or of cleaning up and removing debris from the premises may be assessed as a special assessment against all other units equally, to be collected over such period of time as the board may deem appropriate. The homeowners association shall maintain liability insurance on the common areas and casualty insurance on any improvements thereon as well as fidelity bond coverage. These coverages and any other insurance which must be maintained as specified in the mortgage purchase requirements and policies of any of the federal agencies named herein purchasing loans made upon units shall be maintained in such form and amounts as are required by such federal agencies. All insurance payments provided for herein shall be deemed a part of the general assessments, nonpayment of which shall result in liens and enforcement rights all as set forth under the preceding Article concerning general assessments.

ARTICLE XII

LENDERS' NOTICES AND INFORMATION

SECTION 1. Lenders' notices. Upon written request to the homeowners association identifying the name and address of the holder, insurer or guarantor and the unit number or address, any eligible mortgage holder, insurer or guarantor will be entitled to timely written notice of:

A. Any condemnation loss or any casualty loss which affects a material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such mortgage holder, insurer or guarantor;

B. Any delinquency in the payment of assessments or charges owed by any owner of any unit subject to a first mortgage held, insured or guaranteed by any such holder, insurer or guarantor, which remains unsecured for a period of thirty (30) days;

- C. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the homeowners association;
- D. Any proposed action which would require the consent of a specified percentage of mortgage holders, if any.

SECTION 2. The homeowners association shall make available to unit owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Declaration of Covenants and Restrictions, Articles of Incorporation and By-laws of the Homeowners Association, or other rules or regulations concerning the project and books, records and financial statements of the association, during normal business hours or under other reasonable circumstances.

ARTICLE XIII

MANAGEMENT.

SECTION 1. All powers relating to ownership, management, operation and maintenance of the common use area and unit exteriors and grounds, as well as certain rights, duties and powers relating to the units, as hereinafter set forth, shall be vested in the association.

SECTION 2. The specific and primary purposes and powers of the association are to manage and maintain the common use areas and unit exteriors and grounds, provide recreational activities for the members, foster and support community activities of the members, and perform the functions set forth in this Declaration of Covenants and Restrictions.

SECTION 3. The association shall be a nonprofit corporation and shall not engage in any business whatsoever, and its sole financial support shall be by assessment of the owners of the units and the collection of fees as herein provided.

SECTION 4. The association shall have the right and power to employ or engage a manager and other employees or agents and contract for such services, labor and materials as it may deem reasonably necessary to operate and maintain the common use areas and the improvements thereon and to discharge its other duties as herein provided. Any manager, agent or employee selected prior to the first annual election, after initial organization, at which time the continuance of the same or the selection of a new manager or agent shall be determined by the Board of Directors elected at the first annual election.

SECTION 5. In addition to the duties and powers enumerated or elsewhere provided for herein, and without limiting the generality thereof, the association shall be responsible for:

- (a) Maintaining the common use areas and facilities, improvement and landscaping thereon (including furnishings and equipment related thereto) including, but not limited to any private streets.
- (b) Maintaining the roofs, and residence exteriors of units including any necessary replacement or repair thereof.
- (c) Maintaining and repainting of exterior surfaces of units, and any fencing situated on the lots and common use areas, as is required in order to preserve the attractiveness of the subdivision.
- (d) Maintenance of shrubs, grass, trees, walks, and other exterior improvements, whether on the units or common areas.
- (e) Keeping and maintaining adequate casualty and public liability insurance on all improvements located within the common use areas and units, exclusive of contents of said units and interior liability.
- (f) The association may, at its election, delegate to any unit owner the right and duty to make any individual repair to such owner's units.

SECTION 6. If required by law or if the association elects, the association shall carry worker's compensation insurance covering all persons employed by it in performing its responsibilities under this declaration. The association shall also maintain in force fidelity bond insurance, bodily injury liability insurance, and property damage liability insurance in not less than the minimum amount required by any federal agency purchasing loans covering the common use areas and the use thereof, and insuring the association, its officers, and all owners.

SECTION 7. The association shall adopt reasonable rules relating to the use of the common use areas and any improvements thereon. A copy of such rules and of all amendments thereto shall be available to each owner of unit, and each unit owner accepts the responsibility of familiarizing himself with such rules.

SECTION 8. An easement is granted the association for its representatives to have rights of ingress and egress upon any unit to the extent entry is necessary to carry out the maintaining of the unit, landscaping, utilities, exterior improvements, and roof and exterior surfaces of residences

situated thereon, or to perform any work required in the maintenance and upkeep of the common use areas, or for any other purpose reasonably related to the performance by the association of its responsibilities under the terms of this Declaration. Entry within a building shall not be made without the consent of the occupant, unless such entry be pursuant to a valid order of court, or in the event of fire or other emergency.

SECTION 9. The association may do any and all other acts and things that a nonprofit corporation is empowered to do, which may be necessary, convenient or desirable in the administration of its affairs for the specific and primary purposes of meeting its duties as herein set forth. Nothing herein contained shall be construed to give the association authority to conduct a business for profit on behalf of all of the owners, or any of them, or at all.

SECTION 10. As long as the Developer has an interest in developing the property, or may submit additional property to the provisions of this Declaration, the association may not use its financial resources to defray any cost of opposing the development of the property as long as the development is consistent with the general plan and quality of development previously accomplished by the Developer and this Declaration. Nothing in this section shall limit the rights of any members to act individually or in affiliation with other individuals.

SECTION 11. The association shall be entitled to enforce the provisions of this Declaration and to collect all assessments or sums of money due and payable hereunder.

SECTION 12. The association may appoint such committees as it deems appropriate to make recommendations to the Board of Directors on the association concerning association activities.

SECTION 13. The association shall be entitled to enact rules and regulations concerning the use of parking spaces and allocating available parking spaces to units, provided that the allocations shall be equitable. The association may also deny the use of any common facilities or recreational facilities to any unit owner who is delinquent in the payment of assessments or if otherwise in violation of this Declaration, which delinquency or violation remains uncured after thirty (30) days written notice to the unit owner. The association may also charge reasonable fees for the use of recreational

property, provided that such fees shall be reasonable in relation to the cost and operation of such facilities.

ARTICLE XIV
DEVELOPER'S RIGHTS

SECTION 1. In addition to all other rights granted to developer by this Declaration, the Developer shall have such general easements, rights, and privileges as may be necessary to carry out the construction of the property and units on the property submitted or any of the additional property which may be submitted to this Declaration, and shall have the right to generally go on, upon, across, and over the property, including the grounds of any unit, provided that substantial disruption of the landscape shall be replaced by the Developer. Developer may exhibit such signs as may be necessary in his opinion for the sale or lease of the units which he owns, and may grant such utility easements over and across the grounds of the units or common areas as may be necessary for the reasonable development of the property in the Developer's opinion, and may grant such portions of the property to public authorities for road rights-of-way as the Developer may deem appropriate.

SECTION 2. Notwithstanding any other provisions of this Declaration and notwithstanding the right of unit owners to elect Directors of the Association, the Developer alone shall have the right to control the homeowners association by appointment of officers and directors until the earliest of the following events occur:

- (A) Five years from the date of the first conveyance of a unit;
- (B) The Developer has conveyed seventy percent (70%) of the units of the development to unit owners;
- (C) The Developer has terminated his right to appoint the officers and directors of the association in writing.

In the event that any court of competent jurisdiction should invalidate the right of the Developer to control the association, the homeowner, by acceptance of a deed to the common areas, and every unit owner, by acceptance of a deed to a unit agrees that during the periods of time described above the homeowners association shall take no action with respect to the property without the expressed written consent of the Developer.

SECTION 3. The Developer may create additional units and common areas on and within the property described on Exhibits A and B attached

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hereto, and may subject such units and common areas to the provisions of this Declaration, and may convey such units to owners and shall convey the designated common areas to the homeowners association, together with such improvements as may be located thereon, with any such conveyances to the association to be made free and clear of liens.

ARTICLE XV

GENERAL PROVISIONS

SECTION 1. Severability. Invalidation of any one of these covenants or restrictions, or any portion of any covenant or restriction, by judgment or court order shall in no way affect any other provision hereof, or any remaining portion of such covenant or condition, all of which provisions shall remain in full force and effect.

SECTION 2. 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 or 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 3. Amendment. These covenants and restrictions shall run with the land and bind the land for the periods of times specified herein. This Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the unit owners. Any such amendment must be recorded. The Declaration may be terminated in accordance with the provisions hereof. No change shall be made by amendment to this Declaration during the period of time for which the Developer has the right to appoint the directors and officers of the homeowners association which substantially affects any of Developer's rights hereunder without the expressed consent of the Developer. No amendment shall be made which affects the eligibility for purchase of any loan made on any property subject to these declarations by the federal agencies described herein. Each unit owner by acceptance of a deed, and the homeowners association by acceptance of a deed to the common areas, agree and covenant to execute any amendment to this Declaration or take any other action which may be necessary to make loans secured by property subject to this Declaration eligible for purchase by the federal agencies named herein. Each

EXHIBIT A

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR SAGEBRUSH

All that certain tract or parcel of land lying and being in the 1209th G. M. District of Bulloch County, Georgia, containing Parcels One thru Eighteen of Sagebrush, as shown on a plat prepared by Lamar O. Reddick, Surveyor, dated December 2, 1983, and recorded at Plat Book 16A, page 190, Bulloch County Records.

The above-referenced plat is incorporated herein for all purposes of this description.

EXHIBIT B

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR SAGEBRUSH

All that certain tract or parcel of land lying and being in the 1209th G.M. District of Bulloch County, Georgia, containing 15.93 acres, as shown on a plat prepared by Lamar O. Reddick, Surveyor, dated October 6, 1982, and recorded at Plat Book 23, page 97, Bulloch County Records.

LESS AND EXCEPT: That certain tract of land described on Exhibit A to this Declaration of Covenants and Restrictions for Sagebrush.

Both the above-referenced plat and the description thereon and Exhibit A of the Declarations of Covenants and Restrictions for Sagebrush are incorporated herein for all purposes of this description.