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**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
LAKES OF STONEGATE SUBDIVISION
UNIT 1
COBB COUNTY, GEORGIA**

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Association to go upon such Lot under such circumstances and for such purposes as are described elsewhere in this Declaration.

(d) Each Lot shall have a one foot easement as measured from the common boundary between any Lots on each adjoining lot for purposes of driveways or fence encroachments which may be erected in said easement areas, unless such encroachment was due to a willful act of the Lot Owner.

(e) Lot No. 89 shall be subject to a perpetual easement in favor of the Association for maintenance, repair and landscaping of the entrance monument(s) which are or will be located on said Lot and the repair and replacement of any water pipes and electrical lines which are a part thereof. The Owner of this Lot shall not remove, camouflage, damage or otherwise alter in any way said entrance sign(s) and landscaping. This same Lot shall also be subject to a temporary easement for real estate sales signs which shall be exercisable by any and all persons who the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and builders of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such temporary easement shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate thirty days after the date that the construction of residential buildings on the Lots has been completed and all of the Lots have been conveyed to Owners thereof who shall not have acquired the Lots for the purpose of immediate resale of the same.

(f) Any and all Lots upon which the Subdivision Plat depicts a drainage and maintenance easement shall be subject to a perpetual easement in favor of the Association for access to and maintenance of the pond or lake adjacent to said easement. The easement rights to which the aforesaid Lots shall be so subject shall include the right of contractors engaged by the Association to enter upon said Lots from time to time as necessary in order to perform such repair and maintenance work, including, without limitation, regular landscaping and maintenance of all land within the easement area and the dredging and removal of silt from said pond or lake. The Association shall be responsible for the maintenance and management of the ponds and lakes as shown on the Subdivision Plat (and not the individual lot owners) unless the county assumes such responsibility.

ARTICLE III.

ASSOCIATION PROPERTY

Section 1. Common Areas and Association Property. The Declarant shall have the right to transfer and convey to the Association any portion of the Subdivision Property. All portions of the Subdivision Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Areas. Said right may be exercised by the Declarant any time, and from time to time, prior to ten years from the date hereof.

The Common Areas shall be conveyed to the Association by limited warranty deed free of debt encumbrance, and subject to the rights and easements set forth in this Article, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements.

Section 2. Member's Rights in Association Property. Every Owner of any Lot shall have a non-exclusive right and easement of enjoyment and use in and to the Common Areas and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot(s) owned by such Owner. Such right and easement of enjoyment and use are and shall be subject to the easements which are described in this Article and to the right of the Association to promulgate reasonable rules and regulations regarding the use of Common Areas, and the right of the Association, as provided in the Bylaws, to suspend the enjoyment rights of the owner of any Lot during any period in which any assessment which is due to the Association from such owner remains unpaid, and such period as the Board of Directors may consider appropriate for any infraction of its published rules and regulations. In addition, the Board of Directors may permit other persons who are not residents of any Lots to use the Common Areas upon such terms and conditions, and for the payment of such fees, as shall be determined by the Board of Directors.

Section 4. Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefor, the budget adopted by the Board of Directors for any fiscal year shall prove to be inadequate to defray the Annual Expenses for such fiscal year, or if the Board of Directors shall determine that it is in the best interests of the Association to levy a special assessment to pay the costs of any capital improvements or capital repairs, the Board of Directors shall have the authority to levy a special assessment against the Lots and the Owners thereof to raise such needed funds. Any special assessment levied by the Board of Directors pursuant to the provisions of this section shall be payable at such times and such installments as the Board of Directors shall determine. Each Lot shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this section.

Section 5. Specific Assessments. The Board may levy specific assessments against individual Owners (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, or of any monument, landscaping, detention pond or other thing maintained by the Association, which is occasioned by the acts of individual Owners(s) and not the result of ordinary wear and tear or (ii) for the payment of fines, penalties or other charges imposed against an individual Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, or any rules or regulations promulgated hereunder; provided that Declarant shall not be obligated to pay any Special Individual Assessment. Failure of the Board to exercise its authority under this section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this section in the future with respect to any expenses.

The Board may also specifically assess Owners for the following Association expenses:

(a) expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which are benefitted according to the benefit received; and (b) expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

Upon the establishment of a specific assessment under this section, the Board shall send written notice of the amount and due date of such specific assessment to the affected Owner(s) at least thirty (30) days prior to the date such specific assessment is due.

Section 6. Special Assessment for Working Capital Reserve. Upon the first transfer of title to an Improved Lot, there shall be levied against such Improved Lot and paid to the Association a special assessment against such Improved Lot as set from time to time by the Declarant or Board of Directors of the Association. Such amount shall not exceed the amount of the Annual Assessment which shall have been levied against Improved Lots for the calendar year in which such transfer of title shall take place. The Association shall use all special assessment payments which shall be so received by it pursuant to this section to establish a working capital reserve fund for use in connection with its regular operations.

Section 7. Effect of Non-Payment of Assessments; Remedies of the Association.

(a) In the event that any member of the Association shall fail to pay, within ten (10) days after the date the same is due and payable, any annual or special assessment, or any installment of any annual or special assessment which is payable by him to the Association, the entire amount of such assessment, including the portion thereof which would otherwise be payable in installments, may be declared by the Board of Directors to be immediately due and payable in full to the Association. As more fully provided in the Act, all such amounts so declared by the Board of Directors to be due and payable in full to the Association shall be secured by the lien of the Association on every Lot owned by the delinquent member, which lien shall bind such Lot or Lots in the hands of the then Owner, and his heirs, devisees, successors and assigns. In addition to the lien rights, the personal obligation of the then Owner to pay such assessments shall remain his personal obligation and shall also pass to his successors in title. Such Owner shall nevertheless remain as fully obligated as before to pay to the Association any and all amounts which said Owner was obligated to pay

immediately preceding the transfer; and such Owner and such successors in title shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such Owner and successors in title creating any indemnification of the Owner or any relationship of principal and surety as between themselves.

(b) All amounts which the Board of Directors shall declare to be due and payable pursuant to this section shall bear interest from the date of delinquency at the lower of the rate of ten (10%) percent per annum or the highest rate permitted by law, and the Association may bring legal action against the member of the Association personally obligated to pay the same, or foreclose its lien upon the Lot or Lots of such member, in either of which events such member shall also be liable to the Association for all costs and attorneys' fees which the Association shall incur in connection with the collection of such delinquent amounts.

Section 8. Budget Deficits during Declarant Control Period. Declarant may advance funds to the Association sufficient to satisfy the deficit, if any, in any fiscal year between the actual operating expenses of the Association (exclusive of any allocation for capital reserves) and the annual and special assessments for such fiscal year. Such advances shall be evidenced by promissory notes from the Association in favor of the Declarant and shall be paid back to Declarant if and to the extent that sufficient funds are generated by assessments in future years until such time as Declarant no longer has the authority to appoint the directors and officers of the Association.

ARTICLE VI.

ARCHITECTURAL CONTROL

Section 1. Architectural Restrictions.

(a) No building shall be constructed on any Lot unless such building contains at least the minimum square footage of floor area required by the county on the Subdivision Plat.

(b) No building shall be constructed on any Lot unless such building contains a garage which will house at least two (2) normal sized automobiles and which has a garage door which will totally conceal the opening to such garage.

(c) Only one (1) building may be constructed on any Lot.

(d) No building containing more than two (2) stories in addition to a basement which is located at least partially below ground level shall be constructed on any Lot.

(e) No structure other than a fence shall be constructed, placed or installed upon any Lot, in a location which encroaches beyond any front, side or rear building setback line which is depicted on the Subdivision Plat. No fence shall be constructed or erected upon any Lot in any location other than entirely in the rear of the building which is located on such Lot.

Section 2. No Combination of Lots. Contiguous Lots may not be combined together without the prior written consent of the Board of Directors. In the event that the Board of Directors does approve such a combination, such combination shall thereafter be deemed to be a single Lot of all purposes of this Declaration, except that, notwithstanding the foregoing, the amount of assessments for which such single Lot shall be thereafter liable shall be equal to the total assessments for which all of the Lots which were so combined would have been liable had such combination not taken place.

Section 3. Architectural Control.

(a) No building, fence, wall, garage, patio, carport, playhouse, swimming pool, mailbox or other structure or landscaping of any nature shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to, change in (including, without limitation, any change in the type of roofing material or in the color of the paint, stain or

varnish), or alteration of, any of such structures be made until complete and final plans and specifications, setting forth the information hereinafter described, shall have been submitted to, and approved in writing by, the Board of Directors as to the harmony of the exterior design and general quality with the existing standards of the improvements located on the other Lots, and as to location in relation to surrounding structures and topography. In the event the Board of Directors fails to approve or disapprove such design and location within thirty (30) days after said plan and specifications have been submitted to it, approval will not be required, and this section will be deemed to have been fully complied with.

(b) The plans and specifications which must be submitted to the Board of Directors prior to the commencement of any such work upon any Lot, as hereinabove provided, shall contain at least the nature, kind, shape, height, materials, color, texture and location of such structure, alteration or landscaping and such other information as the Board of Directors may reasonably request in order to render a decision.

(c) The Association shall, upon demand, furnish to any member of the Association a certificate in writing signed by an officer of the Association, stating that any building, fence, wall, garage, patio, carport, playhouse, swimming pool, mailbox or other structure or landscaping erected upon such Owner's Lot, or any exterior addition to, change in, or alteration of any structure or landscaping owned by such member on a Lot, is in compliance with the provisions of this section, and such certificate shall be conclusive as to whether the same is in such compliance.

(d) In the event that any construction or alteration or landscaping work is undertaken or performed upon any Lot without application having been first made and approval obtained as provided in paragraph (a) of this section, said work shall be deemed to be in violation of this covenant, and the person upon whose Lot said work was undertaken or performed may be required to restore to its original condition, at his sole expense, the property upon which said work was undertaken or performed. Upon the failure or refusal of any person to perform the restoration required herein, the Board of Directors, or their authorized agents or employees, may, after fourteen (14) days' notice to such person, enter upon the property upon which such unauthorized work has been performed, and make such restoration as the Board of Directors, in the exercise of its discretion, may deem necessary or advisable. The person upon whose Lot such restoration work shall have been so performed shall be personally liable to the Association for all direct and indirect costs which the Association shall incur in the performance of such restoration work, and the liability for such cost shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in this Declaration. Such costs shall be paid to the Association by the person liable for the same at the same time as the next due Annual Assessment payment, or at such earlier time, and in such installments, as the Board of Directors shall determine.

Section 4. Declarant Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article shall be construed as prohibiting any construction by the Declarant upon any Lot while such Lot is owned by the Declarant, provided, however, that such construction is in compliance with the requirements specified in this Article. Any new construction performed by the Declarant upon any Lot while such Lot is owned by the Declarant shall be exempt from the provisions of this Article.

Section 5. Architectural Advisory Committee. The Board of Directors shall be authorized to appoint an architectural advisory committee to advise it and assist it in connection with its performance of its responsibilities under of this Article. The functions which may be performed by any such architectural advisory committee shall include reviewing plans and specifications which are submitted to the Board of Directors in connection with proposals to construct or alter improvements upon the Lots and to make recommendations to the Board of Directors with respect to such plans and specifications.

ARTICLE VII.

RESTRICTIONS

In order to provide for the maximum enjoyment of the Lots by all of the residents thereof and to provide protection for the value of the same, the use of the Lots shall be restricted to, and shall be only in accordance with, the following provisions:

the repair or construction of structures upon such Lot.

Section 11. Vehicles; Trailers; Boats; Automobiles. No boat, trailer, mobile home, camper, bus, truck, utility trailer or commercial-type vehicle (including but not limited to any type of vehicle with advertising or lettering) shall be permitted to be parked on any street or Lot unless the same is entirely confined within a garage located on such Lot and the door of such garage is kept in a closed position. No automobile may be parked upon any Lot unless the same is parked on a pavement area located on such Lot for such purpose, and the same is in operating condition and has affixed thereto a then current license tag and, if applicable, operating sticker.

Section 12. Subdivision of Lots. No Lot may be further subdivided into any smaller Lot.

Section 13. Outbuildings. Any outbuilding or storage building must be approved by the Board of Directors. Any such buildings may be used for storage purposes only and not for other activities, such as wood working shop, machine shop or other home hobby activities. Such buildings are to be built of similar material as the house on the Lot and painted the same color. Approved storage buildings or outbuildings are to be sited at rear of the house, may not be sited beyond rear building set back line and may not be over one story in height. If any area under a deck attached to a home is used for storage (such as for garden equipments, etc.) such area and storage must be screened from view of other Lots and any street, as approved by the Architectural Control Committee.

Section 14. Interpretation. In all cases, the covenants and restrictions herein contained shall be construed and interpreted in a manner which, in the opinion of Declarant, will best effect the intent of the general plan of development and maintenance herein set forth. These covenants and restrictions shall be liberally interpreted, and if necessary, extended or enlarged by implication as to make them fully effective.

Section 15. Enforcement by Members. In the event that the owner of any Lot, or any person who is entitled to occupy any Lot, shall fail to comply with or abide by any restriction set forth in this Article, then the owner of any other Lot who is aggrieved by such failure of compliance or abidance shall have the right to proceed at law or in equity to compel such owner or such occupant to comply therewith and abide thereby. Additionally, any owner of any Lot who, or whose lessee, shall fail to comply with or abide by any such restriction shall be liable for any damages as may be suffered by any other owner of any Lot as a consequence of such failure.

ARTICLE VIII.

MAINTENANCE OF LOTS AND LANDSCAPING

The Owner of each Lot shall be obligated to keep and maintain all portions of his Lot and the portion of the right-of-way on which his Lot is located lying between his Lot and the pavement of the road within such right-of-way in a neat, sanitary and attractive condition which is satisfactory to the Board of Directors. In the event that the Owner of any Lot shall fail to maintain all portions of such Lot and the aforesaid portion of the right-of-way in a condition which is satisfactory to the Board of Directors, the Board of Directors shall have the right, exercisable by it or through its agents or employees, and after giving to the Owner of such Lot at least fourteen (14) days' notice and an opportunity to correct the unsatisfactory condition, to enter upon such Lot and such portion of such right-of-way and correct the unsatisfactory condition, including, without limitation, cutting the grass, weeds, and other vegetation, and removing dead trees, shrubs and other plants. The Owner of the Lot upon which, or upon the right-of-way adjoining which, such maintenance work is performed by the Association (or its agents or employees) shall be personally liable to the Association for all direct and indirect costs as may be incurred by the Association in connection with the performance of such maintenance work, and the liability for such costs shall be secured by all the liens, and shall be subject to the same means of collection, as are the other assessments and charges provided for in this Declaration. In addition, all such costs shall be paid to the Association by such Owner at the same time as the next due Annual Assessment payment, or at such earlier time, and in such installments, as the Board of Directors shall determine.

John Stephens

Section 3. Duration. This Declaration, and all of the terms, easements, provisions, covenants, charges, restrictions and covenants set forth herein, shall run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty (20) years from and after the date this Declaration is recorded in the County of Cobb, Ga. All covenants and restrictions shall be automatically extended for successive periods of twenty (20) years until the recordation of an instrument of termination within two (2) years of the expiration of the initial twenty-year period or any extension thereof, such instrument having been executed by a minimum of fifty-one percent of the record Owners of the Lots.

Section 4. Notices. Any notice required or permitted to be sent to any member of the Association pursuant to any provision of this Declaration may be served by depositing such notice in the mails, postage prepaid, addressed to the member or Owner to whom it is intended, at the address which such member shall have furnished to the Secretary of the Association in accordance with the Bylaws, or, in the absence of any such address having been so furnished to the Secretary of the Association, at the address of any Lot owned by such member. The date of service shall be the date of mailing.

Section 5. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any provision of this Declaration or the application thereof to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

Section 6. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any Person or Persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Lots, to enforce any liens created by this Declaration.

Section 7. Successors to Declarant. In no event shall any person or other entity succeeding to the interest of the Declarant by operation of law or through purchase of the Declarant's interest in all or any portion of the Property at foreclosure, sale under power or by deed in lieu of foreclosure, be liable for any act, omission or matter occurring, or arising from any act, omission or matter occurring, prior to the date such successor succeeded to the interest of the Declarant.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by its duly authorized officers on the day and year first above written.

Signed, sealed and delivered in the presence of:

Wayne O. McGary

Unofficial Witness

MCCAR DEVELOPMENT CORP.

By: *[Signature]*
Title: *[Signature]*

[CORPORATE SEAL]

Notary Public
[AFFIX NOTARIAL SEAL]

