DECLARATION OF PROTECTIVE

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR THE GATES SUBDIVISION

THIS DECLARATION, is made on the date hereinafter set forth by Capital Design &

Development, Inc. hereinafter referred to as the "Declarant" and Capital Design & Construction, Inc.

WITNESSETH:

WHEREAS, Unit Two of The Gates subdivision is composed of all that tract or parcel of land lying and being in Land Lots 151 and 152 of the 1st District, 1st Section, Fulton County, Georgia, as shown on plat recorded in Plat Book 187, page 12, in the office of the Clerk of the Superior Court of Fulton County, Georgia, which plat is by reference incorporated herein and made a part hereof for a more particular description of said Unit Two (hereinafter referred to as "Unit Two").

WHEREAS, the individual lots located in Unit Two are all owned by Declarant, Capital Design

& Construction, Inc.;

WHEREAS, Declarant and Capital Design & Construction, Inc. desire to make all of the property located in Unit Two subject to this Declaration of Protective Covenants, Conditions and Restrictions;

NOW, THEREFORE, Declarant and Capital Design & Construction, Inc. hereby declare that all of the property located in Unit Two shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to The Gates Homeowners Association, Inc., its successors and assigns.

Section 2. "Owner'' shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of the obligation.

Section 3. "Properties" shall mean and refer to that certain real property described above as Unit Two, and such additional units as may hereafter be added to The Gates Subdivision and become subject to the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property and improvements located in The Gates Subdivision that are to be landscaped or maintained by the Association.

Section 5*.* "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map

of the Properties designed for separate ownership and occupancy other than the Common Area.

Section 6. "Declarant" shall mean and refer to Capital Design & Development, Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "The Gates Subdivision" shall mean and refer to Unit Two and any additional units as may hereafter be added to the Properties.

Section 8. "Plat" shall mean and refer to all recorded plats showing the Properties including, but not limited, to the plat of Unit Two recorded in Plat Book 187, page 12, aforesaid records.

Section 9. "Common Area Landscape" shall mean and refer to a IO foot strip having as its northeasterly boundary the southeasterly side of Morton Road and that crosses portions of Lots I and 46, and is more particularly shown as a 10 foot no access strip in the plat for Unit Two recorded in Plat Book 185, page 10, aforesaid records.

Section 10. "Declaration" shall mean and refer to this Declaration of Protective Covenants, Conditions and Restrictions.

ARTICLE II PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to that portion of the Common Area that is intended for the common use and enjoyment of the Owners subject to the published rules and regulations of the Association.

Section 2. Maintenance of Common Area by the Association. The Association shall landscape and maintain the Common Area Landscape and the median island located at the entrance of The Gates Subdivision. The Association shall maintain the pipes, drains, manholes, detention ponds and related improvements located in the Properties to the extent said improvements are not maintained by the county. The Association shall have an easement for ingress and egress and maintenance purposes which may be necessary or appropriate to landscape and maintain the Common Area.

Section 3. Compliance with the Declaration and Rules and Regulations. Every Owner and all those entitled to occupy a lot shall comply with the provisions of the Declaration. In addition, any owner and all those entitled to occupy a Lot shall comply with any reasonable rules or regulations adopted by the Association.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to seventy-one (71) votes for each Lot owned. The Class B membership shall cease and be convened to Class A membership on the happening of either of the following events, whichever occurs earlier:

1. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
2. on March 1, 2000.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (I) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also 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 delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Tue recording of the Declaration shall constitute record notice of the existence of the lien, and no further recordation of any claim of lien for assessments shall be required.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

Section 3. Maximum Annual Assessment. Until July I, 1995, the maximum annual assessment shall be one hundred twenty and no/100 dollars ($120.00) per Lot.

1. From and after July I, 1995, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.
2. From and after July 1, 1995, the maximum annual assessment may be

increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by pro>.)', at a meeting duly called for this purpose.

1. Tue Board of Directors may fix the annual assessment at an amount not in excess of the maximum. In addition to the annual assessment, each Lot Owner shall pay to the Association a one-time initiation fee of one hundred and no/100 dollars ($100.00) at the time of conveyance of a Lot to such Lot Owner with an improved house located thereon.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast six1y percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and tl1e required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as 10 all Lots July 1, 1995.The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each calendar year annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge; furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 7. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 10 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay t11e same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. Not less than ten days after notice is sent by certified mail, return receipt requested, to the Owner at the address of the Lot and any other address or addresses which the Owner may have designated to the Association in writing, the lien may be foreclosed by the Association by an action, judgment, and foreclosure in the same manner as other liens for the improvement of real property. The notice shall specify the amount of the assessments then due and payable together with other authorized charges and interest accrued thereon. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, encumber, and convey the same.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, except as such is installed or authorized by the Declarant, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of ex1ernal design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board (hereinafter referred to as the "Architectural Control Committee"). In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

GENERAL PROVISIONS

Section 1. 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 2. 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 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term 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. This Declaration may be amended by Declarant at Declarant's sole discretion without the approval or joinder of any Owners during the first five (5) year period, or until control of the Association has been transferred from Declarant to the Association, whichever shall first occur. Thereafter, this Declaration may be amended by an instrument signed by not less than seventy-five percent (75%) of the Owners. Any amendment must be recorded.

Section 4. Annexation. It is the intention of Declarant to annex additional units to the Properties consisting of additional residential property and Common Area during the first five year period.

ARTICLE VII

USE RESTRICTIONS

Section I. Land Use and Building Type. No Lot shall be used except for residential purposes.

No building shall be erected, altered, placed, or permitted to remain on any Lot other than one detached single-family dwelling not to exceed two and one-half stories in height and a private garage.

Section 2. Fences. All fencing for decorative or functional purposes must be submitted to the Architectural Control Committee for prior approval according to the procedure in Article V above.

Section 3. Dwelling Quality and Size. The living areas of the main structure, exclusive of open porches, garages, carports and breezeways, shall contain the minimum finished square footage allowable under local zoning requirements.

Section 4. Lot Size: No Lot shall be further divided or subdivided, nor shall any easement or right of way be granted without the consent and approval of the Architectural Control Committee, except as outlined in Section 5 herein.

Section 5. Easements. Easements for installation and maintenance of utilities, drainage facilities and cable television are reserved over the rear twenty feet of each Lot, and five feet along all side Lot lines. Declarant, its agents and employees shall have a right of ingress and egress over any Lot as required for construction and development of the property.

There shall be and is hereby reserved to Declarant or its successors in title a perpetual and non-exclusive easement over all Lots for the purpose of installing, repairing, and/or maintaining utility lines and/or structures of any sort, including but not limited to storm drains, surface drainage, sanitary sewers, gas lines, electric lines and/or cables, water lines, telephone lines, and the like.

There shall be and is hereby reserved to Declarant or its successors in title a perpetual and non-exclusive easement over all Lots for a distance of seven feet behind any Lot line which parallels a street for the

purpose of erecting and maintaining street intersection signs, directional signs, temporary promotional signs, mailboxes, entrance features, and/or "theme areas", lights, stone, wood or masonry wall features, and/or related landscaping.

If any portion of a Lot improvement is contiguous to an adjacent Lot, a five foot valid perpetual easement for the maintenance of the same is hereby created and reserved.

Section 6. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Owners shall, at all times, maintain their property and all appurtenances thereto in good repair and in a state of neat appearance. Except for flower gardens, shrubs, pine straw areas, and trees which shall be neatly maintained, all open Lot areas shall be maintained as lawns, and all lawn areas shall be kept mowed and shall not be permitted to grow to a height in excess of five inches. No radio, television, or other antenna or tower of any nature shall be installed on any Lot.

Section 7. Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence either temporarily or pem1anently.

Section 8. Signs. No sign of any kind shall be displayed to the public view on any Lot, if not approved by the Architectural Control Committee, except one sign of not more than five square feet advertising the property for sale or rent. During the construction and/or sales period, real estate sales and construction offices, displays, signs, and special lighting may be erected, maintained and operated by Declarant on any part of the Properties, and on or in any building or structure now or hereafter erected thereon.

Section 9. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 10. Livestock and Poultrv. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purposes.

Section 11. Garbage and Refuse Disposal. Trash and garbage containers shall not be permitted to remain in public view except on days of trash collection. Storage of any other items shall be within the confines of the rear yards directly behind the house. No accumulation or storage of litter or trash of any other kind shall be permitted on any Lot. This provision shall not apply to Declarant during the development and construction of new homes.

Section 12. Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property line and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property comer, from the intersection of the street property lines extended. The same sight line limitation shall apply on any Lot within ten feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at a sufficient height to prevent obstruction of such sight lines.

Section 13. Streets. All Lots shall be sold with the provisions that the county may at any time raise or lower the street surfaces and that such action on the part of the county shall in no way be considered a basis for a claim for damages to the abutting property.

Section 14. Vehicles. All motor vehicles shall be currently licensed and maintained in proper operating condition so as not to be a hazard or nuisance by noise, exhaust emissions or appearance. All motor vehicles, including trail bikes and motorcycles, shall be driven only upon paved streets and driveways. Overnight parking of recreational vehicles and related equipment shall be in garages or screened enclosures approved by the Architectural Control Committee or stored in such manner as to not be visible from any street. No vehicles, junk vehicles, commercial or industrial vehicles, including but not limited to moving vans, trucks, tractors, trailers, wreckers, hearses, compressors, concrete mixers, or buses shall be parked in the street or streets abutting any Lot. No trucks or vans shall be parked outside of any garage at any time and no more than two other vehicles may be parked outside of any garage overnight. No storage of boating equipment, travel trailers, camping equipment, or recreational vehicles shall be allowed. This section shall not apply to the Declarant.

Section l5. Clothes Drying Equipment. No clothes lines or other clothes apparatus shall be permitted on any Lot.

Section 16. Mail Boxes and Newspaper Tubes Only mail boxes and newspaper tubes approved by the Architectural Control Committee shall be permitted.

Section 17. Construction and Marketing Activities. So long as the Declarant or its employees are engaged in developing or improving any portion of the Properties, or in performing standard warranty work, such persons shall be exempted from the provisions of this Declaration. Such exemption shall be subject to such rules as may be established by the Declarant to maintain reasonable standards of safety, cleanliness and general appearance of the Properties.

Section 18. Exterior Paint. No person shall paint the exterior of any building a color different from the original color of said building without the proposed color having been approved by the Architectural Control Committee.

Section 19. Hobbies. Etc. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken in the front year of any Lot, or in the driveway, garage or other place where such condition is visible or audible from any street or adjoining Lot.

Section 20. Building Materials. No lumber, brick, stone, cinder block, concrete or any other building materials, scaffolding, mechanical devices or any other thing for the construction of an improvement for a Lot used may be stored on any Lot for longer than that length of time reasonably necessary for the construction in which same is to be used.

Section 21. Commercial Activities. No business or commercial activity of any nature shall be operated or maintained on any Lot or from any structure located thereon, except that private offices within the dwelling may be maintained and used so long as such use is incidental to the primary residential use of such structure, provided, however, that it is expressly permissible for the Declarant to maintain upon any portion of such Properties such facilities as the Declarant, in its sole opinion, shall deem required for or convenient or incidental to the construction and sale of Lots and Lots with improvements thereupon, including but not limited to storage areas, construction , signs, model residences, construction offices, sales offices and business offices.

Section 22. Zoning Regulations. Zoning regulations applicable to the subdivision shall be observed. In the event of any conflict between any provision of such zoning restrictions and the restrictions of this Declaration, the legal code shall apply.

Section 23. Unintentional Violations of Restrictions. In the event of unintentional violation of any of the foregoing restrictions with respect to any Lot, the Declarant or its successors reserves the right (by and with mutual written consent of the Owner or Owners for the time being of such Lot) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular Lot. .

Section 24. Leasing. In order to preserve the character of the Community as predominantly owner-occupied, the leasing of a Residence shall be governed by the restrictions set forth in this Section. Except as provided herein, the leasing of a Residence shall be prohibited. "Leasing," for the purposes of this Declaration, is defined as regular, exclusive occupancy of a Residence by any Person other than the Owner; provided, however, for the purposes of this Declaration, Leasing shall not include the occupancy of a Residence by the child or parent of an Owner. For purposes hereof, occupancy by a roommate of an Owner who occupies the Residence as such Owner's primary residence shall not constitute Leasing hereunder. The Board shall have the power to make and enforce reasonable Rules and Regulations and to fine, in accordance with this Declaration and the covenants, in order to enforce the provisions of this Section. Failure to follow the provisions within may result in fines of $500 per month, and may include any and all attorney, court, and/or other fees required to collect said fine. Leasing of a Residence shall be governed by the following provisions:

(A) General. An Owner desiring to lease his or her Residence may do so only if the Owner has applied for and received from the Board of Directors either a "Leasing Permit" or a "Hardship Leasing Permit." Such a permit, upon its issuance, will allow an Owner to lease his or her Residence provided that such Leasing is in strict accordance with the terms of the permit and this Section. The HOA Board shall have the authority to establish conditions as to the duration and use of such permits consistent with this Section. All Leasing Permits and Hardship Leasing Permits shall be valid only as to a specific Owner and such Owner's Residence and shall not be transferable between either Residences or Owners, but shall be transferable to successors in title to the same Lot.

(B) Leasing Permits. An Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than ten percent (10%) of the total number of Homes in the Community. A Leasing Permit shall be automatically revoked upon the happening of any of the following events:

(i) the sale or transfer of the Lot to a third party (excluding sales or transfers to (A)' an Owner's spouse, (B) a person cohabitating with the Owner, and (C) a corporation, partnership, company, or legal entity in which the Owner is a principal);

(ii) the failure of an Owner to lease his or her Residence within one hundred eighty (180) days of the Leasing Permit having been issued; or

(iii) the failure of an Owner to have his or her Residence leased for any consecutive one hundred eighty (180) day period thereafter. If current Leasing Permits have been issued for more than ten percent (10%) of the total number of Homes, no additional Leasing Permits shall be issued (except for Hardship Leasing Permits) until the number of outstanding current Leasing Permits falls below ten percent (10%) of the total number of Homes in the Community. Owners who have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit and shall be issued the same if they so desire when the number of current outstanding Leasing Permits issued falls to ten percent (10%) or less of the total number of Homes in the Community. The issuance of a Hardship Leasing Permit to an Owner shall not cause the Owner to be removed from the waiting list for a Leasing Permit.

(C) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit. The Board of Directors shall have the authority to issue or deny requests for Hardship Leasing Permits in its discretion after considering the following factors:

(i) the nature, degree, and likely duration of the hardship,

(ii) the harm, if any, which will result to the Community if the permit is approved,

(iii) the number of Hardship Leasing Permits which have been issued to other Owners,

(iv) the Owner's ability to cure the hardship, and

(v) whether previous Hardship Leasing Permits have been issued to the Owner.

A "hardship" as described herein shall include, but not be limited to the following situations: (A) an Owner must relocate his or her Residence outside the greater Atlanta metropolitan area and cannot, within six (6) months from the date that the Residence was placed on the market, sell the Residence except at a price below the current appraised market value, after having made reasonable efforts to do so; (B) where the Owner dies and the Residence is being administered by his or her estate; and (C) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Residence. Hardship Leasing Permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a Leasing Permit.

(D) Leasing Provisions. Leasing which is authorized, pursuant to permit, hereunder shall be governed by the following provisions:

(i) Notice. At least seven (7) days prior to entering into the lease of a Residence, the Owner shall provide the Board with a copy of the proposed lease agreement. The Board shall approve or disapprove the form of said lease. In the event a lease is disapproved; the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Community Covenants.

(ii) General. A Residence may be leased only in its entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form that is deemed acceptable. There shall be no subleasing of a Residence or assignment of leases without prior written Board approval. All leases must be for an initial term of not less than six (6) months, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Residence, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Residence. The Owner must provide the lessee copies of the Community covenants. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(iii) Liability for Assessments, Use of Common Property and Compliance with the Community Covenants. Each Owner covenants and agrees that any lease of a Residence shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Residence, agrees to the applicability of this covenant and incorporation of the following language into the lease:

(A) Compliance with the Community Covenants. The lessee shall comply with all provisions of the Community Covenants and shall control the conduct of all other Occupants and guests of the leased Residence in order to ensure such compliance. The Owner shall cause all Occupants of his or her Residence to comply with the Community Covenants, and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Residence are fully liable and may be sanctioned for any such violation. If the lessee, or a person living with the lessee, violates this Declaration, Bylaws, or a rule or regulation for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee, and such fine may be assessed against the lessee in accordance with Article V of the Bylaws. If the fine is not paid by the lessee within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Lot.

Any violation of the Community Covenants by the lessee, any Occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Georgia law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Community Covenants, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including reasonable attorney's fees actually incurred and court costs associated with the eviction shall be an Assessment and lien against the Lot.

(B) Use of Common Property. The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Property, including, but not limited to, the use of any and all recreational facilities and other amenities.

(C) Liability for Assessments. When an Owner who is leasing his or her Residence fails to pay Assessments or any other charge for a period of more than ten (10) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and Special Assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's request to pay Assessments or other charges, lessee shall pay to the Association all amounts authorized under this Declaration as if lessee were an Owner. The above provision shall not be construed to release the Owner from any obligation, including the obligation for Assessments, for which he or she would otherwise be responsible.

(E) Applicability of Article VII. Notwithstanding the above, this Article shall not apply to any leasing transaction entered into by the Association, or the holder of any first Mortgage on a Lot who becomes the Owner of a Lot through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage. Such parties shall be permitted to lease a Residence without first obtaining a permit in accordance with this Section, and such Residence shall not be considered as being leased in determining the maximum number of Residences that may be leased in accordance with this Section.