

TO: RESIDENT OF ROCKCLIFF CONDOMINIUM

FROM: Louis Levenson, Attorney for Land & Properties of
Intown, Inc.

Re: OFFER TO SELL

TABLE OF CONTENTS

- A. DECLARATION OF CONDOMINIUM FOR ROCKCLIFF CONDOMINIUM
- B. BY-LAWS OF ROCKCLIFF CONDOMINIUM ASSOCIATION, INC.
- C. ARTICLES OF INCORPORATION OF ROCKCLIFF CONDOMINIUM ASSOCIATION, INC.
- D. ENGINEER'S REPORT RE: ROCKCLIFF CONDOMINIUMS
- E. DECLARANT'S STATEMENT OF CONDITION OF THE ROCKCLIFF CONDOMINIUM
- F. PLAN OF DEVELOPMENT or STATEMENT OF IMPROVEMENTS
- G. FLOOR PLANS FOR BOTH FIRST AND SECOND FLOOR UNITS
- H. PROJECTED OPERATING BUDGET FOR FIRST YEAR

DOCUMENTS NOT INCLUDED AS INAPPLICABLE

- 1. Copies of Ground leases or other underlying leases
- 2. copies of management or other contracts and contracts renewable without consent of association
- 3. copies of leases of recreational or other facilities

Incorporated 5/21/81

Owners take over Association 6/1/83

DECLARATION OF CONDOMINIUM

FOR

ROCKCLIFF CONDOMINIUM

STATE OF GEORGIA

COUNTY OF FULTON

This Declaration is made on the date hereinafter set forth by LAND & PROPERTIES OF INTOWN, INC., a Georgia corporation, having its principal office at 912 First National Bank Building, 315 West Ponce de Leon, Decatur, Georgia, 30030, (hereinafter, including its successors and assigns, referred to as "Declarant") for the purposes of submitting the Property, as defined below to the Georgia Condominium Act, 1975, as amended, Ga. Code Ann. §85-1601e et seq. (hereinafter referred to as the "Act").

1. NAME. The name of the Condominium shall be ROCKCLIFF CONDOMINIUM.
2. COUNTY. The Condominium is located in Fulton County, Georgia, in Land Lot 50 of the 17th District and is more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.
3. DEFINITIONS. Unless the context otherwise requires, the terms defined in the Act shall, for the purposes of this Declaration be deemed to have the meaning specified therein and in addition the following terms shall have the meanings respectively set forth next to the particular term:
 - (a) "Association" means the Rockcliff Condominium Association, Inc., its successors and assigns, acting on behalf of the owners in accordance with the Condominium Instruments for the purpose of exercising the powers of the Association and for administering the Condominium;
 - (b) "Articles" mean the Articles of Incorporation of the Association.
 - (c) "By-Laws" mean the By-Laws of the Association.
 - (d) "Plans" mean the Condominium Floor Plans for the Rockcliff Condominium prepared by John E. Didicher, Registered Engineer, dated April 2, 1981, as recorded in the Condominium File Cabinet #2, Folder 100 of Fulton County, Georgia Records.

- (e) "Plat" means the Condominium survey of the Rockcliff Condominium prepared by John E. Didicher, Georgia Registered Land Surveyor, dated April 2, 1981, as recorded in Condominium Plat Book _____, Page _____, Fulton County, Georgia Records.
- (f) "Condominium Instruments" mean the Declaration, By-Laws, Articles, Plat and Plans for the Rockcliff Condominium, pursuant to which the Property is submitted to the Act.
- (g) "Building" or "Buildings" mean any or all the buildings as the context requires constructed on the Property as shown in the plats and plans forming part of the Condominium Instruments;
- (h) "Property" means all interests, rights and title to the property which is hereby submitted to the Act pursuant to this Declaration as more fully described in Exhibit "A", attached hereto and incorporated herein by this reference, including, without limitation, all improvements, buildings, structures, fixtures, equipment, machinery and apparatus located on the above referenced property and all hereditaments and appurtenances thereto.

Any words in this Declaration importing the masculine gender shall include the feminine and words importing persons shall include bodies corporate and the singular shall include the plural and vice versa.

4. DESCRIPTION OF THE UNITS. The Condominium consists of 26 residential units each with a identifying number as set forth on Exhibit "B", attached hereto and made a part hereof, and located as shown on the plans and each intended for independent ownership and use within the Building. The boundaries of each of the units is as follows:

- (a) Horizontal (upper and lower)
The horizontal boundaries of any unit are the interior floors and the interior ceilings of such unit including, without limitation, all areas, structures, fixtures, equipment, apparatus, and other items expressly deemed part of the unit by Section 12(a) (2), (3) and (4) of the Act.
- (b) Vertical (lateral)
The vertical boundaries of any unit are the interior walls of such unit which separate that unit from the other units and/or Common Elements including, without limitation, all areas, structures, fixtures,

equipment, apparatus and other items expressly deemed part of the unit by Section 12(a)(2), (3) and (4) of the Act.

5. COMMON ELEMENTS. The Common Elements shall mean any and all portions of the Property not included as part of a unit by this Declaration or the Act and all other portions of the Property which the Act makes part of the Common Elements.

6. LIMITED COMMON ELEMENTS.

(a) Supplementing the provisions of Section 12(a) of the Act, ownership of each unit shall entitle the owner thereof to the exclusive use of those portions of the Common Elements consisting of (i) heating and/or air conditioning compressors, units, components or other apparatus serving such unit which may be located beyond the boundaries thereof, (ii) any entranceways, stairways and appurtenant fixtures and facilities, including, but not limited to, doors, providing direct access to the unit, (iii) chimneys or flues serving one or more units, but less than all, (iv) mailboxes, and (v) assigned parking spaces or storage bins, if any. In the event that any of the items described herein or in Section 12(a) of the Act, serve more than one but less than all units in a particular building, such items shall be Limited Common Elements appurtenant to the units served thereby.

(b) In the event that the Association's board of directors should authorize the assignment of Limited Common Elements, not yet assigned as Limited Common Elements, an amendment to this Declaration making any such assignment shall be prepared, executed and recorded pursuant to the provisions of Section 19(c) of the Act.

7. EASEMENTS. The following easements from each unit owner to each other unit owner and to the Association are hereby reserved and established:

(a) Use and Enjoyment. Every unit owner, his family, servants and guests, shall have a right and easement of use and enjoyment in and to the Common Elements, exclusive of Limited Common Elements, and such easement shall be appurtenant to and shall pass with the title to every unit, subject to the following provisions: The right of the Association to limit use and enjoyment thereof to the unit owners and their respective families, servants and guests, as well as to provide for the

exclusive use and enjoyment of specified portions thereof at certain designated times by less than all unit owners, their families, servants and guests; the right of the Association to limit the number of guests of unit owners; and the right of the Association to suspend the voting rights of a unit owner pursuant to the By-Laws.

- (b) Maintenance and Repair. There shall be an easement in favor of all unit owners and the Association upon, across, above and under the Property, to the extent reasonably necessary and to the extent the rights of other unit owners are not unreasonably interfered with, to enable unit owners to repair portions of their units. The Association, its directors, officers, agents, employees, managers, contractors or servicemen acting for the Association shall have an easement for entry or access as necessary upon, across, above and under the Property for the installation, maintenance, repair and replacement of structures, improvements, systems or other portions or parts of the Property in order that the Association is able to fulfill all its obligations pursuant to the Condominium Instruments and in order to make emergency and necessary repairs to units that owner has failed to perform. Use of the easement granted in this paragraph shall be only during normal business hours, except that access may be had at any time in the case of an emergency. To the extent damage is inflicted on the Common Elements, Limited Common Elements or any unit through which access is taken, the Association or unit owner causing the damage, whether by itself or through agents, employees or others, shall be liable for the prompt repair thereof. There shall be a general easement in favor of the Association permitting the maintenance and continuation of any portions of the Common Elements that encroach into any unit.
- (c) Structural Support. Every portion of a unit which contributes to the structural support of another unit or the Common Elements shall be burdened with an easement of structural support in favor of said other unit or Common Element.
- (d) Utilities, etc. There shall be a general easement in favor of the Association upon, across, above and under all of the Property and expressly including the units for ingress, egress, installation, replacing, repairing and maintaining all utilities including, but not limited to, gas, water, sewers,

6.

telephone and electricity or other community service if and when installed, such as, but not limited to, a master television antenna system should the Association determine to have such a system installed to serve the community and additionally expressly including all installations, equipment and facilities for the water heater and air conditioning and heating systems including the furnace, machinery, pipes, vents and other related parts thereto. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles and other necessary equipment on the Property and to affix and maintain wires, conduits, cables and the like on, above, across, under and through the roofs and exterior walls of the units. Should any person furnishing any service covered by this paragraph request a specific easement by separate recordable documents, the Association, shall have the right to grant such easement under the terms hereof.

*Replaces
by amendment*

8. LEASES. Any lessee or tenant of a unit shall in all respects be subject to the terms and conditions of this Declaration, the By-Laws, the Articles of Incorporation, and the rules and regulations adopted pursuant thereto. The lease of any unit (other than leases of units owned by Declarant during the time period of Declarant control and leases or tenancies created prior to the recordation of this Declaration) shall be pursuant to written leases and conform to rules and regulations governing leases, if any, adopted by the Board of Directors and shall expressly provide that failure of a tenant to abide by the provisions of the Condominium Instruments and including but not limited to the Association's rules and regulations shall be grounds for eviction. No unit shall be leased for a term less than one calendar month. In the event grounds for eviction are found exist, the owner shall be required to evict said tenant and failure so to do shall give the Association the power and right to evict said tenant on behalf of the owner, it being agreed by all owners that the Association is irrevocably appointed as agent for the owner for this purpose. All costs incurred by the Association for such proceeding shall be for the benefit of and on behalf of the owner of the unit and collectible in the same fashion as other assessments levied against the owners.

9. ALLOCATION OF UNDIVIDED INTERESTS IN THE COMMON ELEMENTS. An equal undivided interest in the Common Elements is hereby allocated to each unit and vested in the owner of such unit.

2.

10. ALLOCATION OF VOTES IN THE ASSOCIATION. The owner of each unit in the Condominium shall be entitled to one (1) vote in the Association. The persons entitled to exercise such votes at meetings of the Association, the method by which such votes may be exercised and the rights and obligations generally of members of the Association with regard to voting shall be in accordance with Section 16 of the Act and the By-Laws.

11. ALLOCATION OF LIABILITIES.

(a) The owner of each unit in the Condominium shall be liable for and assessed an equal share of the common expenses of the Association in accordance with the By-Laws. Notwithstanding the foregoing, pursuant to Section 17(b) of the Act, but only in the case of unusual and non-recurring Common Expenses, excluding expenses incurred for normal maintenance of the Condominium contemplated by Section 5 of Article VII of the By-Laws and only to the extent reasonable and practical for the Board of Directors of the Association to determine in its discretion (i) any common expenses benefiting less than all of the units shall be specially assessed equitably among all of the units so benefited; (ii) any common expenses occasioned by the conduct of less than all of those entitled to occupy all of the units or by the licensees or invitees of any such unit or units shall be specially assessed against the unit or units, the conduct of any occupant, licensee or invitee of which occasioned any such common expenses; and (iii) any common expenses significantly disproportionately benefiting all of the units shall be assessed equitably among all of the Condominium units.

(b) Pursuant to the provisions of Section 41(b) of the Act, all assessments from the time the same become due and payable, shall constitute a lien in favor of the Association on the unit for which the assessments pertain. Each holder of a first mortgage on a unit coming into possession of the unit by virtue of foreclosure of the mortgage or by deed in lieu of foreclosure or any purchaser at a foreclosure sale except the previous owner of such unit, a relative or anyone acting on his behalf, shall take the unit free of any claims for unpaid assessments and charges against the unit that accrue prior to the time such holder or purchaser comes into possession except for claims of a pro rata share of such assessments or charges resulting from a pro rata reallocation of assess-

ments or charges to all units. The lien for late assessments in the discretion of the Board of Directors of the Association may include (i) a late or delinquency charge (not in excess of the greater of \$10 or 10 percent of the amount of each assessment or installment thereof not paid when due), (ii) interest on each assessment or installment thereof, and any delinquency or late charge appertaining thereto, from the date the same was first due and payable, at a rate not in excess of eight per cent per annum, (iii) the costs of collection, including court costs, the expenses of sale, any expenses required for the protection and preservation of the unit, and reasonable attorneys' fees actually incurred, and (iv) the fair rental value of the Condominium unit from the time of the institution of suit until the sale of the Condominium at foreclosure (or until the judgment rendered in such suit is otherwise satisfied).

- (c) Notwithstanding the provisions of Section 40 of the Act, the common profits shall be applied to the payment of common expenses, and any surplus remaining shall appertain to the units in proportion to the liability for common expenses appertaining to each such unit or, in the alternative, such surplus or any portion thereof may be added to a reserve for maintenance repair and replacement of the common elements or other reserves of the Association as may from time to time be determined by the Association in the exercise of its sole discretion.

12. UPKEEP OF THE CONDOMINIUM.

- (a) By the Association. Except as specifically provided in sub-paragraph (b) below, the Association shall have the sole and exclusive authority (which authority the Association may delegate from time to time), and the duty and responsibility to maintain in constant good order and repair, all portions of the Common Elements and all other portions of the Condominium not required to be maintained by the unit owner.
- (b) By the Owner. Each unit owner shall have the sole and exclusive responsibility to maintain, repair, renovate, restore and replace (a) all portions of his unit (b) any heating, air-conditioning and ventilating equipment, and any plumbing, piping, ducts, wiring, cables and conduits located inside or outside his unit boundaries and which serve only his unit (c) all glass, encasements for glass, window frames,

exterior doors to his unit including the door frame and jam door fixtures and door hardware; and (d) all electrical fixtures, panels, fuse boxes, fuses, circuit breakers, switches and electrical receptacles serving only his unit whether or not located within the unit boundaries and all wiring wherever located, from the point of connection to said fixtures, panels boxes, circuit breakers, switches and electrical receptacles running to the unit, and the Limited Common Elements appertaining thereto. With respect to any Limited Common Elements which pertain to more than one unit, the responsibility for maintenance, repair, renovation, restoration and replacement is to be shared equally by the units to which said Limited Common Elements pertain. Notwithstanding the foregoing, to the extent that any repair or replacement as aforesaid is caused as a result of damage incident to the repair or replacement of any portions of the Condominium which is the responsibility of the Association or for which insurance proceeds are paid and allocated from the Association's insurance policy or policies, then the Association shall be responsible for said repair or replacement.

*Replaced
By amendment*

(c) ~~All maintenance, repair, renovation, restoration and replacement of the Condominium: (1) resulting from normal wear and tear, depreciation or obsolescence of any portion of the Condominium which is the responsibility of the Association; or (2) resulting to portions of a unit because of normal wear and tear, depreciation or obsolescence of any portion of any other unit; and in either case, is not associated with the actual fault or negligence of any unit owner, his or her family, or anyone who visits or lives in the unit, shall be a Common Expense assessed equally among all unit owners, notwithstanding Section 17(b) of the Act and that portion of Paragraph 11(a) of the Declaration which contemplate expenses of the Association that: (i) benefit less than all of the units; or (ii) significantly disproportionately benefit all of the units.~~

*Replaced
By
amendment*

(d) ~~To the extent any maintenance, repair, renovation, restoration or replacement of any portion of the Condominium is caused by the negligence or willful act of any unit owner, his or her family, or anyone who visits or lives in the unit, the unit owner shall be responsible for payment upon demand to the Association for such maintenance, repairs,~~

Replaced

~~renovations, restorations or replacements in accordance with Section 7 of Article VIII of these By-Laws.~~

- (e) The Association shall have the sole and exclusive authority (which authority Association may, from time to time, in whole or in part, delegate):
 - (1) to make improvements, additions, or alterations to all portions of the Common Elements, including all structural portions thereof, and repairs to structural portions of the Buildings, including the portion of said roof, and no unit owner shall make or contract for any improvement, addition or alteration to any portion of the Common Elements or portion of said roof as aforesaid, and
 - (2) to make all structural repairs to the Buildings.
- (f) Notwithstanding anything in this Declaration to the contrary, unit owners may only make modifications, additions or alterations to the electrical, heating, air conditioning, mechanical, ventilating or any other system in accordance with full and complete plans and specifications that have been previously submitted and approved by the Association in writing.
- (g) The Association shall be authorized to perform, after notice, any maintenance upon any portion of the Condominium for which a unit owner is responsible and to charge, as provided for assessments herein, the owner with the actual costs of maintenance.

13. ASSOCIATION. The Declarant has caused The Rockcliff Condominium Association, Inc., to be duly incorporated as a non-profit membership corporation and true and correct copies of the Articles of Incorporation and the By-Laws are maintained at the principal and the registered offices of said corporation. Pursuant to the provisions of Section 13 of the Act, the Association shall be empowered, in order to enforce compliance with the lawful provisions of the Condominium Instruments, including any rules or regulations contained in or promulgated in accordance with the By-Laws to impose and assess fines and to suspend temporarily the right of use of certain of the Common Elements. The Association shall have, and the Board of Directors may make reasonable rules to enforce, a reasonable right of entry to units for emergency, security and safety.

Such right may be exercised by the Association's directors, officers, agents, and employees, managers, and all policemen, firemen, ambulance personnel and all similar emergency personnel in the proper performance of their respective duties. Except as provided in the By-Laws, all directors and officers of the Association shall be owners of units in the Condominium. Other limitations and restrictions on the powers of the Association and on the Board of Directors of the Association are set out in the By-Laws. The Association, at its discretion, shall be specifically empowered to license or assign the use of the parking spaces to unit owners. The Association shall assign one parking space for the use of each unit if the Federal National Mortgage Association so requests in writing, but only if Federal National Mortgage Association holds a mortgage on a unit in the Condominium at the time of request. The Association shall be obligated to maintain the assignment of parking spaces only as long as Federal National Mortgage Association holds such mortgage and requires the continuation of the assignment.

14. USE OF THE CONDOMINIUM. The Condominium is formed for residential purposes and units shall be occupied and used by the owners thereof only as private residences for the owners and the families, tenants, invitees, and guests of such owners and for no other purposes whatsoever except as may be otherwise permitted by the terms of this Declaration or the By-Laws. Without derogating from the generality of the foregoing, no business shall be maintained or conducted in or from any unit. The owners of units shall be entitled to all of the rights and shall be subject to all the obligations provided for in the Act as limited by the Condominium Instruments and all owners shall comply strictly with the provisions of the Condominium Instruments, including any restrictions, rules or regulations contained in or promulgated in accordance with the By-Laws of the Association. The provisions of this Paragraph 14 hereof shall not affect the right of the Declarant and his duly authorized agents, representatives and employees to enjoy the easement provided for in Section 22 of the Act for the maintenance of sales and leasing offices and/or model units on the submitted property.
15. AMENDMENT OF CONDOMINIUM INSTRUMENTS. The Condominium Instruments shall be amended only in accordance with the provisions of the Act, or by the agreement of the owners of units to which two-thirds (2/3) of the votes in the Association appertain. Notwithstanding the foregoing, until the time period during which the Declarant may appoint directors expires pursuant to

paragraph 17 below, the Association may amend the Condominium Instruments in order to correct any scrivener's errors, conflicts between the Condominium Instruments and the Act, or defects in the Condominium Instruments affecting compliance with the Act, provided no unit owner is materially affected by said amendment. No amendment shall be effective unless it is made in conformity with the provisions of the Act, and until a certified copy thereof is filed with the Clerk of the Superior Court of the county where the Condominium is located.

- 16. TERMINATION OF THE CONDOMINIUM. Subject to the provisions of Section 30 of the Act with regard to the manner in which the termination of the Condominium shall be effected and to the consequences thereof, the Condominium shall be terminated or abandoned only by the agreement of unit owners to which four-fifths of the votes of the Association appertain and of all mortgagees of such units.

- 17. CONTROL BY DECLARANT. Pursuant to and in accordance with the provisions and limits of Section 33 of the Act and subject to Article V Part D of the By-Laws, the Declarant is hereby authorized to appoint and remove any member or members of the Board of Directors and any officer or officers of the Association with or without cause. Notwithstanding the foregoing and in accordance with Section 33 of the Act, the Declarant's aforesaid authority shall in no event extend further than the earlier of the following events to occur: (i) the expiration of three (3) years after the recording of the Declaration; (ii) the date as of which eighty percent of all units shall have been conveyed by the Declarant to unit owners other than the Declarant; or (iii) surrender by Declarant of such authority by an express amendment to the Declaration executed and recorded by Declarant.

- 18. MORTGAGEES' APPROVALS. Notwithstanding any other provision herein to the contrary which requires less than two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than Declarant) to approve, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than Declarant), or whatever larger majority may be required by the Condominium Instrument, shall have given their prior written approval, the Association shall not:
 - (a) Change the pro rata interest or obligations of any individual condominium unit for the purpose of:

(i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium unit in the Common Elements; or

(b) Subdivide, partition or relocate the boundaries of any unit or subdivide, partition, abandon, encumber, sell or transfer the Common Elements or Limited Common Elements.

(c) Materially amend this Declaration or the By-Laws.

(d) Use hazard insurance proceeds for losses to any condominium property for other than the repair, replacement or reconstruction of such condominium property.

19. PREPARER. This Declaration has been prepared by Louise D. Myar of Morris & Manning, Attorneys at Law, Suite 2150, 230 Peachtree Street, N.W., Atlanta, Georgia 30303.

IN WITNESS WHEREOF, the Declarant has executed this Declaration under its hand and seal on the _____ day of _____, 1981.

LAND & PROPERTIES OF INTOWN, INC.

Signed, sealed and delivered in the presence of:

BY: Bryan D. Vaughn, President

Unofficial Witness

ATTEST: John R. Vaughn, Secretary

Notary Public

(CORPORATE SEAL)

My Commission Expires:

(NOTARIAL SEAL)

14

LEGAL DESCRIPTION

Rockcliff Condominium

ALL THAT TRACT or parcel of land lying and being in Land Lot 50 of the 17th District of Fulton County, Georgia, and being more particularly described as follows:

BEGINNING at a 3/4 inch rebar located on the southwesterly side of the right-of-way of Rock Springs Road (50-foot right-of-way) 188.7 feet southeasterly as measured along the southwesterly side of the right-of-way of Rock Springs Road from the intersection of the southwesterly side of the right-of-way of Rock Springs Road and the existing side of the right-of-way of Piedmont Road, if said corner where extended to form an angle instead of a curve; thence running southeasterly along the southwesterly side of the right-of-way of Rock Springs Road and following the curvature thereof a distance of 144.12 feet to a point, said point being located from the last said point a chord distance of 143.40, as measured along a line having a chord bearing of south 44 degrees 36 minutes 02 seconds east; continuing thence along the southwesterly side of the right-of-way of Rock Springs Road south 34 degrees 40 minutes 49 seconds east 170.00 feet to a point; continuing thence along the southwesterly side of the right-of-way of Rock Springs Road and following the curvature thereof 52.03 feet to a point, said point being located from the last said point a chord distance of 51.99 feet, as measured along a line having a chord bearing of south 30 degrees 40 minutes 03 seconds east; running thence south 82 degrees 31 minutes 02 seconds west 177.69 feet to a point; running south 21 degrees 51 minutes 15 seconds east 20.00 feet to a point; running thence north 86 degrees 37 minutes 14 seconds west 7.25 feet to a 1/2 inch rebar; running thence north 36 degrees 16 minutes 18 seconds west 43.50 feet to a point; running thence north 25 degrees 08 minutes 49 seconds west 112.80 feet to a point; running thence north 60 degrees 40 minutes 11 seconds west 76.60 feet to a point; running thence north 31 degrees 07 minutes 14 seconds east 178.94 feet to a point located on the southwesterly side of the right-of-way of Rock Springs Road and being the POINT OF BEGINNING; being improved property as shown on survey prepared for Rockcliff Condominium by John E. Didicher, Registered Land Surveyor, dated April 2, 1981, said survey being incorporated herein by reference.

EXHIBIT "A"

ROCKCLIFF CONDOMINIUMS

RE: STATEMENT OF IMPROVEMENTS

Based upon the condominium declarations enclosed herewith, it is anticipated by the declarants that each unit will include and will have installed by the time of sale the following:

1. a new hot water heater with an expected useful life of 20 years.
2. a new central heating and air conditioning unit with an expected useful life of 20 years..

Other than the above stated improvements, the declarants do not make any other statements of intended improvements.

16

BY-LAWS
OF
ROCKCLIFF CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

NAME, LOCATION AND APPLICATION

Section 1. Name. The name of the Association is the Rockcliff Condominium Association, Inc. (the "Association").

Section 2. Location. The Association shall have its principal office at the Rockcliff Condominium, which is located in the County of Fulton, at _____, Atlanta, Georgia.

Section 3. Application. These By-Laws provide for the self-government of the Condominium in accordance with the Articles of Incorporation, the Declaration of Condominium for Rockcliff Condominium, as recorded in Deed Book _____, Page _____, Fulton County, Georgia Records, the As-Built Survey recorded in Condominium Plat Book _____, Page _____, Fulton County, Georgia Records and the Floor Plans filed in Condominium File Cabinet _____, Folder _____, of Fulton County, Georgia Records.

Section 4. Purpose. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting contributions for common expenses, arranging management of the Condominium and performing all other acts that the Georgia Condominium Act and the Declaration require the Association to perform. Except as to those matters which either the Georgia Condominium Act, the Declaration, or the Georgia Non-Profit Corporation Code specifically require to be authorized by a vote of the Association, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth herein.

ARTICLE II

DEFINITIONS

Unless the context otherwise requires, the terms as used in these By-Laws, the Declaration and the Articles of Incorporation shall have the following meanings:

Section 1. Act shall mean the Georgia Condominium Act, Ga. Laws 1975, No. 463; Ga. Code Ann. Sections 85-1601e et seq., as such act may be amended.

Section 2. Association shall mean the Rockcliff Condominium Association, Inc. and its successors.

Section 3. Common Elements or common areas shall mean that area and property submitted to be part of the Condominium but not included within the boundaries of a unit and as defined in Paragraph 5 of the Declaration.

Section 4. Condominium shall mean all that property submitted to the Act by the Declaration.

Section 5. Declaration shall mean that certain document, described in Section 3 of Article I above, filed of record in the Office of the Clerk of the Superior Court of Fulton County, Georgia.

Section 6. Limited Common Elements shall mean those portions of the Common Elements set aside for limited use as described in Section 6 of the Declaration.

Section 7. Mortgage shall refer to any mortgage, deed to secure debt, deed of trust or other transfer or conveyance for the purpose of securing the performance of an obligation, including, without limitation, a transfer or conveyance for such purpose of fee title.

Section 8. Board of Directors shall mean those individuals elected to serve as Directors of the Association.

Section 9. Officer shall mean any of those individuals who are elected by the Board of Directors to serve as President, Vice President, Secretary, or Treasurer or such other subordinate offices as the Board may determine necessary.

Section 10. Owner shall mean the record title holder of a unit within the Condominium, but shall not mean a mortgage holder.

Section 11. Person shall mean any individual, corporation, firm, association, partnership or other legal entity.

Section 12. Unit shall mean that portion of the Condominium intended for individual ownership and use as described in the Declaration.

Other terms shall have their natural meanings or the meanings given in the Declaration, the Act, or the Georgia Non-Profit Corporation Code.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. An owner of a unit shall automatically become a member of the Association upon taking title to the unit and shall remain a member for the entire period of ownership. Subject to the provisions of the By-Laws, a spouse of a member may exercise the powers and privileges of the member. Membership does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the owner's membership. Membership shall be appurtenant to and may not be separated from the ownership of the unit to which it appertains and membership shall be transferred automatically by conveyance of the unit.

Section 2. Voting. Each unit shall be entitled to one vote which may be cast by the owner, the owner's spouse, or by a lawful proxy as provided below. When more than one person owns a unit, the vote for such unit shall be exercised as they unanimously agree between or among themselves, but in no event shall more than one vote be cast with respect to any unit than allocated to that unit by the Declaration. In the event of disagreement among such persons and an attempt by two or more of them to cast such vote or votes, such persons shall not be recognized and such vote or votes shall not be counted.

Section 3. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totalling more than fifty (50%) percent of the total number of votes, owners, or other groups. Unless otherwise specifically stated, the words "majority vote" mean more than fifty (50%) percent of the votes cast by members in person or by proxy. Unless otherwise provided in the Declaration or these By-Laws, all issues that must be determined by a vote shall be decided by majority vote.

Section 4. Suspension of Membership and Voting Rights. If, during any period, a member fails to pay any annual or special assessment duly levied by the Association for a period of more than thirty (30) days after it is due and payable, the voting rights and right to the use of the recreational facilities of the Condominium, if any, of such member may be suspended by the Board of Directors until such assessment has been paid. Such membership rights may also be suspended, for violation of any of the rules and regulations, promulgated by the Board of Directors or Association governing the use of the Common Elements for the greater of (1) a period of time not exceeding thirty (30) days or (2) the period of time during which said rules and regulations continue to be violated.

19

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first Annual Meeting of members shall be called by the Declarant within a period of one year from the date upon which the Association is formed and each subsequent regular Annual Meeting of the members shall be held not less frequently than annually on a day and at an hour set by the Board of Directors. Meetings shall be held at the Condominium or other suitable place within Fulton County, Georgia, as set by the Board of Directors.

Section 2. Special Meetings. Special meetings of the members for any purpose may be called at any time by the President, Secretary, or Treasurer, or by request of any two or more members of the Board of Directors, or upon written request of the members who have a right to vote ~~twenty-five~~ ^{15% (25%)} percent of all of the votes of the entire membership.

Section 3. Notice of Meetings. It shall be the duty of the Secretary to mail postage prepaid or to cause to be personally delivered to the units a notice of each meeting of the members of the Association at least twenty-one (21) days prior to each annual or regularly scheduled meeting (except the First Annual Meeting called by the Declarant), or at least seven (7) days prior to any other meeting including the First Annual Meeting, stating the time and place where it is to be held and the purpose of the meeting if it is a special meeting, to each owner of record. If any owner wishes notice to be given at an address other than his or her unit, the owner shall designate such other address by written notice previously delivered to the Secretary. If a notice of meeting is deposited in the United States mail or personally delivered in the manner provided in this Section then the notice shall be deemed delivered. Upon prior written request, any institutional holder of a first mortgage shall be entitled to written notice of all meetings and shall be permitted to designate a representative to attend and observe any such meeting.

Section 4. Waiver of Notice. Waiver of notice of meeting by owners shall be deemed the equivalent of proper notice. Any owner may, in writing, waive notice of any meeting of the owners, either before or after such meeting. Attendance at a meeting by an owner, whether in person or by proxy, shall be deemed waiver by such owner of notice of the time, date and place thereof unless such owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 5. Quorum. Except as otherwise provided in these By-Laws, a quorum shall be deemed present throughout any meeting of the members of the Association until adjourned if persons entitled to cast more than one-third of the total votes of the Association are present at the beginning of that meeting. If the required quorum is not present at any meeting of members, a subsequent meeting may be held within 60 days following the previous meeting upon notice as provided in these By-Laws, and one-half of the votes required to constitute a quorum at the previous meeting shall constitute a quorum at that subsequent meeting.

998

Section 6. Adjournment. Any meeting of the members may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of the members holding the majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at an adjourned session, and no additional notice of such adjourned session shall be required.

Section 7. Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, (1) the proxy must not purport to be revocable without the requirement that written notice of its revocation be delivered to the Association before the vote, (2) the proxy must be dated and (3) the proxy must be filed with the Secretary prior to the opening of the meeting for which it is to be used.

Section 8. Consents. Any action which may be taken by a vote of the owners may also be taken by written consent signed by all owners.

ARTICLE V

BOARD OF DIRECTORS

Part A. Composition and Selection.

Section 1. Composition. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall consist of at least three (3) persons and no more than five (5) persons. Except as provided in Part D of this Article V, the Directors shall be owners of units or spouses of such owners, provided however, that no owner and his or her spouse may serve as a Director of the Board of Directors, at the same time. The precise number of Directors shall be fixed by resolution of the Board of Directors members.

Section 2. Term of Office. From and after the time the right of the Declarant to appoint members to the Board of Directors expires, the Directors shall be elected.

as provided in Section 7 of this Article, for terms of two years. A Director whose term expires shall hold office until his successor has been elected and has attended his first meeting.

Section 3. Removal of Members of the Board of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority vote and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given at least seven (7) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 4. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled for the remainder of the term of the member being replaced by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors.

Section 5. Compensation. Directors shall not be compensated unless and to the extent the members of the Association authorize at any meeting duly called for that purpose.

Section 6. Nomination. Nomination for election to the Board of Directors shall be made from members from the floor at the annual meeting of the members.

Section 7. Elections. Directors shall be elected by the members from those nominated, by a majority vote at the annual meeting, a quorum being present.

Part B. Meetings.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by the Board of Directors, but such meetings shall be held at least once every three months. The Board of Directors shall meet within ten (10) days after each annual meeting of members.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given by mail, in person or by telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President, Secretary or Treasurer in like manner and upon like notice on the written request of at least two (2) Directors.

22

Section 10. Waiver of Notice. Any Director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall also constitute a waiver of notice by him or her of the time and place of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration or these By-Laws. A majority of the total number of Directors shall constitute a quorum for the transaction of business.

Section 12. Action Without a Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Part C. Powers and Duties.

Section 13. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Condominium and may do all such acts and things as are not prohibited by the Declaration, Articles of Incorporation, or these By-Laws.

The Board shall have the power to adopt such rules and regulations as it deems necessary and appropriate and to impose sanctions for violations thereof, including, without limitation, monetary fines. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to, and be responsible for, the following in way of explanation, without limitation:

(a) Preparation and adoption of an annual budget, which shall establish the contribution amount of each owner for Common Expenses.

(b) Making assessments to pay Common Expenses, establishing means and methods of collecting such assessments, and establishing the period of installment payments for the annual assessment. Unless otherwise determined by the Board

23

of directors, the annual assessment against the proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each calendar month for said month.

(c) Providing for the operation, care, upkeep, and maintenance of all of the Condominium Property for which it has responsibility pursuant to Article VII, Section 5 hereof.

(d) Designating, hiring and dismissing personnel necessary for maintenance, operation, repair and replacement of the Association, its property and the Condominium Property for which it has responsibility pursuant to Article VII, Section 5 and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.

(e) Collecting the assessments, depositing the proceeds thereof in a bank depository insured by the Federal Deposit Insurance Corporation using the proceeds to administer the Association.

(f) Making, amending, repealing rules and regulations.

(g) Opening bank accounts on behalf of the Association and designating the signatories.

(h) Making, or contracting for the making of, repairs, additions, and improvements to, or alterations of the Common Elements in accordance with the other provisions of the Declaration and these By-Laws, after damage or destruction by fire or other casualty.

(i) Enforcing by legal means the provisions of the Declaration, these By-Laws and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of the owners concerning the Association.

(j) Obtaining and maintaining insurance coverage against casualties and liabilities, as required herein, and paying the premium cost thereof.

(k) Paying the cost of all services rendered to the Association or its members and not chargeable to owners.

(l) Keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. Said books and vouchers accrediting the entries thereupon shall be available for

examination by the unit owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Board of Directors for the general knowledge of the unit owners. All books and records shall be kept in accordance with generally accepted accounting practices.

(m) Licensing, leasing or assigning to unit owners the use of parking spaces within or without garages, storage lockers and/or laundry facilities and including the right, at the Board of Directors' discretion, to levy a charge or rent for the use thereof.

Section 14. Management Agent. Any management contract entered into by the Board of Directors shall contain a termination clause, permitting termination, with cause or without cause, without the payment of any fee, penalty or other termination payment upon thirty (30) days written notice and shall not have a term in excess of one year.

Section 15. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of Common Elements and facilities without the approval of the members of the Association; provided, however, that the Board of Directors shall obtain membership approval in the same manner as for special assessments set forth in Article VIII Section 5, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities to the Condominium and the total amount of such borrowing exceeds or would exceed Seven Thousand Five Hundred (\$7,500) Dollars outstanding debt at any one time.

Part D. Declarant Control.

Section 19. Term. Declarant shall have the right to appoint and remove all Directors notwithstanding any other provision of the Condominium Instruments to the contrary. This right to appoint and remove directors may be relinquished voluntarily at any time by the Declarant pursuant to Section 17 of the Declaration or it shall cease upon the earlier of: (1) at the time eighty percent of the units shall have been conveyed by the Declarant to unit owners other than the Declarant or (2) three years from the date of recording of the Declaration.

ARTICLE VI

OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, Vice President, Secretary, and Treasurer, all of whom shall be elected by the Board of Directors and shall be Directors. The Board of

25

Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other subordinate officers as in its judgment may be necessary. Except for the offices of President and Secretary any two or more offices may be held by the same person.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors, at the first meeting of the Board of Directors following each annual meeting of the members, and shall hold office until his resignation, removal by the Board of Directors or until a successor is elected.

Section 3. Removal of Officers. Upon the vote of majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside over all meetings of the members and of the Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Georgia Nonprofit Corporation Code, including, but not limited to, the power to appoint committees from and among the members from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Georgia law.

Section 7. Treasurer. The Treasurer shall have the responsibility for (1) the Association's funds and securities, (2) keeping full and accurate financial records and books of account showing all receipts and disbursements, (3) preparing all required financial statements and tax returns, (4) the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall additionally be responsible for the preparation of the budget as provided below. If the Association employs a management agent the

duties may be delegated to the agent. In such case, the duties shall be performed by the Treasurer in conjunction with the management agent.

Section 8. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks in excess of \$500.00 and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE VII

ASSOCIATION RESPONSIBILITIES

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and Director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer or Director in connection with any action, suit or other proceeding (including settlement of any such action, suit or proceeding if approved by the then Board of Directors) to which he may be made a party by reason of being or having been an officer or Director, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors shall not be liable for any mistake of judgment, negligence or otherwise, except for their own individual willful misfeasance or malfeasance. The officers and Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or Directors may also be members of the Association) and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director, or former officer or Director, may be entitled. The Association as a Common Expense shall maintain adequate general liability insurance and, if obtainable, officers' and Directors' liability insurance to fund this obligation and the insurance shall be written as provided in Section 2 of this Article VII.

Section 2. Insurance.

(a) The Association shall obtain and maintain at all times as a Common Expense, to the extent reasonably available, the following types of insurance:

- (1) A master casualty insurance policy affording fire and extended coverage insurance for all buildings, improvements, service equipment and all fixtures and equipment within the units,

and in an amount consonant with the full replacement value of all structures within the Condominium excluding improvements or betterments made by unit owners together with an Agreed Amount Endorsement, if available, and Inflation Guard Endorsement if required by a mortgage holder providing protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage;

- (2) Comprehensive liability insurance policy at least covering all Common Elements in amounts as determined from time to time by the Association (but in no event in amounts less than \$500,000.00 for injury, including death, to a single person, \$1,000,000.00 for injury or injuries, including death, arising out of a single occurrence, and \$50,000.00 property damage) including a cross-liability endorsement covering the Association, the Board of Directors and the officers of the Association, all agents and employees of the Association, and all unit owners and other persons entitled to occupy any unit or other portion of the Condominium providing that negligent acts of the Association or another unit owner will not preclude coverage and;
- (3) Fidelity bonds naming the Association as obligee covering officers, Directors, employees of the Association and any professional management company and other persons who handle or are responsible for handling Association funds in such amount as the Board of Directors may determine to be necessary but in no event less than 150% of the estimated annual operating expenses of the Association and containing provisions waiving any defenses based on exclusion of persons serving without compensation from coverage as "employee" and that bonds may not be cancelled or substantively modified without giving 30 days prior written notice to all mortgage holders;

- (4) Such other insurance as the Board of Directors may determine to be necessary.

Notwithstanding the foregoing, the Association shall in all events maintain any and all insurance as required by Section 39 of the Act or as otherwise required by law.

(b) All insurance shall name the Association as insured, as trustee for the owners containing standard mortgage clauses (without contribution) and shall be written with a reputable company or companies licensed to do business in the State of Georgia and with a company or companies which will provide insurance certificates to all unit owners and to each mortgagee of a unit if requested by the unit owner or mortgagee.

(c) With respect to the insurance required by sub-paragraph (a) above, the Association shall use its best efforts to obtain insurance which, as appropriate, provides within the policy or by endorsement to the policy that:

- (1) the insurer waives its rights of subrogation of any claims against the Association, Directors, officers, the managing agent, if any, the unit owners and their respective household members, employees, agents, tenants and invitees and waives any defenses based on co-insurance or invalidity arising from acts of the insureds;
- (2) the policy cannot be cancelled, invalidated or suspended on account of the conduct of any officer, Director, agent or employee of the Association without a prior demand in writing delivered to the Association and to all mortgagees of units to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured;
- (3) any "no other insurance" clause contained in any policy shall expressly exclude individual unit owners' policies from its operation and effect;
- (4) until the expiration of thirty (30) days after the insurer gives notice in writing to the mortgagee of any unit and its servicing agent, if any, the mortgagee's insurance coverage will not be cancelled, terminated, affected or jeopardized by

29

any act or conduct of the owner of such unit, the other unit owners, the Board of Directors, or any of their agents, employees, or household members, nor cancelled for nonpayment of premiums;

- (5) the policy may not be cancelled or substantially modified without at least thirty (30) days' prior notice in writing to the Board of Directors and all mortgagees of units;
- (6) coverage will not be prejudiced by (a) any act or neglect of the owners of the units when any act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the Condominium over which the Association has no control;
- (7) in no event will the insurance be brought into contribution with any insurance purchased by individual unit owners or their mortgagees;
- (8) the insurer waives any right to repair and reconstruct instead of paying cash.

(d) Upon prior written request, the Association shall notify any holder of a mortgage for a unit if such unit sustains damages in excess of \$1,000.00. Upon prior written request, the Association shall notify all holders of mortgages if the Common Elements sustain damages in excess of \$10,000.00. No provision of these By-Laws or the Declaration shall entitle the owner of a unit or other party to priority over an institutional holder of a first mortgage on a unit with respect to the distribution to such unit of any insurance proceeds.

(e) Each unit owner shall notify the Board of Directors of all structural improvements made by the unit owner to his unit prior to construction. If a unit owner obtains an individual insurance policy covering any portion of the Condominium, other than improvements and betterments made by such unit owner at his expense and personal property belonging to such unit owner, then he shall deliver a copy of such policy or policies to the Board of Directors within thirty (30) days after the purchase of such insurance. Such unit owner shall also promptly notify, in writing, the Board of Directors if such policy is cancelled.

(f) If the insurance policies required above contain provisions providing that waiver of rights of subrogation against the Association, Directors, officers, the managing agent, if any, unit owners and their respective household members, employees, agents, tenants and invitees will not cancel, invalidate or provide a defense to coverage, then in that event all rights of subrogation for any claims against the above-referenced parties are hereby waived and released.

Section 3. Repair and Reconstruction. In the event of damage to or destruction of all or any part of the Condominium as a result of fire or other casualty, unless the unit owner or owners of units that are directly affected by said damage or destruction together with two-thirds (2/3) of all other unit owners vote not to proceed with the reconstruction and repair of the structure, the Board of Directors or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the structure in accordance with the original plats and plans. Except as may be provided above, in the case of substantial loss to the units and/or Common Elements, no hazard insurance proceeds may be used other than for repair, replacement or reconstruction of the Condominium Property. In the event of substantial damage or destruction, each institutional holder of a first mortgage shall be entitled to written notice of the damage, and nothing in these documents shall be construed to afford a priority to any unit owner with respect to the distribution of proceeds to any such unit.

The procedure for repair and reconstruction shall be:

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Condominium the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray said estimated costs of reconstruction and repair as determined by the Board of Directors, or if at any time during the reconstruction and repair or upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, to the extent the Association is obligated for said repair or reconstruction and to the extent one or more units are damaged assessments shall be made against all of the unit owners and to the extent only one or more but less than all unit owners are responsible for said repair or reconstruction then said unit owner or unit owners shall pay for said repair or reconstruction. If after

repair and reconstruction is completed there is a surplus of funds, such funds shall be common funds of the Association to be used as directed by the Board of Directors.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed.

(d) Encroachments. Encroachments upon or in favor of units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the unit owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Condominium was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

(e) Construction Fund. The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from assessments against unit owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section.

(f) Method of Disbursement. The construction fund shall be paid by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the buildings as are designated by the Board of Directors.

(g) Insurance Deductibles. If maintenance is required as a result of an insured loss, the amount of the deductible shall be considered a maintenance expense to be paid by the person or persons who would be responsible for such repair in the absence of insurance. If the loss affects more than one unit or a unit and the Common Elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in accordance with the total cost of repair.

Section 4. Architectural Standards. No owner, occupant, lessee or lessor, or any other person may make any exterior change, alteration or construction, nor erect, place, or post any sign, object, light, or thing on the exterior of the buildings or in or on any other Common Element, nor remove the blinds from any window of a unit without first obtaining the written approval of the Board of Directors or its delegate. As used in the preceding sentence the term "exterior change" includes, but is not limited to, repainting exterior doors, walls or other

52

surfaces, if such repainting changes the color of any exterior surface. Application shall be in writing and shall provide such information as the Board of Directors may reasonably require. In the event that the Board of Directors or its delegate fail to approve or to disapprove such application within sixty (60) days after it shall have been submitted, its approval will not be required and this Section 4 will be deemed complied with.

ARTICLE VIII

ASSESSMENTS

Section 1. Purpose of Assessment. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the owners and occupants of units in the Condominium as may be more specifically authorized from time to time by the Board of Directors. Assessments may be used to compensate officers and Directors only if approved by a majority vote of the Association.

Section 2. Creation of the Lien and Personal Obligation of Assessments. Each owner of any unit by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments, such assessments to be established and collected as hereinafter provided, and (3) specific assessments against any particular unit which are established pursuant to the terms of the By-Laws or the Declaration. All such assessments, together with charges, interest, costs, and reasonable attorney's fees, in the maximum amount permitted by Section 41 of the Act, shall be a charge on the unit and shall be a continuing lien upon the unit against which each assessment is made. Such amounts shall also be the personal obligation of the person who was the owner of such unit at the time the assessment became due. Each owner shall be liable for his or her portion of each assessment coming due while he or she is the owner of a unit and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided however, that any holder of a first mortgage who obtains title to a unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such unit's unpaid assessments accruing prior to the acquisition of title to such unit by said mortgagee. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors; unless otherwise provided, the assessments shall be paid in monthly installments.

33

Section 3. Acceleration. If a unit owner shall be in default in payment of an installment of an assessment, including, but not limited to, the monthly installments based on the annual budget, the Board of Directors may accelerate the remaining installments upon ten (10) days written notice to such unit owner, whereupon the entire unpaid balance of such installment shall become due upon the date stated in such notice.

Section 4. Notice to Mortgagee of Default by Unit Owners. Upon written request, the holder of a first mortgage shall be given written notice from the Board of Directors of any default by a unit owner in the performance of any obligation set forth herein or in the Declaration or other Condominium Instrument that is not cured by said unit owner within thirty (30) days after default.

Section 5. Computation of Operating Budget and Assessment. It shall be the duty of the Board of Directors not later than twenty-one (21) days prior to the Association's Annual Meeting each year to prepare a budget covering the estimated costs of operating the Condominium during the next fiscal year. The Board of Directors shall cause a copy of the budget and the assessments to be levied against each unit for that year to be delivered to each member at least twenty-one (21) days prior to said meeting. If the budget proves inadequate for any reason, including nonpayment of any assessment by any member, the Board of Directors may, at any time, levy a further assessment for the remainder of the current budget year. The budget, the assessment and any further assessments shall become effective until and unless disapproved at any annual or special meeting of the members by a vote of a majority of the total Association membership. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or any further assessments, or the Board of Directors fails for any reason to determine the budget for the succeeding fiscal year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current fiscal year shall continue for the remainder of that year and the succeeding fiscal year.

Section 6. Special Assessments. If the assessment proves inadequate for any year, for any reason, the Board of Directors may, at any time, levy a special assessment against all owners; provided, however, that prior to becoming effective, any special assessment shall be approved by the affirmative vote of two-thirds (2/3) of those present, in person or by proxy, at a special or annual meeting of the members, notice of which shall specify that purpose.

Section 7. Specific Assessment Against Specific Unit. To the extent that the Association is obligated pursuant to these By-Laws to (1) make any repairs or replacements to any part of the Property or (2) incur any cost or

expense, then, in either of said events if said repairs or replacements are made or a cost, expense or other obligation is incurred as a direct and proximate result of any willful or negligent act, omission or fault of any unit owner, the Board of Directors may levy a specific assessment against that unit owner in the amount of the cost of said repairs or replacement or cost or expense incurred by the Association.

Section 8. Lien for Assessments. The Association shall have full and complete lien rights as provided or permitted by Section 41 of the Act, and the lien shall specifically include the maximum costs, charges, fees and rents set out in Section 41(b) of the Act. Each holder of a first mortgage on a unit coming into possession of the unit by virtue of foreclosure of the mortgage or by deed in lieu of foreclosure or any purchaser at a foreclosure sale (except the previous owner of such unit, a relative of said owner or anyone acting on his behalf) shall take title to the unit free of any claims for unpaid assessments and charges against the unit that accrue prior to the time such holder comes into possession except for claims of a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all units.

Section 9. Capital Budget and Contribution. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board of Directors shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board of Directors and shall be included within the budget and assessment provided for in Sections 2 and 5 of this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

ARTICLE IX

USE RESTRICTIONS AND RULE MAKING

Section 1. Authority and Enforcement. The Condominium shall be used only for those uses and purposes set out in the Declaration. The Board of Directors shall have the authority to make and to enforce reasonable rules and regulations governing the conduct, use, and enjoyment of units and the Common Elements, provided that copies of all such rules and regulation be furnished to all owners. The Board of Directors shall have the power to impose reasonable fines which shall constitute a lien upon the Property and to suspend an owner's right to vote and use the Common Elements

for violation of any duty imposed under the Declaration, these By-Laws or any rules and regulations duly adopted by the Board of Directors or Association, provided, however, the Board and the Association shall not prohibit or restrict the use of the Common Elements for ingress and egress to and from the units.

Section 2. Procedure. The Board of Directors shall not impose a fine, suspend voting, or infringe upon any other rights of a member or other occupant for violation of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) (A) if the violation is a continuing one, a time period, not less than ten (10) days, during which the violation may be abated without further sanction or (B) if the violation is not a continuing one, a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing.

(b) Notice. Within twelve months of such demand, if the violation continues past the period allowed in the demand for abatement notice without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice of a hearing to be held by the Board of Directors in session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf; and (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or Director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Exception. If the nature of the violation is one for which the above procedure cannot be reasonably followed before assessing the appropriate penalty, then the penalty may be first assessed and then the above notice shall be given and the unit owner shall have the same right to a hearing to contest said penalty as set forth above.

36

ARTICLE X

MISCELLANEOUS

Section 1. Notices. Unless otherwise provided in these By-Laws all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally, deposited in first class mail postage prepaid or if sent by registered or certified mail, return receipt requested, first class postage prepaid to the following address:

(a) If given to a unit owner, at the address which the unit owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the unit of such owner; or

(b) If given to the Association, the Board of Directors or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by the notice in writing to the owners pursuant to this Section.

Section 2. Severability. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors.

Section 6. Audit. An internal audit of the accounts of the Association shall be made annually in the manner determined by the Board of Directors, provided, however, that after having received a copy of the Board of Directors' audit at the annual meeting, the owners by a majority vote may require that the accounts of the Association be audited as a Common Expense by a public accountant. Upon written request of any institutional holder of a first mortgage, such holder shall be entitled to received a copy of the annual audited financial statement within 90 days after the end of each fiscal year.

Section 7. Conflicts. In the event of conflicts between the Act, Declaration and these By-Laws, the Act and the Declaration shall control in that order.

Section 8. Condemnation. In the event of a taking by condemnation or by eminent domain, the provisions of Section 6 of the Act shall prevail and govern. Each institutional holder of a first mortgage shall be entitled to written notice of any such condemnation proceedings, and nothing in these documents shall be construed to give a priority to any unit owner in the distribution of proceeds to such unit.

Section 9. Amendment. These By-Laws may be amended at an annual or special meeting of the members by the affirmative vote of members of at least two-thirds of the total votes in the Association. Notice of any meeting at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment.

Section 10. Books and Records. All members of the Association and any institutional holder of a first mortgage shall, upon written request, be entitled to inspect all books and records of the Association during normal business hours at the office of the Association or other place designated reasonably by the Board of Directors as the depository of such books and records and, upon request, any holder of a mortgage on a unit shall be entitled to receive an annual financial statement of the Association within 90 days after the end of the Association fiscal year.

Section 11. Mortgagees' Approvals. Notwithstanding any other provision herein to the contrary which requires less than two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than Declarant) to approve, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than Declarant) or whatever larger majority may be required by the Condominium Instruments, shall have given their prior written approval, the Association shall not:

(a) Change the pro rata interest or obligation of any individual condominium unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium unit in the Common Elements; or

(b) Subdivide, partition or relocate the boundaries of any unit or the Common Elements or Limited Common Elements.

(c) Materially amend the Declaration or these By-Laws.

State of Georgia



OFFICE OF SECRETARY OF STATE

I, David B. Poythress, Secretary of State of the State of Georgia, do hereby certify that the six pages of photographed printed matter hereto attached is a true and correct copy of the articles of incorporation and certificate of incorporation for "ROCKCLIFF CONDOMINIUM ASSOCIATION, INC." a corporation created under the laws of the State of Georgia, as the same appears of file and record in the office of the Secretary of State.

IN TESTIMONY WHEREOF I have hereunto set my hand and affixed the seal of my office at the Capitol the City of Atlanta this 27th day of May of the Year One Thousand Nine Hundred and One and of the Independence of the United States the Two Hundred and Five.



David B. Poythress
SECRETARY OF STATE - OFFICE OF INCORPORATION
COMMISSIONER OF THE STATE OF GEORGIA

DUPLICATE



I, David B. Puythress, Secretary of State of the State of Georgia, do hereby certify that

"ROCKCLIFF CONDOMINIUM ASSOCIATION, INC."

has been duly incorporated under the laws of the State of Georgia on the **26th** day of **May**, 19 **81**, by the filing of articles of incorporation in the office of Secretary of State and the fees therefor paid, as provided by law, and that attached hereto is a true copy of said articles of incorporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of my office, at the Capital in the State of Georgia, this **26th** day of **May**, 19 **81**, at the City of Atlanta, Georgia, the **One** and of the Independence of the United States of America the **Two Hundred and Five**.

David B. Puythress
 SECRETARY OF STATE EX OFFICIO
 COMMISSIONER OF THE STATE OF GEORGIA

ARTICLES OF INCORPORATION
OF
ROCKCLIFF CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

The name of the corporation is "Rockcliff Condominium Association, Inc."

ARTICLE II

The corporation shall have perpetual duration.

ARTICLE III

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

ARTICLE IV

The purpose of the corporation is to exercise the powers of the Association of Rockcliff Condominium as set forth in the Georgia Condominium Act and in the condominium instruments. The terms defined in Section 3 of the Georgia Condominium Act shall be deemed to have the meaning therein specified wherever they appear herein unless the context otherwise requires.

ARTICLE V

The corporation shall have the powers set forth in the Georgia Nonprofit Corporation Code.

RECEIVED
27 MAR 1961
SECRETARY OF STATE

41

ARTICLE VI

Each unit owner shall automatically be a member of the corporation during his ownership of his condominium unit.

ARTICLE VII

The members shall have the voting rights set forth in the Georgia Condominium Act, the condominium instruments and the bylaws.

ARTICLE VIII

The affairs of the corporation shall be managed by a Board of Directors elected by the members having voting rights, as further provided in the Georgia Condominium Act, the condominium instruments and the bylaws, subject to any right of declarant to appoint and remove directors provided for in the condominium instruments pursuant to Section 33 of the Georgia Condominium Act.

ARTICLE IX

The initial registered office of the corporation is at Morris & Manning, 230 Peachtree Street, N.E., Atlanta, Georgia 30303. The initial registered agent of the corporation shall be James S. Altenbach.

ARTICLE X

The initial Board of Directors shall consist of three (3) individuals, whose names and addresses are:

42
Bryan D. Vaughn
912 First National Bank Building
315 West Ponce De Leon Avenue
Decatur, Georgia 30030


Daniel B. Patillo
912 First National Bank Building
315 West Ponce De Leon Avenue
Decatur, Georgia 30030

John R. Vaughn
912 First National Bank Building
315 West Ponce De Leon Avenue
Decatur, Georgia 30030

ARTICLE XI

The name and address of the incorporator is
James S. Altenbach, Morris & Manning, 230 Peachtree
Street, Suite 2150, Atlanta, Georgia 30303.

IN WITNESS WHEREOF, the undersigned executes
these Articles of Incorporation.


Incorporator

43

State of Georgia



OFFICE OF SECRETARY OF STATE

I, David B. Poythress, Secretary of State of the State of Georgia, do hereby certify that

based on a diligent search of the records on file in this office, I find that the name of the following proposed domestic corporation to wit

"ROCKCLIFF CONDOMINIUM ASSOCIATION, INC."

is not identical with or confusingly similar to the name of any other existing domestic or domesticated or foreign corporation registered in the records on file in this office or to the name of any other proposed domestic or domesticated, or foreign corporation as shown by a certificate of the Secretary of State heretofore issued and presently effective.

This certificate is in full force and effective for a period of 4 calendar months from date of issuance. After such period of time, this certificate is void.



In TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of my office, at the Capitol, in the City of Atlanta, this 26th day of May, in the year of our Lord One Thousand Nine Hundred and Eighty One and of the Independence of the United States of America the Two Hundred and Five.


Secretary of State, Office Corporation



Civil
Design
Inc.

6840 Roswell Road, N.E. • Suite 1-a • Atlanta, Georgia 30328 • (404) 394-8820

May 20, 1981

Louise Myar
Morris & Manning
Suite 2150
230 Peachtree St. N.W.
Atlanta, Georgia 30342

Re: Rockcliff Condominiums
Fulton County, Georgia

Dear Ms. Myar,

This letter is in response to your request for a certified report describing the present condition and expected useful life of all structural components and mechanical and electrical systems, excluding fixtures and appliances within the units, material to the use and enjoyment of the condominiums.

During a visit to the site, I made a visual inspection in these areas and will describe them to the best of my knowledge. The structure is a two-story apartment of wood and brick veneer construction and is about thirty years old. It has an expected useful life of at least thirty more years. All structural components appear in place. While there are some points of isolated settlement in the structure, there is no indication of structural instability.

Each unit is serviced by its own furnace and air conditioning unit. At the time of the inspection, these were being replaced and being permitted and inspected by the City of Atlanta. These new units should have an expected useful life of twenty years. Each unit's hot water heater at the time of this inspection were also being replaced and permitted and inspected by the City of Atlanta. These new hot water heaters should have an expected useful life of twenty years.

The individual electrical systems for each unit are 100 Amp, 3 Phase plus a separate 50 Amp services for the hot water tanks. The City of Atlanta is inspecting the electrical system due to the replacement of the furnaces, etc. The electrical system should have an expected useful life of thirty years.

I am not aware of any notice of violations of county or municipal regulations. If I can be of further service,

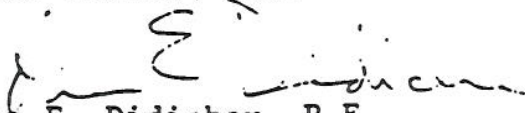
consultants in: water, land and energy resources

Louise Myar
Rockcliff Condominiums
Page 2
May 20, 1981

...
please give me a call.

Sincerely,

CIVIL DESIGN, INC.


John E. Didicher, P.E.

JED/bd

cc: Lewis Levenson

THE DECLARANT'S STATEMENT OF THE CONDITION
OF THE ROCKCLIFF CONDOMINIUM

Pursuant to §85-1643E(b)(10) of the Georgia Condominium Act, undersigned declarant makes the following statement based on the inspection report prepared by John E. Didicher, Georgia Registered Engineer, dated May 20, 1981, a copy of which is attached hereto.

1. Condition of structural components of mechanical and electrical systems. The Rockcliff Condominium buildings are two story wood and brick veneer and are approximately thirty (30) years old. Each unit is serviced by its own furnace and air conditioning unit. New furnaces and air conditioning units will be replaced and permitted and inspected by the City of Atlanta. Each unit's hot water heater will also be replaced, permitted and inspected by the City of Atlanta. The individual electrical systems for each unit are 100 AMP, 3 Phase, plus a separate 50 AMP services for the hot water tank.
2. Inspected Use For Life. Declarant makes no statement or representation concerning the expected use for life of any portions of the condominium.
3. Building Code Violations. Declarant has received no notice of any uncured building code violations or violation of any other county or municipal regulations from any government agency.
4. Reliance Except as specifically set forth herein, no representations or statements concerning the condition or expected use for life of the structural components and electrical and mechanical systems of the buildings are made by Declarant. Declarant makes no statement herein concerning any fixtures or appliances within the units of the Condominium. All representations made in this statement are made in reliance on the above-described inspection report of John E. Didicher, P.E.

LAND & PROPERTIES OF INTOWN, INC.

By: Bryan D. Vaughn Pres.
Bryan D. Vaughn, President

[Corporate Seal]

ROCKCLIFF CONDOMINIUMS

PLAN OF DEVELOPMENT
OR
STATEMENT OF IMPROVEMENTS

The declarant herein states that declarant has no additional property to become a part of this condominium nor does declarant have any plans or commitments to build or submit additional units, additional recreation or other facilities or other property.