

BK 126095 PG 02721

BK 29120 PG 478

LR - Agreement Recording Fee 20.00
Grantor/Grantee Name: wilsons grove
Reference/Control #: LR - Agreement Surcharge 40.00
LR - Additional Recording Fee - linked 55.00
===== SubTotal: 115.00
===== Total: 665.50
#1537964-5 05/06/2013 11:09 CC02-ME
#1537964 CC0501 - Anne Arundel County/CC05.01.08 - Register #8 14

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
WILSON'S GROVE HOMEOWNERS ASSOCIATION, INC.

LR - Covenant Recording Fee 75.00
Declarant Name: wilsons grove homeowners assoc inc
Reference/Control #: LR - Covenant Surcharge 40.00
===== SubTotal: 115.00
===== Total: 146.00
12/23/2015 10:29 CC02-GC
#534621 CC0501 - Anne Arundel County/CC05.01.08 - Register #9 Declarant
By [Signature] B. Williams, Jr., Attorney

THIS INSTRUMENT IS BEING
RE-RECORDED SOLELY FOR THE
PURPOSE OF ~~ATTACHING CORRECTED~~
~~TO ADD THE LEGAL DESCRIPTIONS~~
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EXHIBITS

<u>Exhibit "A"</u>	Description of Property
<u>Exhibit "B"</u>	Description of Common Area

WILSON'S GROVE HOMEOWNERS ASSOCIATION, INC.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, is made on the date hereinafter set forth by **B/A WILLIAMS, LLC**, a Maryland limited liability company, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the developer of certain real property located in the Second (2nd) Election District of Anne Arundel County, Maryland, all of which is more particularly described on the legal description attached hereto and made part hereof as Exhibit "A" (hereinafter referred to as the "Property").

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, conditions, restrictions and easements set forth in this Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with such Property and be binding on all parties having any right, title or interest in all or any portion of the Property, and any other real property annexed within the jurisdiction of the Association in accordance with Article 2 hereof, their heirs, personal representatives, successors, transferees and assigns, and which shall inure to the benefit of each Owner thereof.

ARTICLE 1
DEFINITIONS

Section 1.1. "*Annual Assessment*" shall mean and refer to the assessment levied against all Living Units within the Property on an annual basis to fund the Common Expenses, not including Special Assessments or Limited Common Expense Assessments.

Section 1.2. "*Assessments*" shall mean and refer collectively to any Annual Assessment, Special Assessment, Limited Common Expense Assessment, and all other fees and charges, including all installments thereof, as may be levied by the Association in accordance with this Declaration.

Section 1.3. "*Association*" shall mean and refer to Wilson's Grove Homeowners Association, Inc., a nonstock Maryland corporation, its successors and assigns.

Section 1.4. "*Board of Directors*" or "*Board*" shall mean and refer to the Board of Directors of the Association.

Section 1.5. "*Common Area*" shall mean all real property owned, leased or maintained by the Association (including the Community Facilities and all other Common Area improvements) for the common use and enjoyment of the Owners. Notwithstanding the foregoing, in the event the Association maintains all or any portion of any Lots, such property shall not be considered Common Area. A description of the property intended to constitute the Common Areas of the Association is attached as Exhibit "B".

NO TAXES NECESSARY

5/3/13 RK

CONTROLLER
TAX DIVISION

Section 1.6. “*Common Expenses*” shall mean and refer to the actual and estimated expenses of operating the Association, including, without limitation, a reasonable reserve and expenses for the maintenance of the Common Area in accordance with Article 9 hereof, all as may be found to be necessary or appropriate by the Board of Directors of the Association pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.7. “*Community Facilities*” shall mean and refer to any and all improvements and facilities as may be located upon the Common Area including, without limitation, any recreational facilities, private streets, parking areas, sidewalks, pathways, trails and walkways, if any, which are operated and maintained by the Association for the use and enjoyment of the Owners.

Section 1.8. “*Community Systems*” shall mean and refer to any and all cable television, telecommunication, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials, and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant or pursuant to any grant of easement or authority by Declarant within the Property.

Section 1.9. “*Community-Wide Standard*” shall mean the standard of conduct, maintenance or other activity generally prevailing in the Project. Such standard may be more specifically” determined and set forth by the Board of Directors.

Section 1.10. “*County*” shall mean and refer to Anne Arundel County, Maryland, and its agencies and authorities.

Section 1.11. “*Covenant Committee*” shall mean and refer to either (1) the committee composed of three (3) or more representatives appointed by the Board of Directors of the Association in accordance with Article 6 hereof; or alternatively (2) the third party consultant appointed by the Board of Directors in accordance with Article 6 hereof. In the event that the Board of Directors shall have failed to appoint a Covenant Committee, or in the event of the Committee’s absence, resignation or inability or refusal to act, the Board of Directors shall have the power and authority of the Covenant Committee and shall otherwise exercise and discharge the committee’s duties under this Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations of the Association.

Section 1.12. “*Declarant*” shall mean and refer to B/A WILLIAMS, LLC, a Maryland limited liability company, and its successors and assigns if such successors or assigns should acquire more than one “undeveloped Lot” from the Declarant for the purpose of development, but only to the extent that all or any portion of the rights, reservations, easements, interests, exemptions, privileges and/or powers of the Declarant are specifically assigned or transferred to any such successors or assigns by an instrument in writing. The term “undeveloped Lot” as used herein shall mean and refer to any subdivided lot of record within the Property prior to substantial completion of a residential dwelling unit on such lot, which shall be deemed to occur no later than the first issuance of a final inspection and/or a certificate of use and occupancy (as applicable) for the dwelling unit on such lot by the applicable governmental agencies or authorities.

Section 1.13. “***Development Period***” shall mean and refer to that period commencing on the date this Declaration is recorded among the Land Records and ending on the earlier of (a) the date that twenty (20) years after the date this Declaration is recorded among the Land Records, provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant’s control, then the aforesaid twenty (20)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less, or (b) the date that the Declarant, in its sole discretion, expressly and in writing terminates the Development Period. Notwithstanding the foregoing, the Declarant may, in its sole discretion at any time and from time to time, expressly and in writing, terminate some but less than all of the Declarant’s rights that may be exercised by the Declarant under this Declaration during the Development Period.

Section 1.14. “***Development Plan***” shall mean and refer collectively to all project plans, preliminary plans, site plans, subdivision plats and/or other regulatory plans, as amended, for the Project as may have been or shall be reviewed and approved by the Anne Arundel County Office of Planning and Zoning, including all amendments, modifications, extensions and supplements thereof as may be made from time to time.

Section 1.15. “***Eligible Mortgage Holder***” shall mean a holder, insurer or guarantor of a First Mortgage on a Living Unit who has submitted a written request for notice from the Association of amendments to the Association documents or other significant matters, which would affect the interests of the mortgagee.

Section 1.16. “***Exterior Landscape & Sidewalk Area***” shall mean and refer to any portion of the yard areas within the Lots, and which may include the front, side and/or rear yard areas (if applicable) adjacent to any building located within such Lots, that contains grass, shrubs, bushes, trees or other planted material and/or sidewalks; provided, however, that any portion of such Lots which is enclosed by a wall, fence or other obstruction and which is not readily accessible to the Association, as determined by the Board of Directors of the Association in its sole discretion, shall not be considered to be part of the Exterior Landscape & Sidewalk Area. Any provision hereof to the contrary notwithstanding, the Exterior Landscape & Sidewalk Area shall not be deemed to include any portion of the buildings located within the Lots, including, without limitation, the structural components of such buildings.

Section 1.17. “***Governing Documents***” shall mean and refer collectively to this Declaration, the Bylaws, the Articles of Incorporation, and the rules and regulations of the Association, as the same may be amended from time to time.

Section 1.18. “***Land Records***” shall mean and refer to the Land Records of Anne Arundel County, Maryland.

Section 1.19. “***Limited Common Expense Assessment***” shall mean and refer to any assessment for Limited Common Expenses, if any, as may be levied by the Association against any two (2) or more, but less than all, of the Living Units within the Property in accordance with Section 5.6 of this Declaration.

Section 1.20. “*Limited Common Expenses*” shall mean and refer to that portion of the Common Expenses, if any, as may be determined by the Board of Directors, in its sole discretion, to relate to services which primarily serve and/or benefit any two (2) or more, but less than all, of the Living Units within the Property. For example, Limited Common Expenses may include, without limitation, the actual and estimated expenses associated with the maintenance, repair and replacement of any private streets, parking areas, sidewalks, trails and pathways, if any, that primarily serve and/or benefit any two (2) or more, but less than all, of the Living Units within the Property.

Section 1.21. “*Living Unit*” shall mean and refer to any portion of the Property, which contains or is intended to contain a dwelling unit designed for use and occupancy by a single household. The term Living Unit shall include, without limitation, single-family attached and semi-attached dwelling units, and single-family detached dwelling units, but shall not include Common Area or outlots of property dedicated for public use. No Living Unit shall be counted twice in any situation where it may fall within more than one of the foregoing descriptions.

Section 1.22. “*Lot*” shall mean and refer to any plot of land designated as a separate subdivided lot of record upon any recorded subdivision plat of the Property upon which the planned or actual improvements are primarily intended for use and occupancy as a residential dwelling unit.

Section 1.23. “*Member*” shall mean and refer to every person, group of persons, corporation, partnership, trust, or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 1.24. “*Mortgagee*” shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Living Units. “Mortgage”, as used herein, shall include deeds of trust. “First Mortgage”, as used herein, shall mean a mortgage with priority over all other mortgages. As used in this Declaration, the term “mortgagee” shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term “institutional mortgagee” or “institutional holder” shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association (“FNMA”), Government National Mortgage Association (“GNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Living Unit. In the event any mortgage is insured by the Federal Housing Administration (“FHA”) or guaranteed by the Department of Veterans Affairs (“VA”), then as to such mortgage the expressions “mortgagee” and “institutional mortgagee” include the FHA or the VA as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Secretary of Veterans Affairs or through other duly authorized agents.

Section 1.25. “*Owner*” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Living Unit which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.26. “*Owner’s Yard Area*” shall be defined as set forth in Section 9.3 of this Declaration.

Section 1.27. “*Participating Builder Assessment*” shall be defined as set forth in Section 5.7 of this Declaration.

Section 1.28. “*Participating Builder*” shall mean and refer to any person or entity, other than the Declarant, that acquires one or more undeveloped Lots for the purpose of constructing Living Units on such Lots for sale or lease to others.

Section 1.29. “*Project*” as used in this Declaration shall refer to the Property.

Section 1.30. “*Property*” shall mean and refer to that certain real property described on Exhibit “A” hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to Article 2 of this Declaration.

Section 1.31. “*Special Assessment*” shall mean and refer to any assessment levied by the Association in accordance with Section 5.4 of this Declaration.

Section 1.32. “*Supplementary Declaration*” shall mean and refer to any written instrument made by the Declarant, or such other parties as may be expressly authorized to do so pursuant to this Declaration, (i) for purposes of annexing property within the jurisdiction of the Association pursuant to Section 2.2 hereof, (ii) for purposes of deannexing property from within the jurisdiction of the Association pursuant to Section 2.3 hereof, (iii) for such other purposes as may be identified in, or contemplated by, this Declaration, and/or (iv) for such other purposes as may be deemed necessary or desirable by the Declarant, in its sole discretion, in connection with its implementation of the Development Plan.

ARTICLE 2 **DECLARANT’S RIGHT TO SUBJECT PROPERTY TO DECLARATION**

Section 2.1. **Property Subject to this Declaration.** The real property which is and shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in Anne Arundel County, State of Maryland, and is more particularly described on Exhibit “A” attached hereto and by this reference made a part hereof.

Section 2.2. **Annexations.** In addition to the Property, any real property shown on the Development Plan, and any real property contiguous to or in the vicinity of the Property or the real property shown on the Development Plan, may be annexed within the jurisdiction of the Association by the Declarant without the consent of the Class A Members of the Association, if any, for a period of twenty (20) years from the date of recordation of this Declaration by the Declarant; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant’s control, then the aforesaid twenty (20)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. The scheme of this Declaration shall not, however, be extended to include any such real property unless and until the same is annexed within the jurisdiction of the

Association by the recordation of a Supplementary Declaration as provided in this Section. Except as otherwise provided above with respect to annexations of real property by the Declarant, annexations of real property within the jurisdiction of the Association shall require the consent of Members entitled to cast not less than sixty-seven percent (67%) of the votes of each class of Members present, in person or by proxy, and voting at any meeting of the Association, and the Declarant during the Development Period.

Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration among the Land Records, which Supplementary Declaration shall extend the scheme of this Declaration to such annexed property. Any Supplementary Declaration made pursuant to the provisions of this Article, or otherwise, may contain such complementary or supplemental additions and modifications to the covenants, conditions, restrictions and easements set forth in this Declaration as may be considered necessary by the maker of such Supplementary Declaration to reflect the different character or use, if any, of the annexed property, including, without limitation, a partial or complete waiver of all or any portion of such covenants, conditions, restrictions and/or easements with respect to the annexed property. Every Owner of a Living Unit in property to be annexed as provided herein shall have an easement of enjoyment in and to the Common Area and Community Facilities, and such other rights of use as are provided in Article 3 herein.

Section 2.3. Deannexation. The Declarant may deannex any property annexed within the jurisdiction of the Association for a period of twenty (20) years from the date of recordation of this Declaration; provided, however, that (i) the Declarant is the Owner of such property at the time of deannexation, or (ii) if the Declarant is not the Owner of such property, the Declarant deannexes such property with the written consent of the Owner thereof; provided, further, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. Such deannexed property shall no longer be subject to the covenants, conditions, restrictions and easements of this Declaration except for (i) any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant pursuant to this Declaration which affect the deannexed property and (ii) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Declarant in the instrument effectuating such deannexation. Such deannexation shall be made by recording a Supplementary Declaration among the Land Records, withdrawing the effect of the covenants, conditions, restrictions and easements of this Declaration from the deannexed property. Such deannexed property may be utilized by the Declarant, or any successor, assign or transferee thereof, for any lawful purpose or use.

ARTICLE 3 **PROPERTY RIGHTS**

Section 3.1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area and Community Facilities, including, without limitation, an easement for the use and enjoyment of the private streets, parking areas, sidewalks, pathways, trails and walkways, if any, within the Common Area, which shall be

appurtenant to and shall pass with the title to every Living Unit, subject to the following provisions:

- (a) the right of the Association to charge reasonable and uniform admission and other fees for the use of the Common Area and Community Facilities;
- (b) the right of the Association to suspend an Owner's voting rights and right to use the Common Area and/or Community Facilities (i) for any period during which any Assessment against such Owner's Living Unit remains unpaid, and (ii) after notice and an opportunity for a hearing, for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; provided, however, that the obligation of such Owner to pay Assessments shall continue unabated during such period of suspension of voting rights or right to utilize the Common Area and/or Community Facilities;
- (c) the right of the Association to dedicate, sell or transfer all or any part of the Common Area and/or Community Facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board of Directors of the Association. No such dedication, sale or transfer shall be effective without the consent of two-thirds (2/3) of each class of Members and fifty-one percent (51%) of the Eligible Mortgage Holders, and unless the Anne Arundel County Office of Planning and Zoning or its, or its successors or assigns, has given its prior written approval thereof, which approval shall not be unreasonably delayed or denied; provided, however, that the foregoing approvals shall not be applicable with respect to the dedication, sale or transfer of all or any portion of the Common Area (which shall be deemed to include, without limitation, the grant of any easement or right-of-way) if such dedication, sale or transfer is required to satisfy requirements imposed by, or in connection with, the Development Plan or any record plat or other regulatory approval associated with the Property, and the Association is hereby authorized and required to promptly make any and all such dedications, sales or transfers;
- (d) the right of the Association to limit the number of guests of Owners utilizing the Common Area and Community Facilities;
- (e) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and Community Facilities;
- (f) the right of the Association to provide for the exclusive use by specified Owners of certain designated parking spaces within the Common Area, if any;
- (g) the right of the Association, the Declarant, utility companies and other Owners with respect to the easements established by this Declaration;
- (h) the right of the Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of two-thirds (2/3) of each class of Members, to borrow money for the purpose of improving the Common Area and Community Facilities in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Common Area and Community Facilities;

(i) the right of the Association to take such steps as are reasonably necessary to protect the property of the Association against mortgage default and foreclosures; provided, however, that the same are in conformity with the other provisions of this Declaration;

(j) the right of the Declarant, as more fully set forth in Section 8.1 of this Declaration, to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Common Area and Community Facilities as it deems appropriate in connection with the development of the Project;

(k) the right of the Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use of the Common Area and Community Facilities to persons or entities that are not Members of the Association for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate or in the best interest of the Association or the Property;

(l) the right of the Association to be the lessee of any portion or all of the Common Area and the right of the Association to enforce the terms of the lease with respect to such Common Area against such property and the Owners and their guests, lessees and invitees; and

(m) the right of the Association, acting by and through its Board of Directors, to transfer or convey portions of the Common Area for purposes of adjusting the boundary lines of one or more Lots and/or the Common Area; provided, however, that such transfer or conveyance has been approved, as necessary, by applicable local governmental authorities or agencies, or is otherwise in conformance with applicable law, local zoning ordinances, governmental guidelines, or restrictions.

Section 3.2. Limitations.

(a) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any Member of the Association to use any private streets and roadways located upon the Common Area for both vehicular and pedestrian ingress and egress to and from such Member's Living Unit and for parking.

(b) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any Member of the Association to use the Common Area for necessary, ordinary and reasonable vehicular and pedestrian ingress and egress to and from such Owner's Living Unit, or to suspend any easement over the Common Area for storm water drainage, electrical energy, water, sanitary sewer, natural gas, CATV or similar service, telephone service or similar utilities and services to the Living Units. The Common Area will be available for the type of active and passive recreational and open space uses contemplated in the Anne Arundel County Planning Board's regulatory approvals. After substantial completion of the Common Area, all Owners shall have the right to access and make reasonable use of the Common Area both before and after they are conveyed to the Association, with the exception of those areas as may be reasonably and necessarily restricted for access because of construction activities or temporary safety reasons.

Section 3.3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws and rules and regulations of the Association, such Owner's right of enjoyment to the Common Area and Community Facilities to the members of such Owner's family, such Owner's tenants, social invitees, or contract purchasers who reside within the Property.

ARTICLE 4 **MEMBERSHIP AND VOTING RIGHTS**

Section 4.1. Membership. Every Owner of a Living Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Living Unit.

Section 4.2. Voting Rights. The Association shall have two (2) classes of voting membership, Class A and Class B:

Class A. With the exception of the Declarant (until expiration of the Class B memberships as provided below), every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Living Unit which is part of the Property (including any Participating Builder) shall be a Class A Member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. When more than one (1) person or entity are the Owners of any Living Unit, all such persons and entities shall be Class A Members. Each Living Unit shall entitle the Owner or Owners of such Living Unit to cast one (1) vote in the affairs of the Association. The vote for each Living Unit shall be exercised as the Owner or Owners of such Living Unit determine, but in no event shall more than one (1) vote be cast with respect to any Living Unit owned by a Class A Member. Any Class A Member who leases his or her Living Unit may, in the lease or other written instrument, assign the voting right appurtenant to that Living Unit to the lessee, provided that a copy of such instrument is furnished to the Association.

Class B. There shall initially be five hundred forty six (546) Class B memberships in the Association. This number shall be increased by three (3) memberships for each Living Unit which is annexed within the jurisdiction of the Association in accordance with Section 2.2 of this Declaration in excess of one hundred eighty two (182) Living Units (which increase may be confirmed in a Supplementary Declaration recorded by the Declarant among the Land Records), and shall be decreased by three (3) memberships for each Living Unit conveyed to a Class A Member (excluding any Living Units conveyed to or owned by any Participating Builder). The Class B Member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from the Declarant.

The Class B Members shall be entitled to one (1) vote for each Class B membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) sixty (60) days following the date on which seventy five percent (75%) of the total number of Lots intended, from time to time, by the Declarant to be annexed within the Association pursuant to the Development Plan, as may be supplemented and/or amended from time to time, have been conveyed to Owners other than the Declarant or a successor Declarant or any Participating Builder; or

(ii) twenty (20) years from the date of recordation of this Declaration by the Declarant; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or

(iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B memberships as provided for in this Article, the Declarant shall thereafter become a Class A Member of the Association as to each and every Living Unit in which the Declarant then holds the interest otherwise required for such membership.

ARTICLE 5 **COVENANT FOR MAINTENANCE ASSESSMENTS**

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. There are hereby created Assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article 5. Each Owner of any Living 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: Annual Assessments, Special Assessments, Limited Common Expense Assessments and all other Assessments as may be levied by the Association in accordance with this Declaration. The Assessments, together with interest, costs, late fees and reasonable attorneys' fees, shall be a charge on the Living Unit (including all improvements therein), and shall be a continuing lien upon the property against which each such Assessment is made, provided the requirements of the Maryland Contract Lien Act, if applicable, have been fulfilled. Each such Assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Living Unit at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to a prior Owner's successors in title unless expressly assumed by such successors.

Section 5.2. Purpose of Assessments.

(a) The Assessments levied by the Association shall be used exclusively to promote the recreation, health and welfare of the residents in the Property and for the improvement, maintenance, repair and replacement of the Common Area and Community Facilities, the maintenance, repair and replacement of any rights-of-way, median strips, signage, entry strips and entrance features or improvements that serve and/or benefit the Association, the

maintenance, repair and replacement of the Exterior Landscape & Sidewalk Area (to the extent that the Association elects to perform such maintenance, repair and replacement), the payment of real estate taxes, assessments and utility services for the Common Area, management fees, administration expenses, insurance and all other costs and expenses incurred by the Association in the proper conduct of its activities, including, without limitation, reserves for replacements or contingencies, and charges accruing under any cross-easement or other agreement (including, without limitation, any such agreement for the maintenance of any storm water management facility). The Assessments may also be used for the maintenance, repair and replacement of any property or facilities serving or appurtenant to the Property which the Association is obligated or elects to maintain whether or not such property or facilities are owned by the Association or are located within the Property (including, without limitation, any property or facilities which the Association is authorized to maintain pursuant to this Declaration).

(b) The Assessments levied by the Association shall also be used for maintenance, repair and replacement (including reserves) of any and all storm water management facilities, including, without limitation, drainage pipes, infiltration trenches, ponds, basins, swales, berms, out-flow control devices, drainage areas, filters, inlets, oil/grit separators and underground facilities, if any, whether such storm water management facilities are located within the Property or not, as long as such storm water management facilities are designed to benefit or serve any portion of the Property, or are required or intended to be maintained by the Association pursuant to any easement, agreement or the direction of any governmental authority or agency. The Association shall not refuse to accept the conveyance of any such facilities from the Declarant. Such storm water management facilities may also benefit property not within the jurisdiction of the Association and the maintenance of such facilities may be set forth in a cross-easement or other agreement, in which event the Association shall maintain the facilities pursuant to such agreement.

Section 5.3. Annual Assessments; Budgets. Until January 1 of the year immediately following the first conveyance of a Living Unit to a Class A Member (not including any Participating Builder), Assessments shall be imposed in amounts established by the Declarant in its sole discretion. Thereafter, the Board of Directors shall from time to time set the Assessments in amounts sufficient to meet the Common Expenses of the Association. Without limiting the generality of the foregoing, the Association shall, at all times, levy and collect Assessments in sufficient amounts to (i) maintain the Common Area and Community Facilities in accordance with sound property management standards, and (ii) establish necessary reserves for the future repair and replacement of any capital improvements within the Common Area. The Board of Directors shall determine the amount of the Assessments before the beginning of each fiscal year in connection with preparation of the Association's annual budget, and may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of Annual Assessments may be levied and collected on a monthly, quarterly, semi-annual or annual basis. Any Class A Member may prepay one or more installments of any Annual Assessment levied by the Association without premium or penalty.

The Board of Directors shall cause a copy of the budget, and the amount of the Assessments to be levied against each Living Unit for the following year, to be delivered to each Owner at least thirty (30) days prior to the commencement date of the new Assessments. The budget shall include the estimated costs of operating the Association during the coming year and

shall also include an amount sufficient to establish and maintain a reserve fund in accordance with a reserve fund budget separately prepared by the Board of Directors pursuant to Section 5.11 hereof. The budget shall be approved by majority vote of the Board of Directors at an open meeting of the Members, and by the Declarant during the Development Period; provided, however, that (after termination of the Development Period) any budget under consideration by the Board pursuant to this Section 5.3 that (i) would result in an increase in the Common Expenses of the Association in excess of fifteen percent (15%) of the budgeted amount for Common Expenses set forth in the budget for the immediately preceding fiscal year, or (ii) would result in an increase in the Annual Assessments and/or Limited Common Expense Assessments payable by the Members in excess of fifteen percent (15%) of the budgeted amount for Annual Assessments and/or Limited Common Expense Assessments set forth in the budget for the immediately preceding fiscal year, shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of each class of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose; provided, further, that any increase in Common Expenses, Annual Assessments and/or Limited Common Expense Assessments that results from any of the following may be approved by the Board of Directors without approval of the Members: (i) increases in real estate taxes and utility charges applicable to the Common Area; (ii) increases in insurance premiums and/or deductibles under insurance policies maintained by the Association in accordance with this Declaration; (iii) increases in federal, state and/or local income taxes; (iv) increases in charges due under any management agreement with the Association's management agent; (v) increases in charges due under any service contracts entered by the Association for the provision of landscaping, trash removal, snow removal, and/or Common Area maintenance; (vi) charges imposed upon the Association by any governmental agency or authority with jurisdiction over the Property; (vii) the amount by which the Association has incurred or anticipates incurring increased operating expenses by reason of the completion, annexation, or addition of any Common Area and/or Community Facilities; and (viii) any cost or expense incurred by the Association that results from acts of God, fire, earthquake, storm, flood, explosion or other natural catastrophes.

Subject to the foregoing, all budgets approved by the Board shall become effective unless a special meeting of the Association is duly held and at such special meeting the budget is disapproved by a vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of each class of Members present, in person or by proxy, and voting at such meeting. Notwithstanding the foregoing, however, in the event that the membership disapproves the budget or the Board of Directors fails for any reason to determine the budget for any fiscal year of the Association, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding fiscal year shall continue for the succeeding fiscal year.

The Declarant may establish a working capital fund for the initial and ongoing operation of the Association. Such working capital fund may be funded by a one-time assessment imposed against each Living Unit in an amount to be determined by the Declarant, in its sole discretion, not to exceed three (3) times the monthly Assessment applicable to such Living Unit, and shall be payable, if established, by the Declarant's or applicable Participating Builder's grantee (as determined by the Declarant in its sole discretion) upon the earlier of settlement or occupancy of the completed Living Unit.

The Declarant shall have the right, in its sole discretion and from time to time, to contribute to the revenues of the Association. At the option of the Declarant, such contribution may be reflected on the books and records of the Association as a loan, in which event it shall be repaid by the Association to the Declarant at the discretion of the Declarant. If treated as a loan, the contribution shall accrue interest, compounded monthly, from the date it is made until the date of its repayment, at the short term Applicable Federal Rate ("AFR"), as published by the Internal Revenue Service, and adjusted monthly to reflect the AFR for such month.

Section 5.4. Special Assessments; Budget Amendments.

(a) In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment or Special Assessments applicable to that year only for such purposes as the Board of Directors may deem appropriate, including, without limitation, for purposes of funding, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement located upon the Common Area, including fixtures and personal property related thereto, and to meet unforeseen or special expenditures as well as any budget deficit. All Special Assessments shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of each class of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose, and by the Declarant during the Development Period.

(b) The Association may levy a Special Assessment against any Owner to reimburse the Association for costs incurred in bringing any Owner and his or her Living Unit into compliance with the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association. Any such Special Assessment may be levied upon approval by majority vote of the Board of Directors, after notice to the Owner and an opportunity for a hearing before the Board of Directors, and with the approval of the Declarant during the Development Period.

(c) Any amendment to a previously approved budget shall be approved by majority vote of the Board of Directors, and by the Declarant during the Development Period; provided, however, that (after termination of the Development Period) any amendment to a budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof that (i) would result in an increase in the Common Expenses of the Association in excess of fifteen percent (15%) of the budgeted amount for Common Expenses set forth in the budget for the immediately preceding fiscal year (including any increase in Common Expenses adopted in the budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof), or (ii) would result in an increase in the Annual Assessments and/or Limited Common Expense Assessments payable by the Members in excess of fifteen percent (15%) of the budgeted amount for Annual Assessments and/or Limited Common Expense Assessments set forth in the budget for the immediately preceding fiscal year (including any increase in Annual Assessments and/or Limited Common Expense Assessments adopted in the budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof), shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of each class of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose; provided, further, that any increase in Common Expenses, Annual Assessments and/or Limited Common Expense Assessments that results from

any of the following may be approved by the Board of Directors without approval of the Members: (i) increases in real estate taxes and utility charges applicable to the Common Area; (ii) increases in insurance premiums and/or deductibles under insurance policies maintained by the Association in accordance with this Declaration; (iii) increases in federal, state and/or local income taxes; (iv) increases in charges due under any management agreement with the Association's management agent; (v) increases in charges due under any service contracts entered by the Association for the provision of landscaping, trash removal, snow removal, and/or Common Area maintenance; (vi) charges imposed upon the Association by any governmental agency or authority with jurisdiction over the Property; (vii) the amount by which the Association has incurred or anticipates incurring increased operating expenses by reason of the completion, annexation, or addition of any Common Area and/or Community Facilities; and (viii) any cost or expense incurred by the Association that results from acts of God, fire, earthquake, storm, flood, explosion or other natural catastrophes.

Section 5.5. Notice and Quorum. Written notice of any meeting called for the purpose of establishing a Special Assessment in accordance with Section 5.4(a) hereof, or a budget amendment in accordance with Section 5.4(c) hereof, shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.6. Annual Assessments; Limited Common Expense Assessments.

(a) The Board of Directors shall establish Annual Assessment rates based on actual costs incurred by the Association relating to the operation and maintenance of the Property, as determined by the Board of Directors in its sole discretion. Except as otherwise provided in this Declaration, Annual Assessments must be fixed at a uniform rate for all Living Units.

(b) In addition to Annual Assessments, the Board of Directors may establish Limited Common Expense Assessments against any two (2) or more, but less than all, of the Living Units within the Property; provided, however, that all Living Units that are of the same type, and that receive similar services from the Association, shall pay the same Limited Common Expense Assessment for such services. The Board of Directors shall determine the amount of any Limited Common Expense Assessment annually in connection with preparation of the annual budget, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of the Limited Common Expense Assessments may be levied and collected on a monthly, quarterly, semi-annual or annual basis. Any Class A Member may prepay one or more installments of any Limited Common Expense Assessment levied by the Association without premium or penalty.

(c) In the event that the actions or activities of any Owner causes or results in increased expenses for the Association, the Board of Directors may assess such increase in

expenses against the Owner and such Owner's Living Unit, after notice to such Owner and an opportunity for a hearing. For example, and for purposes of illustration only, the Board of Directors may assess the amount of any insurance deductible paid by the Association against any Owner and such Owner's Living Unit if the Association is required to pay such deductible as a result of the misuse or neglect of the Owner. Such Assessment shall be a lien against the Owner's Living Unit and shall be payable and collectible in the same manner as any other Assessments required to be paid to the Association; provided, however, that neither the Declarant or any Participating Builder shall be subject to any Assessment based on this Section 5.6(c).

Section 5.7. Assessment of Declarant and Participating Builders.

(a) Any provision of the Governing Documents to the contrary notwithstanding, Lots and/or Living Units owned by the Declarant shall not at any time be subject to any Assessments levied by the Association, and the Declarant shall have no obligation whatsoever to pay any such Assessments. Lots and/or Living Units formerly owned by the Declarant shall cease to be exempt from such Assessments commencing upon transfer or conveyance of any such Lots and/or Living Units from the Declarant to any other Owner.

(b) Except to the extent provided otherwise in this Section 5.7(b), Lots and/or Living Units owned by the Participating Builders shall not at any time be subject to any Assessments levied by the Association, and the Participating Builders shall have no obligation to pay any such Assessments. Each Participating Builder shall pay to the Association a per Lot assessment upon transfer or conveyance of each Lot from the Declarant to such Participating Builder (the "Participating Builder Assessment") equal to twenty percent (20%) of the full annual amount of the then applicable Annual Assessment and Limited Common Expense Assessment per Lot (based upon the Living Unit type planned to be constructed upon such Lot). Further, the Participating Builders shall be solely responsible for all costs and expenses associated with the maintenance and repair of the Living Units and other structures located upon the Lots owned by the Participating Builders. Any Lot and/or Living Unit owned by a Participating Builder shall be subject to the full amount of all Assessments levied by the Association commencing upon the earlier of (i) the transfer or conveyance of such Lot and/or Living Unit to an Owner other than the Declarant or a Participating Builder, (ii) the day upon which the Living Unit located upon such Lot is first occupied and/or used for residential purposes, whether pursuant to a lease of such dwelling unit or structure, or otherwise, by any person or entity other than the Declarant, including, without limitation, by any Participating Builder, or (iii) the date which is two (2) years after the date that such Lot has been transferred or conveyed from the Declarant to such Participating Builder. All amounts required to be paid by the Participating Builders hereunder shall be payable and collectible in the same manner as any other Assessments required to be paid to the Association.

Section 5.8. Date of Commencement of Annual Assessments; Due Dates. Unless an earlier commencement date is established by the Board of Directors, the Annual Assessments provided for herein shall commence as to all Living Units simultaneously with the conveyance of the first Living Unit to a Class A Member (not including any Participating Builder). The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall make reasonable efforts to fix the amount of the

Annual Assessment against each Living Unit at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Living Unit have been paid. A properly executed certificate of the Association with the status of Assessments on the Living Units shall be binding on the Association as of the date of its issuance.

Section 5.9. Effect of Non-Payment of Assessments; Remedies of the Association.

Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the laws of the State of Maryland. The Association may also charge a reasonable late fee against any Owner (and/or such Owner's Living Unit) who is more than fifteen (15) days delinquent in the payment of any Assessment. Additionally, the entire balance of the unpaid Assessment for the remainder of the fiscal year may be accelerated at the option of the Board of Directors and be declared due, payable and collectible in the same manner as the delinquent portion of such Assessment. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Living Unit (and all improvements therein) provided the provisions of the Maryland Contract Lien Act, if applicable, are substantially fulfilled. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Living Unit. The Owner shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred in connection with the collection of Assessments if not paid when due. This Section shall not be deemed to limit or waive, and shall be without prejudice to, any and all rights, remedies, or recourses as may be available to the Association for non-payment of Assessments.

Section 5.10. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any First Mortgage or deed of trust. Sale or transfer of any Living Unit shall not affect the Assessment lien. However, the sale or transfer of any Living Unit pursuant to a mortgage or deed of trust foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer, except for liens or claims for a pro-rata share of such Assessments resulting from a pro-rata reallocation of such Assessments to all Living Units, including the mortgaged Living Unit. No sale or transfer shall relieve such Living Unit from liability for any Assessments thereafter becoming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any First Mortgage on any Living Unit (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

Section 5.11. Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of the replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset. The reserve fund budget shall establish a reserve for the substantial periodic repair and replacement of the Common Area and Community Facilities, including, without limitation, reserves for the routine inspection, maintenance and long term repair of any storm water management facilities maintained by the Association pursuant to this

Declaration. The Board of Directors shall set the required reserve fund contribution, if any, in an amount sufficient to meet the projected reserve needs of the Association, as shown on the reserve fund budget, with respect both to amount and timing by the imposition of Annual Assessments over the period of the budget. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and Assessment, as provided in Section 5.3. Such reserve fund contribution shall be payable as part of the Annual Assessment, applicable to all Living Units (except as otherwise provided with respect to Lots and/or Living Units owned by the Declarant and the Participating Builders in Section 5.7 hereof), to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all Owners. Reserves may also be maintained for operating contingencies and insurance deductibles. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget.

Section 5.12. Extraordinary Actions. Any provision of this Declaration, the Bylaws or Articles of Incorporation to the contrary notwithstanding, after termination of the Development Period, the Board of Directors shall not be authorized to take any "Extraordinary Actions" (as defined below) without the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of each class of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose. As used herein, the term "Extraordinary Actions" shall mean any and all actions taken by or on behalf of the Association, including, without limitation, commencing or maintaining any litigation, arbitration or similar proceeding, which would reasonably require the expenditure of funds in excess of ten thousand dollars (\$10,000.00) in the aggregate during any fiscal year of the Association; provided, however, that the term "Extraordinary Actions" shall not be deemed to include (i) routine Assessment collection actions under Section 5.9 of the Declaration, (ii) routine actions required to enforce the architectural controls set forth in Article 6 of the Declaration, the use restrictions set forth in Article 7 of the Declaration, or any rules and regulations of the Association adopted by the Board of Directors in accordance with Section 7.5 or 7.6 of the Declaration, or (iii) any expenditure made by the Association in accordance with any budget or budget amendment duly adopted in accordance with Article 5 of this Declaration.

ARTICLE 6 **ARCHITECTURAL CONTROL**

Section 6.1. Architectural Change Approval. No building, fence, wall, mailbox, swimming pool or other structure or improvement of any kind shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made (including, but not limited to, changes in color, changes or additions to driveways, or walkway surfaces and landscaping modifications) until complete plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, by a covenant committee composed of either: (1) a committee of three (3) or more representatives appointed by the Board of Directors of the Association; or alternatively (2) a third party consultant appointed by the Board of Directors (collectively the "Covenant Committee"). In the event said Board, or the Covenant Committee, fails to approve or disapprove any design and location within sixty (60) days after the plans and specifications for such design and location

have been submitted to it, the plans and specifications will be deemed to have been disapproved. Approval by the Covenant Committee or by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed, nor shall such approval be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions. The Board or the Covenant Committee shall have the right to charge a reasonable fee for reviewing each application in an amount not to exceed the costs actually incurred by the Board or the Covenant Committee. Any exterior addition to or change or alteration made without application having first been made and approval obtained as provided above shall be deemed to be in violation of this covenant and the addition, change or alteration may be required to be restored to the original condition at the Owner's cost and expense. In any event, no such exterior addition to or change or alteration shall be made without approvals and permits therefor having first been obtained by the Owner from the applicable public authorities or agencies. In addition, no changes, alterations or additions may be constructed which are not in compliance with local zoning ordinances, governmental guidelines or restrictions. Notwithstanding any provision of this Declaration to the contrary, the provisions of this Article 6 shall not be applicable to the Declarant or any part of the Property owned by the Declarant.

Section 6.2. Initiation and Completion of Approved Changes. Construction of alterations in accordance with plans and specifications approved by the Board of Directors or the Covenant Committee pursuant to the provisions of this Article shall be commenced within six (6) months of such approval and completed within twelve (12) months of such approval, or within such longer time period as the Board of Directors or the Covenant Committee may specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Board of Directors or the Covenant Committee without the prior consent in writing of the Board of Directors or the Covenant Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Board of Directors or the Covenant Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 6.3. Certificate of Compliance. Upon completion of any construction or alterations or other improvements or structures in accordance with plans and specifications approved by the Board of Directors or the Covenant Committee in accordance with the provisions of this Article, the Board or the Covenant Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be *prima facie* evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Board or the Covenant Committee in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 6.4. Covenant Committee Rules and Regulations; Appeal of Covenant Committee Decision. The Board of Directors or the Covenant Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards,

guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, standards, guidelines, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. The decisions of the Covenant Committee shall be final except that any Member who is aggrieved by any action or forbearance from action by the Covenant Committee may appeal the decision of the Covenant Committee to the Board of Directors and, upon the request of such Member, shall be entitled to a hearing before the Board of Directors. Two thirds (2/3) of the Board of Directors shall be required to reverse the decision of the Covenant Committee.

Section 6.5. Exterior Appearance. Except as specifically provided herein to the contrary, and without limiting the generality of this Article 6, the following shall apply to every Living Unit within the Property, unless otherwise expressly provided by the Covenant Committee or the Board of Directors:

(a) storm windows installed by any Owner or resident, provided such installation is approved by the Board of Directors or the Covenant Committee, shall be painted the same color as the window trim;

(b) the installation of any storm door(s) must receive prior approval of the Board of Directors or the Covenant Committee, including, but not limited to, the style, color and material of said storm door(s). Storm doors must be of the same design as the Living Unit, must be either full or three-quarters view clear glass and must match the front door or the trim around the front door;

(c) the color of the exterior of all Living Units, including, without limitation, garage doors, all sidings, gutters, downspouts, brick, trim, exterior wood decks, fences and gates, if any, shall not be changed or altered without the approval of the Board of Directors or the Covenant Committee; and

(d) the roof of any Living Unit shall be repaired or replaced with materials, substantially identical in construction, shingle type, texture and color as the material utilized by the Declarant in the original construction of the dwelling.

(e) Notwithstanding anything to the contrary contained in this Section 6.5, the provisions of this Section shall not apply to any Living Unit or other real property owned by the Declarant.

Section 6.6. New Construction. No new construction of a Living Unit by or on behalf of any Owner may be commenced until complete plans and specifications for such Living Unit have been approved, in writing, by the Declarant. The Declarant shall have sixty (60) days from its actual receipt of all the material which it may reasonably request from the Owner in which to approve or disapprove such plans and specifications. Failure to respond within this time frame shall be deemed automatic disapproval of the plans and specifications by the Declarant. The approval of the Declarant shall in no way be substituted in lieu of applicable governmental approvals and permits and no construction may commence until all such approvals and permits have been obtained. The Declarant's approval shall not be construed as a representation or

warranty of any type regarding the design or construction of any improvement built by or on behalf of any Owner. The Declarant may disapprove any plans and specifications (or any elements or features thereof) for any reason, in its sole discretion, and approval of any plans and specifications (or any elements or features thereof) does not constitute a waiver of the right to disapprove the same or similar plans and specifications (or any elements or features thereof) subsequently submitted for any purpose. Any provision of this Declaration to the contrary notwithstanding, the approval of the Declarant under this Section shall be the only approval required pursuant to this Declaration with respect to the initial construction of a Living Unit by or on behalf of any Owner, including, without limitation, any Participating Builder.

ARTICLE 7 **USE RESTRICTIONS**

In addition to all other covenants contained herein, the use of the Property and each Living Unit therein is subject to the following:

Section 7.1. Permitted Uses. The Living Units shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any Lot other than one used as a Living Unit. Nothing contained in this Article, or elsewhere in the Governing Documents, shall be construed to prohibit the Declarant or any Participating Builder from the use of any Lot or Living Unit, or portion thereof, for promotional or display purposes, or as "model homes", a sales and/or construction office, or for any other lawful purpose. Any provision of this Section 7.1 to the contrary notwithstanding, a "professional home office" (as defined below) may be maintained and used within a Living Unit; provided, however, that: (i) the Owner pays any increase in the rate of insurance for the Association which results from such maintenance and use; (ii) such maintenance and use is limited to persons actually residing in the Living Unit; (iii) no employees or staff other than persons actually residing in the Living Unit are utilized; (iv) such maintenance and use is in strict conformity with the provisions of any applicable zoning law, ordinance or regulation; (v) such maintenance and use does not involve any visitation of the Living Unit whatsoever by clients, customers or suppliers, or the door-to-door solicitation of the residents of the Property; (vi) such maintenance and use does not involve more than an ordinary and reasonable number of deliveries to and from the Living Unit; and (vii) such maintenance and use is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of the residents of the Property, as determined in the sole discretion of the Board of Directors. As used in this Section 7.1, the term "professional home office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects, accountants, engineers and the like, but not including medical or dental clinics, and not including the primary office of such permitted user. The use of any Living Unit as a professional home office shall not interfere with the quiet enjoyment or comfort of any other Owner, and in no event shall any Living Unit be used as a school, or as a music or dance studio. In the event that the Members vote to eliminate the prohibition on the use of a Living Unit for a "no-impact home-based business" pursuant to Section 7.2 of this Declaration, then the foregoing restrictions regarding the maintenance and use of professional home offices within the Living Units shall be superseded to the extent that such restrictions are limited or prohibited pursuant to the provisions of §11B-111.1 of the Maryland Homeowners Association Act (the "Act") regarding no-impact home-based businesses.

Section 7.2. No-Impact Home-Based Business and Family Day Care Homes.

(i) **No-Impact Home-Based Business.** The use of any Living Unit within the Property as a “no-impact home-based business”, as defined in §11B-111.1 of the Act, is prohibited. The foregoing prohibition may not be enforced unless it is approved by the affirmative vote of a majority of the total eligible votes of the Class A Members of the Association, at any regular or special meeting of the Members duly called for this purpose (not including, if applicable, the vote of the Declarant as a Class A Member). The foregoing prohibition may be eliminated and no-impact home-based businesses may be approved by the affirmative vote of a majority of the total eligible votes of the Class A and Class B Members of the Association, at any regular or special meeting of the Members duly called for this purpose. In the event that the Class A and Class B Members of the Association approve no-impact home-based businesses pursuant to this Section 7.2, no-impact home-based businesses shall be permitted within the Property, subject to the following conditions:

(a) Before any Living Unit may be operated as a no-impact home-based business the Owner and/or resident of such Living Unit shall notify the Association, in writing, at least thirty (30) days prior to the opening of the no-impact home-based business.

(b) No activities associated with a no-impact home-based business may be conducted within the Common Area.

(ii) **Family Day Care Homes.** The use of any dwelling as a “family day care home” is prohibited. The foregoing prohibition may not be enforced unless it is approved by the affirmative vote of a majority of the total eligible votes of the Class A Members of the Association, at any regular or special meeting of the Members duly called for this purpose (not including, if applicable, the vote of the Declarant as a Class A Member). The foregoing prohibition may be eliminated and family day care homes may be approved by the affirmative vote of a majority of the total eligible votes of the Class A and Class B Members of the Association, at any regular or special meeting of the Members duly called for this purpose. In the event that the Class A and Class B Members of the Association approve family day care homes pursuant to this Section 7.2, family day care homes shall be permitted within the Property, subject to the following conditions and provided that it meets all of the necessary approvals under the law:

(a) before any dwelling may be used as a family day care home, the Owner and/or resident of such dwelling shall notify the Association, in writing, at least thirty (30) days prior to the opening of the family day care home through the filing of an application for approval; and further, provided

(b) that the Board of Directors, or its designee, is provided at least annually with evidence to its satisfaction that any such dwelling continues to be in compliance with all of the necessary approvals under the law, including, without limitation, any local ordinances. In addition to the foregoing, an application filed with Board of Directors for use of a dwelling as a family day care home, is subject to the following conditions:

(i) each "day care provider", as defined in §11B-111.1 of the Act, as amended, operating a family day care home within the Property shall pay, on a pro-rata basis (based on the total number of family day care homes operating within the Property) any increase in insurance costs incurred by the Association that is solely and directly attributable to the operation of family day care homes within the Property;

(ii) the Association may impose a reasonable fee, not to exceed Fifty Dollars (\$50.00) per year, or such other amount permitted by applicable law, on each family day care home for use of the Common Areas;

(iii) each day care provider operating a family day care home within the Property shall obtain the liability insurance described under Sections 19-106 and 19-202 of the Maryland Insurance Article, as amended, or required by such other applicable law, in at least the minimum amount described under such law, and shall not operate unless such minimum liability insurance is in effect at all times.

Section 7.3. Prohibited Uses and Nuisances. Except for the activities of the Declarant or the Participating Builders during the construction and development of the Property, or except with the prior written approval of the Board of Directors of the Association or the Declarant, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or the Common Area:

(a) No noxious or offensive trade or activity shall be carried out upon any Lot, or within any dwelling or any other part of the Property, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the neighborhood or other Members. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements constructed upon any Lot.

(b) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot, or within any dwelling or other part of the Property, except that this shall not prohibit the keeping of a reasonable number of dogs, cats, caged birds or other small domestic animals as pets provided (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not a source of annoyance or nuisance to the neighborhood or other Members; and (iii) such pets are maintained in strict conformance to all laws and ordinances. The Board of Directors or, upon resolution of the Board of Directors, the Covenant Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other Members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Area unless accompanied by a responsible person and unless they are carried or leashed. All persons that bring pets upon the Common Area or Lots shall be responsible for the clean-up and proper disposal of any waste deposited on the Common Area or Lots by such pets. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

(c) No burning of any trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind shall be permitted on any Lot, or other part of the Property. Firewood shall be stacked neatly in the rear yard areas of the Living Units.

(d) Except for parking within garages, and except as herein elsewhere provided, no junk vehicle, commercial vehicle (including vans used for commercial use and vehicles displaying commercial signage), truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice except for light pick-up trucks of three-quarter (3/4) ton capacity or less used for non-commercial purposes), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), trailer, mobile home, camp truck, house trailer, recreational vehicle, boat or other similar vehicles, machinery or equipment of any kind or character (except for such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and except for such equipment and machinery as the Association may require in connection with the maintenance and operation of the Common Area) shall be kept upon the Property or upon the public or private streets within or adjacent to the Property, nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Board of Directors or the Covenant Committee, provide and maintain a suitable area designated for the parking of such vehicles.

(e) Trash and garbage containers shall not be permitted to remain in public view except on days of trash collection and the evening prior to such days of trash collection. No incinerator shall be kept or maintained upon any Lot.

(f) No Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose. The provisions of this subsection shall not apply to the Declarant or the Participating Builders and, further, the provisions hereof shall not be construed to (i) prohibit the granting of any easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, the Declarant, or any other individual or entity for any purpose, or (ii) prohibit minor boundary line adjustments between adjoining Owners if done in accordance with applicable zoning ordinances, governmental guidelines and restrictions. Further, the provisions of this subsection shall not be deemed to preclude any Owner from granting an easement or right-of-way to any municipality, political subdivision, public utility or other public body or authority, or to the Association, to serve necessary public purposes, or from dedicating or conveying a portion of such Owner's Lot for such purposes.

(g) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on private streets and roadways. Without limiting the generality of the foregoing, no wire or other lawn edging, fencing or other treatment shall be placed or maintained on any Lot which would impede the Association's ability to perform its obligations as set forth in this Declaration, or which would be inharmonious with the aesthetics of the Project.

(h) No decorative lawn ornament, no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, or other similar building shall be erected, used or maintained on any Lot at any time. A storage shed may be erected, constructed or placed on a Lot provided that such shed (i) is approved, in writing, with respect to design (including, but not limited to color and materials), location and construction by the Board of Directors or the Covenant Committee; (ii) if constructed, such shed must conform to the architectural style and materials of the Living Unit situated on the Lot; and (iii) any shed must be properly maintained at all times by the Owner of the Lot upon which it is located.

(i) Except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such sales and promotional sign or signs as may be maintained by or with the written consent of the Declarant or the Association, or except as may be expressly permitted pursuant to the Act, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or Living Unit; provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Lot, or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in a mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure. Notwithstanding the foregoing, a candidate or proposition sign shall be permitted on a Lot, subject to strict compliance with Section 11B-111.2, Real Property Article, Annotated Code of Maryland, as amended (2010 Replacement Volume). All such candidate or proposition signs shall be prohibited in the Common Areas and, subject to applicable law, shall not be displayed more than thirty (30) days prior to or seven (7) days after a primary election, general election or vote on a proposition.

(j) No water pipe, sewer pipe, gas pipe, drainage pipe, cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground and no wire, cable or other similar transmission line may be attached to the exterior of any structure on any Lot; provided, however, that such transmission lines, wires or cables providing utility services to any Lot (including, but not limited to, electricity, telephone, gas, water and cable television) shall be permitted. Except during periods of actual use, no hose shall be stored or placed in the front or side yard of any dwelling unless screened from public view.

(k) No play equipment, including, without limitation, basketball backboards, basketball hoops and other equipment associated with either adult or juvenile recreation, shall be attached in any manner to the exterior of any dwelling without the prior written approval of the Board of Directors or the Covenant Committee pursuant to Article 6 hereof. If approved in accordance with this Declaration, such play equipment must be properly maintained at all times.

(l) No structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard the direction or flow of any drainage channels.

(m) Except as specifically permitted by applicable federal governmental regulations, no exterior aerials or antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Property without the prior written approval of the Board of Directors, or its designated committee, pursuant to Article 6 hereof; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any such satellite dish, subject to applicable federal governmental regulations. Aerials and antennas situated entirely within a dwelling unit, and not visible from the exterior, are permitted.

(n) Vegetable gardens shall be maintained only within the rear yard area of any Lot, and shall be maintained in a neat and attractive manner.

(o) Lawn furniture shall be used and maintained in rear yards or decks only and shall be maintained in a neat and attractive manner.

(p) No equipment or machinery (including, without limitation, equipment or machinery for use in connection with the maintenance of any dwelling) shall be stored in the front, rear or side yard area of any Lot.

(q) No garbage or trash containers shall be kept on the front or side yard area of any Lot and garbage and trash containers kept or maintained in the rear yard area of any Lot shall be screened from public view at all times.

(r) No Member shall make any private, exclusive or proprietary use of any of the Common Area and no Member shall engage or direct any employee of the Association on any private business of the Member during the hours such employee is employed by the Association, nor shall any Member direct, supervise or in any manner attempt to assert control over any employee of the Association.

(s) Any fence constructed upon the Property shall not extend forward of the rear building line of the dwelling on the Lot upon which any such fence is erected. No fence shall be more than six feet (6') in height. Chainlink and other wire fencing is specifically prohibited; provided, however, that thin wire fencing used in conjunction with a split rail or similar fencing for the purpose of enclosing pets is permitted if prior written approval is obtained from the Board of Directors or the Covenant Committee pursuant to Article 6. The foregoing restrictions shall not be applicable to fences required to enclose any swimming pools within the Property (subject to the prior written approval of the Board of Directors or the Covenant Committee pursuant to Article 6 hereof) in accordance with local zoning ordinances, governmental guidelines and restrictions. Notwithstanding the foregoing, this Section 7.3(s) shall not apply to fences installed by or on behalf of the Declarant during the construction and development of the Property, which in the sole opinion of the Declarant shall be required, convenient or incidental to the Declarant's construction, development, marketing, leasing and sales activities within the Property.

(t) Bed sheets, plastic sheets, newspapers, plastic storm windows or other similar window treatments shall not be hung or placed in or on any window on any Living Unit.

(u) Children's play and similar equipment shall not be allowed to remain overnight within any front yard of any Living Unit or within the Common Area.

(v) Children's outdoor permanent playhouses and swinging or climbing apparatus or equipment shall be permitted within the rear yard of a Living Unit; provided, however, that the prior written approval of the Board of Directors or Covenant Committee is obtained and that such equipment, playhouse(s) and/or apparatus is properly maintained at all times.

(w) No exterior lighting, emanating from a Living Unit, shall be directed outside the boundaries of the Lot.

(x) No garage or outbuilding properly erected on a Lot shall at any time be used for human habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human habitation. No garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles without the prior written approval of the Board of Directors or Covenant Committee pursuant to Article 6 of this Declaration. Notwithstanding the foregoing, any Lot owned by the Declarant or a Participating Builder upon which is situated a dwelling unit in which the garage has been modified to serve as living area shall be exempt from this paragraph and any grantee of the Declarant or a Participating Builder, and such grantee's successors and assigns, shall also be exempt until such time as the garage is restored or a garage is constructed on such Lot. Except when being used for entrance or exit, garage doors shall be maintained in a closed position at all times.

Section 7.4. Leasing and Transfers.

(a) No portion of a Living Unit, other than an entire Living Unit, may be leased or rented unless the prior written approval of the Covenant Committee or the Board of Directors is obtained. All leases shall be on forms approved by the Association and shall (i) contain provisions advising the tenant of his or her obligation to comply with all provisions of this Declaration, the Bylaws and the rules and regulations of the Association, and (ii) provide that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of this Declaration, the Bylaws or rules and regulations of the Association, or of any other document, agreement or instrument governing the Living Units and/or the Property. The Owners of a leased Living Unit shall notify the Association in writing of the Owners' current address. The Owners of a leased Living Unit shall be jointly and severally liable with their tenants to the Association to pay any claim for injury or damage to persons or property caused by any action or omission, including, without limitation, the negligence of the tenants. Every lease shall be subordinate to any lien filed by the Association, whether before or after such lease was entered into. The minimum term any Living Unit may be rented or leased shall be six (6) months, and in no event may a transient tenant be accommodated in any Living Unit.

(b) Prior to the sale, conveyance or transfer of any Living Unit to any person, the Owner shall notify the Board of Directors in writing of the name and address of the person to whom the proposed sale, conveyance or transfer is to be made and provide to it such other

information as the Board of Directors may reasonably require. Failure to comply with the provisions of this Section 7.4(b) shall not void, prohibit or otherwise invalidate the sale, conveyance or transfer of any Living Unit nor may it have any affect upon any mortgage or deed of trust thereon.

Section 7.5. Parking. Parking within the Property shall be subject to the following restrictions:

(a) The Declarant shall be entitled to establish supplemental rules concerning parking and traffic control within all or any portion of the Property, including, without limitation, rules providing for the involuntary removal of any vehicle violating the provisions of this Declaration and/or such rules, and rules assigning and reassigning the "Reserved Parking Spaces" (as defined below) for the exclusive use of one or more specifically designated Owners. Each Owner, and such Owner's tenants, guests, invitees and family members, shall comply in all respects with all such supplemental rules concerning parking and traffic control within the Property as may be adopted by the Declarant in accordance with this Section, including, without limitation, any modifications or amendments to such rules as may be made by the Declarant.

(b) Except as otherwise provided in this Section, all parking spaces located within the Common Area shall be deemed to be unassigned and designated for general use, to be used on a "first come, first served" basis by the Owners, and their respective tenants, guests, invitees and family members (the "Common Area Parking Spaces"); provided, however, that the Declarant may assign and reassign all or any portion of the Common Area Parking Spaces as "reserved" for the exclusive use of one or more specifically designated Owners and their respective tenants, guests, invitees and family members (the "Reserved Parking Spaces"). No vehicle belonging to any Owner, or to any tenant, guest, invitee or family member of any Owner, shall be parked in a manner that unreasonably interferes with or impedes ready vehicular access to any adjoining parking space.

(c) The location of any Reserved Parking Space assigned to any Owner in accordance with this Section may be changed by the Declarant, at any time and from time to time, upon reasonable notice thereof in writing.

(d) Any provision of this Declaration to the contrary notwithstanding, there is hereby reserved unto the Declarant an irrevocable power of attorney, coupled with an interest, for the purpose of executing, acknowledging and delivering on behalf of the Association, all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees and other lienholders or parties claiming a legal or equitable interest in the Property, or any portion thereof (referred to collectively as "Interested Parties" and individually as an "Interested Party" for purpose of this Section only), any and all agreements, covenants, documents, amendments and supplements to this Declaration and any rules concerning parking and traffic control as may be adopted in accordance with this Section, and all other instruments as may from time to time be deemed necessary or desirable by the Declarant, in its sole discretion, in connection with the transfer, assignment and/or reassignment of any and all Reserved Parking Spaces in accordance with this Section 7.5. Each Interested Party shall be deemed to have consented to all such instruments and shall be deemed to have granted unto the Declarant an irrevocable power of attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any and all such instruments.

Further, each Interested Party shall be deemed to have agreed and covenanted to execute such further assurances and instruments, if any, as may be required by the Declarant, to properly accomplish such purposes.

(e) The Declarant shall be entitled to exercise the rights and powers established under this Section 7.5 until the first to occur of (i) the initial sale by the Declarant and/or the Participating Builders of all Living Units included, and planned to be included, within the jurisdiction of the Association in accordance with Article 2 of this Declaration to Members of the Association other than the Declarant or the Participating Builders, (ii) the date which is twenty (20) years after the date of recordation of this Declaration among the Land Records, or (iii) the date of recordation by the Declarant of a written instrument among the Land Records expressing the Declarant's express intention to relinquish its rights and powers under this Section 7.5, whereupon all of the Declarant's rights and powers under this Section 7.5 shall be deemed to be automatically transferred and assigned to, and shall thereafter be exercised by, the Board of Directors of the Association.

(f) The Declarant, its successors and assigns, and its nominee or nominees and any agents, servants and/or employees thereof shall be exempt from any and all parking and traffic controls and restrictions established by this Section 7.5 and/or by any supplemental rules concerning parking and traffic control within the Property as may be adopted by the Board of Directors in accordance with the provisions of this Section 7.5.

Section 7.6. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area and Community Facilities or "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration, including, without limitation, rules providing for the involuntary removal of any vehicle violating the provisions of this Declaration, which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by the Board in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules and regulations.

Section 7.7. Exemptions. None of the foregoing restrictions shall be applicable (i) to improvements constructed by or to the activities of the Declarant or the Participating Builders, and their respective officers, employees, agents and assigns, in their development, marketing, leasing and sales activities within the Property, or (ii) to the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area and Community Facilities.

Section 7.8. Participating Builders. The Declarant may, in its sole discretion, assign its rights and exemptions, or any part thereof, under this Declaration to one or more designated Participating Builders, subject to such conditions and limitations as may be deemed necessary or desirable by the Declarant, including, without limitation, the requirement that any assigned rights be exercised only during certain times, and limitations on the duration of any such assignment. Any such assignment need not be recorded to be effective, and may be revoked by the Declarant at any time, without cause, in the Declarant's sole discretion.

ARTICLE 8
DECLARATION OF EASEMENTS AND RIGHTS

Section 8.1. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) For a period of twenty (20) years from the recordation of this Declaration, Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Common Area and Community Facilities.

(b) Each Lot within the Property is hereby declared to have an easement, not exceeding one foot (1') in width, over all adjoining Lots and Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhangs, gutters, architectural or other appendages, draining of rainwater from roofs, or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a Living Unit is partially or totally destroyed and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Lots shall be permitted and that there shall be valid easements for the maintenance of said encroachments for so long as they shall exist.

(c) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing) and any Participating Builder, for the benefit of the real property shown on the Development Plan and the Living Units, and for the benefit of the Declarant (and its agents) and any such Participating Builder, a non-exclusive, perpetual blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property), for vehicular and pedestrian ingress and egress, curb cuts, slope, and grading easements, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines, service boxes and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property. There is further reserved unto the Declarant and any Participating Builder the right to erect entry features, promotional and other similar items within the Property provided they do not unreasonably interfere with the use, operation and enjoyment of the Property. There is further reserved unto the Declarant and any Participating Builder the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the

foregoing, the Declarant and the Participating Builders reserve the right to unilaterally execute and record such additional easements and agreements as may be necessary in order to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Property; provided, however, that if requested by the Declarant or a Participating Builder, any party having an interest in the Property shall promptly join in and execute such confirmatory easements and other agreements.

(d) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing), for the benefit of the real property shown on the Development Plan, and for the benefit of the Declarant and its agents, a non-exclusive perpetual blanket easement upon, across and under the Property (provided such easement does not encroach upon any building within the Property or unreasonably interfere with the use and enjoyment of the Property), for the following purposes: (i) ingress and egress to and from any and all portions of the Property by trucks, construction equipment, construction personnel and the like; (ii) to construct, install, reconstruct, alter, modify, remove and replace streets, roads, driveways, lanes, sidewalks and parking spaces within the Property; (iii) to excavate, fill and coordinate the height, grade, slope and contour of the Property, and to add and remove soil from the Property; and (iv) for the conduct of all other development, construction, marketing, sales, leasing and related activities as may be deemed necessary or desirable by the Declarant, in its sole discretion, to implement the Development Plan, to comply with requirements imposed by the County, or by any governmental or quasi-governmental agency or authority having regulatory jurisdiction over the Property, and/or to comply with applicable laws or regulations.

(e) The Property is hereby subject to a non-exclusive, perpetual easement and right of passage, for the benefit of the Members of the Association, for ordinary and reasonable pedestrian ingress and egress over, across and upon any sidewalk, trail or walkway (or the replacement thereof) constructed within the Property by the Declarant that may reasonably be deemed to have been constructed or intended for pedestrian use.

(f) An easement is hereby reserved to Declarant to enter the Common Area and Community Facilities during the period of construction and sale on the Property, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, a business office, sales/leasing office, storage area, construction yards, signs, displays and model units.

(g) An easement is hereby reserved to Declarant to enter into the Common Area and Community Facilities for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon. There is further reserved unto the Declarant and its agents a non-exclusive easement over, across and through all of the Common Area and Community Facilities or the purpose of access, the storage of building supplies and materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction, rehabilitation and repair of the Property.

(h) For a period of twenty (20) years from the recordation of this Declaration, the Declarant reserves a blanket easement and right of passage on, over and under the Property to establish, maintain, change and correct drainage of surface water. Any provision hereof to the contrary notwithstanding, the Declarant shall have no obligation whatsoever to perform any work or to take any action regarding drainage of surface water within the Property. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action as may be reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. There is further reserved unto the Declarant the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection.

(i) The rights and duties of the Association and the Owners with respect to all public and/or private utilities serving and/or benefiting all or any portion of the Property, including, without limitation, water, sewer, gas, electricity, cable television, telephones, storm drains, down spouts, yard drains, and all pipes, wires, cables, conduits, transmission lines and other related facilities and equipment (collectively, the "Utilities") shall be governed by the following:

(i) The Property is hereby subject to a non-exclusive perpetual easement and right of passage for the benefit of the Association and the Owners for the installation, maintenance, repair, replacement, inspection, operation and use of all Utilities. The Owners and the Association shall have the right, and they are hereby granted an easement and right of passage to the extent necessary therefor, to enter upon or have a utility company enter upon any portion of the Property in which the Utilities lie, to inspect, repair, replace and generally maintain such Utilities.

(ii) The right granted in subsection (i) above shall be only to the extent necessary to entitle the property of the Owner or Association serviced by the Utilities to their full and reasonable use and enjoyment, and provided further that anyone exercising such right shall be responsible for restoring the surface of the easement area so used to its condition prior to such use.

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of any Utilities, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors, or its designated committee, who shall decide the dispute, and the decision of the Board, or its designated committee, shall be final and conclusive as to the parties.

(iv) The Property is hereby subject to a non-exclusive perpetual easement and right of passage for the drainage and discharge of water from any storm drain, down spout or yard drain situated within the Property, and the Owners shall not alter or obstruct such drainage or flow of water to the detriment of any Living Unit or the Common Area.

(j) The Association shall have an easement to enter any portion of the Property for the performance of its duties hereunder, including, without limitation, fenced, or other similar areas of the Property.

(k) With respect to any step, patio, deck, downspout or yard drain or other similar structure that may benefit any Living Unit and is constructed by the Declarant and which may encroach upon any portion of the Common Area, there is hereby reserved for the benefit of the Living Unit that such step, patio, deck, downspout, drain or other structure serves, a perpetual easement for the location, maintenance, repair and use of such structure or items within the Common Area, but only to the extent that the Declarant's or Participating Builder's original construction thereof encroaches within the Common Area. The Owner of the Living Unit benefiting from such easement agrees to maintain such structure or item and to indemnify and hold the Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement granted hereby.

(l) A mutual right and easement for utility services is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere with utility services being provided to other Owners within the Project. If any Lot contains any utility pipes, ducts, conduits, wires or the like which are for the benefit, in whole or in part, of other Owners within the Project, then the Owner of such Lot shall promptly, at his expense, repair any damage to such utilities caused by the Owner, or such Owner's tenants, lessees, agents, guests, invitees, licensees or family members.

(m) The Association, its agents and employees, shall have an irrevocable right and an easement to enter the Lots for purposes of exercising the rights and fulfilling the obligations established by this Declaration and any Supplementary Declarations recorded hereafter. The interior of any Living Unit may not be entered by the Association or its agents or employees except in the case of an emergency to protect the Common Area, other Living Units or persons from injury or damage.

(n) The Declarant reserves the right to modify or alter the size, number, type and location of the Common Area, Community Facilities and Living Units, as well as the improvements therein, as it deems necessary or desirable in conjunction with the development of the Project. Without limiting the generality of the foregoing, the Declarant reserves the right to resubdivide all or a portion of the Project, to convey Common Area, to modify the site plans, to construct improvements on the Common Area, and to take whatever other action with respect to the Common Area, Community Facilities and Living Units as the Declarant may deem necessary or desirable.

(o) The Association is hereby granted a non-exclusive easement and right of passage on, through, over, under and across the Property to maintain, repair and replace any storm water management area or facilities situated within the Property, including, without limitation, drainage pipes, infiltration trenches, ponds, basins, swales, berms, out-flow control devices, drainage areas, filters, inlets, oil/grit separators and underground facilities, if any.

(p) Portions of the Property may be subject to scenic, conservation and/or wetlands easements and restrictions establishing one or more natural conservation or wetlands

areas within the Property for purposes of restricting clearing, grading and other disturbances within such areas, subject to the terms of such easements and the regulations of any applicable federal, state or local governmental authority or agency. Such natural conservation areas may include, without limitation, stream buffers, wetlands, flood plain, forest conservation areas and reforestation areas, as may be designated on the Development Plan. The Association and the Owners shall conduct their activities in accordance with such easements and restrictions.

(q) The Property shall be subject to a perpetual non-exclusive easement for the installation and maintenance, including the right to read meters, service or repair lines and equipment, and to do everything and anything necessary to properly maintain and furnish the Community Systems and the facilities pertinent and necessary to the same, which easement shall run in favor of the Declarant. The Declarant shall have the right, but not the obligation, to install and provide the Community Systems and to provide the services available through the Community Systems to any and all Living Units within the Property. Neither the Association nor any Owner shall have any interest therein. Any or all of such services may be provided either directly through the Association and paid for as part of the Assessments, or directly through the Declarant, any affiliate of the Declarant, or a third party, and paid for by the Owner who receives the services. The Community Systems shall be the property of the Declarant unless transferred by the Declarant, whereupon any proceeds of such transfer shall belong to the Declarant. The Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any other person or entity. The rights of the Declarant with respect to the Community Systems installed by the Declarant and the services provided through such Community Systems are exclusive, and no other person or entity may provide such services through the Community Systems installed by the Declarant without the prior written consent of the Declarant. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not the same is caused by reasons within the control of the then-provider of such services.

(r) The Association is hereby granted a non-exclusive easement and right of passage on, through, over, under and across the Lots to perform such functions and operations as the Board of Directors of the Association may be authorized or empowered to carry out within the Property pursuant to this Declaration, including, without limitation, any maintenance responsibilities as may now or hereafter be assumed by the Board of Directors of the Association with respect to the Exterior Landscape & Sidewalk Area; provided, however, that this easement shall not authorize or empower the Board of Directors to assume any maintenance responsibilities with respect to any portion of the buildings located within the Lots, including, without limitation, the structural components of such buildings. The Association shall have all rights and privileges as may be reasonably necessary to the exercise of the foregoing easement; provided, however, that the Association shall take reasonable steps to minimize any damage to any Lot as a result of the exercise of such easement, and that the Association shall restore as nearly as possible the Lot to its original condition if there is any damage to such Lot as a result of the exercise of such easement.

Section 8.2. Association Easements. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Common Area for any lawful purpose which the Board determines, in its sole discretion, to be in the best interests of the Association.

Section 8.3. Participating Builder Easements. Declarant hereby assigns to any Participating Builder the non-exclusive right to exercise the easements and rights reserved unto the Declarant in Section 8.1 of this Declaration, to the extent reasonably related to and in connection with any Living Units constructed by and/or owned by any such Participating Builder. Any and all work performed in connection with the easements granted by this Section, shall be performed at the sole risk and expense of the Participating Builder, in a manner that complies with all applicable governmental laws, rules, orders and regulations and that does not unreasonably interfere with the use, enjoyment and development of that portion of the Property upon which the work is being performed.

Section 8.4. Crofton Valley Homeowners Association, Inc. Rights. The Property is subject to an Agreement with the Crofton Valley Homeowners Association, Inc. dated September 7, 2010 and recorded among the Land Records in Book 22598 at page 30 ("CVHOA Agreement"). The Property shall be developed, operated and maintained in conformance with Paragraph 13 of the CVHOA Agreement.

ARTICLE 9 MAINTENANCE

Section 9.1. Owners' Maintenance. Except as otherwise specifically provided in this Declaration, each Owner shall keep each Lot owned by such Owner and all Living Units therein or thereon, in good order and repair and free of debris in a manner and with such frequency as is consistent with good property management and the Community-Wide Standard. In the event an Owner of any Lot shall fail to maintain the Lot and the Living Unit situated thereon in accordance with the Governing Documents, the Association or its agent shall have the right, but not the obligation, to enter upon said Lot to repair, maintain and restore the Lot and any Living Units erected thereon. The Association shall also have the right, but not the obligation, to enter the Lots to correct drainage. Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration shall be collectible from the Owner of the affected Lot in the same manner as Assessments as provided in Article 5 herein.

Section 9.2. Association Maintenance.

(a) The Association shall maintain, repair and replace the Common Area and Community Facilities, and shall keep the Common Area and Community Facilities in good order at all times. This obligation shall include, without limitation, (i) the maintenance, repair and, as necessary, replacement of any private streets and parking areas within the Common Area, (ii) the maintenance, repair and, as necessary, replacement of any sidewalks, pathways, trails and walkways within the Common Area, and (iii) the removal of accumulated snow and ice from within all private streets and parking areas within the Common Area. Further, the Association

shall maintain, repair and replace (i) any rights-of-way, entry strips, signage, and entrance features or improvements that are situated within or that are appurtenant to and serve the Project, including, without limitation, any landscaping and other flora and improvements situated thereon, and (ii) any other real and personal property, facilities and equipment as the Association is obligated or elects to maintain pursuant to this Declaration, or any lease, easement or agreement, or the direction of any governmental authority or agency. The expenses of all such maintenance, repair and replacement shall be a Common Expense of the Association, including, but not limited to, reserves for the maintenance, repair and replacement of any such property or improvements. The Association shall also maintain any portion of any Lot that it is obligated or elects to maintain pursuant to this Declaration, any easement or other agreement.

(b) The Association shall be responsible for the maintenance, repair and replacement of any storm water management area or facilities situated within the Common Area, including, without limitation, drainage pipes, infiltration trenches, ponds, basins, swales, berms, out-flow control devices, drainage areas, filters, inlets, oil/grit separators and underground facilities, if any. The Association shall also be responsible for the maintenance, repair and replacement of any storm water management area or facilities which serve and/or benefit the Property whether or not located within the Common Area if the Association is responsible therefor pursuant to any easement, agreement or the direction of any governmental authority or agency. Such responsibility may be in the form of contributing the Association's share of the maintenance costs of any storm water management area, facility or equipment pursuant to an easement or agreement which shall be a Common Expense of the Association. The Board of Directors may enter into any such easements and/or other agreements as the Board may deem necessary or desirable for purposes of allocating and/or sharing the costs associated with the maintenance of any storm water management areas, facilities and/or equipment which serve and/or benefit the Property. The Association shall not refuse to accept the conveyance of any such storm water management area, facilities or equipment from the Declarant.

(c) Any provision of this Declaration to the contrary notwithstanding, there is hereby reserved unto the Declarant an irrevocable power of attorney, coupled with an interest, for the purpose of executing, acknowledging and delivering on behalf of the Association, all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees and other lienholders or parties claiming a legal or equitable interest in the Property, or any portion thereof (referred to collectively as "Interested Parties" and individually as an "Interested Party" for purposes of this Section only), any and all agreements, covenants, documents, amendments and supplements to this Declaration, and all other instruments as may from time to time be deemed necessary or desirable by the Declarant, in its sole discretion, in connection with the maintenance, repair, replacement, operation and use of the Common Area and Community Facilities, including, without limitation, agreements and/or covenants regarding the maintenance, repair, replacement, operation and use of any storm water management facilities located within the Common Area. Each Interested Party shall be deemed to have consented to all such instruments and shall be deemed to have granted unto the Declarant an irrevocable power of attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any and all such instruments. Further, each Interested Party shall be deemed to have agreed and covenanted to execute such further assurances and instruments, if any, as may be required by the Declarant, to properly accomplish such purposes.

(d) The Declarant shall be entitled to exercise the rights and powers established under this Section 9.2 until the first to occur of (i) the initial sale by the Declarant and/or the Participating Builders of all Living Units included, and planned to be included, within the jurisdiction of the Association in accordance with Article 2 of this Declaration to Members of the Association other than the Declarant or the Participating Builders, (ii) the date which is twenty (20) years after the date of recordation of this Declaration among the Land Records, or (iii) the date of recordation by the Declarant of a written instrument among the Land Records expressing the Declarant's express intention to relinquish its rights and powers under this Section 9.2, whereupon all of the Declarant's rights and powers under this Section 9.2 shall be deemed to be automatically transferred and assigned to, and shall thereafter be exercised by, the Board of Directors of the Association.

Section 9.3. Exterior Landscape & Sidewalk Area Maintenance.

(a) Any provision of this Declaration to the contrary notwithstanding, the Board of Directors may elect, in its sole discretion, to have the Association assume such maintenance responsibilities with respect to the Exterior Landscape & Sidewalk Area located within all or any portion of the Lots as the Board may deem necessary or appropriate, in its sole discretion, including, without limitation, responsibility for snow removal, mowing, fertilizing, trimming, pruning and/or otherwise maintaining all or any portion of the sidewalks, grass, shrubs, bushes, trees and other planted materials, and any replacements thereof, as may be located within the Exterior Landscape & Sidewalk Area. Maintenance of the Exterior Landscape & Sidewalk Area by the Association shall be with such frequency and in conformity with such standards as may be established by the Board of Directors from time to time. In the event that the Board of Directors elects to assume such maintenance responsibilities, all costs of such maintenance shall be assessed against all Owners as part of the Assessments imposed by the Association in accordance with Article 5 of this Declaration; provided, however, that an Owner that requests and that is permitted, as provided below in this Section, to maintain any Exterior Landscape & Sidewalk Area located within the yard area owned by such Owner as part of his or her Living Unit (the "Owner's Yard Area"), that would otherwise have been maintained by the Association, shall not be entitled to any reimbursement from the Association or reduction in the Assessments levied against such Owner's Living Unit.

(b) Any Owner may request that the Association refrain from performing all or any portion of the Exterior Landscape & Sidewalk Area maintenance described above with respect to the Owner's Yard Area owned by such Owner. Such a request must be made to the Association at least thirty (30) days prior to the date the Owner desires that the Association refrain from such maintenance. The Board of Directors may approve any such request, in its sole discretion, provided that the Owner shall have demonstrated to the satisfaction of the Association his or her intention to maintain the Owner's Yard Area owned by such Owner in a manner acceptable to the Association. In the event that an Owner elects to maintain his or her Owner's Yard Area pursuant to this Section, such Owner shall not be entitled to any reimbursement from the Association or reduction in the Assessments levied against such Owner's Living Unit.

(c) If the Board of Directors elects not to maintain any Owner's Yard Area in accordance with this Section, and in the event that the Owner of such Owner's Yard Area shall fail to maintain his or her Owner's Yard Area in a manner consistent with good property

management and the Community-Wide Standard, the Association or its agent shall have the right to enter upon such Owner's Yard Area to repair, maintain and restore the Exterior Landscape & Sidewalk Area therein. Whenever entry is not required in an emergency situation, the Association shall afford the affected Owner reasonable notice and an opportunity to cure the problem prior to entry. All costs associated with such repair, maintenance or restoration shall be assessed by the Association against the Living Unit owned by the Owner of such Owner's Yard Area in the same manner as any other Assessment levied by the Association in accordance with Article 5 of this Declaration.

Section 9.4. Additional Maintenance Responsibilities. The Association may, in the discretion of the Board of Directors, provide additional services and/or assume additional maintenance responsibilities with respect to all or any portion of the Property. In such event, all costs of such services and/or maintenance shall be assessed only against those Owners residing within the portion of the Property receiving the additional services. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service or maintenance then being provided is not consistent with the Community-Wide Standard.

ARTICLE 10 INSURANCE

Section 10.1. Individual Coverage. Except as expressly provided otherwise in the Section, by virtue of taking title to a Living Unit, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all risk casualty insurance on such Owner's Living Unit. At a minimum, such coverage shall provide coverage against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard. The Board of Directors of the Association, or its duly authorized agent, shall have the authority (but not the obligation) to obtain insurance for all or any portion of the Living Units located within the Property, unless the Owners thereof have supplied proof of adequate coverage to the Board of Directors' satisfaction. The Board of Directors and the Association shall incur no liability to any Owner or Mortgagee in the event that the Board of Directors or the Association shall elect not to exercise their authority to obtain such insurance for all or any portion of the Living Units located within the Property. In the event the Board of Directors obtains insurance for any Living Unit pursuant to this Section, the cost thereof shall be assessed against the Living Unit benefiting from such insurance and shall be collectible from the benefited Owner in the same manner as any other Assessment under Article 5 of this Declaration. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction to such Owner's Living Unit, the Owner shall proceed promptly to repair or to reconstruct the Living Unit in a manner consistent with its original construction. Each Owner of a Living Unit covenants and agrees that in the event that such Owner's Living Unit is totally destroyed, the Owner shall proceed promptly to repair or to reconstruct the Living Unit in a manner consistent with its original construction, unless approval to do otherwise is obtained from the Covenant Committee or the Board of Directors.

Section 10.2. Required Coverage. The Board of Directors of the Association shall cause to be maintained and pay the premiums, as a Common Expense, a policy of hazard

insurance covering the Common Area and any property required to be insured by the Association pursuant to any easement or lease agreement (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the extent that they are a part of the Common Area or Community Facilities of the Association or such other property which the Association may insure, as well as common personal property and supplies.

The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available, and shall name the Association as a named insured. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, the maximum deductible amount for coverage of the Common Area and Community Facilities is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Key Rating Guide of B/III or better (or its equivalent). Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagee, and that any assessment made against others may not become a lien on the mortgaged Living Unit superior to the First Mortgage.

The hazard insurance policy must provide that the insurance carrier shall notify the Association and each mortgagee named in the mortgagee clause in writing at least ten (10) days before it cancels or substantially changes the Association's coverage. In addition, each Eligible Mortgage Holder shall receive timely written notice of any lapse, material modification or cancellation of any insurance policy covering the Common Area and Community Facilities.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) a Construction Code Endorsement if the Common Area or Community Facilities are subject to a construction code provision which would become operative and require changes to undamaged portions of any structures, even when only part of a structure is destroyed by an insured hazard or peril, and (iii) a Steam Boiler and Machinery Coverage Endorsement if any structure within the Common Area or Community Facilities has central heating or cooling, which should provide for the insurer's minimum liability per accident per location to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery.

If the Common Area or Community Facilities are located in a Special Flood Hazard Area designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map, the Association must maintain a "master" or "blanket" policy of flood insurance on the Common Area and Community Facilities. The amount of flood insurance shall be at least equal to the lesser of one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area or the maximum coverage available under the applicable National Flood Insurance Administration program. Unless a higher deductible amount is required under the laws of the State of Maryland, the maximum deductible amount for flood insurance policies shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

The Board of Directors of the Association shall cause to be maintained a comprehensive general liability policy of insurance covering all of the Common Area, Community Facilities, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, maintenance or use of the Common Area and Community Facilities, and any legal liability that results from law suits related to employment contracts in which the Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association or other Owners. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a mortgagee. The liability policy must provide that the insurance carrier shall notify the Association in writing at least ten (10) days before it cancels or substantially modifies the Association's coverage.

Section 10.3. Fidelity Coverage. To the extent reasonably available, blanket fidelity insurance shall be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall also be covered by the fidelity insurance maintained by the Board of Directors. All fidelity insurance policies should name the Association as the insured and should have their premiums paid as a Common Expense by the Association. The total amount of fidelity coverage required should be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or management agent at any time while the fidelity insurance policy is in force, and should at least equal the lesser of the sum of three (3) months aggregate assessments on all Lots within the Association, plus any reserves or \$3,000,000.00. Fidelity insurance policies should contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies should provide that they cannot be canceled or materially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association.

Section 10.4. Repair and Reconstruction of Common Area and Community Facilities

After Fire or Other Casualty. In the event of damage to or destruction of any portion of the Common Area or Community Facilities covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as appropriate. Promptly after a casualty causing damage or destruction of any portion of the Common Area or Community Facilities for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Common Area or Community Facilities in as good a condition as existed prior to the casualty. Such costs may include, without limitation, professional fees and premiums for such bonds as the Board of Directors may desire.

ARTICLE 11
MANAGEMENT

Section 11.1. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, but not limited to, the following:

(a) to establish (with the approval of the Board of Directors of the Association) and provide for the collection of the Assessments provided for in this Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration; and

(b) to provide for the care, upkeep, maintenance and surveillance of the Common Area and Community Facilities; and

(c) to designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Area and Community Facilities; and

(d) to promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Common Area and Community Facilities; and

(e) to provide such other services (including legal and accounting services) for the Association as may be consistent with law and the provisions of this Declaration.

Section 11.2. Duration of Management Agreement. Any management agreement entered into by the Association shall provide, among other things, that such agreement may be terminated for cause by either party upon thirty (30) days written notice thereof to the other party. The term of any such management agreement shall not exceed three (3) years; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive periods, each period which is not to exceed three years.

Any Management Agreement entered into while the Declarant is in control of the Association must be terminable, without cause, any time after transfer of control, on not less than thirty (30) nor more than ninety (90) days' notice, and no charge or penalty may be associated with such termination.

ARTICLE 12 PARTY WALLS AND FENCES

The rights and duties of the Owners with respect to party walls and party fences constructed as a part of the original construction on the Property shall be governed by the following:

Section 12.1. General Rules of Law to Apply. Each wall or fence which is constructed as a part of the original construction on the Property and any part of which is placed on the dividing line between separate Lots, shall constitute a party wall or party fence, as applicable, and with respect to such wall or fence each of the adjoining Owners shall assume the burdens set forth herein and shall be subject to an easement for that portion of the wall or fence on such Owner's Lot, and each of the adjoining Owners shall be entitled to the benefits of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls and fences and of liability for property damage due to negligence or willful acts or omissions, shall apply thereto.

Section 12.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party wall or fence is damaged or destroyed by fire or other casualty or by some cause, other than the act of one of the adjoining Owners, or such Owner's tenants, lessees, agents, guests, invitees, licensees or family members (including ordinary wear and tear and deterioration from lapse of time), then, in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly, in proportion to their respective use of the party wall or fence.

Section 12.3. Repairs of Damage Caused by One Owner. If any such party wall or fence is damaged or destroyed through the act of one adjoining Owner, or any of such Owner's tenants, lessees, agents, guests, invitees, licensees or family members, so as to deprive the other adjoining Owner of the full use and enjoyment of such wall or fence, then the Owner responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 12.4. Damage by Exposure. If any such party wall or fence is damaged by reason of exposure to the elements caused by the negligent or intentional act of one adjoining Owner, or any of such Owner's tenants, lessees, agents, guests, invitees, licensees or family members, then the Owner responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 12.5. Encroachments. If any portion of a party wall or fence shall encroach upon any adjoining Lot, by reason of engineering errors, errors in original construction, errors in reconstruction, settlement or shifting of any building, or any other similar cause, a valid easement not exceeding one foot (1') in width over the adjoining Lot for the encroachment and

for the maintenance of the same shall be deemed to exist for as long as the wall shall exist; provided, however, that in no event shall a valid easement for such encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

Section 12.6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 12.7. Dispute. In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or fence or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of such Board of Directors shall be final and conclusive upon the parties.

ARTICLE 13 GENERAL PROVISIONS

Section 13.1. Common Area Responsibility. The Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area, Community Facilities and any property, real or personal, which the Association is delegated the responsibility for pursuant to any easement or lease agreement, and all improvements thereon (including, without limitation, furnishings and equipment related thereto, private drainage facilities and common landscaped areas), and shall keep the Common Area, Community Facilities and such other property in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof. The Association shall accept title to any real estate or personal property offered to the Association by the Declarant.

Section 13.2. Personal Property and Real Property for Common Use. The Association may acquire, lease, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Declaration. The Board of Directors, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant.

Section 13.3. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws or any lease, easement or other agreement or document affecting the Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 13.4. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the Common Expense funds, or for injury or damage to persons or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Area or Community Facilities or other property within the control or supervision of the Association, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any Member for loss or damage, by

theft or otherwise, of articles which may be stored upon the Common Area, Community Facilities or other property within the control or supervision of the Association. No diminution or abatement of Assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area, Community Facilities or other property within the control or supervision of the Association, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 13.5. Enforcement. The Declarant, the Association, or any Owner, or any Mortgagee of any Living Unit shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Declaration, or the Articles of Incorporation or Bylaws of the Association or any rule or regulation promulgated by the Association pursuant to its authority as provided in this Declaration, the Articles of Incorporation or Bylaws. Failure by the Declarant, the Association or by any Owner or by any Mortgagee of any Living Unit to enforce any covenants or restrictions herein contained or any provision of the Bylaws, Articles of Incorporation or rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the Bylaws or Articles of Incorporation of the Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Declarant, the Association, or any Owner or Mortgagee of any Living Unit, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Declaration or the Articles of Incorporation or Bylaws of the Association, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall also be a lien upon the Living Unit of such Owner, provided that the requirements of the Maryland Contract Lien Act are substantially fulfilled.

Without limiting the generality of the foregoing, and in addition to any other remedies as may be available to the Association pursuant to the Governing Documents and/or applicable law, the Association may, after reasonable prior written notice provided to the Owner, enter any Lot, or portion thereof, to remedy any violation of the provisions of the Governing Documents; provided, however, that the Association shall not enter into the interior of any Living Unit except in the event of a bona fide emergency as may be necessary to prevent or minimize imminent damage to, or deterioration of, the Common Area or any adjacent Living Units, or to protect persons from imminent bodily harm. All costs incurred by the Association in connection with any such action shall become the binding personal obligation of the Owner responsible for such violation, and shall be assessed by the Association against such Owner and the affected Living Unit in the same manner as any other Assessment levied by the Association in accordance with Article 5 of this Declaration.

Section 13.6. Fines. In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner or such Owner's guests, relatives, lessees or invitees, in the manner set forth herein, and such fines shall be collectible in the same manner as any other Assessment such that the Association shall have a

lien against the Living Unit of such Owner as provided in this Declaration, the Bylaws and the Articles of Incorporation and such fine(s) shall also become the binding personal obligation of such Owner.

(a) The Board of Directors or the Covenant Committee (as that term is defined in Sections 1.11 and 6.1) shall be charged with determining whether there is probable cause that any of the provisions of this Declaration, the Bylaws, Articles of Incorporation or the rules and regulations of the Association, regarding the use of the Living Units, Common Area, Community Facilities or other Association property, are being or have been violated. In the event that the Board of Directors or the Covenant Committee determines an instance of such probable cause, the Board or the Covenant Committee shall provide written notice to the person alleged to be in violation, and the Owner of the Living Unit which that person occupies or is visiting if such person is not the Owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors or the Covenant Committee upon a request made within five (5) days of the sending of the notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine not to exceed a reasonable amount established by the Board for each offense. The amount of the fine shall be based upon the costs and inconvenience caused to the Association and shall not be a penalty. The notice shall also specify, and it is hereby provided, that in lieu of requesting a hearing, the alleged violator or Owner may respond to the notice within five (5) days of its sending, acknowledging in writing that the violation occurred as alleged and promising that the violation will henceforth cease and will not recur, and that such acknowledgment and promise, and performance in accordance therewith, shall terminate the enforcement activity of the Association with regard to such violation.

(b) If a hearing is timely requested, the Board of Directors or the Covenant Committee shall hold the same, and shall hear any and all defenses to the charges, including any witnesses that the alleged violator, Owner, the Board of Directors or the Covenant Committee may produce. Any party at the hearing may be represented by counsel.

(c) Subsequent to any hearing, or if no hearing is timely requested and if no acknowledgment and promise is timely made, the Board of Directors or the Covenant Committee shall determine whether there is sufficient evidence of a violation or violations as provided herein. If the Board of Directors or the Covenant Committee determines that there is sufficient evidence, it may levy a fine for each violation in the amount provided herein.

(d) A fine pursuant to this Section shall be assessed against the Living Unit which the violator occupied or was visiting at the time of the violation, whether or not the violator is an Owner of that Living Unit, and shall be collectible in the same manner as any other Assessment, including by the Association's lien rights as provided in this Declaration and the Bylaws. Nothing herein shall be construed to interfere with any right that an Owner may have to obtain from a violator occupying or visiting such Owner's Living Unit payment of the amount of any fine(s) assessed against that Living Unit.

(e) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of this

Declaration, the Bylaws, Articles of Incorporation or rules and regulations, including, but not limited to, legal action for damages or injunctive relief.

Section 13.7. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 13.8. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of the Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by, or the affirmative vote of, Owners entitled to cast not less than seventy-five percent (75%) of the total authorized votes of all Owners, and the Declarant during the Development Period. Any amendment must be recorded in the Land Records.

Section 13.9. Changes and Modifications by Declarant. The Declarant shall have the right, for a period of twenty (20) years following the date of recordation of this Declaration, without the consent of the Members of the Association or any other party, to (i) modify, amend or change any of the provisions of this Declaration as the Declarant may deem necessary or desirable to correct errors or omissions herein, and (ii) amend this Declaration, the Articles of Incorporation and the Bylaws of the Association, as the Declarant may deem necessary or desirable, to change the name of the Association.

Section 13.10. Rights of the Anne Arundel County Office of Planning and Zoning (“OPZ” herein). Any other provision of this Declaration, the Articles of Incorporation or the Bylaws to the contrary notwithstanding, neither the Owners, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the OPZ, which consent shall not be unreasonably withheld or delayed:

(a) make any annexation or additions other than as provided in this Declaration, the Articles of Incorporation or the Bylaws; or

(b) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Area; provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Area by the Owners shall not require the consent of the OPZ; or

(c) abandon or terminate this Declaration, the Articles of Incorporation or the Bylaws; or

(d) modify or amend any material or substantive provision of this Declaration, the Articles of Incorporation or the Bylaws; or

(e) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or

(f) substantially modify the method of determining and collecting Assessments as provided for in this Declaration, the Articles of Incorporation or the Bylaws.

The OPZ shall have the right to bring action for any administrative, legal or equitable relief necessary to enforce the rights and powers granted to the OPZ hereunder.

Section 13.11. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area or Community Facilities, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold First Mortgages of record on the Living Units. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her Living Unit with respect to the distribution to such Member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Area or Community Facilities.

Section 13.12. Condemnation or Eminent Domain. In the event any part of the Common Area or Community Facilities is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold First Mortgages of record on the Living Units. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her Living Unit with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Area or Community Facilities.

Section 13.13. Notice to Eligible Mortgage Holders; Deemed Consent. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Owner hereby consents to, and authorizes such notice):

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Area, Community Facilities or any Living Unit subject to a First Mortgage or security interest held, insured, or guaranteed by such Eligible Mortgage Holder.

(b) Any delinquency in the payment of Common Expense Assessments or charges owed by an Owner whose Living Unit is subject to a First Mortgage or security interest held, insured, or guaranteed, by such Eligible Mortgage Holder which remains uncured for a period of sixty (60) days.

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity coverage maintained by the Association.

(d) Any other matter with respect to which Eligible Mortgage Holders are entitled to notice or to give their consent as provided in this Declaration.

To be entitled to receive notice of the foregoing, the Eligible Mortgage Holder must send a written request to the Association, stating both its name and address and the Living Unit designation or address of the Living Unit on which it has (or insures or guarantees) the

mortgage. Any Eligible Mortgage Holder or mortgagee who is notified of any matter for which it is entitled to notice as provided herein (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within thirty (30) days of receipt of such notice shall be deemed to have consented, if applicable, to the matter of which the Eligible Mortgage Holder or mortgagee was provided notice.

Section 13.14. Declarant's Power of Attorney. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Declaration, the Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of twenty (20) years from the date the first Living Unit is conveyed to a Class A Member (other than a Participating Builder), or until it conveys title to the last Living Unit, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, Mortgagees, and other lienholders or parties claiming a legal or equitable interest in any Lot, Living Unit, Common Area or the Community Facilities, any such agreements, documents, amendments or supplements to this Declaration, the Articles of Incorporation, the Bylaws, and the rules and regulations of the Association which may be required by FNMA, FHA, VA, FHLMC, GNMA, or by the County, any governmental or quasi-governmental agency or authority having regulatory jurisdiction over the Association, any public or private utility company designated by the Declarant, any institutional lender or title insurance company designated by the Declarant, or as may be required to comply with the Fair Housing Amendments Act of 1988, as amended, to comply with the Maryland Homeowners Association Act, as amended, or to comply with any other applicable laws or regulations.

(a) By acceptance of a deed to any Living Unit or by the acceptance of any other legal or equitable interest in any Lot, Living Unit, Common Area or the Community Facilities, each and every such contract purchaser, Owner, Eligible Mortgage Holder, Mortgagee or other lienholder or party having a legal or equitable interest in any Lot, Living Unit, Common Area or the Community Facilities does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument which adversely affects the value of a Living Unit, or substantially increases the financial obligations of an Owner, or reserves any additional or special privileges for the Declarant not previously reserved, shall be made without the prior written consent of the affected Owner(s) and all owners of any mortgage(s) encumbering the Living Units owned by the affected Owner(s). Any such agreement, document, amendment, supplement or instrument which adversely affects the priority or validity of any mortgage which encumbers any Lot, Living Unit, Common Area or the Community Facilities shall not be made without the prior written consent of the owners of all such mortgages.

(c) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots, Living Units, Common Area and the Community Facilities, and shall be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability

of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Declarant, its successors, transferees and assigns until the initial conveyance of all Lots, Living Units, Common Area and the Community Facilities planned to be annexed within the jurisdiction of the Association or the expiration of same.

Section 13.15. Taxes and Assessments. It is the intent of this Declaration that insomuch as the interests of each Owner to use and enjoy the Common Area (and any other property to which such Owner may have a right of use and enjoyment) is an interest in real property appurtenant to each Living Unit, the value of the interest of each Owner in such Common Area (or other property) shall be included in the assessment for each such Living Unit and as a result, any assessment directly against such Common Area (or other property if the Association is responsible for the real estate taxes levied thereon) should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Living Units.

Section 13.16. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by an instrument, in writing, without notice to the Association.

Section 13.17. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Area or Community Facilities by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Area or Community Facilities.

Section 13.18. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Living Unit, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration.

Section 13.19. Declarant Reserved Rights. No amendment to this Declaration, the Bylaws or the Articles of Incorporation may remove, revoke, or modify any right, reservation or privilege of the Declarant without the prior written consent of the Declarant or any successors or assignees (pursuant to Section 13.16) of the Declarant.

Section 13.20. Perpetuities. If any of the covenants, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 13.21. Declarant Development. As long as the Declarant has an interest in developing the Property or the Project, the Association may not use its financial resources, directly or indirectly, to defray the costs of opposing any development activities reasonably consistent with the general intention of the Development Plan, as amended. Nothing in this

Section shall be construed to limit the rights of Members to act as individuals or in affiliation with other Members or other groups.

Section 13.22. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

Section 13.23. Arbitration.

(a) Any provision of the Governing Documents to the contrary notwithstanding, if after good faith efforts the parties are unable to negotiate a satisfactory resolution to any claim asserted against the Declarant (including any of the Declarant's employees, agents or contractors) by, or on behalf of, the Association (referred to as the "Claimant" in this Section), the claim shall be submitted to binding arbitration in accordance with this Section, unless the parties to such dispute agree otherwise in writing. As used in this Section the term "claim" includes, without limitation, any right, claim, demand, action, cause of action, controversy or other matter of any kind or nature whatsoever, whether at law, in equity, or otherwise, arising out of or in any way related to the Association and/or the Common Area, including, without limitation, (i) the development, design, construction or warranty of the Common Area and/or Community Facilities, (ii) the operation and management of the Association, or (iii) the rights and obligations of the Declarant under the Governing Documents.

(b) Either party may commence the arbitration process called for in this Section by filing a written demand for arbitration with the other party. Except as agreed otherwise by all parties in writing, the arbitration shall be conducted at a location in the Washington, D.C. metropolitan area, as determined by an arbitrator appointed in accordance with the Commercial Arbitration Rules of the American Arbitration Association or appointed in such other manner as may be agreed upon by all parties (the "Arbitrator"). The arbitration will be administered in accordance with the provisions of the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of filing of the demand for arbitration, or such other rules and procedures as are agreed to by all parties. The parties covenant and agree that they will participate in the arbitration in good faith and that they will share equally in the fees and expenses of the Arbitrator. Should any Claimant commence legal action in a court in violation of this Section, the Declarant shall have the right to have such legal action dismissed and to recover the cost of obtaining such dismissal.

(c) The Arbitrator shall determine which is the prevailing party and shall include in the award payment by the non-prevailing party of the prevailing party's reasonable attorneys' fees and expenses. The provisions of this Section and any judgment rendered by the Arbitrator may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

(d) EACH CLAIMANT COVENANTS AND AGREES TO HAVE ALL DISPUTES COVERED BY THIS SECTION DECIDED BY NEUTRAL ARBITRATION IN

ACCORDANCE WITH THIS SECTION AND RELINQUISHES ANY AND ALL RIGHTS THAT MAY BE AVAILABLE TO HAVE SUCH MATTERS LITIGATED IN A COURT OR BY JURY TRIAL, INCLUDING JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. THE REFUSAL BY A PARTY TO SUBMIT TO ARBITRATION IN ACCORDANCE WITH THIS SECTION MAY RESULT IN THE PARTY BEING COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW.

(e) Any provision of the Governing Documents to the contrary notwithstanding, this Section shall not be amended without the express prior written approval of the Declarant.

Section 13.24. Notices; Time for Action. All notices and other communications under the Governing Documents of the Association shall be sent (i) by personal delivery with a signed receipt, (ii) by reputable commercial overnight delivery service, with a signed receipt, or (iii) by first-class registered or certified mail, return receipt requested, postage prepaid. Any notice hereunder may also be sent by facsimile (provided the original is, on the same day, sent to the addressee by one of the other methods of delivery set forth above). All notices and other communications shall be in writing and shall be deemed to have been given (i) on the date evidenced by the signed receipt if by personal delivery or by reputable commercial overnight delivery service, (ii) on the date evidenced by the return receipt if by registered or certified mail, or (iii) on the date of machine transmittal if by facsimile, provided that the sending party receives a written send verification on its machine and forwards a copy of the written notice and the verification by one of the other methods of delivery set forth above; provided, however, that all notices of a change of address shall be deemed to have been given when received. Each party hereto shall be responsible for notifying the others of its address for purposes of the Governing Documents, and of any change in its address promptly following such change. If any date upon which action is required under the Governing Documents shall be a Saturday, Sunday or legal holiday, the date for such action shall be extended to the first regular business day after such date which is not a Saturday, Sunday or legal holiday. In the event of any conflict between the notice provisions of this Section 13.24 and Section 13.6, the provisions of Section 13.6 shall control.

All notices and other communications to the Association or the Declarant shall initially be sent as follows:

To the Association: Wilson's Grove Homeowners Association, Inc.
c/o B/A WILLIAMS, LLC
8500 Executive Park Ave, Suite 300,
Fairfax, VA 22031

To the Declarant: B/A WILLIAMS, LLC
8500 Executive Park Ave, Suite 300,
Fairfax, VA 22031

With a copy to: Linowes and Blocher LLP
 1 Park Place
 Suite 585
 Annapolis, Maryland 21401
 Attention: David M. Plott, Esq.
 Fax No.: 410-216-9120

Section 13.25. Consent to Development. Any provision of the Governing Documents to the contrary notwithstanding, there is hereby reserved unto the Declarant (and/or such other party as may be designated by the Declarant in writing) for the duration of the Development Period an irrevocable power of attorney, coupled with an interest, for purposes of executing, acknowledging and delivering on behalf of all Owners, contract purchasers of Lots and/or Living Units, Mortgagees, other lienholders, and any other parties having any legal or equitable interest in all or any portion of the Property (referred to collectively as "Interested Parties" and individually as an "Interested Party" for purposes of this Section only), any and all zoning approvals, preliminary plans, site plans, subdivision plats, public works agreements, dedication deeds and agreements, development agreements, applications, permits, easements, right-of-ways, licenses, amendments to the Governing Documents, amendments to the Development Plan, and any other instruments as may from time to time be deemed necessary or desirable by the Declarant, in its sole discretion, in connection with: (i) obtaining any approval, consent, certificate, permit or the like (including, without limitation, building permits) from any governmental or quasi-governmental agencies or authorities in connection with any and all development and construction activities regarding all or any portion of the Property; (ii) any development and/or construction activities undertaken by or at the direction of the Declarant with respect to the Property in accordance with the Development Plan; (iii) any development and/or construction matters relating to the Property and/or the Development Plan; (iv) any requirements imposed upon the Property by any governmental or quasi-governmental agencies or authorities (including, without limitation, the Commission); (v) any requirements imposed by any lender or secondary mortgage agency; and (vi) any requirements imposed upon the Property pursuant to the Development Plan. Each Interested Party shall be deemed to have consented to any and all such instruments and shall be deemed to have granted unto the Declarant (or such other party as may be designated by the Declarant in writing) an irrevocable power of attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any and all such instruments. Further, each Interested Party shall be deemed to have agreed and covenanted to execute such further assurances and instruments, if any, as may be required by the Declarant and its successors or assigns, to properly accomplish such purposes. The foregoing power of attorney is in addition to and not in lieu of any other rights reserved unto the Declarant pursuant to the Governing Documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has executed this instrument this 30 day of April, 2013.

WITNESS/ATTEST:

Cheri Swantrom

[PRINT NAME]

[SEAL]

DECLARANT:

B/A WILLIAMS, LLC, a Maryland limited liability company

KMack
By: Kimberly Sue Mackmin

Title: Manager

[ADDITIONAL SIGNATURE PAGES FOLLOW]

BK 29120 PG 535

* * *

STATE OF Virginia

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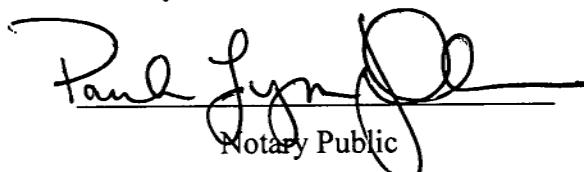
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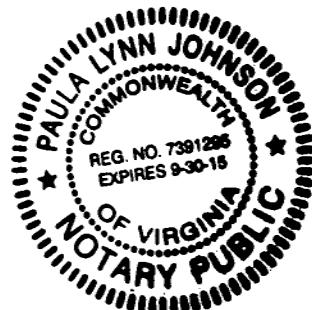
I HEREBY CERTIFY that on this 30 day of April, 2013 before me, a Notary Public in and for the State and County aforesaid, personally appeared Kimberly Sue Mackmin, known to me (or satisfactorily proven) to be the Manager of B/A WILLIAMS, LLC, a Maryland limited liability company, and that such individual, in such capacity and being authorized to do so, executed the foregoing and annexed instrument on behalf of such limited liability company for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Paul Lynn Johnson
Notary Public

My Commission Expires: Sept. 30, 2015

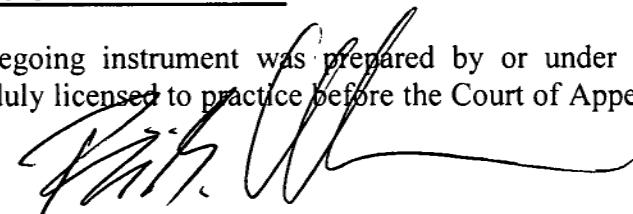
[NOTARIAL SEAL]



BK 29120 PG 53b

ATTORNEY'S CERTIFICATION

I HEREBY CERTIFY that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly licensed to practice before the Court of Appeals of Maryland.



Benjamin S. Wechsler, Esq.

**DESCRIPTION OF PROPERTY
WILSON'S GROVE HOMEOWNERS ASSOCIATION, INC.**

**SECOND (2ND) ELECTION DISTRICT
ANNE ARUNDEL COUNTY, MARYLAND**

BEING all of the following lots and/or parcels of land:

All that land described and shown on that subdivision plat entitled "WILSON'S GROVE" recorded among the plat records of Anne Arundel County in Plat Book 324, pages 2-23, Plat Nos. 16728-16749.

In addition to the rights of the Declarant to modify and amend the foregoing Declaration of Covenants, Conditions and Restrictions ("Declaration") as set forth therein, the Declarant reserves the right to unilaterally amend the foregoing Declaration as may be necessary or desirable, as determined by the Declarant in its sole discretion, (i) to correct the legal description set forth on this Exhibit "A", or in any future Supplementary Declaration, and/or (ii) to confirm the operation, lien and effect of the foregoing Declaration with respect to any lots or parcels that are re-subdivided, reconfigured, modified, altered and/or subjected to or withdrawn from a condominium regime.

Exhibit "A"

(Description of Property)

DESCRIPTION OF COMMON AREAS

WILSON'S GROVE HOMEOWNERS ASSOCIATION, INC.

SECOND (2ND) ELECTION DISTRICT
ANNE ARUNDEL COUNTY, MARYLAND

BEING all of the following lots and/or parcels of land:

The following parcels of land as described and shown on that subdivision plat entitled "WILSON'S GROVE" recorded among the plat records of Anne Arundel County in Plat Book 324, pages 2-23, Plat Nos. 16728-16749.

Open Space Parcels

Open Space #1
Open Space #2
Open Space #3

Recreation Area Parcels

Active Recreation Area #1
Active Recreation Area #3

Passive Recreation Area Parcels

Passive Recreation Area #2
Passive Recreation Area #5
Passive Recreation Area #6

|

**L&B 5459428v1/06225.0093

Exhibit "B"

(Description of Common Area)

State of Ma

 Baltimore

BK 29120 PG 539
 Information provided is for the use of the Clerk's Office, State Department of
 Assessments and Taxation, and County Finance Office Only.
 (Type or Print in Black Ink Only—All Copies Must Be Legible)

BK 126095 PG 03331

1 Type(s) of Instruments		<input type="checkbox"/> Check Box if addendum Intake Form is Attached.)									
		Deed	Mortgage	X Other DECL	Other _____						
		Deed of Trust	Lease								
2 Conveyance Type Check Box		Improved Sale Arms-Length /1/	Unimproved Sale Arms-Length /2/	Multiple Accounts Arms-Length /3/	Not an Arms-Length Sale /9/						
3 Tax Exemptions (if applicable) Cite or Explain Authority		Recordation									
		State Transfer									
		County Transfer									
4 Consideration and Tax Calculations		Consideration Amount				Finance Office Use Only Transfer and Recordation Tax Consideration					
		Purchase Price/Consideration		\$		Transfer Tax Consideration		\$			
		Any New Mortgage		\$		X () %		= \$			
		Balance of Existing Mortgage		\$		Less Exemption Amount		= \$			
		Other:		\$		Total Transfer Tax		= \$			
		Other:		\$		Recordation Tax Consideration		= \$			
		\$		X () per \$500		= \$					
		\$		TOTAL DUE			\$				
5 Fees		Amount of Fees		Doc. 1		Doc. 2		Agent:			
		Recording Charge		\$		\$		Tax Bill:			
		Surcharge		\$		\$		C.B. Credit:			
		State Recordation Tax		\$		\$					
		State Transfer Tax		\$		\$					
		County Transfer Tax		\$		\$					
		Other		\$		\$		Ag. Tax/Other:			
6 Description of Property		District	Property Tax ID No. (1)	Grantor Liber/Folio	Map		Parcel No.	Var. LOG			
SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).		02	2000-1246-1400	15202-793	37	0067		<input type="checkbox"/> (5)			
		Subdivision Name			Lot (3a)	Block (3b)	Sect/AR (3c)	Plat Ref.	SqFt/Acreage (4)		
Location/Address of Property Being Conveyed (2)											
JOHNS HOPKINS RD, GAMBRILLS MD 21054											
Other Property Identifiers (if applicable)											
ALSO 2000-1246-2800											
Residential <input checked="" type="checkbox"/> or Non-Residential <input type="checkbox"/> Fee Simple <input type="checkbox"/> or Ground Rent <input type="checkbox"/> Amount: _____											
Partial Conveyance? <input type="checkbox"/> Yes <input type="checkbox"/> No Description/Amt. of SqFt/Acreage Transferred: _____											
If Partial Conveyance, List Improvements Conveyed:											
7 Transferred From		Doc. 1 – Grantor(s) Name(s)				Doc. 2 – Grantor(s) Name(s)					
		Doc. 1 – Owner(s) of Record, if Different from Grantor(s)				Doc. 2 – Owner(s) of Record, if Different from Grantor(s)					
8 Transferred To		Doc. 1 – Grantee(s) Name(s)				Doc. 2 – Grantee(s) Name(s)					
		New Owner's (Grantee) Mailing Address									
9 Other Names to Be Indexed		Doc. 1 – Additional Names to be Indexed (Optional)				Doc. 2 – Additional Names to be Indexed (Optional)					
10 Contact/Mail Information		Instrument Submitted By or Contact Person						<input checked="" type="checkbox"/> Return to Contact Person <input type="checkbox"/> Hold for Pickup <input type="checkbox"/> Return Address Provided			
		Name: B/A WILLIAMS LLC									
		Firm: C/O THE COSCAN/ADLER LMTD PART									
		Address: 10480 LITTLE PATUXENT PKWY									
		COLUMBIA, MD 21044						Phone: ()			
		IMPORTANT: BOTH THE ORIGINAL DEED AND A PHOTOCOPY MUST ACCOMPANY EACH TRANSFER									
Assessment Information		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Will the property being conveyed be the grantee's principal residence?					
		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Does transfer include personal property? If yes, identify: _____					
		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).					
Assessment Use Only – Do Not Write Below This Line											
Terminal Verification		Agricultural Verification		Whole	Part	Tran. Process Verification					
Transfer Number		Date Received:		Deed Reference:		Assigned Property No.:					
Year		20	20	Geo.	Map	Sub	Block				
Land				Zoning	Grid	Plat	Lot				
Buildings				Use	Parcel	Section	Occ. Cd.				
Total				Town Cd.	Ex. St.	Ex. Cd.					
REMARKS:											