

RECEIVED
CLERK, CIRCUIT COURT

03 OCT 20 PM 4:21

QUEEN ANNE'S COUNTY

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SYMPHONY VILLAGE AT CENTREVILLE

AN AGE RESTRICTED (55 AND OVER) RESIDENTIAL COMMUNITY

IMP. FD. SHRE. &	20.00
RECORDING FEE	75.00
TOTAL	95.00
Rec# 0A01	Rcpt # 47253
SM RCB	Blk # 2521
Oct 21, 2003	10:33 am

RECEIVED
CLERK, CIRCUIT COURT
03 OCT 21 AM 10:29
QUEEN ANNE'S COUNTY

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SYMPHONY VILLAGE AT CENTREVILLE (hereafter the "Declaration"), is made as and effective for all purposes of this 20th day of October, 2003, by WATERFORD/CENTREVILLE, LLC, a Maryland limited liability company (the "Declarant").

EXPLANATORY STATEMENT

A. The Declarant is the owner of the real property located in the Town of Centreville, Queen Anne's County, Maryland described on **Exhibit 1**.

B. The Declarant intends to develop the real property described on **Exhibit 1** as an Active Adult (age 55 and over) community.

C. In furtherance of the development of the Property, the Declarant has elected to subject the real property described on **Exhibit 2** (which constitutes a part of the real property described on **Exhibit 1**) to the covenants, restrictions, reservations, easements, servitudes, liens and charges which are more particularly hereinafter set forth.

D. The Declarant may hereafter decide to subject additional real property (either in whole or in part) to the provisions of this Declaration, all as the same may be amended from time to time.

E. The Declarant deems it desirable and in the best interests of all the Owners of the Lots to provide for a flexible and reasonable procedure for the overall development of the Property and the administration, maintenance, preservation, use and enjoyment of the Property.

F. In order to implement the purposes and intents herein set forth, the Declarant intends to incorporate under the laws of the State of Maryland,

RECORDING FEE	50.00
TOTAL	50.00
Rec# 0A01	Rcpt # 47227
SM RCB	Blk # 2469
Oct 20, 2003	04:23 PM

QUEEN ANNE'S COUNTY CIRCUIT COURT (Land Records) SM 1166, p. 0502, MSA_CE58_1340. Date available 03/30/2004. Printed 07/25/2017.

Symphony Village at Centreville Homeowners Association, Inc., a Maryland non-stock, non-profit corporation.

NOW, THEREFORE, the Declarant hereby covenants and declares, on behalf of itself and its successors and assigns, that the real property designated and described on **Exhibit 2** attached hereto and made a part hereof shall, from the date this Declaration is recorded in the Land Records, be held, used, owned, occupied, conveyed, acquired and encumbered subject to the terms and provisions of this Declaration, all of which terms and provisions shall run with the land and bind and inure to the benefit of all Persons who may now or hereafter own or acquire any right, title, estate or interest in or to any of the Property.

ARTICLE 1
GENERAL PROVISIONS

Article 1.1 Definitions. Capitalized terms used in this Declaration (including the Explanatory Statement) not otherwise defined when first used in the body of this Declaration shall have the meanings specified for such terms below.

"Active Adult" means a natural person who is fifty-five (55) years of age or older.

"Additional Phase" means and refers to each separate individual piece of real property and any part thereof, which the Declarant may submit to this Declaration and to the jurisdiction of the Association pursuant to Article 2 hereof.

"Additional Phases" means all Additional Phases collectively.

"Articles of Incorporation" means the articles of incorporation for the Association which the Declarant shall file with the Maryland State Department of Assessments and Taxation subsequent to the date hereof.

"Association" means Symphony Village at Centreville Homeowners Association, Inc., a Maryland non-stock, non-profit corporation.

"Association Documents" means collectively, this Declaration, the Articles of Incorporation and the Bylaws, as the same are amended from time to time. Any exhibit, schedule, certification or amendment to an Association Document and all rules, regulations, design standards and other documents adopted as a part of any of the foregoing are an integral part of that document.

"Board of Directors" or "Board" means the executive and administrative entity provided for by the Articles of Incorporation as the governing body of the Association and which shall function and exercise the authority granted

to the Board in the Articles of Incorporation, this Declaration, and the other Association Documents.

"Builder" means both the Declarant and any Person who, in the regular course of business, purchases a Lot or Lots for the purpose of constructing a House or Houses for resale to the public.

"Bylaws" means the by-laws of the Association as adopted in accordance with the provisions of the Articles of Incorporation and the Maryland Homeowners Association Act, as the same may be amended from time to time.

"Class A Member " means an Owner of a Lot other than the Declarant.

"Class B Member" means the Declarant and its successors and assigns.

"Common Area" means, at any given time, all of the Property, other than Lots and any part of the Property dedicated for public use and conveyed to the Town or any other governmental entity. Common Area shall include any part of the Property conveyed to or owned by the Association for the benefit, use and enjoyment of the Owners. Common Area shall also include, for the purposes of determining Common Expenses and Upkeep, any real property burdened by an easement or right of way now or hereafter created or other charge or agreement now or hereafter created for, by way of illustration but not limitation, utilities, walking paths, landscaping, entrance features, guard house, lighting, signage, storm water management ponds, storm water retention ponds and other areas for the use and/or benefit (either exclusive or non-exclusive) of the Association and which shall be maintained by the Association provided that the use of such Common Areas by the Owners shall be limited to the easement or other document establishing such use. Any provision in this Declaration to the contrary notwithstanding, the Declarant shall not have any obligation to convey to the Association in fee simple any part of the Common Area not located on the Property provided that the Association shall succeed to all of the right, title and interest of the Declarant as to any part of the Common Area which constitutes an easement or right of way or other right of use. For the purposes of maintenance, operation and Upkeep, any part of a Lot on which Common Areas is located, included but not limited to sidewalks and landscaping located on Lots pursuant to Section 5.1(iii)(d), shall be treated as Common Area; for the purposes of ownership, such portion shall be part of the Lot owned by the Owner thereof and shall be included in the calculation of voting rights and assessments. Common Area shall include any additional Common Area contained within any Additional Phase which is submitted to this Declaration pursuant to the provisions of Article 2 hereof.

"Common Expenses" means all expenditures made and incurred on behalf of the Association pursuant to the Association Documents, together with all funds determined by the Board of Directors to be necessary for the creation and maintenance of reserves pursuant to the provisions of the Association Documents.

"Covenants Committee" means the committee that shall be established by the Board of Directors pursuant to Article 9 hereof for the purposes and with the authority set forth in this Declaration and the other Association Documents.

"Declarant" means Waterford Centreville, LLC, a Maryland limited liability company, its and successors and assigns; provided, however, that no successor or assignee of the Declarant shall have any of the rights or obligations of the Declarant hereunder unless such rights and/or obligations are specifically assigned by Declarant by document recorded in the Land Records or unless said rights and obligations of the Declarant inure to the successor by operation of law. The right is reserved to the Declarant to make partial assignments of its rights as the Declarant to one or more Builders or other Persons.

"Declarant Control Period" means the period ending on the earlier of: (i) the sixth anniversary of the date of recordation of this Declaration; or (ii) the date the number of votes of Class A Members equals the number of votes of the Class B Member; or (iii) the date specified by the Declarant in a written notice to the Association that the Declarant Control Period is to terminate on that date. Notwithstanding the foregoing, in the event Declarant is delayed due to causes beyond its reasonable control from completing development of the Property, the right is reserved to the Declarant to extend the Declarant Control Period for up to an additional two (2) years by notice of a written extension from the Declarant to the Association but in no event shall the Declarant Control Period extend beyond the eighth anniversary date of the recordation of this Declaration. Any extension of the Declarant Control period shall be recorded in the Land Records with a copy being provided to the Association.

"Declaration" means this instrument as the same may from time to time be amended or supplemented.

"Design Standards" means collectively (i) the architectural, landscaping and building standards developed for the Property established by the Covenants Committee and approved by the Board pursuant to Article 9 hereof and (ii) any architectural, landscaping and building standards developed for the Property and established by the Declarant or otherwise contained in the Association Documents.

"Development Period" means the period of time that the Declarant or Builders are engaged anywhere on the Property in development of the Property

or construction and sale of Houses or activities related thereto. When all the Lots and Common Area have been conveyed to Owners other than the Declarant and the Declarant has received a release of any bonding or surety provided by the Declarant in connection with the development of the Property and any required offsite development, then the Development Period shall end. Notwithstanding the foregoing, the right is reserved to the Declarant to end the Development Period at any earlier date upon written notice to the Association designating the date on which the Development Period shall end.

"House" means a single family residential dwelling (attached or detached) erected on a Lot. A House comes into existence for the purposes of assessments under Article 6 of this Declaration on the date that a certificate of occupancy (whether temporary or permanent) is issued by the appropriate governmental agency for such House.

"Land Records" means the land records of Queen Anne's County, Maryland.

"Lot" means a portion of the Property (including at any given time any Additional Phase which is submitted to this Declaration in accordance with Article 2 hereof) designated as a separate residential building lot contained with a plat of subdivision, resubdivision, consolidation or boundary line adjustment approved by all requisite authorities and recorded in the Land Records (but not including the Common Area) upon which a House is or may be erected. If at any point in time under the terms of this Declaration a House shall exist on a Lot, the term Lot shall mean and include the Lot as improved by the House.

"Majority Vote" (i) with respect to the Members, means a simple majority (more than fifty [50%] percent) of the total number of votes entitled to be cast by Members present in person or by proxy at a duly held meeting of the Members at which a quorum is present; (ii) with respect to either the Board of Directors or Covenants Committee, means a simple majority (more than fifty [50%] percent) of the total number of votes entitled to be cast by directors serving on the Board or Covenants Committee members present at a duly held meeting of the Board of Directors or Covenants Committee at which a quorum is present.

"Maryland Homeowners Association Act" mean such act as contained within Title 11B of the Real Property Article of the Annotated Code of Maryland as the same may be amended from time to time.

"Member" means any Class A or Class B Member.

"Mortgage" means a first mortgage or first deed of trust encumbering a Lot held and owned by a Mortgagee.

"Mortgagee" means an institutional lender (one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including but not limited to real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any combination of any of the foregoing entities) holding a Mortgage which has notified the Board of Directors of its status and requested all rights of a Mortgagee under the Association Documents. Only for the purpose of the rights in Articles 12, 13, and 14 hereof, the term **"Mortgagee"** shall also include the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Federal National Mortgage Association, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity, if such entity is participating in purchasing, guaranteeing or insuring Mortgages on a Lot or Lots and for which the Board of Directors has notice of such participation.

"Officer" means any natural person holding office in the Association pursuant to the Bylaws and the other Association Documents. An Officer need not be an Owner or a Member.

"Owner" means one or more Persons who own a Lot in fee simple, but does not mean any Person having an interest in a Lot solely by virtue of a contract or as security for an obligation. An Owner's right to occupy a Lot is subject to the provisions of the Association Documents, including but not limited to those set forth in Article 8.1 of this Declaration.

"Permissible Occupant" means any natural persons occupying a Lot in accordance with the provisions of Article 8.1.

"Person" means any natural person or any limited liability company, limited liability partnership, limited partnership, corporation, partnership, association, trust or other legal entity or any combination thereof legally entitled to hold title to real estate.

"Phase" means each any portion of the Property, now or hereafter subjected to this Declaration.

"Property" means at any given time, all of the real property subject to this Declaration (including Lots and Common Area and any Additional Phases) and includes all improvements and appurtenances thereto now or hereafter existing.

"Recreational Facilities" means those facilities for the common use and enjoyment of the Members constructed or existing on the Common Areas and any such facilities as are required by any governmental requirements relating to

the Property. Recreational Facilities shall include, but not be limited to, two (2) tennis courts, a bocce court, indoor and outdoor swimming pool, walking trail, club house and furniture and equipment to be contained therein, community flower garden, putting green, gazebo area, horseshoe pit and open spaces. The Recreational Facilities may include additional facilities as elected by the Declarant during the Declarant Control Period, including Recreational Facilities constructed on a future Phase.

"Rules and Regulations" means the rules and regulations governing the use, occupancy, operation and physical appearance of the Property adopted from time to time by the Board of Directors pursuant to this Declaration and the other Association Documents.

"Town" means the Town of Centreville, a body politic.

"Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

Article 1.2 Construction of Association Documents.

i. **Captions.** The captions in this Declaration are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or any provision thereof.

ii. **Pronouns.** The use of the masculine gender shall be deemed to include the feminine and neuter genders, and the use of the singular shall be deemed to include the plural and vice versa, whenever the context so requires.

iii. **Severability.** Each provision of an Association Document is severable from every other provision, and the invalidity of any one or more provisions shall not change the meaning of or otherwise affect any other provision. To the extent that any provision of the Association Documents is found to be overly broad or unenforceable and a narrower or partially enforceable construction may be given to such provision, then the narrower or partially enforceable construction shall be applied and, to the extent practicable, the provision shall be enforced.

iv. **Interpretation.** If there is any conflict between any other Association Documents and this Declaration, this Declaration shall control, except as to matters of compliance with the Maryland Homeowners Association Act, in which case the Articles of Incorporation and Bylaws shall control. Particular provisions shall control general provisions, except that a construction consistent with the Maryland Homeowners Association Act shall in all cases control over any construction inconsistent therewith.

ARTICLE 2
ADDITIONS TO THE PROPERTY

Article 2.1 Expansion by the Declarant.

i. **Additional Phases.** The Declarant hereby reserves the right and option, until the end of the Declarant Control Period, to expand from time to time, without the consent of any Owner or Mortgagee, the Property which is subject to this Declaration by submitting one or more Additional Phases (including separate annexations of the Common Areas applicable to such Additional Phases, the Lots contained therein or both, provided that once any part of an Additional Phase is annexed, then the balance of such Additional Phase must be annexed no later than the expiration of the Declarant Control Period) to the provisions of this Declaration and the jurisdiction of the Association whether or not such Additional Phase or Phases are owned by the Declarant. There are no limitations on the option of the Declarant to expand the Property which is the subject of this Declaration except as set forth in this Article 2, said option being absolute and unconditional. The Declarant's option set forth in this paragraph 2.1(i) may be terminated only upon the recordation by the Declarant of an instrument relinquishing such option or the expiration of the Declarant Control Period. The Declarant reserves the unilateral right, without the approval of the Owners or Mortgagees, to execute and record additional amendments to this Declaration, subjecting any Lot to such additional covenants and restrictions as may be necessary to reflect the different characteristics of such Lot as are not inconsistent with the overall scheme of the Declaration; provided, however, that the Declarant shall not have such right after the conveyance of such Lot to an Owner other than the Declarant without the written consent of such Owner and its Mortgagee.

ii. **Amendment of Additional Phases.** Any additional real property to become an Additional Phase must be located (a) within the Property originally described in **Exhibit 1** or (b) within three hundred (300) feet of any boundary line of the Property originally described in **Exhibit 1**.

Article 2.2 Procedure for Expansion. The Declarant or if requested by the Declarant, the Association, as appropriate, may record one or more amendments to the Declaration or other appropriate instrument submitting one or more of the Additional Phases thereof to this Declaration and to the jurisdiction of the Association. Each such instrument shall include a legally sufficient description of the real estate added to this Declaration. At the time of recordation of an instrument adding an Additional Phase, appropriate plans shall be recorded, if necessary, showing the Additional Phase being added and describing any real estate being conveyed to the Association as Common Area. Upon recordation of an instrument adding an Additional Phase, the provisions of the Declaration shall apply to the Additional Phase submitted thereby as if it were originally part of the Property contained in this Declaration on the date of its first recording.

Article 2.3 Withdrawable Real Estate by Declarant. Upon the dedication for public roadways or other public use purposes of any portion of the Property, or upon the conveyance to any public entity or authority for public roadways or other public use purposes of any portion of the Property, this Declaration shall no longer be applicable to the part of the Property so dedicated or conveyed. The Declarant (during the Development Period) has the unilateral right without the consent of the Owners or the Mortgagees to execute and record an amendment to the Declaration withdrawing any portion of the Property, if such real estate is dedicated or is to be dedicated to a public use or to a public authority.

ARTICLE 3 THE ASSOCIATION

Article 3.1 Creation. The Association shall be a non-stock, non-profit corporation organized and existing under the laws of the State of Maryland, charged with the duties and vested with the powers prescribed by law and set forth in the Association Documents.

Article 3.2 Membership. Members of the Association shall at all times be, and be limited to, the Declarant and the Persons who constitute Owners of the Lots. If more than one Person owns a Lot, then all of the Persons who own such Lot shall collectively constitute one Owner and be one Member of the Association. Each such Person (or if other than a natural person, their designated representative) is entitled to attend all meetings of the Association. Membership in the Association is mandatory and transfers automatically with ownership of a Lot and is not severable therefrom. Upon acquiring title to a Lot, each new Owner shall immediately give written notice to the secretary of the Association stating the name and address of such new Owner and the number or address of the Lot. If the new Owner fails to give the secretary such notice within thirty (30) days after acquiring title to such Lot, then reasonable record keeping costs incurred by the Association may be assessed against such Owner pursuant to Article 11.1 (i) hereof. Notwithstanding the foregoing, the Declarant shall notify the Association of the name and address of each Lot Owner taking title directly from the Declarant.

Article 3.3 Classes of Members; Voting Rights. The Association shall have two classes of Members:

i. The Class A Members shall be the Owners of Lots, other than the Declarant, and shall have one vote for each Lot for which a certificate of occupancy or similar permit has been issued by the appropriate governmental agency.

ii. The Class B Member shall be the Declarant and the Declarant shall have three votes for each Lot owned by the Declarant. The Class B Membership shall cease and be converted to Class A Membership on the first to

occur of (i) when the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B membership, or (ii) December 31, 2010. Notwithstanding the foregoing, in the event that the Class B Membership shall terminate, but subsequent to such termination the Declarant shall subject an Additional Phase to the Property and this Declaration, the Class B Membership shall be reinstated until the first to occur of (a) the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership (including the additional Lots which are included in the Additional Phase) or (b) December 31, 2010.

iii. For the purposes of Class B Membership and determining the number of votes entitled to be cast by the Class B Member (but not for the purposes of determining Assessments), any part of the Property which has been annexed into the Association and made subject to the Association Documents pursuant to the provisions of Article 2 shall be deemed to contain (whether or not subdivision into Lots has been completed and recorded as to all or a part thereof) the number of Lots shown on the approved (but not recorded) preliminary plan of subdivision for such portion of the Property.

Article 3.4 Board of Director Authority. Unless otherwise specifically provided in the Maryland Homeowners Association Act or the Association Documents, all rights, powers, easements, obligations and duties of the Association may be performed by the Board of Directors on behalf of the Association. The foregoing shall not restrict the ability of the Board of Directors to establish committees charged with the administration and enforcement of provisions of the Association Documents and the Board of Directors shall have full and complete authority to delegate any authority provided to the Board of Directors under the Association Documents to a committee.

ARTICLE 4 COMMON AREA

Article 4.1 Conveyance; Title. As to any part of the Common Area owned in fee simple by the Declarant, the Declarant shall convey the Common Area to the Association in fee simple released from any encumbrance securing the repayment of monetary obligations incurred by the Declarant, but subject to all easements and other encumbrances then of record (including those created by this Declaration). As to any Common Area not located on the Property for which a right of way, easement or right of use has been granted to the Declarant, the Association shall succeed to all of the right, title and interest of the Declarant in and to such part of the Common Area subject to all of the obligations for maintenance and Upkeep associated therewith. The Association shall accept title to any real estate or personal property offered to the Association by the Declarant as a part of the Common Area. The right is specifically reserved to the Declarant to make a conveyance of the Common Area in a Phase prior to submission of the Lots in such

Phase to the provisions of this Declaration. To the extent any Recreational Facilities are to be constructed on the Common Area, the responsibility for initial construction of such Recreational Facilities shall continue to be that of the Declarant regardless of any conveyance of the Common Area to the Association until such time as construction of such Recreational Facilities has been completed. After completion of construction of Recreational Facilities, the Upkeep for such Recreational Facilities shall be assumed by the Association and shall be a Common Expense and shall be without cost or expense to the Declarant.

Article 4.2 No Dedication. Nothing contained herein or in the other Association Documents shall be construed as a dedication to public use or as an assumption of responsibility for Upkeep of any Common Area by any public or municipal agency, authority or utility, nor shall it be construed to prevent the Board of Directors of the Association from permitting public access to or use of any Common Area.

Article 4.3 Transfer of Responsibility for Upkeep. When the Declarant transfers the responsibility for Upkeep of any portion of the Common Area to the Association (including Common Areas not located on the Property), any improvements located thereon shall be substantially completed, and all work (except for such work which cannot be performed due to the weather conditions or the season of the year, which the Declarant will be obligated to complete when weather conditions permit) required by the site plan or other governmental approvals for the portion of the Common Area to be conveyed shall be either completed or bonded with the applicable governmental authority. When the Association assumes responsibility for Upkeep of a portion of the Common Area, the Association shall cooperate with the Declarant to obtain the release of any bonds and surety applicable to such portion of the Common Area, whether posted by the Declarant or a Builder. At the request of the Declarant, the Association shall confirm its acceptance of any part of the Common Area conveyed to the Association or for which the rights associated therewith are transferred to the Association as well as the obligation of the Association for Upkeep of such Common Area. The Association shall further execute such confirmations, maintenance agreements and other documents required by the Town with respect to and concerning its obligation for Upkeep of any part of the Common Areas not owned in fee simple by the Association.

Article 4.4 Regulation of Common Area. The Board of Directors shall have the right to regulate use of the Common Area pursuant to Article 8 hereof and to charge fees for the use thereof to the Members. The Board of Directors may also mortgage, dedicate or convey the Common Area owned in fee simple by the Association or grant easements over and through any Common Area subject to the restrictions in Article 13.4 hereof and the Bylaws.

Article 4.5 Improvements on Common Area. After the initial improvement and conveyance of any Common Area to the Association, the Declarant may, but is not obligated to, construct additional improvements on the Common Area for the benefit of the Property, the Members and such Common Area, pursuant to the easements in Article 5.1 hereof.

Article 4.6 Boundary Adjustments. The Board of Directors has the power at any time or times, consistent with the then existing zoning or subdivision ordinances of the Town or other applicable governmental authority, and pursuant to a recorded subdivision, resubdivision or boundary-line adjustment plat, to transfer any part of the Common Area for the purpose of adjusting Lot lines or otherwise in connection with the orderly subdivision and development of the Property. The Board of Directors shall execute such conveyances or other documents as shall be reasonably requested by the Declarant to accomplish the foregoing.

ARTICLE 5
EASEMENTS

Article 5.1 Development Easements.

i. **Easement to Facilitate Development.** The Declarant hereby reserves to itself and its successors and assigns, and the Association a non-exclusive blanket easement over and through the Property and the Common Area for all purposes reasonably related to the development and completion of improvements and Houses on the Property, including without limitation: (a) temporary slope and construction easements; (b) drainage, erosion control, and storm and sanitary sewer easements (including the right to cut or remove trees, bushes or shrubbery, to regrade the soil and to take any similar actions reasonably necessary provided, however, that after a Lot is conveyed to an Owner the Declarant shall restore the affected area as nearly as practicable to its original condition; (c) easements for the storage of reasonable supplies of building materials and equipment necessary to complete the improvements to the Property and Houses; and (d) easements for the construction, installation and Upkeep of improvements (e.g., buildings, landscaping, street lights, signage, etc.) on the Property or reasonably necessary to serve the Property.

ii. **Easement to Facilitate Sales.** The Declarant hereby reserves to itself and its successors and assigns the right to: (a) use any Lots owned or leased by the Declarant, any other Lot with the written consent of the Owner thereof or any portion of the Common Area (including any improvement thereon) as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas (provided, however, that the Declarant shall remain responsible for the operating expenses of any portion of the Common Area while used for the foregoing purposes); (b) place and maintain in any location on the Common Area, and on any Lot, street and directional signs,

temporary promotional signs, plantings, street lights, entrance features, lighting, walls or fences and other related signs and landscaping features; provided, however, that all signs shall comply with applicable governmental regulations; and (c) relocate or remove all or any of the above from time to time at the Declarant's sole discretion.

iii. **Easement for Utilities and Related Services.**

a. A non-exclusive blanket easement is hereby granted over and through the Property for ingress, egress, installation, operation and Upkeep of the equipment used or required for providing to any portion of the Property or the adjacent real estate, any utilities, including without limitation, water, sewer, drainage, gas, electricity, telephone and television service, whether public or private; such non-exclusive easement is hereby granted to any Person (including any public or private utility company) installing or providing Upkeep for the aforesaid services. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed, maintained or relocated only where permitted by the Declarant, where contemplated on any site plan approved by the Declarant or where approved by resolution of the Board of Directors. Such utilities or services may be installed above ground if approved by the Declarant.

b. If the Person installing the utility or service covered by the general blanket easement herein created requests a specific easement by separate recordable document, then the Declarant hereby reserves to itself, and its successors and assigns and also grants to the Association, the right to grant and reserve such specific easements, rights-of-way and licenses over and through the Common Area and any Lot for the installation and Upkeep of the equipment for providing to any portion of the Property or adjacent real estate, any utilities, including without limitation water, sewer, drainage, gas, electricity, telephone and television service, whether public or private, or for any other purpose necessary or desirable for the orderly development of the Property or for the benefit of the adjacent real estate. The authority reserved to the Declarant may be exercised as to any Lot and the Common Areas both before and after the conveyance of the Common Areas to the Association and a Lot to an Owner.

c. **Dedications, Easements and Conveyances Required by Governmental Authority.** The Declarant hereby reserves to itself and its successors and assigns and to the Association the right to make any dedications and to grant any easements, rights-of-way and licenses and to make such conveyances as required by any government or governmental agency over and through all or any portion of the Common Area owned in fee simple by the Association. The foregoing shall specifically include the authority to convey to the Town or its designee, or any other governmental or quasi governmental authority title to the portion of the Property (other than the Lots) over which public sewer and/or water lines are

located and installed, as provided and to take such other actions as are required pursuant to the Public Works Agreements between the Declarant and the Town executed prior to the recordation hereof and any amendments thereto, whether executed before or after the recordation of this Declaration in the Land Records.

d. Landscaping and Sidewalk Easement Across Lots.

The Declarant hereby reserves to itself and its successors and assigns and to the Association an easement and the right to grant and reserve easements over and through the Common Area and over and through any Lot for the purpose of construction, installation, and construction, installation and maintenance and Upkeep of sidewalks across the front of any Lot, landscaping features and buffer areas, including without limitation, plants, trees and earth berms and other earth contouring which easements shall include access as necessary to perform such tasks and for the installation, maintenance and Upkeep of irrigation systems across the front and side yards of any Lot, all of which shall be a part of the Common Area for purposes of Upkeep. The Owner of a Lot burdened by the easement and right hereby reserved shall not construct any improvements within the sidewalk and landscape easement herein established without the permission of the Declarant, during the Declarant Control Period, or the Association thereafter. Upkeep of these sidewalk and landscaping easement areas after completion of initial construction by the Declarant by the Association shall be a Common Expense.

e. Storm Water Management Easement. The Declarant hereby reserves to itself and its successors and assigns and to the Association an easement and the right to grant and reserve easements over and through the Property for the construction and Upkeep of storm water management facilities, including storm water retention areas. The Declarant (and subsequent to the Declarant Control Period, the Association) shall also have the right to allow adjacent properties to tie their storm water management facilities into the storm water management facilities for the Property; provided, however, that the owners of such adjacent properties agree to bear a portion of the expense of Upkeep for the storm water management facilities for the Property in such amount as may be deemed appropriate by the Declarant during the Declarant Control Period and thereafter by the Board.

f. Easement to Correct Drainage. The Declarant reserves to itself and its successors and assigns (and subsequent to the Declarant Control Period, the Association) an easement over, through and under the ground within each Lot and the Common Area to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the land, or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable (but only pertaining to Lots already conveyed by the Declarant to an Owner). In any action taken by the

Declarant, 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.

g. Additional Recreational Facilities. The right is reserved to the Declarant to construct additional Recreational Facilities on the Common Area, either before or after the conveyance of such Common Areas or any part thereof to the Association. In such event, Declarant shall pay the entire cost of such additional Recreational Facilities and shall have the benefit of such easements and rights of way through and across the Property reasonably necessary for such construction. Upon completion of construction of any additional Recreational Facilities, the cost of Upkeep shall become a Common Expense.

h. Further Assurances. Any and all conveyances of Lots are subject to the reservations, easements and rights-of-way granted or reserved hereby. Upon written request of the Declarant, the Association and each Owner shall from time to time execute, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

i. Duration and Assignment of Development Rights. The Declarant shall be entitled to the rights, powers and easements granted under this Article 5 for so long as the Declarant or its designees are engaged in development or sales, or activities related thereto, anywhere on the Property. The Declarant may assign its rights under this Article to, or share such rights with, one or more other Persons, including the Association, exclusively, simultaneously or consecutively with respect to the Common Area or Lots owned by such designees.

Article 5.2 Easement for Upkeep.

i. Access. A right of access over and through any portion of the Property (excluding the interior of any occupied dwelling) is hereby granted to the Declarant and the Association, the managing agent and any other Person authorized by the Board of Directors, in the exercise and discharge of their respective powers and responsibilities, including without limitation to make inspections, correct any condition originating in a Lot or in the Common Area threatening another Lot or the Common Area, correct drainage, perform installations or Upkeep of utilities, landscaping or other improvements located on the Property for which the Association is responsible for Upkeep, or correct any condition which violates the Association Documents. The Declarant and the agents, contractors, Officers and directors of the Association may, but shall not be obligated to, enter any portion of the Property (excluding any occupied dwelling) in order to utilize or provide for the Upkeep of the areas subject to easements granted in this Article to the Association. Each Owner shall be liable to the Declarant and the Association for the cost of all Upkeep performed by the Association and rendered

necessary by any act, neglect, carelessness or failure to comply with the Association Documents for which such Owner is responsible and the costs incurred by the Declarant and the Association shall be assessed against such Owner's Lot in accordance with the provisions of this Declaration and the other Association Documents. In the event any costs and expenses are incurred by the Declarant pursuant to this Article 5.2(i), the Declarant shall provide reasonably documentation to the Association of such costs and expenses which the Association shall have the power to collect from the Owner in the same manner as if such costs and expenses had been incurred directly by the Association provided that any funds so collected after payment of the costs and expenses of collection incurred by the Association shall be paid by the Association to the Declarant.

ii. **Declarant Access.** Until the expiration of any applicable warranty period, the Declarant hereby reserves to itself and its designees a right of access over and through the Property (including any improvements) to perform warranty-related work within the Common Area or the Lots. The Declarant may assign its rights under this Article to, or share such rights with, one or more other Persons, exclusively, simultaneously or consecutively.

iii. **Entry into Improvements.** If entry to a House or other improvement on a Lot is required or authorized by any Person pursuant to this Article 5.2, a request for entry shall be made in advance and such entry shall be made during the Declarant's regular business hours. In case of an emergency, however, such right of entry to any improvement shall be immediate.

Article 5.3 **Limitations on Exercise of Rights and Easements.**

i. The easements described in this Article 5 are subject to all other easements and encumbrances of record (including those created by this Declaration).

ii. The Declarant or the Association, as appropriate, when exercising the rights and easements granted by this Article, shall: (a) give reasonable prior notice to all affected Owners, unless an emergency exists which precludes such notice; (b) minimize to the extent reasonably possible any economic or aesthetic injury to the affected Lots or the Common Area; and (c) not unreasonably interfere with the affected Owners use, enjoyment and benefit from such Owners Lots or the Common Area.

iii. If an easement is relocated, the cost of such relocation shall be paid by the party requesting the relocation.

iv. Any damage resulting from the exercise of the aforesaid rights and easements shall be promptly repaired and the site restored to the extent practicable by the Declarant or the Association, as appropriate, or at the option of

the Declarant or the Association, the party responsible for such damage. In either case, the cost of such repair and restoration shall be paid for by the party responsible for the damage.

Article 5.4 Emergency Access. An easement is hereby granted (i) to all police, fire, ambulance and other rescue personnel over and through all or any portion of the Property for the lawful performance of their functions during emergencies and (ii) to the Association over and through all Lots, if emergency measures are required in any Lot to reduce a hazard thereto or to any other portion of the Property. The Association is hereby authorized but not obligated to take any such measures.

Article 5.5 Easement for Use of Common Area.

i. **Use and Environment.** Each Permissible Occupant is, subject to the Rules and Regulations, hereby granted a non-exclusive right and easement of use and enjoyment in common with other Permissible Occupants of the Common Area. Such right and easement of use and enjoyment shall be appurtenant to each Lot, whether or not mentioned in the deed thereto. Any purported conveyance or other transfer of such rights and easements apart from the Lot to which such rights and easements are appurtenant shall be void. No Owner who does not satisfy the requirements of Article 8.1 shall be permitted to use the Common Area. Notwithstanding the foregoing, with the exception of sidewalks and paths located on a Lot (for which entry, use and enjoyment is permitted by Permissible Occupants), no Permissible Occupant shall have a right of use and enjoyment of any part of the Common Area which, for purposes of Upkeep (but not ownership or voting), is located on a Lot for the purposes of use and enjoyment by the Members,

ii. **Vehicle and Pedestrian Access.** Each Permissible Occupant is hereby granted a non-exclusive easement over all streets, parking lots, sidewalks, walks and paths on the Common Area (including the Common Area located within Lots) and irrigation crossings for the purpose of vehicular and/or pedestrian access, ingress and egress, as appropriate, to any portion of the Property to which such Permissible Occupant has the right to go, subject to any Rules and Regulations promulgated by the Association pursuant to Article 8.6. Any purported conveyance or other transfer of such rights and easements apart from the Lot to which such right and easement are appurtenant shall be void. Each Permissible Occupant is also hereby granted a non-exclusive easement for egress and ingress over the Common Area to the extent necessary to provide vehicle and pedestrian access to the Lot for which they are a Permissible Occupant. Such easement for ingress and egress shall not be extinguished by termination of the Declaration or conveyance of the Common Area unless alternative access is provided, if necessary, and the Owner of the Lot consents in writing to the termination of the easement.

iii. **Limitations.** The rights and easements of enjoyment created hereby shall (in addition to any easements granted or reserved in this Declaration or pursuant to the other Association Documents) be subject to all rights and powers of the Declarant and the Association when exercised in accordance with the other applicable provisions of the Association Documents, including without limitation the Association's rights to regulate the use of the Common Area and to establish reasonable charges therefor, to grant easements across the Common Area, to dedicate and to mortgage the Common Area owned in fee simple by the Association.

iv. **Delegation.** Subject to the Rules and Regulations or such other restrictions as adopted by the Association (including but not limited to those related to use of the Common Areas by natural persons who are not Permissible Occupants), any Owner having the right to use and enjoy the Common Area may delegate such rights to members of the Owner's households, their guests and tenants and to such other natural persons as may be permitted by the Association.

v. **Woods.** As consideration for their grant of certain easement rights entitling the Members to cross their property, Nicholas Wood and Jean Wood (collectively "**Wood**") during the term of their natural lives shall be permitted to use the Recreational Facilities to the same extent as if they were Members but without charge, fee or expense. Notwithstanding the foregoing, to the extent that the participation of any activity in the Recreational Facilities requires the payment of any additional fee by any Member desiring to participate in such activity, then Wood shall also be required to pay such additional fee if they elect to participate in such activity. The right of Wood in this Article 5.5(v) shall not entitle Wood to vote on any matter for which the Class A and Class B Members shall be entitled to vote nor shall Wood ever be required to pay any assessments for Common Expenses.

Article 5.6 Association Power to Make Dedications and Grant Easements. The rights, powers and easements reserved to the Declarant in Article 5 are also hereby granted to the Association provided that the Association may not exercise any of such rights, powers and easements prior to the expiration of the Declarant Control Period (but may thereafter) without the prior written consent of the Declarant. Subject to the foregoing, these rights, powers and easements may be exercised by the Association in accordance with this Declaration and the other Association Documents provided, however, that the limitations on duration applicable to the Declarant shall not apply to the Association. If the Declarant or any Owner requests the Association to exercise its powers under this Article 5, the Association's cooperation shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 6
COMMON EXPENSES AND ASSESSMENTS

Article 6.1 Determination of Common Expenses and Assessments.

i. **Preparation and Approval of Budget.** The Board of Directors shall adopt a budget for the Association for each fiscal year containing an estimate of the total amount considered necessary for the ensuing fiscal year to pay the cost of management and Upkeep of the Common Area and any other Upkeep for which the Association is responsible including, but not limited to Upkeep provided in Article 7 and the cost of other expenses that may be declared to be Common Expenses by the Association Documents or by a resolution of the Board of Directors, including without limitation any services provided to the Owners, Lots or Common Area. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital (available cash for day-to-day expenses which is otherwise uncommitted), a general operating reserve (including an amount to cover operating losses due to insurance deductibles), insurance premiums, fees for professional services retained by the Board (which shall include retention of a management company) and reserves for contingencies (potential costs or liabilities which have not been incurred but which should be planned for) and replacements. Such budget shall constitute the basis for determining the assessment against each Lot pursuant to Article 6.2.

ii. **Effect of Failure to prepare or Adopt Budget.** The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year after the initial budget is adopted shall not constitute a waiver or release in any manner of an Owner's obligation to pay his assessment as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay assessments at the rate established for the previous fiscal year until notified of the new payment which is due on the first day of the next payment period which begins ten (10) days after such new annual or adjusted budget is adopted and the Owner receives such notice.

iii. **Pledge of Revenues.** The Board of Directors, by a vote of two-thirds (2/3) of the total number of directors then appointed to the Board of Directors, shall have the right and power to assign and pledge all revenues to be received by the Association, including but not limited to annual and additional assessments, in order to secure the repayment of any sums borrowed by the Association from time to time in accordance with the provisions of this Declaration.

Article 6.2 Establishment and Payment of Assessments.

i. **Regular Assessments.** Subject to the provisions of Article 6.3 hereof, Common Expenses shall be assessed annually or levied as an additional assessment. The Board of Directors shall for each fiscal year establish a regular

uniform assessment rate for Common Expenses to be levied against all Lots upon which a House exists.

ii. **Initial Capital Contribution.** On the initial conveyance of each Lot by the Declarant to an Owner other than a Builder, such Owner shall pay to the Association the sum of **Seven Hundred Fifty Dollars (\$750.00)** which shall represent an initial contribution to the working capital of the Association and which shall be in addition to the regular assessment for Common Expense for such Lot. Such payment shall not be refundable to the Owner and is not separable or divisible from the Lot.

iii. **Common Expense Assessment.** Subject to the provisions of Section 6.2(iv), the initial maximum annual assessment for each Lot upon which a House exists for its respective share of Common Expenses shall be **One Hundred Seventy Five Dollars (\$175.00)** per month. Common Expense assessments shall be prorated for Lots upon which a House exists subsequent to the commencement of the Association's fiscal year for the period commencing on the date such House first exists through the end of the Association's fiscal year. Each fiscal year the Board of Directors shall be authorized to increase the annual assessment for each Lot by the amount determined by the Board of Directors to be necessary to fund the Common Expenses of the Association as determined by the budget adopted by the Board of Directors provided that regular annual assessment for each Lot may not be increased by more than ten percent (10%) over the regular annual assessment then existing for each Lot without the approval of a Majority Vote of each Class of Members. The Common Expense assessment for each Lot Owner shall be paid by such Lot Owner annually, no later than February 1st of each year provided that the Common Expense assessment for the balance of the then existing fiscal year for each Lot shall be paid in full on the closing date of each Owner for such Lot. The Board of Directors may if it so elects, permit Lot Owners to pay their annual Common Expense assessment in two equal payments, one due October 1st and the balance on April 1st. In such event, the failure of any Lot Owner to pay their February 1st installment annual shall result in the entire balance becoming immediately due and payable in full.

iv. **Special Assessments.** In addition to the regular annual assessments set forth in Section 6.2(iii), the Board of Directors may by a vote of two thirds of the number of directors entitled to vote levy additional special assessments on each Lot on which a House exists. Special assessments shall only be levied by the Board for Common Expenses which were not anticipated or contemplated at the time the budget for the most recent period was adopted by the Board. The Board of Directors shall give notice of any special assessment to the Owners specifying the amount and reasons therefor, and such special assessment shall, unless otherwise specified in the notice, be payable in full with the next periodic installment which is due ten days after the date of such notice or in not more than six equal periodic installments, as the Board may determine. Such assessment shall be a lien as set

forth in Article 11.2 hereof. Special assessments adopted by the Board pursuant to this Section 6.2(iv) are subject to the maximums set forth in Article 6.2(iii) hereof.

v. **Individual Assessments.** The Board of Directors may assess an Owner's Lot individually: (a) for the amount of any costs incurred by the Association pursuant to Article 7.2 hereof in performing Upkeep that the Owner failed to perform as required by that Article; (b) for the amount of any charges imposed on that Owner pursuant to Article 11 hereof; and (c) for any costs incurred by the Association because of any violation or negligence for which that Owner is responsible under Article 11 hereof. Each such assessment shall be due ten (10) days after notice thereof is given to the Owner unless the notice specifies a later date. Individual assessments are not included in or subject to the maximums set forth in Article 6.2(iii) hereof.

Article 6.3 Exemptions. The Common Area and any properties dedicated to a public authority or exempt from taxation by a public authority and any Lots (regardless of whether a House has been completed thereon) and which are owned by Declarant or any Builder to whom the Declarant has made a partial assignment of Declarant Rights shall be exempt from all assessments for Common Expenses levied in accordance with Sections 6.2 hereof or any other liens created pursuant to this Declaration for so long as: (i) the Declarant or Builder (whichever shall be the Lot Owner) performs or pays the costs associated with Upkeep of such Lot or unoccupied Houses; and (ii) during the Declarant Control Period, the Declarant pays the full amount, if any, by which the operating expenses of the Association exceed the total budgeted income of the Association provided, however, that the Declarant's obligation under this Article 6.3 does not include any expenses that the Association is unable to meet because of nonpayment of any Owner's assessment and shall not exceed the amount the Declarant would be obligated to pay if Lots owned by the Declarant were assessed in accordance with Article 6.3 hereof. The exemption shall also apply to Lots used for model home purposes.

Article 6.4 Liability for Common Expenses.

i. **Owner Liability.** Each Owner of a Lot by acceptance of a deed therefor, whether or not so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association all Common Expenses as may be assessed against such Lot and other charges assessed by the Board of Directors pursuant to the provisions of this Declaration. Each Owner shall be personally liable for all assessments against such Owner's Lot. No Owner may be exempted from liability for the assessment for Common Expenses by reason of waiver of the use or enjoyment of any of the Common Area or by abandonment of the Lot. No Owner shall be liable for the payment of any part of the Common Expenses assessed against the Lot subsequent to the date of recordation of a conveyance in fee by such Owner of such Lot. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and

discharged. The purchaser of a Lot shall be jointly and severally liable with the selling Owner for all unpaid assessments against the latter for the proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Owner amounts paid by the purchaser therefor; provided, however, that any such purchaser may rely on a Statement of Common Expenses obtained pursuant to Article 6.6 herein.

ii. **Mortgagee Liability.** Each holder of a Mortgage or other Person who acquires title to a Lot by virtue of foreclosure or deed or assignment in lieu of foreclosure and any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against such Lot which accrue prior to the time such Person comes into title thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Lots including the mortgaged Lot assessed after such Person acquires title. The lien created by Article 11.2 hereof shall cease to exist with respect to assessments and charges levied prior to first to occur of (a) sixty days after the foreclosure or other judicial sale of the Lot (b) the final ratification of such sale or (c) the time title is transferred by foreclosure or by deed or assignment in lieu thereof (the first to occur of items (a), (b) or (c) being the Abatement Date); provided, however, that if the proceeds of a foreclosure exceed the total amount due on the Mortgage, the excess shall first be paid to the Association and applied to the satisfaction of the Association's lien. The lien created by Article 11.2 shall commence to run and be applicable to Lots for which the title is acquired by the holder of a Mortgage or other Person who acquires title to a Lot by virtue of foreclosure or deed or assignment in lieu of foreclosure and any purchaser at a foreclosure sale, from and after the Abatement Date.

Article 6.5 Collection of Assessments. Any assessment or installment levied by the Association in accordance with this Declaration if not paid within ten (10) days after the due date shall be delinquent and shall accrue interest until paid at a rate as may be established from time to time by the Board of Directors in their sole discretion but in no event shall such rate of interest exceed the amount permitted by law. The Board of Directors, or the managing agent at the request of the Board of Directors, shall take such action as deemed appropriate to collect any assessments levied under Article 6 or any other provisions of this Declaration due from any Owner or Member which remain unpaid for more than thirty (30) days after the due date for payment thereof.

Article 6.6 Statement of Common Expenses. The Board of Directors or managing agent shall provide any Owner, contract purchaser or Mortgagee, within fourteen (14) days after a written request therefor, with a written statement of all unpaid assessments for Common Expenses due with respect to a specific Lot (or a statement that the amount of unpaid assessments is zero) as part of the "Association Disclosure Packet" pursuant to the Maryland Homeowners Association. No contract purchaser, Mortgagee or purchaser from a Mortgagee

requesting such a statement shall be liable for, nor shall the Lot conveyed to such Person relying on such statement be subject to a lien for, any unpaid assessments due prior to the date of such statement in excess of the amount set forth on such statement; provided, however, that this Article 6.6 shall not be interpreted to release any Person from liability for such assessments levied while such Person owned the Lot. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation, in an amount not to exceed any maximum established by the Maryland Homeowners Association.

ARTICLE 7

OPERATION OF THE PROPERTY

Article 7.1 Upkeep of Common Area.

i. **General.** The Association shall be responsible for the management and Upkeep all of the Common Area and Recreational Facilities, the cost of which shall be assessed against all Lots as a Common Expense, as herein provided. Such Upkeep of the Common Area shall include without limitation periodic (as determined by the Board) grass cutting and lawn maintenance, leaf removal, maintenance and repair of irrigation systems (if installed by the Declarant) and costs of operation and garbage removal if the same is not provided by the Town or Queen Anne's County. All facilities located on the Common Area including without limitation parking lots, sidewalks, cluster mailboxes, bus shelters, entrance walls, front guard house, lighting and landscaping (including but not limited to all landscaping features along Taylor Mill Road and Symphony Boulevard) shall also be maintained by the Association and the Upkeep thereof shall a part of the Common Expense. The Association shall be responsible for the Upkeep of certain landscaped areas along the boundaries of certain Lots as may determined by the Board of Directors, the cost of which shall be a Common Expense. The Association shall not have any responsibility for the Upkeep of any Lot except for those responsibilities and duties specifically enumerated in this Declaration and the other Association Documents. If the Board of Directors determines that certain Upkeep was necessitated by the negligence, misuse or neglect of an Owner or for which an Owner is responsible pursuant to Article 11 or any other provision of the Association Documents, the cost of such Upkeep shall be assessed against such Owners Lot pursuant to Article 11 hereof. The Board of Directors shall establish the standard for Upkeep of the Common Area in its sole discretion. The Declarant and the Board shall have the complete authority to confirm to any third party (including the Town) the obligation of the Association for the Upkeep of Common Areas.

ii. **On Lots.** The Association shall be responsible for the normal management and Upkeep of all lawns installed on Lots by the Declarant or a Builder. Such Upkeep shall include regular periodic mowing and fertilizing of lawns and bi-annual mulching of landscape beds and periodic (as determined by the

Board) leaf removal (excluding, however leaf removal in natural and/or undisburbed areas of any Lot), and maintenance and upkeep of irrigation systems (front and side yards only). The Association may, but shall not be required to, install flowers and other plant material (and remove and/or replace the same periodically) on a Lot in accordance with a landscaping plan prepared for the community in order to achieve a uniform landscaping scheme and appearance. The Association shall not have any obligation to water lawns in the back yards of Lots or landscaping on a Lot and the same shall be the responsibility of the Owner. The Upkeep required on a Lot pursuant to this Article 7 shall specifically exclude the Upkeep of any House or other improvements constructed on a Lot. Each Owner shall keep their Lots reasonably clear of furniture or other personal property so as to facilitate mowing of lawns and any other activity of the Association permitted pursuant to this Declaration. Any additional expense incurred by the Association as a result of the failure of on Owner to abide by these provisions shall be paid by such Owner and shall be subject to an assessment for such costs against such Owner in accordance with the provisions of Article 11.1.

iii. **Storm Water Management.** The Declarant may construct or create easements, improvements and facilities for storm water management control. The Association may post signs prohibiting swimming, wading, skating or other similar uses of any storm water retention ponds. The Declarant shall provide Upkeep for any storm water retention ponds and all easements, improvements and facilities for storm water management at its sole expense until the earlier of: (a) release from all bonds and surety applicable to such storm water retention bonds (but not including other bonded work) provided to the Queen Anne's County, Maryland or any other governmental authority (b) the end of the Declarant Control Period or the conveyance of such storm water management facilities to the Association if required by governmental authorities. Thereafter, the Upkeep of the storm water drainage easements, storm water retention ponds and related improvements and facilities for storm water management shall be a Common Expense of the Association. The Owner of any Lot on which there is located an easement for storm water drainage or control shall be responsible for the following items of maintenance, where applicable: the removal of debris and other matter to the best of Owner's ability where such debris or matter has impeded or threatens to impede the free flow of storm water through drainage structures. Such Owner's responsibility shall include notification of the Association of (1) any defects in the fencing surrounding or within the easement; (2) any debris or other matter which is beyond such Owner's ability to remove; and (3) any excessive erosion within the area of the easement.

(4) **Entrance Features and Rights-of-Ways.** The Association shall be responsible for the Upkeep of the entrance features, project signage, lighting, irrigation, bus shelters, gazebo, Recreational Facilities and landscaping on the Common Area and to the extent provided in Article 7.1(ii) on the Lots.

Article 7.2 Upkeep of Lots. Each Owner shall keep such Owner's Lot and all improvements located on the Lot in good order, condition and repair and in a clean and sanitary condition, including without limitation all necessary grounds maintenance not otherwise required to be performed by the Association as set forth in Article 7.1(ii). Each Owner shall perform this responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners. If any Owner shall fail to keep such Owner's Lot in as good repair and condition as and when required (normal wear and tear excepted) and in a neat and orderly condition, consistent with such Rules and Regulations as the Board of Directors may promulgate, then the Board may, pursuant to resolution, give notice to that Owner of the condition complained of, specifying generally the action to be taken to rectify that condition. If the Owner fails to take the actions specified by the Board or to otherwise rectify the condition within thirty (30) days after the date the notice is given, or such other period as may be specified in the notice, if the circumstances warrant a different time period, the Board of Directors shall have the right, pursuant to Article 5.2 and Article 11.1 hereof and any resolutions adopted by the Board of Directors, to rectify such condition by taking such action (or by causing such action to be taken) as was specified in the notice. The costs incurred in rectifying such condition shall be assessed against such Owner's Lot in accordance with Article 11.1 hereof. If such Owner fails to reimburse the Association within thirty days after receipt of a statement for such expenses from the Board, then the indebtedness shall constitute a lien as provided for in Article 11 hereof. The Owner may contract with a third party to perform the Owner's responsibility for Upkeep under this Article 7.2.

Article 7.3 Manner of Repair and Replacement. All repairs and replacements required of an Owner shall be substantially similar to the original construction and installation and shall be of first-class quality.

Article 7.4 Additions, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Area shall require capital additions, alterations or improvements (other than for Upkeep) costing in excess of ten percent (10%) in the aggregate of the total annual assessment for Common Expenses for that fiscal year during any period of twelve (12) consecutive months, the making of such additions, alterations or improvements requires a Majority Vote of the Members of each Class. The cost of making of such additions, alterations or improvements shall be assessed by the Board of Directors on all Owners as a Common Expense. Any capital additions, alterations or improvements (other than for Upkeep) costing in the aggregate ten percent (10%) or less of the total annual assessment for Common Expenses for that fiscal year during any period of twelve consecutive months may be made by the Board of Directors without approval of the Members and the cost thereof shall constitute a Common Expense. Any assessments resulting from expenditures authorized under this Article 7.4 must also comply with Article 6.2 hereof which imposes limitations on increases in assessments above a specified maximum. If Member approval is

required to increase the applicable maximum assessment, such approval may be obtained simultaneously with the vote required by this Article 7.4.

Article 7.5 Additions, Alterations, or Improvements by the Owners.

i. Approval.

a. No Person shall make any addition, alteration or improvement in or to any Lot or any portion of the Property (other than for normal Upkeep or natural landscaping and not including areas within a building visible from the exterior only because of the transparency of glass doors, walls or windows) which is visible from the exterior of the Lot or such portion of the Property, without the prior written consent of the Covenants Committee. No Person shall paint or affix any sign visible from the exterior of any Lot not permitted by the Rules and Regulations or alter the exterior of any improvement, or the exterior or interior of any doors and windows, if such improvement is visible from another Lot or the Common Area, without the prior written consent of the Covenants Committee. Approval by the Covenants Committee or the Board of Directors shall not relieve an Owner from any obligation to obtain required governmental permits. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires execution by the Association, and provided consent has been given by the Board of Directors or the Covenants Committee, as appropriate, then the application shall be executed on behalf of the Association, without incurring any liability on the part of the Board of Directors, the Association, the Board of Directors or the Covenants Committee or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any Person having a claim for personal injury or property damage arising therefrom.

b. Subject to the approval of any Mortgagee of the affected Lots, the Board of Directors, any Owner affected, and the appropriate governmental entity, any Lot may be subdivided or altered so as to relocate the boundaries between such Lot and any adjoining Lot. In addition, during the Development Period, no Lot may be subdivided nor may any Lot's boundaries be relocated except by or as approved by the Declarant. No portion less than all of any Lot shall be conveyed or transferred by an Owner (other than the Declarant) without the prior written approval of the Declarant or the Board of Directors. However, this Article 7.5(i)(b) is not intended to require the approval of the Board of Directors or Covenants Committee to grant deeds of correction, deeds to resolve boundary line disputes and similar corrective instruments or to grant any easement, right-of-way or license to any municipality, political subdivision, public utility or other public body or authority, or to the Association or the Declarant for any purpose.

c. During the Development Period, the provisions of this Article 7.5 shall not apply to Lots owned by the Declarant or to the improvements on Lots owned by Builders if such improvements have been approved by the Declarant. The Declarant shall have the right to make or permit alterations or subdivisions without the consent of the Board of Directors or the Covenants Committee and an authorized Officer shall execute any such application required.

ii. **Limitations.**

a. Any Person obtaining approval of the Covenants Committee shall commence construction or alteration in accordance with plans and specifications approved within three (3) months after the date of approval and shall substantially complete any construction or alteration within nine (9) months after the date of commencement, or within such other period as specified in the approval. Notwithstanding the foregoing, the approval of the Covenants Committee may provide for a longer period during which to commence or complete construction as determined by the Covenants Committee to be reasonable and appropriate. If any such Person does not commence work within the time period as specified in the approval, then approval shall lapse.

b. Any Person obtaining approval of the Covenants Committee shall not deviate materially from the plans and specifications approved without the prior written consent of the Covenants Committee. Such Person shall notify the Covenants Committee when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the Covenants Committee to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other Person.

iii. **Certificate of Compliance.** Upon the completion of any construction or alteration in accordance with plans and specifications approved by the Covenants Committee, the Covenants Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction or alteration referenced in such certificate has been approved by the Covenants Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of the Association Documents as may be applicable. The certificate of compliance shall not be used and may not be relied upon for any other purpose, and shall not constitute a representation either as to the accuracy or sufficiency of the plans and specifications reviewed by the Covenants Committee or the quality or soundness of the construction, alteration or improvement. The Covenants Committee may impose a reasonable charge to cover the costs of preparation and inspection.

Article 7.6 Disclaimer of Liability.

i. **Bailee.** The Board of Directors, the Association, any Owner and the Declarant shall not be considered a bailee of any personal property stored or placed on the Common Area (including property located in vehicles parked on the Common Area), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ii. **Operational.** Neither the Declarant or the Association shall be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for personal injury or property damage caused by the elements or by any Owner, or any other Person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Property or from any pipe, drain, conduit, appliance or equipment, or any secondary or consequential damages of any type. The Declarant and the Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any portion of the Property. No diminution, offset or abatement of any assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Property by the Association, the Declarant or from any action taken by the Association or the Declarant to comply with any law, ordinance or with the order or directive of any governmental authority. This Article 7.6 is not intended nor shall it be construed to relieve any insurer of its contractual obligations under any policy benefiting the Association, the Declarant or an Owner.

ARTICLE 8

AGE RESTRICTIONS; RESTRICTIONS ON USE AND OCCUPANCY OF LOTS; COMMON AREA; RULES AND REGULATIONS

Article 8.1 Age Restrictions. In order to preserve the character of the Property as an 55 and over residential community and for the protection of the value of the Houses, the Declarant declares that the Property shall be subject to the following restrictions and covenants, all of which shall be perpetual in nature and run with the land:

i. All Houses shall only be occupied by natural persons 55 years of age and older, with the following exceptions:

a. A member of a couple under the age of 55 years who is residing with his or her partner who is 55 years of age or older;

b. An individual under the age of 55 years provided (1) he or she is the Owner of the House; (2) at the time the House was purchased was a member of a couple in which the other member was a co-Owner of the House and 55

years of age or older; and (3) after the purchase of the House the co-Owner 55 years of age or older died;

c. Any child or children residing with a permissible occupant as provided in this Article 8.1 shall be 19 years of age or older.

ii. The Property is intended to be "**55 or Over Housing**" community, so as to qualify as "housing for older persons," within the meaning of the Fair Housing Act. The construction, interpretation and enforcement of this Article 8.1, as well as this Declaration and the By-Laws, shall be done in a manner consistent with such requirements.

Article 8.2 Number of Occupants. In no event may any House be occupied by more than three (3) permanent residents if the House contains two (2) bedrooms and no more than four (4) permanent residents if the House contains three(3) bedrooms.

Article 8.3 Visitor Occupants. The provisions of Article 8.2 to the contrary notwithstanding, visitor occupants of any age shall be permitted to visit for up to ninety (90) days during any calendar year, provided that at no time shall more than six (6) individuals reside temporarily in any two (2) bedroom House; no more than seven (7) individuals may temporarily reside in a three (3) bedroom House.

Article 8.4 Permitted Uses. No Lot shall be used for other than a residence and in accordance with the provisions of the Association Documents. Nothing in the Association Documents shall be construed to prohibit the Declarant or its designees from using any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Area for promotional, marketing, display or customer service purposes (such as a visitors center) or for the settlement of titles of Lots. Further, the Declarant specifically reserves the right to operate a construction office and/or a rental, brokerage and management office at any time on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Area, to the extent permitted by law. The Declarant may assign its rights under this Article to or share such rights with one or more other Persons, exclusively, simultaneously or consecutively with respect to the Common Area and Lots owned or leased by the Declarant or such Persons.

Article 8.5 Restrictions. Except for the activities of the Declarant during the Development Period (to which the following provisions do not apply and to which the Declarant is expressly exempt) each Lot and the Common Area shall be occupied and used as follows:

i. **Hazardous Uses; Waste.** Nothing shall be done or kept on the Property which will increase the rate of insurance for the Common Area or any part

thereof applicable for permitted uses without the prior written consent of the Board of Directors; including without limitation any activities which are unsafe or hazardous with respect to any person or property. No Person shall permit anything to be done or kept on the Property which will result in the cancellation of any insurance on the Common Area or any part there for which would be in violation of any law, regulation or administrative ruling. No waste will be permitted on the Common Area.

ii. **Lawful Use.** No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall (to the extent the same shall be the obligation of the Association or Owner) be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation for the Upkeep of such portion of the Property, and, if the Association, then the cost of such compliance shall be a Common Expense.

iii. **Emissions.** There shall be no emissions of dust, sweepings, dirt, cinders, odors, gases or other substances into the atmosphere (excluding, however, normal residential chimney emissions), no production, storage or discharge of hazardous wastes on the Property or discharges of liquid, solid wastes or other harmful matter into the ground or any body of water, if such emission, production, storage or discharge may adversely affect the use or intended use of any portion of the Property or may adversely affect the health, safety or comfort of any Person.

iv. **Noise.** No Person shall cause any unreasonably loud noise (except for security devices) anywhere on the Property, nor shall any Person permit or engage in any activity, practice or behavior for the purpose of causing annoyance, discomfort or disturbance to any Person lawfully present on any portion of the Property. The Board of Directors shall have the complete authority to establish a schedule of decibel levels deemed unreasonable and prohibited.

v. **Obstructions.** No Person shall obstruct any of the Common Area or otherwise impede the rightful access of any other Person on any portion of the Property upon which such Person has the right to be. No Person shall place or cause or permit anything to be placed on or in any of the Common Area without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Area except with the prior written approval of the Board of Directors.

vi. **Association Property.** The Common Area shall be used only for the furnishing of the services and facilities for which the same is reasonably suited and which are incident to the use and occupancy of the Lots. The improvements located on the Common Area shall be used only for their intended

purposes. Except as otherwise expressly provided in the Association Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Area without the prior written approval of the Board of Directors and then only on a temporary basis.

vii. **Mining.** No Lot shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel or earth except with the prior written approval of the Board of Directors.

viii. **Signs.** Except for entrance, street, or directional signs, or any promotional or advertising signs as may be maintained by the Declarant or a Builder, no sign of any kind shall be displayed to public view on any Lot or the Common Areas without written approval of the Covenants Committee, provided the foregoing shall not preclude the following:

a. Signs required by legal proceedings.

b. Residential identification signs and house numbers, including professional identification, having a combined total face area of not more than two (2) square feet and subject to written approval by the Covenants Committee as to location, size, color, material and content.

c. "For Sale" signs, having a combined total face area of not more than two (2) square feet and subject to written approval by the Covenants Committee as to location, size, color, material and content.

ix. **Trash.** Except in connection with construction activities, no burning of any trash and no accumulation or storage of litter, refuse, bulk materials, building materials or trash of any other kind shall be permitted on any Lot. Trash containers shall not be permitted to remain in public view from the Common Area or another Lot except on days of trash collection. Trash containers and refuse disposal systems must be maintained in enclosures and screened areas as approved by the Covenants Committee. Trash, leaves and other materials shall not be burned in violation of local ordinances. No incinerator shall be kept or maintained upon the Property.

x. **Landscaping: Sight-lines.** No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public or private roadway. No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot except in connection with construction activities. Pavement, plantings and other landscape materials shall not be placed or permitted to remain upon any Lot: (a) if such materials may damage or interfere with an easement for the installation or maintenance of utilities; (b) in violation of the requirements of

such easements; (c) unless in conformity with public utility standards; or (d) if such materials may unreasonably change, obstruct or retard direction or flow of any drainage channels. Except for hoses and the like which are reasonably necessary in connection with construction activities or normal landscape maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, television cable or other similar transmission line shall be installed or maintained upon any Lot above the surface of the ground. No "painted rocks" shall be permitted on any Lot. No lawn ornaments shall be permitted on any Lot except those approved by the Covenants Committee.

xi. Antennae. No outside antennae, satellite dishes or ham radio equipment shall be maintained upon the Property without the prior consent and approval of the Covenants Committee. Notwithstanding the foregoing, if, pursuant to provisions of law, the restrictions set forth in this Article 8.5(xi) are void and/or unenforceable, then to the full extent permitted by law, the Covenants Committee shall have the full and complete authority to regulate and control the manner and location of placement of any such device which is otherwise prohibited under this Article 8.5(xi).

xii. Fences. No fences shall be permitted to be constructed on any Lot provided that this provision shall not preclude an Owner from installing an "invisible" pet fence or a lattice or similar feature around a deck or hot tub provided that the same is approved by the Covenants Committee.

xiii. Vehicles. Except in connection with construction activities, no commercial vehicles, pickup trucks in excess of one half ton, trailers, campers, recreational vehicles, boats or other like vehicles, including grounds maintenance equipment, may be parked on any portion of the Common Area or any portion of a Lot visible from the Common Area or another Lot or any public right of way within or adjacent to the Property, unless expressly permitted by the Board of Directors and only in such parking areas or for such time periods (if any) as may be designated for such purpose. The decision of the Board of Directors with respect to such matters shall be made in their sole and absolute discretion and shall be final. The foregoing shall not be deemed to exclude and does not exclude (a) sports utility vehicles (an "SUV") provided their size is such that it can be parked within the garage of the Lot or (b) golf carts. If the Owner of a Lot does not have a garage on its Lot, the size of the SUV shall not exceed that which can be parked within the size of garage offered on other Lots on the Property. Parking of all such vehicles and related equipment, other than on a temporary and non-recurring basis, shall be in garages or screened enclosures approved by the Covenants Committee or in areas designated by the Board of Directors provided that no more than one golf cart for House shall be permitted to be parked in a driveway. No junk or derelict vehicle or other vehicle on which current registration plates and current county and state inspection permits are not displayed shall be kept upon any portion of the Common Area or any portion of a Lot visible from the Common Area or another Lot. All motor vehicles shall be driven only upon paved streets and parking lots. No motor

vehicles shall be driven on pathways or trails within the Common Area, except such vehicles as are authorized by the Board of Directors as needed to maintain, repair, or improve the common Area. The foregoing shall not be deemed to prohibit motorized wheelchairs or similar devices required by any person who is disabled. This prohibition shall not apply to normal vehicular use of designated streets and lanes constructed on Common Area.

xiv. **Timeshares.** No Lot shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly, or any other type of revolving or periodic occupancy by multiple owners, cooperators, licensees, or timesharing participants.

xv. **Residential Uses.** Lots shall be used for residential purposes only. As an age restricted community, the provisions of Section 11B-111.1 of Maryland Homeowners Association Act shall not apply to the Property.

xvi. **Animals.** Except as hereafter provided, the maintenance, keeping, boarding or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited on any Lot or upon the Common Area. The foregoing shall not preclude the keeping of guide animals and orderly domestic house pets (e.g., dogs, cats or caged birds) subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property by the Board upon twenty (20) days written notice from the Board of Directors. Pit bulls are prohibited from being maintained on a Lot or the Common Area. The Board shall further have the authority to prohibit such other dogs of a specified breed on the Property if in the sole and absolute discretion of the Board (which exercise may be arbitrary) such breeds are dangerous and constitute a threat to the Property and/or the Owners. Pets shall not be permitted upon the Common Area unless accompanied by someone who can control the pet and unless carried or leashed. Pet droppings shall be cleaned up by the Owner of the pet. Any Owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Property. All pets shall be registered and inoculated as required by law. If installed by either the Declarant or the Board (which each shall have the authority to do) a community dog run may be constructed on the Common Area provided that the Board may adopt such Rule and Regulations pertaining to the use thereof as it may determine required to its use and operation.

xvii. **Clothes Drying Equipment.** No exterior clothes lines or other exterior clothes drying apparatus shall be permitted on any Lot.

xviii. Newspaper Tubes. All mailboxes shall be located at the cluster mailbox as required by the United States Post Service. Only mailbox tubes meeting design standards of the Declarant shall be permitted.

xix. Lighting. No exterior lighting, or the glare from such lighting, shall be directed outside the boundaries of the Lot. Use of non-white (e.g., sodium) lamps is prohibited. The foregoing shall not preclude the placement of front and rear light fixtures as originally installed by the Declarant or like replacements thereof and for light installed pursuant to lighting and/or landscaping plans approved by the Covenants Committee.

xx. Pools. Swimming pools are not permitted on the Lots provided the foregoing shall not be construed as prohibiting temporary use of small inflatable kiddie pools while members of a Permissible Occupant's family is visiting. Hot tubs and similar devices shall require approval by the Covenants Committee.

xxi. Construction Activities. This Article 8 shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken and carried out (a) with the minimum practical disturbance to Persons lawfully occupying other portions of the Property; (b) in such a way as does not violate the rights of any Person under other provisions of this Declaration; and (c) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration. The Board of Directors may approve temporary structures for construction purposes which may otherwise be in violation of the Association Documents or the Rules and Regulations.

Article 8.6 Rules and Regulations. The Board of Directors shall have the power to adopt, amend and repeal Rules and Regulations restricting and regulating the use and enjoyment of the Property or of any portion thereof, which may supplement, but may not be inconsistent with the provisions of the Association Documents. The Property shall be occupied and used in compliance with the Rules and Regulations. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Owner. Changes to the Rules and Regulations shall be published prior to the time when the same shall become effective and copies thereof shall be provided to each Owner. The Rules and Regulations shall not unreasonably interfere with the use or enjoyment of the Lots or Common Area. The Board of Directors may issue temporary or other appropriate exceptions to any prohibitions expressed or implied by this Article, for good cause shown.

Article 8.7 Exclusion for the Declarant and Designees of the Declarant. Notwithstanding any other provision of the Association Documents, during the Development Period, neither the restrictions in this Article nor the Rules

and Regulations of the Association shall apply to any otherwise lawful acts or omissions of the Declarant or of any Builder.

Article. 8.8 Leasing. No House shall be used or occupied for transient or hotel purposes. No Houses may be leased for an initial period of less than six (6) months. No portion of any House (other than the entire House) shall be leased for any period. No Owner shall lease a Lot to other than a natural persons 55 and old and who satisfy the requirements of Article 8.1. No Owner shall lease a Lot other than on a written form of lease: (a) requiring the lessee to comply with the Association Documents, including but not limited to those set forth in Article 8.1; and (b) providing that failure to comply constitutes a default under the lease. The tenant under any lease is required to comply with the age restrictions and other restrictions set forth in this Declaration.

ARTICLE 9

COVENANTS COMMITTEE; ARCHITECTURAL REVIEW

Article 9.1 Covenants Committee.

i. **Purpose.** The Board of Directors shall establish a Covenants Committee, consisting of at least three (3) persons appointed by the Board, each to serve for a term of from one to three years as may be determined by the Board of Directors. If the Board of Directors fails or elects not to appoint a Covenants Committee, then the Board of Directors shall perform the duties of the Covenants Committee.

ii. **Powers.**

a. The Covenants Committee shall regulate the external design, signage, appearance, use and maintenance of the Lots and the Common Area; provided, however, that the Covenants Committee shall not have the power to regulate the activities of the Association or the Declarant on the Common Area or any Lot owned by the Declarant or any improvement on any Lot owned by a Builder which has been approved by the Declarant; and provided, further, that the Covenants Committee shall not have the power to review initial construction on the Property by the Declarant or any Builder.

b. The Covenants Committee may from time to time establish requirements regarding the form and content of plans and specifications to be submitted for approval. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses or consultations required in connection with improvements or changes proposed by an Owner. Such fees and costs shall be assessed against the Owner.

c. The Covenants Committee shall have the power pursuant to Article 11 hereof to impose reasonable charges upon, and issue a cease and desist request to, an Owner, such Owner's tenant and such Owner's (or tenant's) household or company, guests, employees, customers, agents, and invitees whose actions are inconsistent with the provisions of the Association Documents.

d. Subject to the review of the Board of Directors, the Covenants Committee shall from time to time provide interpretations of the Association Documents pursuant to the intents, provisions and qualifications thereof when requested to do so by the Board of Directors. The Covenants Committee may publish and record such interpretations in order to establish precedents for application of the Association Documents or other matters relative to architectural control.

e. The Covenants Committee shall propose Design Standards for approval by the Board of Directors. Upon approval and adoption by the Board of Directors, such Design Standards are hereby incorporated by this reference and shall be enforceable as if set forth herein in full. Such design standards, however, shall not exceed (including minimum square footage requirements) the design standards reflecting the sizes and designs for those Houses originally constructed on the Property.

f. A Majority Vote of the Covenants Committee shall be required in order to take any action except as otherwise provided in Article 11.1 hereof. The Covenants Committee shall keep written records of all its actions. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision. The Covenants Committee and the Board of Directors shall have no authority to regulate construction by the Declarant or approved by the Declarant.

iii. **Conduct of Business.** The Covenants Committee shall not exercise its powers and authority to interfere with the conduct of the development of the Property and House construction by the Declarant or Builders.

iv. **Authority.** The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in accordance with Article 11 hereof and in the manner provided for in the Rules and Regulations adopted by the Board of Directors or by resolution of the Board of Directors.

v. **Time for Response; Variances.** The Covenants Committee shall act on all matters properly before it within thirty (30) days; failure to do so within the stipulated time shall constitute an automatic referral to the Board of Directors. When a request is referred to the Board of Directors, the Board shall be obligated to answer any written request by an Owner for approval of a proposed structural addition, alteration or improvement within (30) thirty days after the first Board of Directors meeting held following referral to the Board, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement; provided, however, that the Board of Directors has no right or power, either by action or failure to act to waive enforcement or grant variances from written Design Standards without a specific finding that enforcement of such Design Standards would impose an unfair burden on such Owner and stating the variance and the reasons therefor in a written instrument which shall be part of the records of the Association.

Article 9.2 Subcommittees of the Covenants Committee. The Covenants Committee shall have the power to establish subcommittees to exercise the powers of the Covenants Committee and to carry out its functions. Wherever in the Association Documents reference is made to the Covenants Committee, such reference shall also mean any subcommittee established by the Covenants Committee.

Article 9.3 Compensation of the Covenants Committee. No Member of the Covenants Committee or a subcommittee (other than an Owner or a resident of the Property) shall be compensated by the Association for their services on the Covenants Committee provided that they shall be reimbursed for bona fide out-of-pocket expenditures if approved by the Board.

ARTICLE 10 **INSURANCE**

Article 10.1 Authority to Purchase Insurance; Notice.

i. The Board of Directors shall have the power and responsibility on behalf of the Association to (a) purchase insurance policies relating to the Common Area, (b) adjust all claims arising under such policies; and (c) execute and deliver releases upon payment of claims. The cost of all insurance policies purchased by the Board relating to the Common Area shall be a Common Expense. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverages required by this Article or for any loss or damage resulting from such failure: (1) if such failure is due to the unavailability of such coverages from reputable insurance companies; (2) if such coverages are so available only at an unreasonable cost; or (3) if the Association's insurance professionals advise that the coverages required hereunder are not necessary.

ii. Each such policy shall provide that:

a. The insurer waives any right to claim by way of subrogation against the Declarant, the Association, the Board of Directors, the managing agent, any Owner and their respective households or companies, guests, employees, customers, tenants, agents and invitees;

b. Such policy may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Board of Directors or the managing agent.

iii. All policies of insurance shall be written by reputable companies licensed or qualified to do business in Maryland.

iv. The deductible (if any) on any insurance policy purchased by the Board of Directors shall be a Common Expense; provided, however, that the Association may, pursuant to Article 11.1 hereof, assess any deductible amount necessitated by the misuse or neglect of an Owner against such Owner.

v. The Declarant, so long as the Declarant shall own any Lot, shall be protected by all such policies as an Owner.

Article 10.2 Physical Damage Insurance.

i. The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, cost of demolition, debris removal, insuring any improvements located on the Common Area and covering the interests of the Association, in an amount equal to one hundred percent (100%) of the then current replacement cost of any improvements located on the Common Area (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain appropriate coverage on all personal property other than the Common Area owned by the Association.

ii Unless the Board determines to the contrary, each such policy shall also provide:

a. a waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made not to do so;

b. the following endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or Owner or their agents when such act or neglect is not within the

control of the insured or the Owners collectively, nor by any failure of the insured and the Owners collectively, to comply with any warranty or condition with regard to any portion of the Property over which the insured and the Owners collectively, have no control); (ii) "cost of demolition"; (iii) "contingent liability from operation of building laws or codes"; (iv) "increased cost of construction"; (v) "replacement cost"; and (vi) "agreed amount" or elimination of coinsurance clause;

c. that any "no other insurance" clause expressly exclude individual Owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual Owners or their Mortgagees, unless otherwise required by law; and

d. such deductibles as to loss, but not coinsurance features, as the Board of Directors in its sole discretion deems prudent and economical.

Article 10.3 Liability Insurance. The Board of Directors shall obtain and maintain comprehensive general liability, broad form endorsement (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director, Officer, the managing agent and the employees of the Association against any liability to the public or to any Owner or such Owner's tenant and such Owner's (or tenant's) household or company, guests, employees, customers, agents and invitees arising out of, or incident to the ownership or care, custody, control and use of the Common Area or legal liability arising out of employment contracts of the Association. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Association; (iv.) deletion of the normal products exclusion with respect to events sponsored by the Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to an Owner because of negligent acts of the Association or of another Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than **One Million Dollars (\$1,000,000)** covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained in an amount not less than **Two Million Dollars (\$2,000,000)**.

Article 10.4 Other Insurance. The Board of Directors may (but shall not be required to) elect to obtain and maintain any of the following coverages:

i. Adequate fidelity coverage to protect against dishonest acts on the part of directors, Officers, trustees and employees of the Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent. If the Association has delegated some or all of the responsibility for handling funds to a managing agent, such managing agent shall be covered by its own fidelity bond. Such fidelity bonds (except for fidelity bonds obtained by the managing agent for its own personnel) shall: (a) name the Association as an obligee, (b) be written in an amount not less than one-half the total annual assessment for Common Expenses or the amount required by the Mortgagees, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, whichever is greatest and (c) contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression;

ii. If required by a majority of the Mortgagees or governmental regulations, flood insurance in accordance with the then applicable regulations for such coverage;

iii. Workers, compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

iv. Directors and Officers liability insurance in an amount not less than **One Million Dollars (\$1,000,000)**; and

v. Such other insurance: (a) as the Board of Directors may determine; or (b) as may be required with respect to the Additional Phase by any amendment to the Declaration recorded in conjunction with adding such Additional Phase; or (c) as may be requested from time to time by a Majority Vote of the Members.

Article 10.5 Separate Insurance on Lots. Each Owner shall have the right to obtain insurance for such Owner's benefit, at such Owner's expense, covering the improvements located on such Owner's Lot. No Owner shall obtain separate insurance policies on the Common Area owned in fee simple by the Association.

ARTICLE 11
COMPLIANCE AND DEFAULT

Article 11.1 Relief. Each Owner shall be governed by, and shall comply with, all of the terms of the Association Documents and the Rules and Regulations as they may be amended from time to time. A default by an Owner shall entitle the Association, acting through its Board of Directors or through the managing agent, to the following relief.

i. **Additional Liability.** Each Owner shall be liable to the association or to any affected Owner for the expense of all Upkeep, rendered necessary by such Owner's act or omission or regardless of neglect or culpability but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a failure to comply with the Association Documents or the Rules and Regulations by any Owner may be assessed against such Owner's Lot. If a new Owner does not give the secretary written notice stating the name and address of the new Owner and the number or address of the Lot within thirty days after acquiring title to such Lot, pursuant to Article 3.2 hereof, then reasonable record-keeping costs incurred by the Association, as determined by the Board of Directors, may be assessed against such Owner. The Board may set or change the amount of such assessment from time to time. Such assessment (including attorney fees, costs of suit and interest as provided in Article 11.1(iii) below) shall be a lien against such Owner's Lot as provided in Article 11.2 hereof.

ii. **No Waiver of Rights.** The failure of the Association, the Board of Directors or an Owner to enforce any right, provision, covenant or condition which may be granted by the Association Documents shall not constitute a waiver of the right of the Association, the Board or any Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Association Documents shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Association Documents, the Maryland Homeowners Association Act or at law or in equity.

iii. **Interest, Costs and Expenses.** If a default by any Owner in paying any sum assessed against such Owner's Lot, except for Common Expenses

continues for a period in excess of ten (10) days, interest from the due date at a rate not to exceed the maximum permissible interest rate which may be charged under the Maryland Contract Lien Act or if no maximum is therein established, eighteen percent (18%) per annum, on the principal amount unpaid from the date due until paid. In addition, the Association shall have the right to recover from such Owner any costs of suit and reasonable attorney fees.

iv. **Abating and Enjoining Violations.** The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any other provision of the Association Documents shall give the Board of Directors the right, in addition to any other rights set forth in the Association Documents: (a) to enter the portion of the Property (excluding any occupied dwelling) on which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the Association Documents or the Rules and Regulations, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; provided, however, that before any construction may be altered or demolished (except in emergencies) judicial proceedings shall be instituted. The Board of Directors shall follow the due process procedures set forth in this Article 11.

v. **Legal Proceedings.** Failure to comply with any of the terms of the Association Documents or the Rules and Regulations shall be grounds for relief, including without limitation an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in the Association Documents and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the managing agent or, if appropriate, by any aggrieved Owner or Member and shall not constitute an election of remedies.

vi. **Other Remedies.** The Board of Directors may suspend Member's voting rights pursuant to the Bylaws. The Board may also suspend the right of an Owner or other resident lawfully occupying a Lot, and the right of such Person's household, guests, employees, customers, tenants, agents and invitees, to use the Common Area; provided, however, that the Association shall not suspend the right to use the Common Area for necessary, ordinary and reasonable pedestrian ingress and egress to and from such Owner's Lot, or to suspend any easement over the Common Area for storm water drainage, electricity, water, sanitary sewer, natural gas, television reception, telephone service or similar utilities and services to the Lots.

vii. **Charges and Suspension of Rights.** The Board of Directors or its designee has the power to impose charges against and suspend the right of an

Owner to vote in the Association or other rights (pursuant to the Bylaws and this Article) in the case of an Owner found to be responsible for a violation of the Association Documents or the Rules and Regulations. Except for the suspension for non-payment of assessments of voting rights and the right to use the Common Area, no such penalty shall be imposed until the Person charged with such a violation has been given notice and an opportunity for a hearing as set forth in below. The Board or Covenants Committee may deliberate privately, but shall either announce its decision in the presence of the respondent or give the respondent notice thereof. Charges may not exceed **Fifty Dollars (\$50.00)** for each violation, or **Ten Dollars (\$10.00)** per day for each violation of a continuing nature for each Owner or such greater amounts as may be allowed under applicable law. No charge may be imposed for failure to pay an assessment except as otherwise provided in the Declaration. Charges are individual assessments against the Owner and such Owner's Lot and shall be collectible as such and shall also constitute a lien against a Lot in accordance with Article 11.2 hereof to the extent permissible under Maryland law.

viii. **Due Process.** The Board of Directors or the Covenants Committee, before imposing any charge or before taking any action affecting one or more specific Owners shall afford such Person the following basic due process rights:

a. **Notice.** The respondent shall be afforded prior written notice of any action (except when an emergency requires immediate action) and, if notice is of default or violation, an opportunity to cure which is reasonable under the circumstances, prior to the imposition of any sanction. The notice shall also state that the respondent is entitled to a hearing. Notice of any hearing shall be hand delivered or mailed by registered or certified mail, return receipt requested, to the Owner at such Owner's address of record with the Association at least fourteen (14) days prior to such hearing, in accordance with the Bylaws.

b. **Hearing.** Each Person so appearing shall have the right to be represented by such Person's counsel, at such Person's own expense at any such hearing.

c. **Appeal.** Upon receipt of a written request therefor made within ten days after the date of an action by the Covenants Committee, the Board of Directors may afford an Owner the right to appeal to the Board, and the Board may modify or reverse any action taken by the Covenants Committee.

d. **Fairness.** The Board of Directors and the Covenants Committee shall treat all Persons equitably, based upon decision-making procedures, standards and guidelines which shall be applied to all Persons consistently.

Article 11.2 Lien for Assessments.

i. **Lien.** The total annual assessment of each Owner for Common Expenses, including any additional or special assessment, any individual assessment or any other sum duly levied (including without limitation charges, interest, late charges, charges under contract, etc.), made pursuant to the Association Documents, is hereby declared to be a lien levied against any Lot owned by any Owner. Any such liens and charges not paid when due shall thereafter accrue interest at a rate not to exceed the maximum permissible interest rate which may be charged under the Maryland Contract Lien Act or if no maximum is therein established eighteen percent (18%) per annum, on the principal amount unpaid from the date due until paid. Until fully paid and satisfied, the lien shall apply to and encumber all of the Lots that were owned, as of the date when payment was due, by the Owner from whom payment was due, and shall also apply to and encumber any and all Lots thereafter acquired by that Owner from the time such Owner becomes the Owner thereof. With respect to annual assessments, the lien is effective on the first day of each fiscal year of the Association and, as to additional assessments, individual assessments and other sums duly levied, on the first day of the next payment period which begins more than ten days after the date of notice to the Owner of such additional assessment, individual assessment or levy. The Board of Directors or the managing agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien. The lien created by this Article 11.2 shall be prior to all liens and encumbrances hereafter recorded except Mortgages, real estate taxes and other charges levied by governmental authority and made superior by law. The personal obligation of the Owner to pay such assessment shall, in addition, remain such Owner's personal obligation and a suit to recover a money judgment for non-payment of any assessment or installment thereof, levied pursuant hereto, may be maintained without foreclosing or waiving the lien herein created to secure the same.

ii. **Acceleration.** In any case where an assessment against an Owner is payable in installments, upon a default by such Owner in the timely payment of any two consecutive installments, the maturity of the remaining total of the unpaid installments of such assessment may be accelerated, at the option of the Board of Directors, and the entire balance of the assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Owner.

iii. **Enforcement.** The lien for assessments may be enforced and foreclosed in any manner permitted by the Maryland Contract Lien or any other provision of relevant law. The Association shall have the power to bid on the Lot at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with such Lot.

iv. **Remedies Cumulative.** A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Article 11.3 Subordination and Mortgagee Protection.

Notwithstanding any other provision hereof to the contrary, including without limitation Article 13 hereof, the lien of any assessment levied pursuant to the Association Documents upon any Lot (and any charges, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Lot pursuant to foreclosure or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the holder of the Mortgage or the purchaser of the Lot at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

**ARTICLE 12
MORTGAGEE**

Article 12.1 Notice to Board of Directors. Upon request, an Owner who mortgages such Owner's Lot shall notify the Board of Directors of the name and address of the Mortgagee. No Mortgagee shall be entitled to any Mortgagee rights under the Association Documents unless such Mortgagee has notified the Board of its address as required by Article 12.2 below and has requested all rights under the Association Documents.

Article 12.2 Notices to Mortgagees. Any Mortgagee who desires any notice from the Association shall notify the Secretary of the Association to that effect by certified or registered United States mail. Any such notice shall contain the name and address (including post office address) of such Mortgagee and the name of the person to whom notices from the Association should be directed. The Board of Directors shall notify Mortgagees of the following:

i. Any default of an Owner of a Lot, upon which the Mortgagee has a Mortgage, in paying assessments for Common Expenses (which remains uncured for sixty (60) days) or any other default, simultaneously with the notice sent to the defaulting Owner;

ii. Any casualty, loss or condemnation affecting a material portion of the Common Area;

iii. All actions taken by the Association with respect to reconstruction of the Common Area or a Lot upon which the Mortgagee has a Mortgage;

iv. Any termination, lapse or material modification of an insurance policy held by the Association;

v. Any proposal to terminate the Declaration, at least fifty (50) days before any action is taken to terminate in accordance with Article 14 hereof; and

vi. Any proposal to amend materially the Articles of Incorporation, this Declaration or the Bylaws, at least twenty days before any action is taken pursuant to Article 13.4 hereof.

Article 12.3 Other Rights of Mortgagees. All Mortgagees or their representatives shall have the additional right to request to receive notice of and to attend and to speak at meetings of the Association. All such Mortgagees shall have the right to examine the Association Documents and books and records of the Association and to require the submission of annual financial reports and other budgetary information. Any Mortgagee who makes a request shall be entitled to the financial statement, when available, for the preceding fiscal year of the Association. After fourteen (14) days notice to the Association, a Mortgagee may (but shall never be required to), jointly or singly, pay taxes or other charges levied against the Common Area and may pay overdue premiums or hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for such Common Area. The Mortgagee or Mortgagees giving such notice and making such payments shall be reimbursed by the Association.

ARTICLE 13 **AMENDMENT; EXTRAORDINARY ACTIONS**

Article 13.1 Amendment by the Declarant. During the Development Period, the Declarant may unilaterally amend any provision of this Declaration to: (i) make this Declaration or the Property comply with the any applicable laws now or hereafter enacted, as the same may be amended from time to time; (ii) make any corrections in the description of the Property, including that shown on **Exhibit 1** or to correct or cure any errors, ambiguities, inconsistencies or conflicts in or among this Declaration, the Bylaws or the Articles; (iii) satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration or other governmental or quasi-governmental entities, with respect to their purchase, guaranty or insurance of mortgage loans secured by Lots; (iv) make non-material changes; (v) satisfy the requirements of any government, governmental agency or mortgagee; (vi) relocate boundary lines

between the Common Area and any Lots or among any Lots; provided, however, that such relocation does not materially and adversely affect any Owner other than the Declarant and that such relocation is reflected in an approved resubdivision (or boundary line adjustment) of all or any part of the Property; and (g) add all or any portion of the Additional Phases in accordance with Article 2.1 hereof.

Article 13.2 Amendment by the Association.

i. The Association may amend this Declaration by at least a seventy-five percent (75%) vote of the Members of each Class or with the written approval of Members entitled to cast at least seventy-five percent (75%) of the total number of votes of both classes of Members added together. Prior to the expiration of the Declarant Control Period, no amendment of this Declaration or the Bylaws altering or eliminating any rights, benefits, privileges of the Declarant is permitted without the written consent of the Declarant.

ii. An amendment by the Association shall not be effective until certified by the President as to compliance with the procedures set forth in this Article, executed and acknowledged by the President and Secretary of the Association, and recorded among the Land Records. Any procedural challenge to an amendment must be made within three (3) months after recordation.

iii. No amendment may be made to this Declaration which would conflict with or adversely affect the Town under all Public Works Agreements executed and recorded with respect to or affecting the Property.

Article 13.3 Prerequisites. Written notice of any proposed amendment by the Association shall be sent to every Owner at least fifteen (15) days before any action is taken. No amendment shall increase financial obligations of an Owner in a discriminatory manner or further restrict development on existing Lots. No amendment to the Declaration shall diminish or impair the rights of the Declarant under the Declaration without the prior written consent of the Declarant. No amendment shall modify or delete any provision of this Declaration required by subdivision approval conditions applicable to the Property. No amendment may modify this Article or the rights of any Person hereunder.

Except as specifically provided in the Declaration, no provision of the Declaration shall be construed to grant to any Owner or to any other Person any priority over any rights of Mortgagees.

Article 13.4 Extraordinary Actions of the Association. The provisions of this Article 13 shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is required by the Maryland Homeowners Association Act or other provisions of the Association Documents. The provisions of this Article 13 shall not affect the rights of the

Declarant to make unilateral amendments to the Declaration where such rights have been granted by other Articles of this Declaration.

i. **Majority Vote of Mortgagees.** Unless at least fifty-one percent (51%) of the Mortgagees and Members entitled to cast at least seventy-five percent (75%) of the total number of votes, including a majority of the votes entitled to be cast by Owners other than the Declarant, have given their approval, the Association shall not by act or omission: (a) terminate the Declaration or dissolve the Association; (b) fail to employ professional management if professional management has been previously required by the Association Documents or a Mortgagee; (c) seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned in fee simple by the Association (except for the granting of easements for utilities or other purposes consistent with the intended use of such Common Area and the adjustment of boundary lines pursuant to Article 4.6 hereof); (d) add, change the method of determining the obligations, assessments or other charges which may be levied against an Owner; (e) add, change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or exterior appearance or maintenance of Lots, the maintenance of any fences, walkways or driveways in the Common Area, or the Upkeep of lawns and plantings on the Property; (f) fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount at least one hundred percent (100%) of the insurable value (based on current replacement cost), in accordance with Article 10. 2 hereof; (g) use hazard insurance proceeds for losses to the Common Area for any purpose other than repair, replacement or restoration of such Common Area substantially in accordance with the Association Documents and the original plans and specifications; or (h) add or amend any material provisions of the Association Documents which establish, provide for, govern or regulate any of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) insurance or fidelity bonds; (v) reallocation of interests in or rights to use of the Common Area; (vi) maintenance responsibility; (vii) redefinition of the boundaries of Lots; (viii) leasing of Lots; (ix) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey such Owner's Lot; (x) expansion or contraction of the Property or the addition, annexation or withdrawal of real estate to or from the Property; (xi) convertibility of Lots into Common Area or vice versa; (xii) restoration or repair of the Property after damage or partial condemnation in a manner other than that specified in the Association Documents; or (xiii) any provisions which are for the express benefit of Mortgagees.

ii. **Presumptive Approval.** A Mortgagee who is notified of proposed amendments by certified or registered United States Mail, return receipt requested, and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such

amendments. Approval by a Mortgagee also includes the issuance of written approval or any written waiver or a formal letter stating "no objection."

iii. **Non-Material Amendments.** Any addition or amendment to the Association Documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only.

iv. **Veterans Administration and Federal Housing Administration Consent.** When a Veterans Administration guarantee is in effect on a Mortgage, without the consent of the Veterans Administration, or when Federal Housing Administration insurance is in effect on a Mortgage, without the consent of the Federal Housing Administration: (a) the Declarant may not amend the description of Additional Phases or participate in an Association vote to amend the description of Additional Phases other than to correct typographical errors; (b) the Association may not submit to this Declaration any real estate other than Additional Phases (c) the merger and/or consolidation and/or dissolution of the Association (d) the mortgaging of the Common Area or any part thereof (e) the amendment of this Declaration. The Association may not take any action described in Articles 13.4(1) during the Declarant Control Period. This Article shall apply only for so long as a Lot within the Property is encumbered by a mortgage guaranteed by the Veterans Administration or insured by the Federal Housing Administration.

ARTICLE 14 **TERMINATION**

Article 14.1 Termination by the Association. Subject to Article 13.4 hereof, the Association may terminate this Declaration only by a vote of the Members entitled to cast at least one hundred percent (100%) of the total number of votes as certified by the President or with the written approval of Members entitled to cast one hundred percent (100%) of the total number of votes and the written consent of the governing body of the Town. In either case the termination shall not be effective until certified by the President as to compliance with the procedures set forth in this Article, executed and acknowledged by the President and Secretary of the Association and recorded among the Land Records.

Article 14.2 Prerequisites. Written notice of the proposed termination shall be sent to every Owner and Mortgagee at least fifty (50) days before any action is taken. The Declaration may not be terminated during the Development Period without the prior written consent of the Declarant. A termination must be approved by the Town. Such termination shall not affect any permanent easements or other permanent rights or interests relating to the Common Area created by or pursuant to the Association Documents. To the extent necessary, the termination agreement shall provide for the transfer or assignment of the easements, rights or interests granted to the Association herein to a successor entity which is assuming

the Association's maintenance and regulatory responsibilities. Any lien which has arisen pursuant to the provisions of the Declaration shall remain in full force and effect despite termination of the Declaration until the amounts secured thereby are paid in full.

In Witness Whereof, the Declarant has hereunto set their hands and respective seals as of the year and day first above written.

WATERFORD/CENTREVILLE, LLC
a Maryland limited liability company

By: **CARUSO CENTREVILLE
MANAGER, LLC, a Maryland
limited liability company, its
Manager**

By: **CARUSO HOMES, INC., a
Maryland corporation,
its Managing Member**

By:  (SEAL)
David Herzog, President

QUEEN ANNE'S COUNTY CIRCUIT COURT (Land Records) SM 1166, p. 0551, MSA_CE58_1340. Date available 03/30/2004. Printed 07/25/2017.

EXHIBIT 1

Being a part of that same land and premises as was conveyed by deed dated April 25, 2003 from Nicholas Irwin Wood and Jean S. Wood, husband and wife to Waterford Centreville, LLC, a Maryland limited liability company and recorded in Liber 1070 at page 217 among the land records of Queen Anne's County, Maryland and containing 139.767 acres, more or less (Parcel 1) the description of which is incorporated herein by reference as if set forth in full.

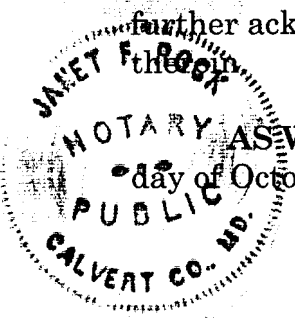
EXHIBIT 2

Being a part of the land described on Exhibit 1 and described as Phase 1 as shown on a Major Subdivision of Symphony Village and recorded in the land records of Queen Anne's County, Maryland in Plat Book 33 at Plats numbered 6-A through 6-V, inclusive.

The foregoing property includes

STATE OF MARYLAND
COUNTY OF

I HEREBY CERTIFY that on this 20 day of OCTOBER, 2003, before me, the undersigned subscriber, a notary public for the state and county aforesaid, did personally appear **David Herzog** who acknowledged himself to be the President of Caruso Homes, Inc., a Maryland corporation, the Managing Member of Caruso Centreville Manager, LLC, a Maryland corporation, the Manager of Waterford/Centreville, LLC, a Maryland limited liability company, and did further acknowledge that he executed the foregoing instrument for the purposes



AS WITNESS, I have hereunto set my hand and notarial seal this 20 day of October, 2003.

Janet F. Rook (SEAL)
NOTARY PUBLIC

My Commission Expires: 08-01-06.

I HEREBY CERTIFY that the within instrument was prepared by an attorney duly authorized to practice before the Maryland Court of Appeals.

[Signature]
RICHARD A. KRAMER

After Recording, please remit to:

Kramer & Levine, Chartered
P.O. Box 2170
403 Charles Street
La Plata, MD 20646

QUEEN ANNE'S COUNTY CIRCUIT COURT (Land Records) SM 1166, p. 0554, MSA_CE58_1340. Date available 03/30/2004. Printed 07/25/2017.