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DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
DECATUR FARM HOMEOWNERS ASSOCIATION, INC.

FILED

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Exhibits

Exhibit "A"	Description of Property
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DECATUR FARM HOMEOWNERS ASSOCIATION, INC.

DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS

THIS DECLARATION, is made on the date hereinafter set forth by CENTEX HOMES, a Nevada general partnership ("Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in the Town of Berlin, County of Worcester, State of Maryland, which is more particularly described on the legal description attached hereto and made part hereof as Exhibit "A".

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

ARTICLE 1
DEFINITIONS

Section 1.1. "Association" shall mean and refer to Decatur Farm Homeowners Association, Inc., a nonstock Maryland corporation, its successors and assigns.

Section 1.2. "Common Area" shall mean all real property, including all improvements located thereon, owned, leased or maintained by the Association (including the improvements thereto) for the common use and enjoyment of the Owners. Notwithstanding the foregoing, in the event the Association maintains all or any portion of any Lot(s), such property shall not be considered Common Area.

Section 1.3. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including, without limitation, a reasonable reserve and expenses for the maintenance of the Common Area in accordance with Article 11 hereof, all as may be found to be necessary or appropriate by the Board of Directors of the Association pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.4. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Project. Such standard may be more specifically determined and set forth by the Board of Directors.

Section 1.5. "Declarant" shall mean and refer to Centex Homes, a Nevada general partnership, its successors and assigns, but only to the extent that any of the rights, reservations,

easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred to any such successors or assigns by an instrument in writing.

Section 1.6. “*Declarant’s Rights Period*” shall mean and refer to a period of time equal to ten (10) years from the date of recordation of this Declaration, provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant’s control, then the aforesaid ten (10)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less. The Declarant may elect to voluntarily terminate all or any portion of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant prior to the expiration of the Declarant’s Rights Period by expressing such election in writing to the Association.

Section 1.7. “*Development Plan*” shall mean and refer to the Declarant’s plan for the development of the Property including all project plans, preliminary plans, and/or site plans, for the Property approved by Worcester County, Maryland and/or the Town of Berlin, including all amendments, modifications and extensions thereof as may be made from time to time. Given its dynamic nature, Development Plan is subject to change from time to time in the sole discretion of the Declarant.

Section 1.8. “*Eligible Mortgage Holder*” shall mean a holder, insurer or guarantor of a First Mortgage on a Lot who has submitted a written request for notice from the Association of amendments to the Association documents or other significant matters which would affect the interests of the mortgagee.

Section 1.9. “*Lawn and Garden Area*” shall mean and refer to any portion of the front, side and rear (if applicable) yard areas of any Lot that contains grass, shrubs, bushes, trees or other planted material; provided, however, that any portion of a Lot which is enclosed by a wall, fence or other obstruction and which is not readily accessible to the Association, as determined by the Board of Directors in its sole discretion, shall not be considered a Lawn and Garden Area.

Section 1.10. “*Lot*” shall mean and refer to any plot of land designated as a separate subdivided lot of record upon any recorded subdivision plat of the Property upon which the planned or actual improvements are primarily intended for use and occupancy as a residential dwelling unit. Each residential dwelling unit within a condominium established in accordance with the Maryland Condominium Act shall be deemed to be a separate Lot. The term Lot shall not include Common Area or outlots of property dedicated for public use. No Lot shall be counted twice in any situation where it may fall within more than one of the foregoing descriptions.

Section 1.11. “*Member*” shall mean and refer to every person, group of persons, corporation, partnership, trust, or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 1.12. “*Mortgagee*” shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. “Mortgage”, as used herein, shall include deeds of trust. “First Mortgage”, as used herein, shall

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

Section 1.13. "*Neighborhood*" shall mean and refer to any group of Lots which are hereafter annexed within the jurisdiction of the Association by Declarant pursuant to Article 2 of this Declaration and which are designated by Declarant as constituting all or a portion of a specified Neighborhood of Lots in the Supplementary Declaration annexing such Lots. The term Neighborhood shall also mean and refer to any group of Lots designated as constituting all or a portion of a specified Neighborhood of Lots by Declarant or the Board of Directors based on such factors as are deemed appropriate by Declarant or the Board, including, without limitation, the location and proximity of such Lots, any special features or amenities within or serving such Lots, any special services provided to or requested by the Owners and/or residents and/or lessees of such Lots, and the input of interested Owners and/or residents and/or lessees within the Property.

Section 1.14. "*Neighborhood Assessments*" shall mean and refer to assessments for those portions of the Common Expenses, if any, as may be levied against the Lots within a specified Neighborhood in accordance with Article 6 of this Declaration.

Section 1.15. "*Neighborhood Committee*" shall mean and refer to any committee comprised of the Owners and/or residents and/or lessees of Lots within a specified Neighborhood, as may be established by the Board of Directors in accordance with Article 14 of this Declaration. Any reference herein to the term Neighborhood Committee shall include, if established.

Section 1.16. "*Neighborhood Common Area*" shall mean and refer to any Common Area which is hereafter annexed within the jurisdiction of the Association by Declarant pursuant to Article 2 of this Declaration and/or Common Area enhancements and amenities which are designated by Declarant as being for the primary or exclusive use and benefit of a specified Neighborhood in the Supplementary Declaration annexing such Common Area, enhancement or amenities. The term Neighborhood Common Area shall also mean and refer to any Common Area designated as being for the primary or exclusive use and benefit of a specified Neighborhood by Declarant or the Board of Directors based on such factors as are deemed

appropriate by Declarant or the Board, including, without limitation, the location and proximity of such Neighborhood to the Common Area, any special features or amenities within the Common Area serving such Neighborhood, and the input of interested Owners within the Property.

Section 1.17. “*Neighborhood Special Assessments*” shall mean and refer to any assessment levied by the Association against Lots within a specified Neighborhood in accordance with Section 6.2 of this Declaration.

Section 1.18. “*Owner*” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.19. “*Project*” as used in this Declaration shall refer to the Property.

Section 1.20. “*Property*” shall mean and refer to that certain real property described on Exhibit “A” hereto, and such additions as may hereafter be brought within the jurisdiction of the Association pursuant to Article 2 of this Declaration.

Section 1.21. “*Subassociation*” shall mean and refer to any residential association (other than the Association) established in accordance with the Maryland Condominium Act, whose membership shall consist of any Owners of Lots within the Association.

Section 1.22. “*Subassociation Board*” shall mean and refer to the board of directors for a Subassociation.

Section 1.23. “*Subassociation Governing Documents*” shall mean and refer to the governing documents which establish the duties, rights and obligations of any Subassociation, Subassociation Board and the Owners who are members within a Subassociation.

ARTICLE 2

DECLARANT’S RIGHT TO SUBJECT PROPERTY TO DECLARATION

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

Section 2.2. *Annexations.* In addition to the real property described on Exhibit “A” hereto, any real property shown on the Development Plan, any real property contiguous to or in the vicinity of the real property shown on the Development Plan, and any real property contiguous to or in the vicinity of the real property described on Exhibit “A” hereto may be annexed within the jurisdiction of the Association by the Declarant without the consent of the Class A Members of the Association, if any, until the expiration of the Declarant’s Rights Period. The scheme of this Declaration shall not, however, be extended to include any such real property unless and until the same is annexed within the jurisdiction of the Association by the recordation

of a Supplementary Declaration as provided in this Section. Except as otherwise provided above with respect to annexations of real property by the Declarant, annexations of real property within the jurisdiction of the Association shall require the consent of two-thirds (2/3) of each class of Members.

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

Section 2.3. Deannexation. The Declarant may deannex any property annexed within the jurisdiction of the Association until the expiration of the Declarant's Rights Period; provided, however, that (i) the Declarant is the Owner of such property at the time of deannexation, or (ii) if the Declarant is not the Owner of such property, the Declarant deannexes such property with the written consent of the Owner thereof. Such deannexed property shall no longer be subject to the covenants, conditions and restrictions of this Declaration except for (i) any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant pursuant to this Declaration which affect the deannexed property and (ii) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Declarant in the instrument effectuating such deannexation. Such deannexation shall be made by recording a Supplementary Declaration among the Land Records of Worcester County, Maryland, withdrawing the effect of the covenants, conditions, restrictions and easements of this Declaration from the deannexed property. Such deannexed property may be utilized by the Declarant and any successor, assign or transferee thereof, for any lawful purpose or use.

ARTICLE 3 **PROPERTY RIGHTS**

Section 3.1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, including, without limitation, an easement for the use and enjoyment of the private streets, parking areas, sidewalks, trails, and walkways, if any, within the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable and uniform admission and other fees for the use of the Common Area and any facilities situated upon the Common Area;

(b) the right of the Association to suspend an Owner's voting rights and right to use the Common Area or any facilities situated thereon (i) for any period during which any assessment against such Owner's Lot remains unpaid, and (ii) after notice and an opportunity for a hearing, for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; provided, however, that the obligation of such Owner to pay assessments shall continue unabated during such period of suspension of voting rights or right to utilize the Common Area;

(c) the right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication, sale or transfer shall be effective without the consent of the Declarant, until the expiration of the Declarant's Rights Period, two-thirds (2/3) of the total votes of the Members;

(d) the right of the Association to limit the number of guests of Owners utilizing the Common Area and any facilities thereon;

(e) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and any facilities thereon;

(f) the right of the Association to provide for the exclusive use by specified Owners of certain designated parking spaces within the Common Area;

(g) the right of the Association, the Declarant, utility companies and other Owners with respect to the easements established by this Declaration;

(h) the right of the Association, in accordance with its Articles of Incorporation and Bylaws, and with the consent of two-thirds (2/3) of the total votes of the Members and, until the expiration of the Declarant's Rights Period, the consent of the Declarant, to borrow money for the purpose of improving the Common Area and any facilities thereon in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Common Area and any facilities thereon;

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

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

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

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

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

Section 3.2. Limitations.

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

(b) Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any Member of the Association to use the Common Area for necessary, ordinary and reasonable vehicular and pedestrian ingress and egress to and from such Owner's Lot, or to suspend any easement over the Common Area for storm water drainage, electrical energy, water, sanitary sewer, natural gas, CATV or similar service, telephone service or similar utilities and services to the Lots.

Section 3.3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws and rules and regulations of the Association, such Owner's right of enjoyment to the Common Area and facilities to such Owner's family members, guests, and tenants.

ARTICLE 4
MEMBERSHIP AND VOTING RIGHTS

Section 4.1. Membership. Membership in the Association shall be as set forth in Article 7 of the Articles of Incorporation. Members rights and obligations are more fully described in the Bylaws.

Section 4.2. Voting Rights. The voting rights of the Members shall be as set forth in Article 6 of the Articles of Incorporation and as more fully described in the Bylaws.

ARTICLE 5
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. There are hereby created assessments for Common Expenses as may be from time to time specifically

authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article 5. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, and (ii) special assessments. The annual and special assessments, together with interest, costs, late fees and reasonable attorneys' fees, shall be a charge on the Lot (including all improvements thereon), and shall be a continuing lien upon the property against which each such assessment is made, provided the requirements of the Maryland Contract Lien Act, if applicable, have been fulfilled. Each such assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a prior Owner's successors in title unless expressly assumed by such successors.

Section 5.2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement, maintenance, repair and replacement of the Common Area, the maintenance and repair of the Lawn and Garden Area (if the Association elects to perform such maintenance and repair), the maintenance, repair and replacement of any rights-of-way, median strips, signage, entry strips and entrance features or improvements that serve and/or benefit the Association or other property intended for or available for use of the residents, the payment of real estate taxes, assessments and utility services for the Common Area, management fees, administration expenses, insurance and all other costs and expenses incurred by the Association in the proper conduct of its activities, including, without limitation, reserves for replacements or contingencies, and charges accruing under any cross-easement or other agreement (including, without limitation, any such agreement for the maintenance of any storm water management facility). The assessments may also be used for the maintenance, repair and replacement of any property or facilities serving or appurtenant to the Property which the Association is obligated or elects to maintain whether or not such property or facilities are owned by the Association or are located within the Property (including, without limitation, any property or facilities which the Association is authorized to maintain pursuant to this Declaration).

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

Section 5.3. Annual Assessments; Budgets.

Until January 1 of the year immediately following the first conveyance of a Lot to a Class A Member, the applicable annual assessment shall be the amount established by the Declarant in its sole discretion. Thereafter, the Board of Directors shall from time to time set the annual assessment at an amount sufficient to meet the Common Expenses of the Association. Without limiting the generality of the foregoing, the Association shall, at all times, levy and collect annual assessments in sufficient amounts to (i) maintain the Common Area in accordance with sound property management standards, and (ii) establish necessary reserves for the future repair and replacement of any capital improvements within the Common Area. The Board of Directors shall determine the amount of the annual assessment before the beginning of each fiscal year in connection with preparation of the Association's annual budget, and may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of annual assessments may be levied and collected on a monthly, quarterly, semi-annual or annual basis. Any Class A Member may prepay one or more installments of any annual assessment levied by the Association without premium or penalty.

The Board of Directors shall make a reasonable effort to cause a copy of the budget, and the amount of the assessments to be levied against each Lot for the following year, to be delivered to each Owner at least thirty (30) days prior to the commencement date of the new assessments. The budget shall be approved by majority vote of the Board of Directors; provided, however, that (after the lapse of all of the Class B memberships) any budget under consideration by the Board pursuant to this Section 5.3 that (i) would result in an increase in the Common Expenses of the Association in excess of fifteen percent (15%) of the budgeted amount for Common Expenses set forth in the budget for the immediately preceding fiscal year, or (ii) would result in an increase in the annual assessments payable by the Members in excess of fifteen percent (15%) of the budgeted amount for annual assessments set forth in the budget for the immediately preceding fiscal year, shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of the Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose. Subject to the foregoing, all budgets approved by the Board shall become effective unless a special meeting of the Association is duly held and at such special meeting the budget is disapproved by a vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at such meeting. Notwithstanding the foregoing, however, in the event that the membership disapproves the budget or the Board of Directors fails for any reason to determine the budget for any fiscal year of the Association, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding fiscal year shall continue for the succeeding fiscal year.

The Declarant may establish a working capital fund for the initial and ongoing operation of the Association. Such working capital fund may be funded by a one-time assessment of up to three hundred dollars (\$300.00) or such other amount determined in the sole discretion of the Declarant and shall be payable, if established, by the initial non-Declarant

grantee of each Lot upon the earlier of settlement or occupancy of a completed dwelling located on the Lot.

Section 5.4. Special Assessments; Budgets. In addition to the annual assessments authorized by this Article, the Association may levy, in any assessment year, a special assessment or special assessments applicable to that year only for such purposes as the Board of Directors may deem appropriate, including, without limitation, for purposes of funding, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement located upon the Common Areas, including fixtures and personal property related thereto, and to meet unforeseen or special expenditures as well as any budget deficit; provided, however, that (after the lapse of all of the Class B memberships) any such assessment shall be approved by Members entitled to cast not less than sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose; provided, further, that any special assessment required because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Members or a significant risk of damage to the Common Areas may be approved by the Board of Directors without the foregoing vote of the Members.

The Association may also levy a special assessment against any Owner to reimburse the Association for costs incurred in bringing the Owner and/or such Owner's Lot into compliance with the provisions of this Declaration, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association; provided, that such special assessment may only be levied upon the affirmative vote of the Board of Directors, after notice and an opportunity for a hearing has been provided to the Owner.

Any amendment to a previously approved budget shall be approved by majority vote of the Board of Directors; provided, however, that (after the lapse of all of the Class B memberships) any amendment to a budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof that (i) would result in an increase in the Common Expenses of the Association in excess of fifteen percent (15%) of the budgeted amount for Common Expenses set forth in the budget for the immediately preceding fiscal year (including any increase in Common Expenses adopted in the budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof), or (ii) would result in an increase in the annual assessments payable by the Members in excess of fifteen percent (15%) of the budgeted amount for annual assessments set forth in the budget for the immediately preceding fiscal year (including any increase in assessments adopted in the budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof), shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose.

Section 5.5. Notice and Quorum. Written notice of any meeting called for the purpose of establishing a special assessment or budget amendment in accordance with Section 5.4 hereof or to approve a budget increase or Special Action in accordance with Section 5.4 or Section 5.13 hereof, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members or of

proxies entitled to cast sixty percent (60%) of the votes of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.6. Uniform Rate of Assessment.

(a) Except as otherwise provided in this Declaration, both annual and special assessments shall be fixed at a uniform rate for all Lots and may be collected in advance on a monthly, quarterly, semi-annual, or annual basis, or upon such other basis as may be determined by the Board of Directors.

(b) In the event that the actions or activities of any Owner causes or results in increased expenses for the Association, the Board of Directors may assess such increase in expenses against the Owner and such Owner's Lot, after notice to such Owner and an opportunity for a hearing. For example, and for purposes of illustration only, the Board of Directors may assess the amount of any insurance deductible paid by the Association against any Owner and such Owner's Lot if the Association is required to pay such deductible as a result of the misuse or neglect of the Owner. Such assessment shall be a lien against the Owner's Lot and shall be payable and collectible in the same manner as any other assessments required to be paid to the Association; provided, however, that the Declarant shall not be subject to any assessment based on this Section 5.6(b).

Section 5.7. Assessment of Lots Within a Subassociation.

(i) With respect to any Lots that have been annexed within the jurisdiction of a Subassociation, the Board of Directors may elect by resolution to collect each Lot Owner's share of the Assessments charged pursuant to this Declaration directly from the governing body of the Subassociation. In such event, payment of the Assessments provided for herein shall be an obligation of the Subassociation; provided, however, that each Lot Owner shall remain personally liable for all Assessments against such Owner's Lot and each such Lot shall remain subject to the lien for the Assessments established by this Declaration. If the Board of Directors elects to collect assessments from the Subassociation then all notices regarding Assessments shall be sent to the governing body of the Subassociation; provided, however, that notice of any action to enforce a Lot Owner's personal obligation to pay assessments or to foreclose the lien against such Owner's Lot shall also be sent to such Lot Owner. This Section 5.7 shall not be deemed to limit or waive, and shall be without prejudice to, any rights, remedies, or recourses available to the Association for non-payment of Assessments.

(b) If the Board of Directors of a Subassociation assigns to the Board of Directors of the Association its duty to collect assessments charged pursuant to the governing documents of the Subassociation, and the Board of Directors of the Association consents to such assignment, the Board of Directors of the Association shall collect such charges and remit such payments to the Subassociation.

Section 5.8. Declarant's Exemption From Annual and Special Assessments. Any provision hereof to the contrary notwithstanding, Lots owned by the Declarant shall not at any time be subject to any annual assessments, special assessments, fees or other charges levied by the Association, and the Declarant shall have no obligation whatsoever to pay any such annual assessments, special assessments, fees or other charges. Lots formerly owned by the Declarant shall cease to be exempt from such annual assessments, special assessments, fees and other charges commencing upon transfer or conveyance of any such Lot from the Declarant to any other Owner (excluding the transfer or conveyance of any such Lot from the Declarant to any successor Declarant).

Section 5.9. Date of Commencement of Annual Assessments; Due Dates. Unless an earlier commencement date is established by the Board of Directors, the annual assessments provided for herein shall commence as to all Lots simultaneously with the conveyance of the first Lot to a Class A Member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall make reasonable efforts to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association with the status of assessments on the Lots shall be binding on the Association as of the date of its issuance.

Section 5.10. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the laws of the State of Maryland. The Association may also charge a reasonable late fee, not to exceed any limit established under applicable law, against any Owner (and/or such Owner's Lot) who is at least fifteen (15) days delinquent in the payment of any assessment. Additionally, the entire balance of the unpaid annual assessments for the remainder of the fiscal year may be accelerated at the option of the Board of Directors and be declared due, payable and collectible in the same manner as the delinquent portion of such annual assessment. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Lot (and all improvements thereon) provided the provisions of the Maryland Contract Lien Act, if applicable, are substantially fulfilled. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Lot. The Owner shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred in connection with the collection of assessments if not paid when due. This Section shall not be deemed to limit or waive, and shall be without prejudice to, any and all rights, remedies, or recourses as may be available to the Association for non-payment of assessments.

Section 5.11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any First Mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a mortgage or deed of trust foreclosure or any proceeding in lieu thereof, shall

extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, except for liens or claims for a pro-rata share of such assessments resulting from a pro-rata reallocation of such assessments to all Lots, including the mortgaged Lot. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any First Mortgage on any Lot (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

Section 5.12. Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of the replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset. The Board of Directors shall set the required reserve fund contribution, if any, in an amount sufficient to meet the projected reserve needs of the Association, as shown on the reserve fund budget, with respect both to amount and timing by the imposition of annual assessments over the period of the budget. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and assessment, as provided in Section 5.3. Such reserve fund contribution shall be payable as part of the general assessment, applicable to all Lots (except as otherwise provided with respect to Lots owned by the Declarant in Section 5.7), to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all Owners. Reserves may also be maintained for operating contingencies and insurance deductibles. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Area or any facilities thereon, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Board of Directors and by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of all Members present, in person or by proxy, and voting at a meeting of the Association duly called for this purpose.

Section 5.13. Special Actions. Any provision of the Articles of Incorporation, Declaration, Bylaws to the contrary notwithstanding, after the lapse of all of the Class B memberships, the Board of Directors shall not be authorized to take any "Special Actions" (as defined below) without the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose. As used herein, the term "Special Actions" shall mean any and all actions taken by or on behalf of the Association, including, without limitation, commencing or maintaining any litigation, arbitration or similar proceeding, which would reasonably require the expenditure of funds in excess of ten thousand dollars (\$10,000.00) in the aggregate during any fiscal year of the Association; provided, however, that the term "Special Actions" shall not be deemed to include (i) routine assessment collection actions under Article 5 of the Declaration, (ii) routine actions required to enforce the architectural controls set forth in Article 7 of the Declaration, use restrictions set forth in Article 8 of the Declaration, or any rules and regulations of the Association adopted by the Board of Directors, or (iii) any expenditure made by the Association in accordance with any budget or budget amendment duly adopted in accordance with Article 5 of this Declaration, or (iv) any special assessment duly adopted in

accordance with Article 5 of this Declaration. Each planned expenditure of more than ten thousand dollars (\$10,000.00) shall require the prior approval of the Members in accordance with this Section. Any meeting of the Association held to approve any Special Actions under this Section shall be subject to the notice and quorum requirements set forth in Article 5, Section 5.5 of this Declaration.

ARTICLE 6
NEIGHBORHOOD ASSESSMENTS; COMMENCEMENT OF NEIGHBORHOOD
ASSESSMENTS

Section 6.1. Neighborhood Assessments. Notwithstanding anything in this Article 6 to the contrary, Neighborhood Assessments shall not be used to fund any Special Actions. In addition to the Annual General Assessments provided for in Article 5 of this Declaration, and not in lieu thereof, each person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who becomes a fee simple owner of a Lot within any Neighborhood, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Association, in advance, a monthly sum (hereinelsewhere sometimes referred to as a Neighborhood Assessment) equal to one twelfth (1/12) of the Member's proportionate share of the sum required by the Association, as estimated by the Board of Directors, to meet its annual expenses of maintaining the Neighborhood Common Area appurtenant to such Neighborhood and performing any other services which primarily benefit the Lots within that Neighborhood, as determined by the Board of Directors, which may include, but not be limited to, the maintenance, repair and replacement of the private streets, parking areas and sidewalks, if any, and for performing such other maintenance and repairs upon the Neighborhood Common Area or other property within or appurtenant to such Neighborhood as the Association may from time to time elect to perform, including, but not necessarily limited to, the following:

(i) the cost of maintaining, replacing and repairing the Neighborhood Common Area or other property within or appurtenant to such Neighborhood (and any improvements situated thereon), in whole or in part, including, without limitation, snow removal, parking area striping, street lighting, sweeping, washing, landscaping (including, but not limited to, mowing, fertilizing, watering, mulching and repair or replacement of trees, bushes, shrubbery and other plants or plant-like material), specialty signing and the like; and

(ii) the cost of funding a separate reserve to be established by the Association for the non-recurring repair and replacement of the Neighborhood Common Area or other property within or appurtenant to such Neighborhood (and any improvements situated thereon), in whole or in part.

(iii) The Board of Directors shall determine the amount of the Neighborhood Assessments annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board of Directors, installments of annual Neighborhood Assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis hereinbefore provided for in Article 6 hereof. Any Member so obligated may prepay one (1) or more installments on any annual Neighborhood Assessment levied by the Association, without premium or penalty.

(iv) The Board of Directors shall prepare, or cause the preparation of an annual budget for the Neighborhood Assessments for each Neighborhood. The budget shall be prepared and distributed to the Members within such Neighborhood and adopted by the Board of Directors of the Association in accordance with the provisions of Section 5.5 of this Declaration. The Board of Directors of the Association shall make a reasonable effort to fix the amount of the annual Neighborhood Assessments against each Lot within each Neighborhood within the Property for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and the annual Neighborhood Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Lot Owner within such Neighborhood upon reasonable notice to the Board. Written notice of the annual Neighborhood Assessments shall thereupon be sent to the Members who own Lots within such Neighborhood. The omission by the Board of Directors, before the expiration of any assessment period, to fix the amount of the annual Neighborhood Assessments hereunder for that or the next period, or the disapproval of the budget by the Members pursuant to this Declaration, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Member so obligated from the obligation to pay the annual Neighborhood Assessments, or any installment thereof, for that or any subsequent assessment period; but the annual Neighborhood Assessments fixed for the preceding period shall continue until a new Neighborhood Assessment is established. No Owner of a Lot within a Neighborhood may exempt himself from liability for the Neighborhood Assessments applicable to such Neighborhood by abandonment of any Lot belonging to him within such Neighborhood by the abandonment of his right to the use and enjoyment of the property within such Neighborhood, including, but not limited to, the Neighborhood Common Area. All Neighborhood Assessments shall be collectible in the same manner as Annual General Assessments as provided for in Article 5 of this Declaration.

Section 6.2. Neighborhood Special Assessments. In addition to the regular annual Neighborhood Assessments authorized by this Article, the Association may levy, in any assessment year, a Neighborhood Special Assessment or Neighborhood Special Assessments, applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, extraordinary repair or replacement of a capital improvement located upon, or forming a part of, the Neighborhood Common Area within such Neighborhood or other property exclusively benefiting or serving the Lots within such Neighborhood, or for such other purposes as the Board of Directors may deem appropriate; provided that any such special Neighborhood Assessment shall be approved by the member(s) of the Board of Directors appointed to represent the Members within such Neighborhood. All Neighborhood Special Assessments shall be collectible in the same manner as Annual General Assessments as provided for in Article 5 of this Declaration.

Section 6.3. Neighborhood Notice. Written notice of any meeting called for the purpose of establishing a Neighborhood Special Assessment in accordance with Section 6.2 hereof shall be sent to all Members within the Neighborhood not less than thirty (30) days nor more than sixty (60) days in advance of such meeting.

Section 6.4. Reserve for Repairs and Replacements of the Neighborhood Common Area. The Association shall establish and maintain separate reserve funds for repairs and

replacements (in whole or in part) of the Neighborhood Common Area for each Neighborhood and of other property within or appurtenant to such Neighborhood (and any improvements situated thereon) by the allocation and payment periodically to such reserve funds of an amount to be designated from time to time by the Board of Directors to be collected from the Lot Owners within such Neighborhood. The reserve for repairs and replacements of the Neighborhood Common Area within any particular Neighborhood (and any improvements situated thereon) may be expended only for the purpose of effecting the repairs and replacement (in whole or in part) for such Neighborhood Common Area or other property within or appurtenant to such Neighborhood (and any improvements situated thereon) including, without limitation, the repair and replacement of any private streets, parking areas and sidewalks, if any, constructed thereon, and for operating contingencies of a non-recurring nature relating to such property and any improvements situated thereon. The Association may establish such other reserves for such other purposes associated with any Neighborhood as the Board of Directors may from time to time consider to be necessary or appropriate.

ARTICLE 7 ARCHITECTURAL CONTROL

Section 7.1. Architectural Change Approval. No building, deck, fence, patio, wall, swimming pool, mailbox or other structure or improvement of any kind shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made (including, but not limited to, changes in color, changes or additions to driveways, or walkway surfaces and landscaping modifications) until complete plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by a covenant committee composed of three (3) or more representatives appointed by the Board of Directors of the Association ("Covenant Committee"). In the event said Board, or its designated committee, fails to approve or disapprove any design and location within sixty (60) days after the plans and specifications for such design and location have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. Approval by the Covenant Committee or by the Board shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed, nor shall such approval be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions. The Board or the Covenant Committee shall have the right to charge a reasonable fee for reviewing each application in an amount not to exceed the costs actually incurred by the Board or the Covenant Committee. Any exterior addition to or change or alteration made without application having first been made and approval obtained as provided above shall be deemed to be in violation of this covenant and the addition, change or alteration may be required to be restored to the original condition at the Owner's cost and expense. In any event, no such exterior addition to or change or alteration shall be made without approvals and permits therefor having first been obtained by the Owner from the applicable public authorities or agencies. In addition, no changes, alterations or additions may be constructed which are not in compliance with local zoning ordinances, governmental guidelines or restrictions.

Notwithstanding any provision of this Declaration to the contrary i) the provisions of this Article 7 shall not be applicable to the Declarant or any part of the Property owned by the Declarant and ii) all improvements located on Lot 45 as of the date of recordation of this Declaration shall be deemed approved, however, any subsequent replacement, removal or alteration of any such improvements shall be subject to review by the Board of Directors or the Covenant Committee in accordance with this Section 7.1.

Section 7.2. Initiation and Completion of Approved Changes. Construction or alterations in accordance with plans and specifications approved by the Board of Directors or the Covenant Committee pursuant to the provisions of this Article shall be commenced within six (6) months of such approval and completed within twelve (12) months of such approval, or within such longer time period as the Board of Directors or the Covenant Committee may specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Board of Directors or the Covenant Committee without the prior consent in writing of the Board of Directors or the Covenant Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Board of Directors or the Covenant Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 7.3. Certificate of Compliance. Upon completion of any construction or alterations or other improvements or structures in accordance with plans and specifications approved by the Board of Directors or the Covenant Committee in accordance with the provisions of this Article, the Board or the Covenant Committee shall, at the request of the Owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Board or the Covenant Committee in full compliance with the provisions of this Article and with such other provisions and requirements of this Declaration as may be applicable.

Section 7.4. Covenant Committee Rules and Regulations; Appeal of Covenant Committee Decision. The Board of Directors or the Covenant Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, standards, guidelines, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of this Declaration. The decisions of the Covenant Committee shall be final except that any Member who is aggrieved by any action or forbearance from action by the Covenant Committee may appeal the decision of the Covenant Committee to the Board of Directors and, upon the request of such Member, shall be entitled to a hearing before the Board of Directors. Two thirds (2/3) of the Board of Directors shall be required to reverse the decision of the Covenant Committee. In the event that a Covenant Committee has been appointed, the decision of the Board of Directors shall be final and there shall be no right to appeal such decision.

Section 7.5. Exterior Appearance. Except as specifically provided herein to the contrary, and without limiting the generality of this Article 7, the following shall apply to every Lot and dwelling unit within the Property, unless otherwise expressly provided by the Covenant Committee or the Board of Directors:

(a) storm windows installed by any Owner or resident shall require the approval of the Board of Directors or the Covenant Committee and shall be painted the same color as the window trim;

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

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

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

Notwithstanding anything to the contrary contained in this Section 7.5, the provisions of this Section shall not apply to any Lot or dwelling owned by the Declarant.

ARTICLE 8

USE RESTRICTIONS

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

Section 8.1. Permitted Uses.

(a) The Lots shall be used for residential purposes exclusively, and no building shall be erected, altered, placed or permitted to remain on any such Lot other than one used as a dwelling, except that the use of a dwelling unit for a "no-impact home based business", as defined in §11B-111.1 of the Maryland Homeowners Association Act (the "Act"), as amended, shall be permitted, provided that: (i) before any dwelling unit may be used for a no-impact home based business the Owner and/or resident of such dwelling unit shall notify the Association, in writing, at least thirty (30) days prior to the opening of the no-impact home based business; and (ii) in no event shall the Common Area be used by or in connection with any permitted no-impact home based business. Nothing contained in this Article, or elsewhere in this Declaration, shall be construed to prohibit the Declarant from the use of any Lot or dwelling, or the improvements thereon, for promotional or display purposes, or as "model homes", a sales and/or construction office, or other lawful purpose.

(b) The use of any dwelling as a “family day care home” is permitted, provided that it meets all of the necessary approvals under the law, and provided that: (i) before any dwelling may be used as a family day care home, the Owner and/or resident of such dwelling shall notify the Association, in writing, at least thirty (30) days prior to the opening of the family day care home through the filing of an application for approval; and further, provided (ii) that the Board of Directors, or its designee, is provided at least annually with evidence to its satisfaction that any such dwelling continues to be in compliance with all of the necessary approvals under the law, including, without limitation, any local ordinances. In addition to the foregoing, an application filed with Board of Directors for use of a dwelling as a family day care home, is subject to the following conditions:

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

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

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

Section 8.2. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction and development of the Property, or except with the prior written approval of the Board of Directors or the Declarant, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Area:

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

(b) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited on any Lot or within any dwelling, or other part of the Property, except that this shall not prohibit the keeping of a reasonable number of dogs, cats, caged birds or other small domestic animals as pets provided (i) they are not kept, bred or maintained for commercial purposes; (ii) such domestic pets are not a source of annoyance or nuisance to the neighborhood or other Members; and (iii) such pets are

maintained in strict conformance with all laws and ordinances. The Board of Directors or, upon resolution of the Board of Directors, the Covenant Committee, shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other Members, and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Area unless accompanied by a responsible person and unless they are carried or leashed. The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time to time consider necessary or appropriate.

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

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

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

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

Association, to serve necessary public purposes, or from dedicating or conveying a portion of such Owner's Lot for such purposes.

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

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

(i) Except for entrance signs, directional signs, signs for traffic control or safety, community "theme areas" and such sales and promotional sign or signs as may be maintained by or with the written consent of the Declarant or the Association, or except as expressly permitted pursuant to the Act, no signs or advertising devices of any character shall be erected, posted or displayed upon, in or about any Lot or dwelling; provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Lot or attached to any dwelling placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such dwelling. The provisions and limitations of this subsection shall not apply to any institutional first mortgagee of any Lot who comes into possession of the Lot by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

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

(k) No play equipment, including, without limitation, basketball backboards, basketball hoops and other equipment associated with either adult or juvenile recreation, shall be attached in any manner to the exterior of any dwelling without the prior written approval of the Board of Directors or the Covenant Committee pursuant to Article 7 hereof. If approved in accordance with this Declaration, such play equipment must be properly maintained at all times.

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

(m) Except as specifically permitted by applicable federal governmental regulations, no exterior aerials or antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Property without the prior written approval of the Board of Directors, or its designated committee, pursuant to Article 7 hereof; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any such satellite dish, subject to applicable federal governmental regulations. Aerials and antennas situated entirely within a dwelling unit, and not visible from the exterior, are permitted.

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

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

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

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

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

(s) Any fence constructed upon a Lot shall not extend forward of the rear building line of the dwelling on the Lot upon which any such fence is erected. No fence shall be more than six feet (6') in height. Chainlink and other wire fencing is specifically prohibited; provided, however, that thin wire fencing used in conjunction with a split rail or similar fencing for the purpose of enclosing pets is permitted if prior written approval is obtained from the Board of Directors or the Covenant Committee pursuant to Article 7. The foregoing restrictions shall not be applicable to fences required to enclose any swimming pools within the Property (subject to the prior written approval of the Board of Directors or the Covenant Committee pursuant to Article 7 hereof) in accordance with the local zoning ordinances, governmental guidelines and restrictions. Notwithstanding the foregoing, this Section 8.2(s) shall not apply to fences installed by or on behalf of the Declarant during the construction and development of the Property, which

in the sole opinion of the Declarant shall be required, convenient or incidental to the Declarant's construction, development, marketing, leasing and sales activities within the Property.

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

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

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

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

(x) No drying or airing of any clothing or bedding shall be permitted outdoors and within any Lot other than within rear yards, and clothes-hanging devices such as lines, reels, poles, frames, etc., shall be stored out of sight when not in use.

(y) No garage or outbuilding properly erected on a Lot shall at any time be used for human habitation, temporarily or permanently, nor shall any structure of a temporary character be used for human habitation. No garage may be altered, modified or changed in any manner which would inhibit or in any way limit its function as a parking area for vehicles without the prior written approval of the Board of Directors or Covenant Committee pursuant to Article 7 of this Declaration. Notwithstanding the foregoing, any Lot owned by the Declarant upon which is situated a dwelling unit in which the garage has been modified to serve as living area shall be exempt from this paragraph and any grantee of the Declarant, and such grantee's successors and assigns, shall also be exempt until such time as the garage is restored or a garage is constructed on such Lot. Except when being used for entrance or exit, garage doors shall be maintained in a closed position at all times.

(z) Owners of Lots that contain nontidal wetlands and wetland buffers must comply with the following restrictions within these wetlands and buffers, as approved by the Water Management Administration. Except as expressly authorized pursuant to any permits of letters of authorization previously obtained from and issued by the U.S. Army Corps of Engineers and/or Maryland Department of the Environment (or their successors or assigns), neither the Permittee, nor any subsequent owner or owners of the Property or any portion thereof, shall undertake or cause to be undertaken any of the following within or upon the wetland or buffer areas:

(i) Construct or place buildings, sheds, walkways, roads, signs or other structures on or above the ground within the wetland or buffer areas;

(ii) Dump or place trash, brush, soil waste, or other fill material within the wetland or buffer areas, or otherwise use the ground within the wetland or buffer areas for disposal of such materials;

(iii) Excavate, dredge, or remove loam, peat, gravel, soil, rock or other material substance within the wetland or buffer areas;

(iv) Remove or destroy trees, shrubs or other vegetation, or any other material substance within the wetland or buffer areas in violation of Section 404 of the Clean Water Act and/or the applicable provisions of the Maryland Nontidal Wetlands Protection Act, or

(v) Engage in any activities on the wetland or buffer areas that would violate any governmental regulation concerning drainage, flood control, water conservation, erosion control, soil control, or fish or wildlife habitat preservation.

Alteration of vegetation or other substances within the wetland or buffer as required for routine maintenance of the wetland or buffer areas consistent with State and federal law is permissible.

Section 8.3. Leasing and Transfers.

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

(b) Prior to the sale, conveyance or transfer of any Lot or dwelling unit to any person, the Owner shall notify the Board of Directors in writing of the name and address of the person to whom the proposed sale, conveyance or transfer is to be made and provide to it such other information as the Board of Directors may reasonably require. Failure to comply with the provisions of this Section 8.3(b) shall not void, prohibit or otherwise invalidate the sale, conveyance or transfer of any Lot or dwelling unit nor may it have any affect upon any mortgage or deed of trust thereon.

Section 8.4. Parking. Parking within the Property shall be subject to the following restrictions:

(a) The Association shall be entitled to establish supplemental rules concerning parking and traffic control on any portion of the Common Area and Lots, including, without limitation, providing for reserved parking which allows the exclusive use of one or more common area parking spaces by one or more Owners and/or the involuntary removal of any vehicle violating the provisions of this Declaration and/or such rules.

(b) The Declarant, its successors and assigns, and its nominee or nominees and any agents, servants and/or employees thereof shall be exempt from the provisions of this Section 8.4.

Section 8.5. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area and community facilities or Lots, "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by the Board in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules and regulations.

Section 8.6. Exemptions. None of the restrictions and provisions set forth in Section 8.1 through 8.5 above shall be applicable (i) to any portion of the Property owned by the Declarant or to the activities of the Declarant, and its officers, employees, agents and assigns, in their development, marketing, leasing and sales activities within the Property, or (ii) to the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area and any facilities situated thereon.

ARTICLE 9

ENFORCEMENT OF SUBASSOCIATION GOVERNING DOCUMENTS

In the event that the Board of Directors of the Association shall determine, in its sole discretion, that the Board of Directors of a Subassociation has failed to adequately enforce the Subassociation Governing Documents applicable to that Subassociation, then the Board of Directors of the Association shall have full authority, but shall not be required, to enforce the Subassociation Governing Documents to the same extent as the Board of Directors of such Subassociation. All Subassociation Governing Documents shall also provide the Board of the Association with the foregoing authority.

ARTICLE 10

DECLARATION OF EASEMENTS AND RIGHTS

Section 10.1. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) Until the expiration of the Declarant's Rights Period, Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Common Area.

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

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

(d) The Property is hereby subject to a non-exclusive, perpetual easement and right of passage, for the benefit of the Members of the Association, for ordinary and reasonable pedestrian ingress and egress over, across and upon any sidewalk, trail, walkway, roadway or

private street (or the replacement thereof) constructed within the Property by the Declarant that may reasonably be deemed to have been constructed or intended for pedestrian or vehicular use. The Property is hereby also subject to a non-exclusive, perpetual easement and right of passage, for the benefit of the Members of the Association, for ordinary and reasonable vehicular ingress and egress over, across and upon any roadway or private street (not including parking spaces), or the replacement thereof, constructed within the Property by the Declarant that may reasonably be deemed to have been constructed or intended for vehicular use.

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

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

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

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

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

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

(i) Each Lot is hereby subject to an easement and right of passage upon, across and under such Lot for the drainage and discharge of water from any storm drain, down spout or yard drain situated on another Lot and the Owner of such Lot may not alter or obstruct such drainage or flow of water to the detriment of any Lot or the Common Area. The Association shall have an easement to enter any portion of the Property for the performance of its duties hereunder, including, without limitation, fenced, or other similar areas of the Property.

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

(k) There is hereby created for the benefit of each Lot, which is enclosed, in whole or in part, by any wooden, brick, stone or other similar fence and/or wall constructed by the Declarant, a perpetual easement to use any portion of the Common Area that may be located between such fence and/or wall and the record platted lot line for such benefited Lot. The obligation to maintain such portion of the Common Area shall be that of the Owner of the benefited Lot, and the obligation to maintain such portion of the wooden, brick, stone, or other similar fencing as is located within the Common Area, and which encloses the benefited Lot, in whole or in part, shall be that of the Association. The Owner of any Lot benefiting from the foregoing easement agrees to indemnify and hold the Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement rights provided for herein.

(l) A mutual right and easement for utility services is hereby established for the benefit of all Owners, such that no Owner shall take any action which would in any way interfere with utility services being provided to other Owners within the Project. If a Lot

contains any utility pipes, ducts, conduits, wires or the like which are for the benefit, in whole or in part, of other Owners within the Project, then the Owner of such Lot shall promptly, at his expense, repair any damage to such utilities caused by the Owner, or such Owner's tenants, lessees, agents, guests, invitees, licensees or family members.

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

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

(o) Each Lot shall be subject to a non-exclusive easement and right of passage for the benefit of any adjacent Lot (the "Benefited Lot") to the extent reasonably necessary to permit the Owner of the Benefited Lot (the "Benefited Owner") access to the exterior of any adjacent Lot for purposes of inspecting, maintaining, repairing, replacing and otherwise caring for the exterior of the Benefited Lot; provided, however, that the Benefited Owner shall take reasonable steps to minimize any damage to an adjacent Lot and that the Benefited Owner shall restore as nearly as possible to its original condition any adjacent Lot damaged or altered as a result of the exercise of this easement. The Benefited Owner's exercise of its rights hereunder shall be at reasonable times and shall not unreasonably interfere with any Owner's use and enjoyment of its adjacent Lot. The Benefited Owner shall indemnify and save harmless any Owner of an adjacent Lot from any loss or damage that such Owner may sustain, including reasonable attorneys' fees, as a result of entry by the Benefited Owner on the adjacent Lot.

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

Section 10.2. Association Easements. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Common Area for any lawful purpose which the Board determines, in its sole discretion, to be in the best interests of the Association.

ARTICLE 11
MAINTENANCE

Section 11.1. Owners' and Subassociation Maintenance.

(a) Except as otherwise specifically provided in this Declaration, the Owner of each Lot shall keep the Lot, and all improvements therein or thereon, in good order and repair and free of debris in a manner and with such frequency as is consistent with good property management and the Community-Wide Standard. In the event an Owner of any Lot shall fail to maintain the Lot and such improvements, the Association or its agent shall have the right to enter upon said Lot to repair, maintain and restore the Lot and such improvements. The Association shall also have the right to enter the Lots to correct drainage. Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article 5 herein.

(b) Except as otherwise specifically provided in this Declaration, each Subassociation shall keep the areas it is required to operate, maintain, repair and replace pursuant to the Subassociation Governing Documents for such Subassociation in a manner which is consistent with good property management and the Community-Wide Standard. In the event any Subassociation shall fail to maintain such areas in such condition, the Board of Directors or its agent shall have the right to repair, maintain and restore such areas on the Subassociation's behalf. In an emergency situation, the Board of Directors shall afford the offending Subassociation reasonable notice and an opportunity to cure the problem prior to entry. All costs related to such correction, repair or restoration, plus an Assessment of fifteen percent (15%) of such costs to cover the Association's administrative expenses, shall be collectible from the Owner of such Lots within the offending Subdivision in the same manner as Assessments as provided in this Declaration.

Section 11.2. Association Maintenance. The Association shall maintain, repair and replace the Common Area, and all improvements and facilities situated thereon, and shall keep the Common Area and such improvements and facilities in good order at all times. This obligation shall include, without limitation (i) the maintenance, repair and, as necessary, replacement of any private streets and parking areas within the Common Area, (ii) the maintenance, repair and, as necessary, replacement of any pathways, sidewalks, trails and walkways that are constructed or installed by, or on behalf of, the Declarant within the Common Area, provided that the Association shall not be obligated to maintain, repair or replace any pathway, sidewalk, trail or walkway leader, or portion thereof, within any Lot (the maintenance, repair and replacement of any such pathway, sidewalk, trail or walkway leader shall be the obligation of the Lot Owner), and (iii) the removal of accumulated snow and ice from within all private streets and parking areas within the Common Area and from all pathways, sidewalks, trails, walkways, or portions thereof, required to be maintained by the Association pursuant to this Section. Further, the Association shall maintain, repair and replace (i) any rights-of-way, sidewalks, median strips, entry strips, signage, and entrance features or improvements that are situated within or that are appurtenant to and serve the Project, including, without limitation, any

landscaping and other flora and improvements situated thereon, and (ii) any other real and personal property, facilities and equipment as the Association is obligated or elects to maintain pursuant to this Declaration, or any lease, easement or agreement, or the direction of any governmental authority or agency. The expenses of all such maintenance, repair and replacement shall be a Common Expense of the Association, including, but not limited to, reserves for the maintenance, repair and replacement of any such property or improvements. The Association shall also maintain any portion of any Lot that it is obligated or elects to maintain pursuant to this Declaration, any easement or other agreement.

The Association shall also have the right to enter any Lot, without the consent of the Owner and/or occupant thereof, to conduct any emergency repairs as are necessary for the maintenance and protection of the Common Area, any Lot and the Lawn and Garden Areas. The costs of such repairs shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article 5 herein.

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

Section 11.3. Lawn and Garden Area Maintenance.

(a) The Board of Directors may elect, in its sole discretion, to have the Association assume such maintenance responsibilities with respect to the Lawn and Garden Area located within any Lot, group of Lots or all of the Lots, as the Board may deem necessary or appropriate, including, without limitation, responsibility for mowing, fertilizing, trimming, pruning and/or otherwise maintaining all or any portion of the grass, shrubs, bushes, trees and other planted materials, and any replacements thereof, as may be located within the Lawn and Garden Area. Maintenance of the Lawn and Garden Area by the Association shall be with such frequency and in conformity with such standards as may established by the Board of Directors from time to time. In the event that the Board of Directors elects to assume such maintenance responsibilities, all costs of such maintenance shall be assessed only against the Owners of Lots

that contain Lawn and Garden Area maintained by the Association; provided, however, that an Owner that elects, as provided below in this Section, to maintain Lawn and Garden Area that would otherwise be maintained by the Association shall not be entitled to any reimbursement from the Association or reduction in the assessments levied against such Owner's Lot.

(b) Any Owner may request that the Association refrain from performing all or any part of the Lawn and Garden Area maintenance described above. Such a request must be made to the Association at least thirty (30) days prior to the date the Owner desires the Association to refrain from such maintenance. The Association shall not unreasonably withhold approval of such request, provided the Owner has demonstrated to the satisfaction of the Association his or her intention to maintain the Lawn and Garden Area, as applicable, in a manner acceptable to the Association. In the event an Owner elects to maintain the Lawn and Garden Area situated on his or her Lot pursuant to the terms hereof, such Owner shall not be entitled to any reimbursement from the Association or reduction in the assessments levied against such Lot.

(c) If the Board of Directors elects not to maintain the Lawn and Garden Area within any Lot, and in the event that the Owner of such Lot shall fail to maintain the Lawn and Garden Area within such Owner's Lot in a manner consistent with good property management and the Community-Wide Standard, the Association or its agent shall have the right to enter upon said Lot to repair, maintain and restore the Lawn and Garden Area therein. Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry. All costs related to such repair, maintenance or restoration shall be collectible from the Owner of such Lot in the same manner as assessments as provided in Article 5 hereof.

Section 11.4. Additional Maintenance Responsibilities. The Association may, in the discretion of the Board of Directors, provide additional services and/or assume additional maintenance responsibilities with respect to all or any portion of the Property. For example, and for purposes of illustration only, such additional maintenance responsibilities could include responsibility for the maintenance and repair of the exteriors of all or any portion of the structures within the Property. In such event, all costs of such services and/or maintenance shall be assessed only against those Owners residing within the portion of the Property receiving the additional services. This assumption of responsibility may take place either by contract (including, but not limited to a contract between the Association and any Lot Owner) or because, in the opinion of the Board, the level and quality of service or maintenance then being provided is not consistent with the Community-Wide Standard.

ARTICLE 12 **INSURANCE**

Section 12.1. Individual Coverage. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry blanket all risk casualty insurance on the dwelling and all structures located upon the Lot. At a minimum, such coverage shall provide coverage against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any insured hazard. The Board

of Directors of the Association, or its duly authorized agent, shall have the authority to obtain insurance for all or any of the dwellings located on the Property, unless the Owners thereof have supplied proof of adequate coverage to the Board of Directors' satisfaction. The Board of Directors and the Association shall incur no liability to any Owner or Mortgagee in the event that the Board of Directors or the Association shall elect not to exercise their authority to obtain such insurance for all or any of the dwellings located on the Property. In the event the Board of Directors obtains insurance for any Lot or dwelling unit pursuant to this Section, the cost thereof shall be assessed against the Lot benefiting from such insurance and shall be collectible in the same manner as any other assessment under Article 5 of this Declaration. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction to the dwelling and other structures constructed on the Lot, the Owner shall proceed promptly to repair or to reconstruct the dwelling and other damaged structures in a manner consistent with the original construction. Each Owner of a Lot covenants and agrees that in the event that such dwelling is totally destroyed, the Owner shall proceed promptly to repair or to reconstruct the dwelling in a manner consistent with the original construction, unless approval to do otherwise is obtained from the Covenant Committee or the Board of Directors. This Section 12.1 shall not apply to any residential dwelling unit within a condominium established in accordance with the Maryland Condominium Act.

Section 12.2. Required Coverage. The Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay the premiums, as a Common Expense, upon a policy of hazard insurance covering the Common Area and any property required to be insured by the Association pursuant to any easement or lease agreement (except land, foundation, excavation and other items normally excluded from coverage) including fixtures and building service equipment, to the extent that they are a part of the Common Area of the Association or such other property which the Association may insure, as well as common personal property and supplies.

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

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Key Rating Guide of B/III or better (or its equivalent). Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the

mortgagee, and that any assessment made against others may not become a lien on the mortgaged Lot superior to the First Mortgage.

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

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

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

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

Association in writing at least ten (10) days before it cancels or substantially modifies the Association's coverage.

Section 12.3. Fidelity Coverage. To the extent reasonably available, blanket fidelity insurance may be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall be covered by its own fidelity insurance policy which must provide the same coverage as fidelity insurance maintained by the Board of Directors. Except for fidelity insurance that a management agent obtains for its personnel, all other fidelity insurance policies should name the Association as the insured and should have their premiums paid as a Common Expense by the Association. Fidelity insurance obtained by a management agent shall name the Association as an additional insured. The total amount of fidelity coverage required should be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or management agent at any time while the fidelity insurance policy is in force, and should at least equal the sum of three (3) months aggregate assessments on all Lots within the Association, plus any reserves. Fidelity insurance policies should contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies should provide that they cannot be canceled or materially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association.

Section 12.4. Repair and Reconstruction of Common Area After Fire or Other Casualty. In the event of damage to or destruction of any portion of the Common Area covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as appropriate. Promptly after a casualty causing damage or destruction of any portion of the Common Area for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Common Area in as good a condition as existed prior to the casualty. Such costs may include, without limitation, professional fees and premiums for such bonds as the Board of Directors may desire.

ARTICLE 13 MANAGEMENT

Section 13.1. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, but not limited to, the following:

- (a) to establish (with the approval of the Board of Directors of the Association) and provide for the collection of the annual maintenance assessments and any other

assessments provided for in this Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration; and

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

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

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

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

Section 13.2. Duration of Management Agreement. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1)-year periods. Any management agreement entered into while the Declarant is in control of the Association must be terminable, without cause, any time after transfer of control, on not less than thirty (30) nor more than ninety (90) days notice, and no charge or penalty may be associated with such termination.

ARTICLE 14 NEIGHBORHOOD COMMITTEES

Section 14.1. Function. Owners within the Property may serve on Neighborhood Committees, established in accordance with this Article and any resolution adopted by the Board of Directors. Neighborhood Committees shall serve in an advisory capacity with respect to issues and matters that relate to or are of particular concern to the Owners or lessees of the Neighborhoods represented by such Neighborhood Committees.

Section 14.2. Neighborhood Committee Membership. Each Neighborhood Committee shall consist of individuals who shall be designated by the Board of Directors from among the Owners and lessees of Lots within the Neighborhood represented by such Neighborhood Committee and who shall serve at the pleasure of the Board of Directors.

Section 14.3. Neighborhood Committee Operations. Each Neighborhood Committee shall be responsible for establishing the rules and procedures applicable to its activities, provided that the right of all Owners and/or residents and/or lessees of Lots within the Neighborhood served by any Neighborhood Committee to meaningful participation in the Neighborhood Committee shall not be abridged. Neighborhood Committees shall provide all Owners and/or

residents and/or lessees within their Neighborhood and the Board of Directors with reasonable prior notice of all Neighborhood Committee meetings and all such meetings shall be open to all Owners and their guests in accordance with Maryland State and Worcester County law. Each Neighborhood Committee shall designate one of its members as spokesperson for purposes of all meetings of the Board of Directors and other Association committee meetings attended by the Neighborhood Committee. The designated spokesperson shall be the only member of the Neighborhood Committee entitled to express the committee's views at any such meeting.

Section 14.4. Neighborhood Committee Authority. Neighborhood Committees shall generally be provided with a reasonable prior opportunity to comment, either in person or in writing, on proposed actions by the Board of Directors and all other Association committees that relate to the Neighborhood served by such Neighborhood Committee. Neighborhood Committees shall serve as an advisory committee to the Board of Directors with respect to issues and matters of particular concern to the Owners and/or residents and/or lessees of the Neighborhood represented by such Neighborhood Committee, including, but not limited to, the amount of Neighborhood Assessments and the manner of the maintenance and repair of Neighborhood Common Area within the Neighborhood. Neighborhood Committees shall serve as an advisory committee to the Board of Directors. The recommendations of a Neighborhood Committee shall not be binding on the Board of Directors; provided, however, that the Board of Directors shall make a reasonable effort to implement such recommendations unless to do so would not be in the best interests of the Association as determined by the Board of Directors, in its sole discretion.

Section 14.5. Further Neighborhood Committee Provisions. The Board of Directors may adopt Administrative Resolutions further defining the authority of Neighborhood Committees, as well as Administrative Resolutions establishing further rules and procedures to be followed by the Neighborhood Committees in connection with the exercise of such authority.

ARTICLE 15

PARTY WALLS AND FENCES

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

Section 15.1. General Rules of Law to Apply. Each wall or fence which is constructed as a part of the original construction on the Property and any part of which is placed on the dividing line between separate Lots, shall constitute a party wall or party fence, as applicable, and with respect to such wall or fence, each of the adjoining Owners shall assume the burdens, and be subject to an easement for that portion of the wall or fence on his or her Lot, and be entitled to the benefits of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls and fences and of liability for property damage due to negligence or willful acts or omissions, shall apply thereto.

Section 15.2. Sharing of Repair and Maintenance and Destruction by Fire or Other Casualty. If any such party wall or fence is damaged or destroyed by fire or other casualty or by some cause other than the act of one of the adjoining Owners, his or her agents, or family

(including ordinary wear and tear and deterioration from lapse of time), then, in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly, in proportion to their respective use of the party wall or fence.

Section 15.3. Repairs of Damage Caused by One Owner. If any such party wall or fence is damaged or destroyed through the act of one adjoining Owner or any of his or her agents or guests or members of his or her family so as to deprive the other adjoining Owner of the full use and enjoyment of such wall or fence, then the Owner responsible for such damage shall forthwith proceed to rebuild and repair the same to as good condition as formerly, without cost to the adjoining Owner.

Section 15.4. Damage by Exposure. If any party wall is damaged by reason of exposure to the elements caused by the negligence or intentional acts of the Owner or occupant(s) of a Lot sharing the use of such party wall, the Owner of such Lot shall be responsible to promptly repair such party wall at such Owner's sole expense.

Section 15.5. Encroachments. If any portion of a party wall or fence shall encroach upon any adjoining Lot, or upon the Common Area by reason of reconstruction, settlement or shifting of any building, or otherwise, a valid easement for the encroachment and for the maintenance of the same as long as the wall or fence shall exist.

Section 15.6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Notwithstanding the foregoing, this Article 15 shall not apply to any party wall of a residential dwelling unit within a condominium regime established in accordance with the Maryland Condominium Act.

ARTICLE 16

GENERAL PROVISIONS

Section 16.1. Common Area Responsibility. The Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and any property, real or personal, which the Association is delegated the responsibility for pursuant to any easement or lease agreement, and all improvements thereon (including, without limitation, furnishings and equipment related thereto, private drainage facilities and common landscaped areas), and shall keep the Common Area and such other property in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof. The Association shall accept title to any real estate or personal property offered to the Association by the Declarant.

Section 16.2. Personal Property and Real Property for Common Use. The Association may acquire, lease, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Declaration. The Board of Directors, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant.

Section 16.3. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws or any lease, easement or other agreement or document affecting the Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 16.4. Limitation of Liability. The Association shall not be liable for any failure of any services to be obtained by the Association or paid for out of the Common Expense funds, or for injury or damage to persons or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Area or community facilities or other property within the control or supervision of the Association, or from any wire, pipe, drain, conduit or the like. The Association shall not be liable to any Member for loss or damage, by theft or otherwise, of articles which may be stored upon the Common Area or other property within the control or supervision of the Association. No diminution or abatement of assessments, as herein elsewhere provided for, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area or other property within the control or supervision of the Association, or from any action taken by the Association to comply with any of the provisions of this Declaration or with any law or ordinance or with the order or directive of any municipal or other governmental authority.

Section 16.5. Enforcement. The Association, or the Declarant or any Owner, or any Mortgagee of any Lot (collectively referred to herein as the "Enforcing Party") shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Declaration, or the Articles of Incorporation or Bylaws of the Association or any rule or regulation promulgated by the Association pursuant to its authority as provided in this Declaration, the Articles of Incorporation or Bylaws. Failure by the Enforcing Party to enforce any covenants or restrictions herein contained or any provision of the Bylaws, Articles of Incorporation or rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the Bylaws or Articles of Incorporation of the Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Enforcing Party successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Declaration or the Articles of Incorporation or Bylaws of the Association, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall also be a lien upon the Lot of such Owner, provided that the requirements of the Maryland Contract Lien Act are substantially fulfilled

Without limiting the generality of the foregoing, and in addition to any other remedies available, the Association after reasonable notice, in writing, provided to the Owner, may enter any Lot to remedy any violation of the provisions of this Declaration, the Bylaws, Articles of Incorporation or rules and regulations of the Association provided, however, that the Association may not enter the interior of any dwelling unit except in an emergency. The costs of such action

shall become a binding, personal obligation of the Owner otherwise responsible for such violation and shall also be a lien upon the Lot of such Owner.

Section 16.6. Fines. In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner or such Owner's guests, relatives, lessees or invitees, in the manner set forth herein, and such fines shall be collectible in the same manner as any other assessment such that the Association shall have a lien against the Lot of such Owner as provided in this Declaration, the Bylaws and the Articles of Incorporation and such fine(s) shall also become the binding personal obligation of such Owner.

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

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

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

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

occupying or visiting such Owner's Lot payment of the amount of any fine(s) assessed against that Lot.

(e) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of this Declaration, the Bylaws, Articles of Incorporation or rules and regulations, including, but not limited to, legal action for damages or injunctive relief.

Section 16.7. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 16.8. Duration and Amendment. All covenants, conditions and restrictions set forth in this Declaration shall run with and bind the land and shall be perpetual unless expressly stated otherwise in this Declaration. This Declaration may be amended by an instrument signed by, or the affirmative vote of, the Owners of the not less than sixty-seven percent (67%) of the total votes of the Members; provided, however, until the expiration of the Declarant's Rights Period, no provision of this Declaration may be amended without the consent of the Declarant. Any amendment must be recorded in the Land Records of Worcester County, Maryland.

Section 16.9. Changes and Modifications by Declarant. The Declarant shall have the right, until the expiration of the Declarant's Rights Period, without the consent of the Members of the Association or any other party, to (i) modify, amend or change any of the provisions of this Declaration as the Declarant may deem necessary or desirable to correct errors or omissions herein, and (ii) amend this Declaration, the Articles of Incorporation and the Bylaws of the Association, as the Declarant may deem necessary or desirable, to change the name of the Association.

Section 16.10. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold First Mortgages of record on the Lots. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her Lot with respect to the distribution to such Member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Area.

Section 16.11. Condemnation or Eminent Domain. In the event any part of the Common Area is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold First Mortgages of record on the Lots. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her Lot with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Area.

Section 16.12. Notice to Eligible Mortgage Holders; Deemed Consent. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Owner hereby consents to, and authorizes such notice):

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

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

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

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

To be entitled to receive notice of the foregoing, the Eligible Mortgage Holder must send a written request to the Association, stating both its name and address and the Lot and Block designation or address of the Lot on which it has (or insures or guarantees) the mortgage. Any Eligible Mortgage Holder or first mortgagee who is notified of any matter for which it is entitled to notice as provided herein (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within thirty (30) days of receipt of such notice shall be deemed to have consented, if applicable, to the matter of which the Eligible Mortgage Holder or first mortgagee was provided notice.

Section 16.13. Declarant's Power of Attorney. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Declaration, the Declarant hereby reserves for itself, its successors, transferees and assigns, until the expiration of the Declarant's Rights Period, the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in any Lot or Common Area, any such agreements, documents, amendments or supplements to this Declaration, the Articles of Incorporation and Bylaws of the Association which may be required by FNMA, FHA, VA, FHLMC, GNMA, Worcester County, Maryland, any governmental or quasi-governmental agency or authority having regulatory jurisdiction over the Association, any public or private utility company designated by the Declarant, any institutional lender or title insurance company designated by the Declarant, or as may be required to comply with the federal Fair Housing Act, to comply with the Maryland Homeowners Association Act, or to comply with other applicable laws or regulations.

(a) By acceptance of a deed to any Lot or by the acceptance of any other legal or equitable interest in the Lots or Common Area, each and every such contract purchaser, Owner, Eligible Mortgage Holder, mortgagee or other lienholder or party having a legal or equitable interest in any Lot or Common Area does automatically and irrevocably name,

constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

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

(c) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Lots and Common Area and shall be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Declarant, its successors, transferees and assigns until the expiration of the Declarant's Rights Period.

Section 16.14. Taxes and Assessments. It is the intent of this Declaration that inasmuch as the interests of each Owner to use and enjoy the Common Area (and any other property to which such Owner may have a right of use and enjoyment) is an interest in real property appurtenant to each Lot, the value of the interest of each Owner in such Common Area (or other property) shall be included in the assessment for each such Lot and as a result, any assessment directly against such Common Area (or other property if the Association is responsible for the real estate taxes levied thereon) should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Lots.

Section 16.15. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by an instrument, in writing, without notice to the Association.

Section 16.16. Arbitration.

(a) Notwithstanding any provision of this Declaration, the Bylaws, or Articles of Incorporation to the contrary, if, after good faith efforts to negotiate a satisfactory solution have failed, any dispute that cannot be resolved between (i) the Declarant (including any of the Declarant's employees, agents, or contractors) and (ii) the Association and/or any Owner or Owners, will be submitted to arbitration in accordance with this Section, unless an alternative dispute resolution procedure is agreed to by the parties to the dispute. As used in this Section, the term "dispute" includes any controversy or claim, including, without limitation, any claim based on contract, tort, or statute, arising out of or relating to (1) the rights or obligations of such parties under this Declaration, the Bylaws, Articles of Incorporation, or any rules promulgated by

the Board of Directors or (2) the design, construction, or warranty of the Common Area. Upon the request of a party to a dispute, the issue shall be referred to the nearest office of Judicial Arbitration & Mediation Services, Inc. ("JAMS"), or its successor, for resolution by final and binding arbitration before a retired judge or justice from the JAMS panel.

(b) Either party may commence the arbitration process called for in this Section by filing a written demand for arbitration with JAMS, with a copy to the other party. The arbitration shall be conducted at a location determined by the arbitrator in the Washington, D.C. metropolitan area and will be administered in accordance with the provisions of JAMS' Comprehensive Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration, or such other rules and procedures that are agreed to by all parties. The parties covenant that they will participate in the arbitration in good faith and that they will share equally in the fees and expenses of the arbitrator.

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

EVERY OWNER, MORTGAGEE, AND ALL OTHER PARTIES WITH AN INTEREST IN ANY PORTION OF THE PROPERTY COVENANT AND AGREE TO HAVE ALL DISPUTES DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THIS SECTION AND RELINQUISH ANY RIGHTS THAT MAY BE AVAILABLE TO HAVE SUCH MATTERS LITIGATED IN A COURT OR BY JURY TRIAL, INCLUDING JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. THE REFUSAL BY A PARTY TO SUBMIT TO ARBITRATION IN ACCORDANCE WITH THIS SECTION MAY RESULT IN THE PARTY BEING COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW.

Section 16.17. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Area or community facilities by any public or municipal agency, authority, or utility and no public or municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Area or community facilities.

Section 16.18. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Lot, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration; however failure to do so shall not (i.) affect the validity of any such deed, or (ii.) the enforceability of the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration.

Section 16.19. Declarant Reserved Rights. No amendment to this Declaration, the Bylaws or the Articles of Incorporation may remove, revoke, or modify any right, reservation or

privilege of the Declarant without the prior written consent of the Declarant or any successors or assignees (pursuant to Section 16.15) of the Declarant.

Section 16.20. Perpetuities. If any of the covenants, conditions, easements, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 16.21. Declarant Development. As long as the Declarant has an interest in developing the Property or the Project, the Association may not use its financial resources, directly or indirectly, to defray the costs of opposing any development activities reasonably consistent with the general intention of the Development Plan, as amended. Nothing in this Section shall be construed to limit the rights of Members to act as individuals or in affiliation with other Members or other groups.

Section 16.22. Non-Association Disputes; Limited Authority of the Association to Act for Subassociations.

(a) The Association expressly has no right or obligation to intervene in any disputes between or among Owners or in any other matters that do not directly involve Common Areas or other issues for which the Association has been conferred responsibility pursuant to this Declaration, the Articles of Incorporation or the Bylaws.

(b) The Association's authority to act on behalf of any Subassociation shall be limited to such matters that are reasonably required in connection with any responsibilities delegated to the Association. All obligations of a Subassociation under the Maryland Condominium Act that do not relate to the limited authority delegated to the Association or which otherwise may not be delegated to the Association, shall be exercised by the Subassociation; the Association shall have no liability for any such obligations. Without limiting the scope of matters that are outside of the limited authority that may be delegated to the Association by the Subassociations, the Association shall have no authority or obligation to act on behalf of one or more Subassociations or any unit owners within a Subassociation with respect to any claims, litigation or proceedings related to the construction or warranties of any Lot or other buildings, structures or improvements within such Subassociation. The provisions of this Section 16.22(b) may not be amended without the express written consent of the Declarant.

Section 16.23. Combined Lots. Unless otherwise approved in writing by the Declarant or by resolution of the Board of Directors in the sole discretion of the Declarant or Board, as applicable, if any Lots within a Subassociation condominium regime are at any time combined into a single residence, the Owner of such a combined Lot shall pay assessments and shall have the number of votes in the Association based on the number of Lots that existed prior to the Lots being combined into a single residence. For purposes of this Section, the number of Lots constructed within a such a Subassociation at the time the Subassociation Governing Documents forming such Lot are first recorded shall be used in determining whether Living Units were subsequently combined.

Section 16.24. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration or to aid in the construction or interpretation of this Declaration. Whenever in this Declaration the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[SIGNATURE PAGE FOLLOWS]

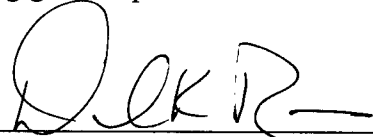
IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has executed this instrument this 7 day of December, 2004.

ATTEST:

DECLARANT:

CENTEX HOMES,
a Nevada general partnership

By: CENTEX REAL ESTATE
CORPORATION,
a Nevada corporation,
its managing general partner

By: 
David K. Ryan, Division Manager

STATE OF

*

*

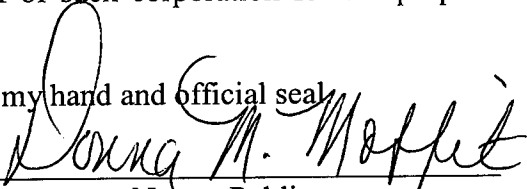
to wit:

*

COUNTY OF

I HEREBY CERTIFY that on this 4 day of Dec, 2004, before me, a Notary Public in and for the State and County aforesaid, personally appeared David K Ryan, known to me (or satisfactorily proven) to be the Eastern Shore Division Manager, of Centex Homes, a Nevada general partnership, and that such person, being authorized to do so, executed the foregoing and annexed instrument on behalf of such corporation for the purposes therein contained.

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



Notary Public

My commission expires 10/1/2005.

My Commission Expires: _____

[NOTARIAL SEAL]

**DECATUR FARM
3rd TAX DISTRICT
WORCESTER COUNTY MARYLAND**

All those tracts, parts of tracts and parcels of land lying and being situate in the Town of Berlin, Third Tax District of Worcester County Maryland, which are shown on a certain plat entitled "A Residential Planned Unit Development - DECATUR FARMS" located at the intersection of Tripoli Street & Decatur Street within the Corporate Limits of Berlin, Maryland, which said plats are recorded among the Land Records of Worcester County in Plat Book Number S.V.H. No. 189, Folio 28, et seq., and as said property is clarified (as to certain lots) by plats entitled "Master Plan Key Plan" - clarification showing Zero Lot Line Unit Numbers, detail of Zero Lot Line Units and optional building footprints, related to Zero Lot Line Units, all as recorded among the aforesaid Land Records in Plat Book S.V.H. Number 194, Folio 6, 7 and 8.

Declarant reserves the right to change the unit configuration, location, number and/or type of dwelling, building, lot, parcel or open space areas, together with recreational amenity locations, in all respects as set forth on the aforesaid recorded plats or to make any other changes to the aforesaid plats that the declarant deems appropriate.

Exhibit "A"
Description of Property

Exhibit "B"


CONSENT OF LOT OWNER

The undersigned, being the owner of Lot 44 described on Exhibit "A" to this Declaration of Covenants, Conditions, Easements and restrictions for Decatur Farm Homeowners Association, Inc., does hereby consent to the annexation of such property to the provisions of this Declaration and agrees that the undersigned's interest in such property shall be subordinate and subject to this Declaration.

WITNESS/ATTEST:



Owner of Lot 44:

By: 
Name: Edward P. Phillips, Jr.

* * *

STATE OF MARYLAND

*

COUNTY OF WORCESTER

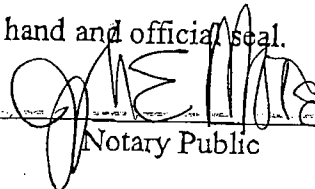
*

to wit:

*

I HEREBY CERTIFY that on this 30th day of May, 2004, before me, a Notary Public in and for the State and County aforesaid, personally appeared Edward P. Phillips, Jr., known to me (or satisfactorily proven) to be Edward P. Phillips, Jr. and that such person, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

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


Notary Public



My Commission Expires: 1-1-06

[NOTARIAL SEAL]


Exhibit "C"

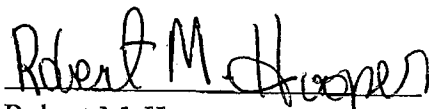
CONSENT OF LOT OWNERS

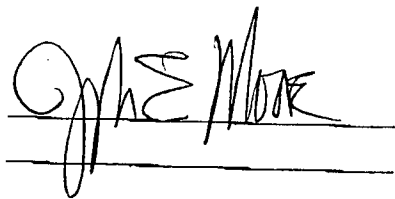
The undersigned, being the owners of Lot 45 described on Exhibit "A" to this Declaration of Covenants, Conditions, Easements and restrictions for Decatur Farm Homeowners Association, Inc., does hereby consent to the annexation of such property to the provisions of this Declaration and agrees that the undersigned's interest in such property shall be subordinate and subject to this Declaration.

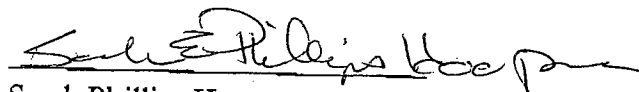
WITNESS/ATTEST:

Owners of Lot 45:



By: 
Name: Robert M. Hooper



By: 
Name: Sarah Phillips Hooper

STATE OF MARYLAND

*

COUNTY OF WORCESTER

*

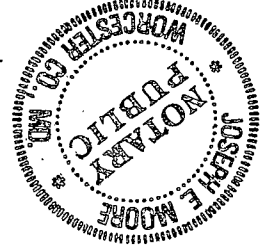
to wit:

*

I HEREBY CERTIFY that on this 31st day of May, 2004, before me, a Notary Public in and for the State and County aforesaid, personally appeared Robert M Hooper, known to me (or satisfactorily proven) to be Robert M. Hooper and that such person, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

My Commission expires 1-1-06

[Signature]
Notary Public



STATE OF MARYLAND

*

COUNTY OF WORCESTER

*

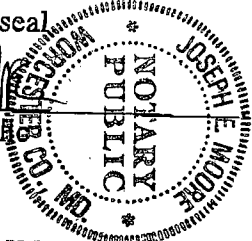
to wit:

*

I HEREBY CERTIFY that on this 31st day of May, 2004, before me, a Notary Public in and for the State and County aforesaid, personally appeared Sarah Phillips Hooper, known to me (or satisfactorily proven) to be Sarah Phillips Hooper and that such person, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

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

[Signature]
Notary Public

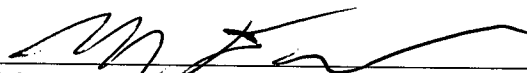


My Commission Expires: 1-1-06

[NOTARIAL SEAL]

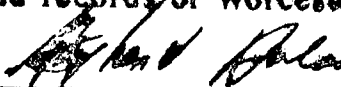
ATTORNEY'S CERTIFICATION

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



Marc DeCandia

DEC 17 2004
The foregoing instrument
filed for record and is accordingly recorded
among the land records of Worcester County,
Maryland



Clerk